BRITISH COLUMBIA

BC STATS

Ministry of
Management Services

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Exports ◆ August 2003

- The energy sector continues to drive growth in the value of BC origin exports. Total exports have increased 2% year-to-date to August compared to the same eight-month period in 2002. Substantial price inflation, combined with increased volumes has resulted in a 134% jump in the value of natural gas exports year-to-date. Higher prices have also driven up electricity exports, which have climbed 77% compared to the same period last year.

- Softwood lumber exports are 21% lower through the January to August period of 2003 compared to the first eight months of 2002 as the softwood lumber dispute with the United States continues to affect lumber shipments. The decline is due entirely to price effects as volumes of lumber shipped have actually increased (+3%). The recent forest fire crisis resulted in a tightening of supply, which bumped up prices temporarily and should be reflected in the September export figures.

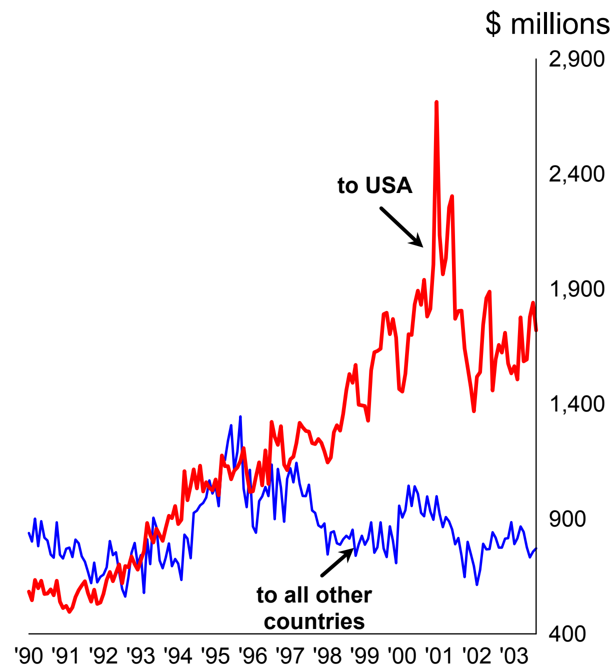
- The one bright spot for exports in the forest sector is "other panel products," which includes oriented strandboard, other particleboard and fibreboard. The value of exports of these products has risen over 25% year-to-date and was 52% higher in August compared to the same month a year earlier.

- Exports of metals are just under 6% higher over the first eight months of 2003 compared to the same period a year earlier. Copper (+8%), unwrought aluminum (+7%) and zinc (+6%) exports have all been climbing. International shipments of molybdenum, although not as significant as the aforementioned metals, have jumped 46%.

- The closure of the Western Star Trucks assembly plant last fall is the main reason for the decline in exports of motor vehicles and parts (- 44%).

- BC origin exports to India have fallen by a third (-33%) year-to-date. Prime Minister Chretien will be visiting that country later this month in an effort to boost trade between Canada and India.

Higher prices for energy have driven the overall growth in the value of BC exports



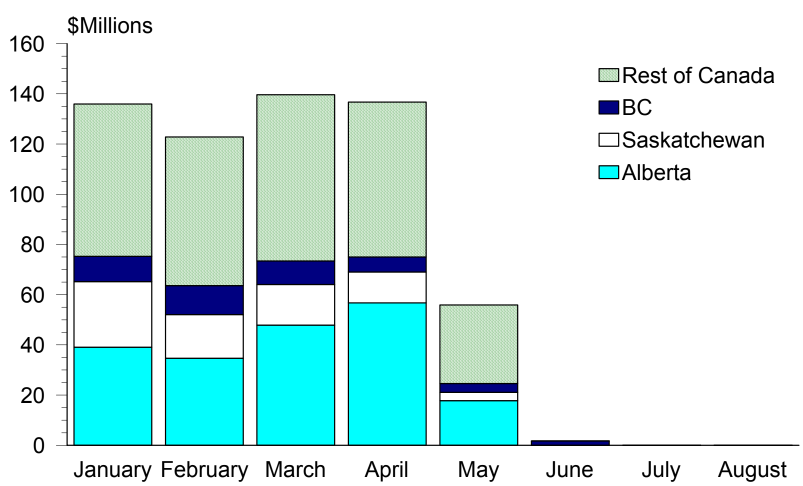
Where's the Beef?

On May 20, 2003, the *World Reference Laboratory* in Britain confirmed that an Alberta cow was infected with bovine spongiform encephalopathy (BSE), more commonly known as mad cow disease. Within hours of the announcement the United States banned all imports of Canadian beef and other countries soon followed suit. After an intensive investigation where well over a thousand cattle were slaughtered and tested, no other cases of BSE have been discovered. Despite the scientific evidence indicating this was an isolated case, it was not until mid-August that the United States agreed to partially lift the ban on Canadian beef and it was mid-September before the first shipment of Canadian beef made its way south of the border. There is still a ban in place on imports of certain cuts of beef and live cattle from Canada, which is partly due to the refusal by Japan to accept any imports of beef from the United States that may have had contact with Canadian cattle.

