

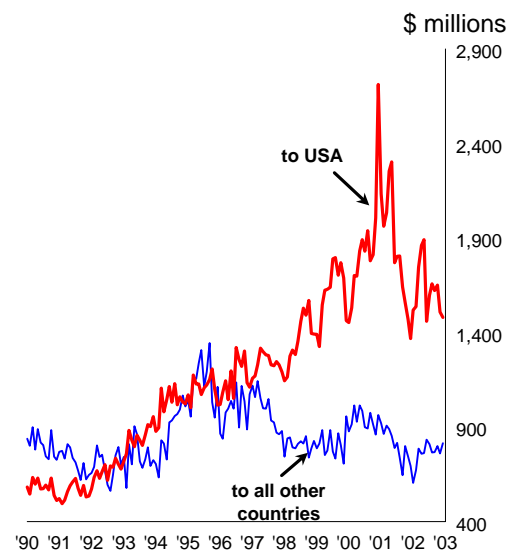
Exports ♦ December 2002

- There was a 10% drop in the value of BC origin exports in 2002 compared to the previous year. The major reason for the decline was a drop in the price of energy commodities, particularly natural gas and electricity. Although electricity exports dropped by 87% in value, the volume of electricity transmitted increased by 37%. The implicit price of electricity exported from BC in 2001 was over 10 times higher than in 2002. The 37% reduction in the value of natural gas exports was due entirely to the fall in prices as volumes of natural gas exports were 1% higher in 2002 compared to 2001.
- The story was much the same for softwood lumber shipments to the United States. The unexpected response to the tariffs placed on shipments of Canadian softwood lumber to the US was that Canadian companies, particularly in BC, increased their production in order to take advantage of efficiencies and drive down the cost of production. As a result, shipments of lumber to the US actually increased 8% in 2002 contributing to an oversupply situation, which in turn drove prices lower. For this reason, despite higher volumes of exports, the value of exports of softwood lumber to the US fell by 3% compared to 2001.
- Shipments of pulp fell 13% in 2002, due mostly to lower prices. The value of exports to the US dropped 16%, while shipments to Japan were valued

25% lower than a year earlier and the value of exports to the European Union were down 21%

- Shipments to all of British Columbia's major export destinations dropped in 2002. The value of exports to the US fell 12%, due mostly to the drop in prices for energy. Exports to the European Union dropped 18% as pulp and paper (-22%) and machinery and equipment (-23%) experienced significant declines. Shipments to Japan slipped 6%, probably as a consequence of continuing economic difficulties in that country.

Lower prices for energy drove the value of exports down in 2002



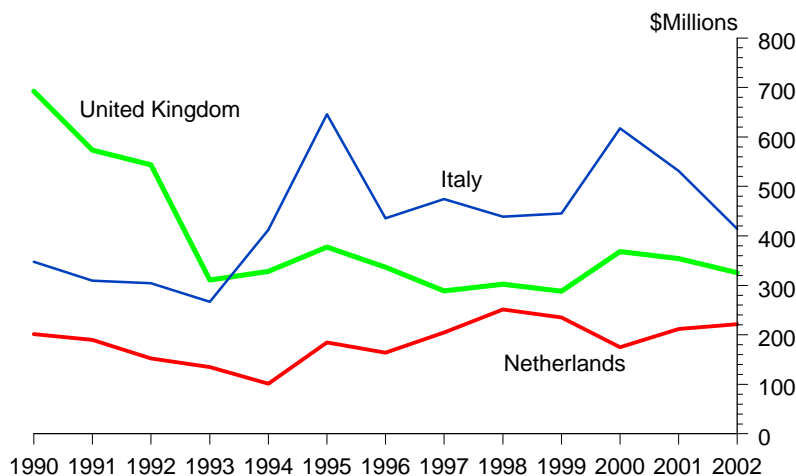
Team Canada Returns to Europe

In late March, Prime Minister Jean Chrétien will lead a Team Canada trade mission to the Netherlands, the United Kingdom and Italy. The last Team Canada mission to Europe in February 2002 resulted in approximately \$584 million in new deals in Germany and Russia in areas ranging from education and research to housing and entertainment. The 2003 mission will focus on areas ranging from aerospace to agri-food, reflecting the economic diversity of the three countries. The United Kingdom (UK), Italy and the Netherlands rank fourth, seventh and fourteenth respectively in terms of the size of their economies.¹

The last Team Canada mission to Europe garnered over half a billion dollars in new business for Canadian companies

These three countries are all important destinations for exports, both for Canada as a whole as well as for British Columbia specifically. The UK was third behind only the US and Japan as a destination for Canadian exports in 2002, although it was only the seventh largest market for BC exports. The Netherlands ranked tenth for Canada and ninth for BC. Italy, which was the 11th largest market for Canadian exports, ranked higher than both the UK and the Netherlands as a destination for BC origin exports. It trailed only the US, Japan, China and South Korea, making it the fifth most significant market for BC commodities and the top ranked European destination.

