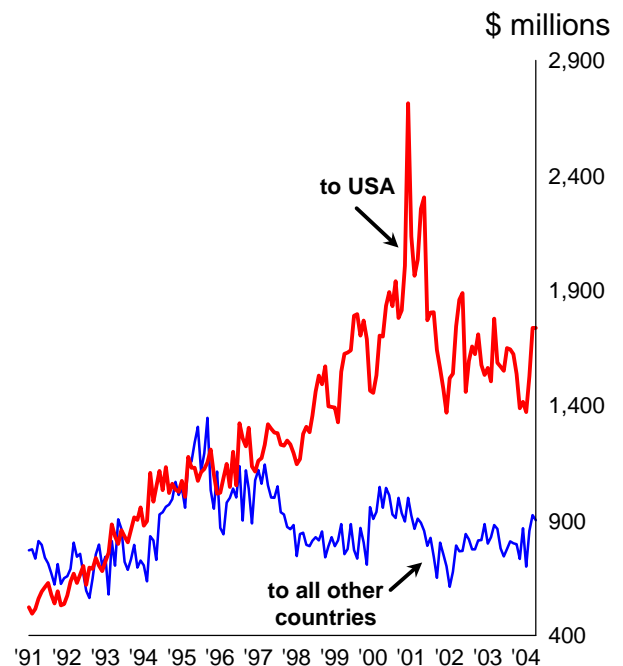


## Exports ♦ April 2004

- The value of total BC origin exports jumped 7.7% in April compared to the same month a year earlier, but the increase was not enough to push the year-to-date figures higher than the value recorded from January to April 2003. Over the first four months of 2004, the value of BC exports edged down 0.5% compared to the same period in 2003.
- Softwood lumber exports to the United States surged 19.6% year-to-date compared to the first four months of 2003. High demand for building products has pushed up prices, which has helped counteract the effects of punishing 27.2% duties assessed on imports of Canadian softwood lumber into the United States. Canadian lumber companies have received some positive news in recent months as NAFTA panels have rejected the methodologies used by the US to calculate subsidies and to determine threat of injury. Also, on review, the US Department of Commerce proposed slashing duties to an average of 13.2% to become effective in December. However, the US lumber coalition has stated they will appeal the decision. In addition, they are suggesting that they will next set their sights on the NAFTA process itself, claiming that the panels have overstepped their authority. Nevertheless, the decisions are encouraging signals that the long-running dispute could soon come to some kind of resolution.
- BC exports of fish products have slumped 20.1% year-to-date compared to the January to April period in 2003. This may be due, in part, to concern over a recent report suggesting high PCB-levels in farmed salmon and a resulting drop in demand, as well as problems with disease in some farmed stocks that reduced supply.
- Exports of metallic mineral products are up significantly in the first four months of 2004 compared to the same period last year (+16.2%). International shipments of aluminum (+20.3%), copper (+28.2%) and zinc (+10.8%) have all increased substantially, while exports of molybdenum have almost doubled (+99.1%).

*BC origin exports jumped significantly in April, but year-to-date they still lag behind the value of exports shipped from January to April 2003*



**SEASONALLY ADJUSTED EXPORTS**

*Seasonally Adjusted BC exports edged up slightly in April*

Seasonal adjustment supplies a means of making month-to-month comparisons by removing the regular periodic seasonal fluctuations that occur. Variations from normal seasonal patterns are revealed in the seasonally adjusted data series.

- Exports adjusted for seasonal variation edged up 0.5% in April, despite a 10.8% drop in exports of energy products. International shipments of industrial and consumer goods jumped 8.6%, which helped drive the growth.
- Growth in overall exports was entirely due to shipments to non-US destinations (+2.8%) as exports to the US slipped 0.7% in April. The decline was due mainly to a substantial drop in the value of exports of energy products (-10.9%).