The discovery of a cow infected with bovine spongiform encephalopathy (i.e., mad cow disease) resulted in an import ban on Canadian cattle and beef

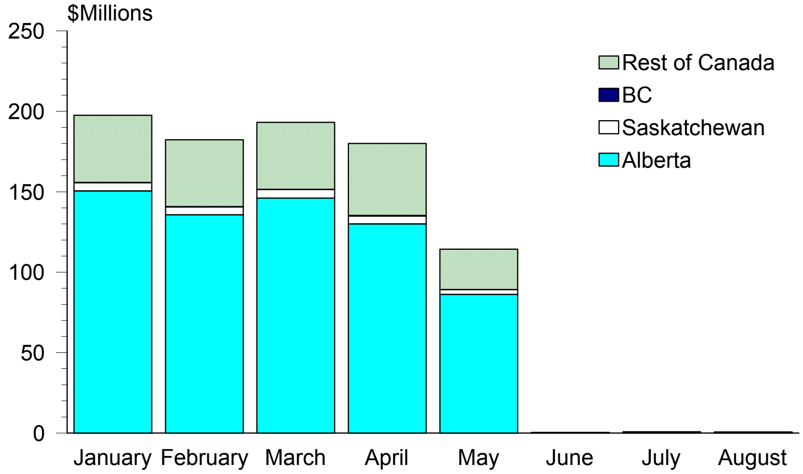
Canada is a significant exporter of beef and cattle and the discovery of the BSE-infected cow has been a costly one. In 2002, live cattle exports (for breeding purposes or for immediate slaughter) from Canada were worth $1.8 billion and $2.2 billion worth of beef and edible offal was exported. Beef exports have more than doubled since 1997, while live cattle exports have also increased substantially (+37%). With the import ban on Canadian cattle and beef imposed by the United States and other countries, Canadian exports of these goods virtually halted. Based on last year's export totals, revenue lost from forgone exports is likely in excess of $1 billion dollars already and as long as the ban on live cattle remains, this figure will continue to grow.

Exports of live cattle ceased after the discovery of a BSE infected cow...



The import ban resulting from the discovery of a BSE-infected cow in Alberta effectively halted Canadian exports of live cattle…

...as did exports of beef and beef products



…as well as international shipments of Canadian beef products

The relaxation of import bans on Canadian beef is of little consolation to the industry in British Columbia, which exports mainly live cattle. In 2002, just over $3.4 million worth of beef (including edible offal) was exported from BC, but live cattle exports were worth $118.9 million.

However, this pales in comparison to Alberta, the province hit hardest by the import ban. In 2002, Alberta exported $1.6 billion worth of beef and $635.9 million worth of live cattle, which amounted to 3.4% of all goods exported from Alberta. Alberta was the source for 75% of all beef exports from Canada in 2002 and 35% of all live cattle shipments out of the country. By comparison, British Columbia was responsible for only a fraction (0.2%) of beef and 6.5% of live cattle exports from Canada.

British Columbia is a relatively small player in the Canadian cattle and beef export market

Live Cattle and Beef Exports by Province, 2002
($ Millions)

Province	Live Cattle	Share	Beef	Share
Alberta	$635.8	34.8%	$1,642.6	74.9%
Ontario	$355.0	19.4%	$313.9	14.3%
Saskatchewan	$388.7	21.3%	$55.2	2.5%
Manitoba	$271.7	14.9%	$1.6	0.1%
Quebec	$50.6	2.8%	$173.8	7.9%
British Columbia	**$118.9**	**6.5%**	**$3.4**	**0.2%**
Other	$8.0	0.4%	$1.4	0.1%
Canada	**$1,828.7**	**100.0%**	**$2,191.9**	**100.0%**

Source: Statistics Canada

As can be seen by the preceding table, Alberta stands to gain the most from the end of the ban on Canadian beef, but for most of the other affected provinces, the ban on imports of live cattle from Canada is the more critical problem. The continuation of the American ban on Canadian cattle could have a devastating impact on the Canadian industry, because the US is the destination of almost all live cattle shipments from Canada. It is also the main buyer of Canadian beef, taking in 82% of all Canadian beef exports in 2002. Mexico (9%) and Japan (4%) were the next most significant destinations for Canadian beef. However, South Korea was the main destination for beef from British Columbia (49%).

Even though the United States is the primary destination for Canadian cattle and beef, the failure by some other countries to lift their bans is affecting the Americans' decision as well. As mentioned earlier, the Japanese are refusing to accept beef imports from the United States if there is a chance of cross-contamination. The discovery of yet another BSE-infected cow in Japan just recently has made the Japanese even more cautious with respect to beef imports. As a result, the United States is hesitant to lift all restrictions on beef and cattle, choosing instead to allow only selected cuts from cattle under 30 months old.

The mad cow crisis is far less critical for BC compared to the Prairie provinces

While the import ban on Canadian cattle and beef has been devastating for individual farmers, the impact on total BC exports will be minimal. In 2002, total cattle and beef exports represented only 0.4% of all international shipments from British Columbia. The provinces with the most to lose are Alberta, Saskatchewan and Manitoba, where beef and cattle exports make up a much larger proportion of total exports: 4.7% for Alberta, 3.9% for Saskatchewan and 2.9% for Manitoba. For these provinces in particular, it is important to re-establish trust in the safety of Canadian cattle and beef and re-open the border to cattle exports.

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

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:

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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.