BC has significant exports to all three countries to be visited during the Team Canada mission

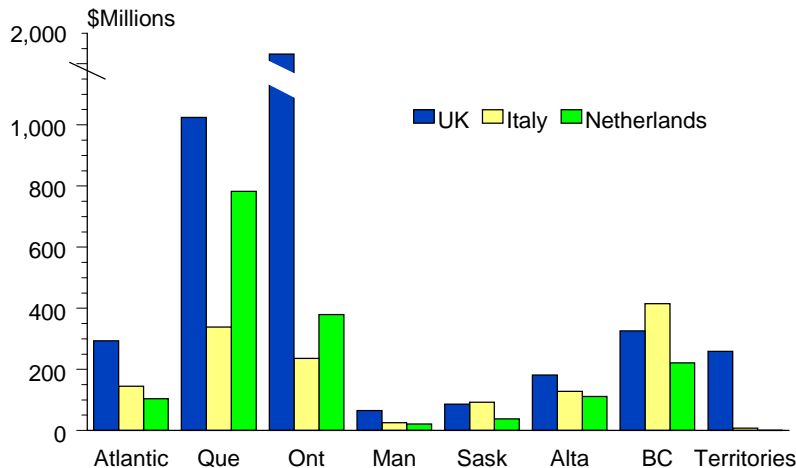


Italy has overtaken the United Kingdom as the top European destination for BC origin exports

¹ Source: Department of Foreign Affairs and International Trade, Government of Canada.

Among the provinces and territories, British Columbia has the third largest share of Canadian exports to both the UK and the Netherlands, but it ranks as the number one supplier of Canadian goods to Italy.

British Columbia has the largest provincial share of exports to Italy



In 2002, BC ranked first among the provinces in exports to Italy and third behind only Ontario and Quebec in exports to the UK and the Netherlands

Approximately 30% of Canada's exports to Italy are pulp, which is one of the reasons why BC ranks first among the provinces in terms of exports to that country. Almost three-quarters of Canadian pulp shipped to Italy in 2002 originated in BC. Other significant BC exports to Italy were softwood lumber and coal. Once again BC is the predominant Canadian supplier of these goods to Italy.

Quebec is the top Canadian exporting province to the Netherlands. Aluminum products constituted about one-quarter of all Canadian exports to the Netherlands in 2002 and most of that came from Quebec. Over half of Quebec's exports to the Netherlands in 2002 were comprised of aluminum. Surprisingly, BC was the source of none of the aluminum to the Netherlands, despite the fact that it is the source of a significant portion of Canada's total aluminum production. British Columbia's top exports to the Netherlands were coal and pulp. Almost all coal shipped to the Netherlands in 2002 originated in BC and about two-thirds of the pulp was a BC product.

BC's top exports to Italy, the UK and the Netherlands were generally pulp, coal and softwood lumber

Ontario was far and away the leader in terms of exports to the UK in 2002. The leading export from Ontario to the UK was nickel, which made up over a fifth of Ontario's total exports to the UK. Ontario was the source of the great majority of all Canadian nickel exports to the UK. British Columbia's top exports to the UK were pulp, coal and softwood lumber.