**BC Exports, Seasonally Adjusted**

Month	Agriculture & Fish	Energy	Forest Products	Machinery & Equip, Auto	Industrial, Consumer	Total	Exports to USA
Apr 2002	181	306	1,184	357	416	2,444	1,694
May	194	295	1,288	351	428	2,556	1,792
Jun	191	301	1,061	334	441	2,327	1,479
Jul	192	287	1,092	344	436	2,351	1,529
Aug	207	262	1,136	355	431	2,391	1,589
Sep	193	308	1,084	373	441	2,398	1,621
Oct	206	370	1,103	349	464	2,493	1,667
Nov	201	405	1,097	348	443	2,493	1,672
Dec	216	365	1,133	359	430	2,503	1,658
Jan 2003	213	402	1,105	346	457	2,524	1,665
Feb	209	379	1,077	340	463	2,468	1,611
Mar	198	549	1,021	331	434	2,532	1,713
Apr	186	371	930	327	437	2,251	1,430
May	177	408	989	338	398	2,310	1,521
Jun	182	468	977	323	391	2,341	1,591
Jul	204	413	983	324	447	2,371	1,597
Aug	185	423	1,027	312	460	2,407	1,588
Sep	181	380	1,078	312	449	2,399	1,592
Oct	162	379	1,044	306	428	2,319	1,524
Nov	164	304	1,031	290	415	2,204	1,463
Dec	197	363	1,003	306	477	2,347	1,512
Jan 2004	162	331	1,014	302	435	2,244	1,479
Feb	174	385	1,026	325	515	2,426	1,551
Mar	165	383	1,125	307	472	2,452	1,610
Apr	167	342	1,132	310	513	2,464	1,599

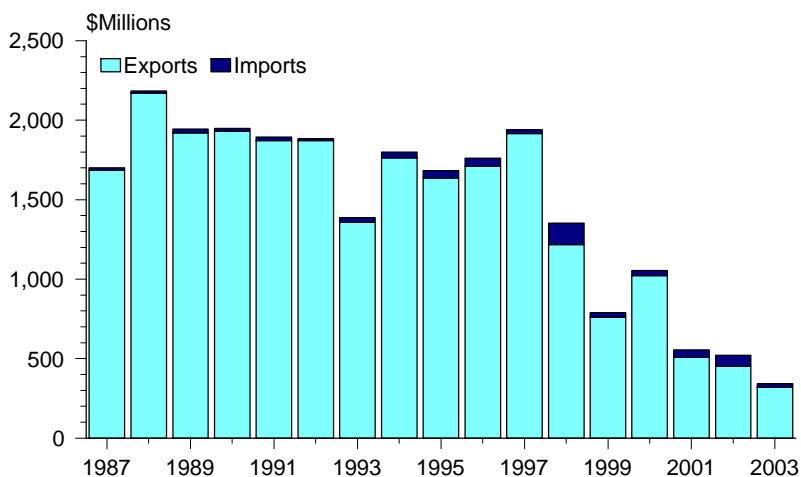
## Port of Prince Rupert: Down, But Not Out

The Port of Prince Rupert has suffered several serious setbacks over the last several years, but there are positive signs that things may be turning around. The Port, and the City of Prince Rupert, for that matter, have experienced more than their fair share of economic disasters in recent years. The bankruptcy of Skeena Cellulose and the subsequent shutdown of the pulp mill hurt both the city as well as the Port, since most of the forest products shipped through the Port of Prince Rupert originated with that company. At the same time as the troubles in the forest sector, the fisheries in and around Prince Rupert were cutting back due to declining stocks and fish processing plants ceased operations. On top of that, drought conditions in the Prairies affected volumes of grain moving through the Port and the Northeast coal operations were closing up shop, starting with the shutdown of the Quintette mine. Since then, the Bullmoose mine has also closed, which has reduced coal shipments through the Ridley Terminals facility to nil.

*A litany of woes has set the City of Prince Rupert and its Port back on their heels*

Shipments through the Port of Prince Rupert of goods destined for overseas have dropped substantially in the last several years, falling from just under \$2 billion in 1997 to only \$319 million in 2003. As can be seen from the chart below, the Port of Prince Rupert is primarily driven by exports. The volume of imported goods moving through the Port has never been a significant factor in its operations.

### The volume of international shipments through the Port of Prince Rupert has fallen dramatically



Source: Statistics Canada

*International commodity exports through the Port of Prince Rupert have plummeted in the last few years*

The Port has made attempts to diversify in light of the loss of coal traffic and the reduction in shipments of forest products and grain. These efforts have met with mixed results. Construction of a sulphur terminal was 80 percent complete when the company building the facility went under. The plan was for the Port to become the major export destination for sulphur produced in Western Canada, but to date the terminal remains incomplete.

However, the Port has managed to attract some business on the import side. In 2000, the Port began receiving shipments of Asian slack wax, a component in the manufacture of emulsified wax, used by oriented strand board mills, and in 2001, shipments of steel pipe destined for Alberta began arriving through the Port.

Another area where the Port has had some success is in attracting cruise ship traffic. In 2001, the Atlin fish plant was transformed into a small cruise ship terminal and this year, a new, larger terminal, the Northland Cruise Ship Dock, has started operations with commitments for 36 large cruise ship visits. The Prince Rupert Port Authority estimates that the cruise ship facilities will service in excess of 66,000 passengers this year. They also project that, over the next decade, the cruise ship industry in Prince Rupert could generate over 1,000 jobs and over \$30 million in economic activity.<sup>1</sup>

*A new cruise ship facility has attracted major cruise lines to Prince Rupert and an expectation of in excess of 66,000 passengers passing through the city in 2004*

There is also some positive news from the coal industry as rising demand for metallurgical coal is making some potential operations in BC feasible. China has moved from being a net exporter of coal to a net importer, which has tightened global supply, resulting in the increased demand. There are hopes to start construction on a new mine near Tumbler Ridge—the Wolverine coal mine—but it still needs to get final environmental approval. There are also other coal projects underway that would likely look to ship their product through Prince Rupert; however, it is unlikely, in the short-term at least, that the volumes will come anywhere close to that shipped by the now defunct Quintette and Bullmoose mines.

*The closure of the Northeast coal mines has hurt the Port, but resurgence of the coal market may lead to new mines opening soon*

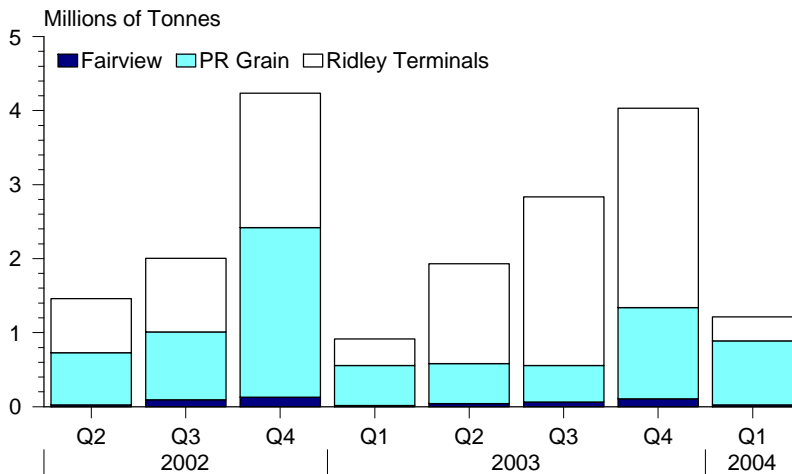
The remaining supply of coal extracted from the Bullmoose mine, which closed in the spring of 2003, was all exported out of the Ridley facility by October and no coal has been shipped out of the terminal since then. The terminal still handles shipments of petroleum coke, as well as iron ore pellets, but a resurgence of coal shipments could be a key to the revival of the facility.

---

<sup>1</sup> "Prince Rupert to Host 36 Ships at New Terminal in 2004," Prince Rupert Port Authority press release, August 12, 2003.

Traffic at the other terminals at the Port of Prince Rupert have also suffered, particularly at the Fairview terminal, where volumes shipped have plunged due to the loss of forest product business after the closure of the pulp mill. Wheat and other grain shipments from the Prince Rupert Grain facility are also well below those experienced at their peak.

### Tonnage volume shipped through the Port of Prince Rupert



Source: Prince Rupert Port Authority

*The volume of goods shipped through Fairview terminals has slumped substantially...*

There is a strong possibility that the outlook for the Fairview terminal will improve significantly in the next year. There are plans to build a container port at the facility to take advantage of the trend toward more containerized cargo. It is hoped that the facility will be operational by the fall of 2005. The plans were given a boost recently when the BC and Alberta governments made a pledge to move toward increased economic integration. One of the key points of discussion was expanding the container-handling capacity of the Port of Prince Rupert and improving road and rail links to the community so that goods from Northern Alberta can be shipped to their overseas markets faster and at a lower cost.

*...but the potential for a new container-handling facility could change all that*

The addition of a container port facility could bring tremendous benefits to the region. Don Krusel, President and CEO of the Prince Rupert Port Authority, estimated that the new container port would create 252 jobs and have an annual direct economic impact of \$65 million.<sup>2</sup>

<sup>2</sup> As quoted in "Containerization set for 2005: Port," *Prince Rupert Daily News*, October 17, 2003.