**2002 BC Origin Exports to the United Kingdom, Italy and the Netherlands
- Selected Commodities -**

	UK	% of	Italy	% of	Netherlands	% of
	(\$,000)	Canada	(\$,000)	Canada	(\$,000)	Canada
SOLID WOOD PRODUCTS	61,429	45%	47,887	75%	30,500	70%
Lumber (softwood)	51,559	79%	47,485	98%	29,302	98%
Cedar Shakes & Shingles	1,253	100%	68	100%	0	-
Plywood (softwood)	6,016	100%	191	100%	91	100%
Selected Value Added Wood Products	2,211	6%	0	0%	172	6%
Other Solid Wood Products	390	1%	143	1%	935	9%
PULP & PAPER PRODUCTS	98,778	20%	304,977	65%	78,487	47%
Pulp	90,651	42%	304,479	74%	78,365	66%
Newsprint	0	0%	59	0%	0	0%
Paper, Paperboard, Exc. Newsprint	7,860	68%	74	1%	118	36%
Other Pulp & Paper Products	267	2%	365	6%	5	0%
AGRICULTURE & FOOD OTHER THAN FISH	9,424	4%	1,647	1%	8,156	13%
Fruit & Nuts	1,664	14%	0	0%	241	14%
Vegetables	71	0%	1,079	3%	326	5%
Other Agriculture & Non-Fish Food	7,688	4%	568	1%	7,589	14%
FISH PRODUCTS	24,496	36%	1,852	13%	1,118	16%
Whole Fish; Fresh, Chld, Froz Exc Salmon	3,771	68%	823	59%	0	0%
Salmon; Canned, Smoked, Etc.	20,383	99%	909	100%	1,059	100%
Other Fish Products	342	1%	120	1%	60	1%
METALLIC MINERAL PRODUCTS	1,467	0%	0	0%	13,009	2%
Molybdenum Ores & Concentrates	0	-	0	-	12,805	100%
Unwrought Aluminum	1,265	4%	0	0%	0	0%
Unwrought Zinc	0	-	0	0%	0	-
Other Metallic Mineral Products	202	0%	0	0%	204	0%
ENERGY PRODUCTS	67,335	85%	43,155	78%	77,174	50%
Coal	67,335	87%	43,155	92%	77,174	97%
Other Energy Products	0	0%	0	0%	0	0%
MACHINERY AND EQUIPMENT	49,304	3%	11,110	3%	9,959	2%
Motor Vehicles & Parts	2,312	4%	532	9%	1,344	13%
Electrical & Electronic / Communications	18,795	5%	1,410	5%	1,546	1%
Other Machinery & Equipment	28,197	2%	9,168	3%	7,069	3%
PLASTICS & ARTICLES OF PLASTIC	1,653	4%	716	4%	136	1%
APPAREL & ACCESSORIES	635	3%	108	7%	276	9%
OTHER BC EXPORT COMMODITIES	10,947	1%	2,898	2%	2,711	2%
GRAND TOTAL	325,468	8%	414,350	30%	221,528	13%

Given the industrialised nature of the three European countries profiled here, it is not all that surprising that the top Canadian exports to these countries tend to be resource-based commodities that are generally used as inputs into other processes. However, there are also large volumes of manufactured goods sent to these countries, particularly aircraft and parts from Quebec. For British Columbia, Italy and the UK are significant destinations for high technology goods produced in the province. These are some of the areas that will be highlighted in the upcoming trade mission, which may help boost their profile.

Overall, Canada has a commodity trade deficit with both the UK and Italy, but has a trade surplus with the Netherlands. In 2002, Canada's top commodity imports from the UK consisted of petroleum and aircraft parts, while helicopters and wine led the list for goods imported from Italy, and petroleum, aircraft and beer were the top imports from the Netherlands.

Canada's Trade in Goods, 2002 (\$Millions) ²

	United Kingdom	Italy	Netherlands
Goods Exports	4,167	1,387	1,657
Goods Imports	9,726	4,434	1,465
Goods Balance	-5,560	-3,047	192

Source: Statistics Canada

Canada has a commodity trade deficit with both the UK and Italy, but a trade surplus with the Netherlands

Canada's Trade in Services, 2000 (\$Millions)

	United Kingdom	Italy	Netherlands
Services Exports	3,614	371	451
Services Imports	4,143	651	498
Services Balance	-529	-280	-47

Source: Statistics Canada, *Canada's International Trade in Services, 2001*, catalogue 67-203-XPB

For trade in services, Canada has a trade deficit with all three countries

In terms of services, Canada has a trade deficit with all three countries. The biggest deficit is with the UK, mostly due to the fact that two-way trade in services between Canada and the UK dwarfs that of the other two countries. The largest deficit is with regard to transportation and government services. Most of the deficit with Italy is because Canada imports 2.5 times more travel services from Italy than it exports. In other words, Canadians spend more tourist dollars in Italy than vice versa. This is not the case with the Netherlands, where Canada has a travel services

² Note that data for trade in services presented here is on a balance of payments basis, whereas data for trade in goods is on a customs basis. Therefore, the data is not strictly comparable and should not be summed.

surplus; however, trade in commercial, transportation and government services with the Netherlands is in a deficit situation.

Canada's ties to these three countries have been strong through most of its existence. Canada was once a colony of the United Kingdom and most of its early settlers were from that country, and throughout the early 20th century, immigrants from Italy and the Netherlands were among the largest groups of new Canadians. In terms of trade, there has also been a long history, particularly with the UK, which was once Canada's top trade partner before being supplanted by the United States. The Team Canada trade mission will ensure that the trade ties to these three countries remain strong. British Columbia should benefit from this mission, perhaps even more than some previous trade excursions, due to the strong trade relationships that already exist with all three of the mission's target countries.