Having the ability to handle containerized cargo would be a boon to the Port not only because it will probably result in a significant jump in Canadian goods leaving the country through the Port of Prince Rupert, but also because it should result in traffic in imported goods becoming an important component of the Port's operations. Shipments from Asian markets in particular would be a perfect fit for the Port and increasing Port activity to both imports and exports would improve efficiency, since ships would not have to arrive empty.

*The addition of a container port could be the pot of gold for the "City of Rainbows"*

Prince Rupert has an advantage over other North American ports in terms of shipping to and from Asian destinations. Compared to Vancouver, it is a day's sailing time closer and even closer still compared to American ports. It has an excellent transport network, including rail links to the rest of North America. It has a deep harbour and is ice-free year round. These factors are the reason why the City of Prince Rupert was founded in the first place. It was originally built to accommodate the western terminus of the Grand Trunk Railway and it was envisioned that it would become a port to rival that of Vancouver. While that is unlikely to ever happen, the current activity around the Port of Prince Rupert has certainly given the residents of that community reason for optimism after years of bad news. In a city used to rain, the future is suddenly looking a lot brighter.

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

<b>04-04</b>	<i>Port of Prince Rupert: Down, But Not Out</i> (released June 2004)	<b>03-01</b>	<i>Review and Outlook for BC Exports</i> (released March 2003)
<b>04-03</b>	<i>Expanded European Union Could be Both Good and Bad for BC</i> (released May 2004)	<b>02-12</b>	<i>Team Canada Returns to Europe</i> (released February 2003)
<b>04-02</b>	<i>BC's Animal Agriculture Exports Facing Trade Restrictions</i> (released April 2004)	<b>02-11</b>	<i>Canada Courts the European Union for Freer Trade</i> (released January 2003)
<b>04-01</b>	<i>China Offers Considerable Opportunities for Trade</i> (released March 2004)	<b>02-10</b>	<i>Lumber Battle Takes an Unexpected Turn</i> (released December 2002)
<b>03-12</b>	<i>Rising Commodity Prices Could Signal Turnaround for BC Exports</i> (released February 2004)	<b>02-09</b>	<i>Canada Looking to Shed Light on Trade With the Dark Continent</i> (released November 2002)
<b>03-11</b>	<i>The Lows of High Tech Trade</i> (released January 2004)	<b>02-08</b>	<i>Canada's Share of US Softwood Lumber Market Slipping</i> (released October 2002)
<b>03-10</b>	<i>Is Global Free Trade Possible?</i> (released December 2003)	<b>02-07</b>	<i>FTAA: Free Trade for the Western Hemisphere?</i> (released September 2002)
<b>03-09</b>	<i>Relatively Few Small Businesses in BC are Exporters</i> (released November 2003)	<b>02-06</b>	<i>The Changing Face of BC Exports</i> (released August 2002)
<b>03-08</b>	<i>Where's the Beef?</i> (released October 2003)	<b>02-05</b>	<i>Japan's Economic Woes Translate to Reduced Trade for BC</i> (released July 2002)
<b>03-07</b>	<i>A Summary of the NAFTA Panels' Decisions on Lumber Duties</i> (released September 2003)	<b>02-04</b>	<i>Team Canada Promotes Trade With Mexico</i> (released June 2002)
<b>03-06</b>	<i>Natural Gas Heats Up British Columbia's Exports</i> (released August 2003)	<b>02-03</b>	<i>Chile Warms Up to Trade With Canada</i> (released May 2002)
<b>03-05</b>	<i>Value Added Wood Production in BC Lagging Rest of Canada</i> (released July 2003)	<b>02-02</b>	<i>The Threat of American Protectionism</i> (released April 2002)
<b>03-04</b>	<i>Exports and the Rising Dollar</i> (released June 2003)	<b>02-01</b>	<i>Canada Seeks to Increase Trade With India</i> (released March 2002)
<b>03-03</b>	<i>Canada Talks Trade With Turkey</i> (released May 2003)	<b>01-12</b>	<i>Is "Runaway" Film Production in Canada Harming the U.S. Industry?</i> (released February 2002)
<b>03-02</b>	<i>Rising Log Exports Fuel Controversy</i> (released April 2003)	<b>01-11</b>	<i>Team Canada Scouts Russia and Germany for New Trade Ties</i> (released January 2002)

## 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.

The **European Union** is the membership as of May 1, 2004: Austria, Belgium, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta,

Netherlands, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden, United Kingdom.

**'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**

**BC STATS**

P.O. Box 9410 Stn Prov Govt

Victoria, B.C. V8W 9V1

(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.