**Recent Feature Articles In British Columbia Origin Exports Release
Listed By Statistical Reference Date of Issue**

02-12	<i>Team Canada Returns to Europe</i> (released February 2003)	01-09	<i>Is Trade Threatened by Security?</i> (released November 2001)
02-11	<i>Canada Courts the European Union for Freer Trade</i> (released January 2003)	01-08	<i>Thirst for Energy Powers British Columbia's Exports</i> (released October 2001)
02-10	<i>Lumber Battle Takes an Unexpected Turn</i> (released December 2002)	01-07	<i>International Trade in High Technology Goods and Services</i> (released September 2001)
02-09	<i>Canada Looking to Shed Light on Trade With the Dark Continent</i> (released November 2002)	01-06	<i>Interprovincial and International Trade in Goods and Services</i> (released August 2001)
02-08	<i>Canada's Share of US Softwood Lumber Market Slipping</i> (released October 2002)	01-05	<i>Buy Low, Sell High: Trade in Electricity</i> (released July 2001)
02-07	<i>FTAA: Free Trade for the Western Hemisphere?</i> (released September 2002)	01-04	<i>Attack of the Canadian Tomatoes</i> (released June 2001)
02-06	<i>The Changing Face of BC Exports</i> (released August 2002)	01-03	<i>The Softwood Lumber Dispute</i> (released May 2001)
02-05	<i>Japan's Economic Woes Translate to Reduced Trade for BC</i> (released July 2002)	01-02	(no article)
02-04	<i>Team Canada Promotes Trade With Mexico</i> (released June 2002)	01-01	(no article)
02-03	<i>Chile Warms Up to Trade With Canada</i> (released May 2002)	00-12	(no article)
02-02	<i>The Threat of American Protectionism</i> (released April 2002)	00-11	<i>After Much Economic Diversification, B.C. Exports Are Still Mainly Resource Based</i> (released January 2000)
02-01	<i>Canada Seeks to Increase Trade With India</i> (released March 2002)	00-10	<i>Ambitious Western Hemisphere Trade Agreement Could Help Shape Canadian Trade In New Decade</i> (released Dec. 2000)
01-12	<i>Is "Runaway" Film Production in Canada Harming the U.S. Industry?</i> (released February 2002)	00-09	<i>Trade Growth Tied To Transportation Infrastructure</i> (released November 2000)
01-11	<i>Team Canada Scouts Russia and Germany for New Trade Ties</i> (released January 2002)	00-08	<i>Some Familiar Patterns Developing In Trade Between China and British Columbia</i> (released October 2000)
01-10	<i>Exploring China as a Market for BC's Wood Products</i> (released December 2001)	00-07	<i>International Trade In Services Produces B.C.'s Only Trade Surplus</i> (released October 2000)
		00-06	<i>Value Added Wood Exports Grow Fast In B.C., But Faster In Rest of Canada</i> (released August 2000)

NOTES

Countries Included Within World Regions:

(1) Western Europe: United Kingdom, Ireland, Austria, Belgium, Denmark, Finland, France, Germany, Greece, Iceland, Italy, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland.

(2) Eastern Europe: other Europe, including all of Russia, Georgia, Kazakhstan, Kyrgyzstan, Moldova, etc.

(3) South East Asia: Malaysia, Brunei Darussalam, Singapore, Myanmar, Kampuchea, Laos, Indonesia, Philippines, Thailand, Vietnam.

(4) Africa: continental Africa, excluding Ethiopia, Libya, Somalia, Sudan, Egypt.

(5) South America: continental South America from Colombia and Venezuela south to Chile and Argentina, including offshore islands, but not Caribbean.

(6) Central America and Caribbean: from Guatemala and Belize to Panama, plus Caribbean Islands.

(7) Pacific Rim (including Japan): Japan, Hong Kong, Malaysia, Brunei Darussalam, Singapore, Laos, Mongolia, China, Indonesia, North Korea, South Korea, Philippines, Macau, Taiwan, Thailand, Vietnam, Australia, Fiji, New Zealand.

(8) Pacific Rim: as above, but excluding Japan.

(9) Middle East: from Turkey and Iran south through the Arabian Peninsula. Excluding Afghanistan and Pakistan, but including Cyprus, Ethiopia, Egypt, Somalia, Sudan and Libya.

'Selected Value-added Wood Products' category includes prefabricated houses, doors, windows, furniture, moulding, siding, etc. It does not include panel products, shakes, shingles or any pulp and paper products.

Revisions

Statistics Canada revises trade data for the previous three data years with release of the December data. The revision number is indicated in the footer of the tables (e.g., Rev 1 is the first annual revision, etc., and Prelim indicates it is the first release of data to December for that year). In addition to annual revisions, Statistics Canada revises the data for the previous data year every quarter (indicated in the footer by Rev Q1, etc).

Service Offered for Detailed Trade Statistics

For B.C. government statistics users requiring more detailed information on exports or imports, a special report service is offered through the address below:

Dan Schrier - Trade Statistics**BC STATS****553 Superior Street,****Victoria, B.C.****V8V 1X4****(250) 387-0376**

This service is provided through the Trade Research and Inquiry Package (TRIP) computer reporting system. TRIP offers user-defined tabulations of export or import statistics for British Columbia, Canada, the United States and other countries. Tabulations can include information on commodities, countries, U.S. states, years, months, mode of transport, etc.