

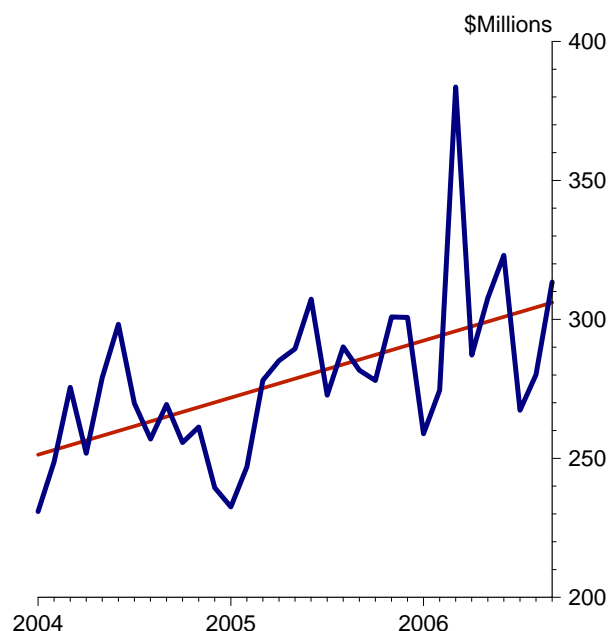
## Exports ♦ September 2006

- BC origin exports were 1.3% higher in the first three quarters of 2006 compared to the same period a year earlier. A jump in exports of metallic mineral products was mainly responsible for the increase, offsetting declines in shipments of forest and energy products.
- Metallic mineral product exports soared 25.2% above 2005 levels as a result of strong demand and high commodity prices. International shipments of copper ores and concentrates were up 67.6% over the first three quarters of 2006, while unwrought zinc (+41.7%) and unwrought aluminum (+6.4%) also saw robust growth. However, shipments of molybdenum ores and concentrates (-33.1%) have slipped back somewhat after hitting a record high in 2005.
- Another contributor to the rise in the value of overall exports was an increase in shipments of machinery and equipment, which climbed 8.5% despite a 3.2% fall in exports of motor vehicles and parts.
- Falling prices and reduced demand for electricity and natural gas have pushed overall energy exports down 6.9% compared to the first three quarters of 2005. Electricity exports have slumped 43.1%, while the value of shipments of natural gas is down 9.3%.
- Solid wood product exports have slumped 3.6%, mainly due to price declines for softwood lumber. The value of lumber exports is 4.0% off of last year's pace. Exports of selected value

added products are also well down from last year, dropping 11.9%.

- Pulp continues to be the one bright spot in the forest sector as pulp exports have climbed 8.2% year-to-date. The rise in pulp shipments has offset declines in paper products, such that overall pulp and paper exports are up 3.0%.
- Exports to the United States have fallen 2.5% compared to the first nine months of 2005. The slump in shipments of solid wood (-4.8%) and energy (-13.9%) products are the main drivers of the decline. The US share of BC exports has dropped to 62.0% compared to 64.5% over the first three quarters of 2005.

*BC origin exports of machinery and equipment are trending up*

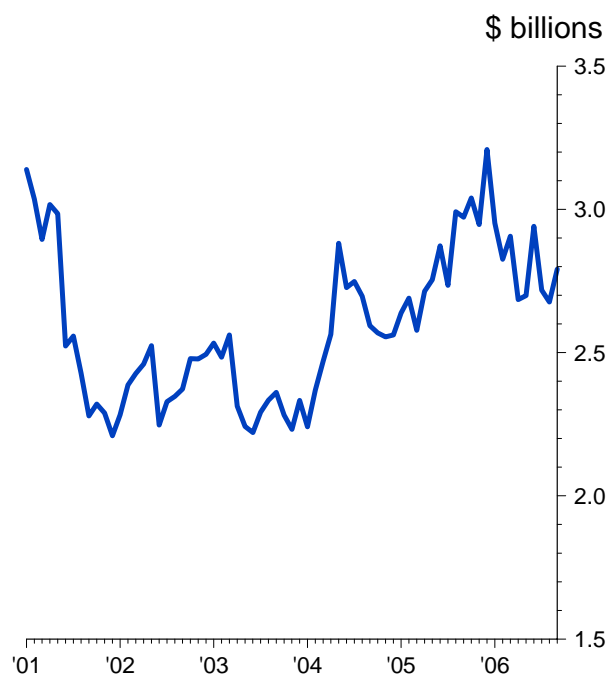


## SEASONALLY ADJUSTED EXPORTS

*Exports (adjusted for seasonality) rebounded in September despite a drop in forest products*

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 climbed 4.3% in September, despite a 2.7% drop in shipments of forest products. All other major commodity categories experienced growth in the value of exports.
- Exports to the US also increased in September (+2.6%). A 10.7% jump in shipments of machinery, equipments and automobiles led the way, but with the exception of forest products (-1.0%), all other major commodity groups also saw export growth.



**BC Exports, Seasonally Adjusted (\$Millions)**

Month	Agriculture & Fish	Energy	Forest Products	Machinery & Equip, Auto	Industrial, Consumer	Total	Exports to USA
Sep 2004	195	301	1,260	340	498	2,594	1,718
Oct	207	342	1,179	339	503	2,569	1,659
Nov	195	412	1,119	339	489	2,555	1,660
Dec	183	435	1,109	325	509	2,562	1,653
Jan 2005	188	454	1,117	333	545	2,638	1,664
Feb	182	452	1,179	339	538	2,690	1,763
Mar	177	451	1,122	334	494	2,578	1,718
Apr	185	538	1,120	357	515	2,714	1,791
May	186	550	1,142	357	519	2,754	1,737
Jun	211	619	1,118	361	564	2,873	1,801
Jul	173	725	1,010	362	464	2,735	1,841
Aug	199	803	1,066	367	556	2,992	1,862
Sep	187	793	1,053	361	579	2,973	1,848
Oct	195	842	1,133	374	495	3,040	2,020
Nov	202	683	1,121	376	564	2,947	1,984
Dec	196	866	1,184	389	574	3,209	2,048
Jan 2006	193	688	1,174	365	532	2,952	1,951
Feb	190	588	1,116	373	558	2,826	1,775
Mar	192	585	1,114	431	584	2,906	1,797
Apr	183	535	1,077	364	527	2,685	1,692
May	191	511	1,073	343	581	2,699	1,667
Jun	185	547	1,101	372	736	2,941	1,677
Jul	192	485	1,045	344	651	2,718	1,667
Aug	193	495	1,071	338	580	2,677	1,649
Sep	208	559	1,042	377	604	2,791	1,692

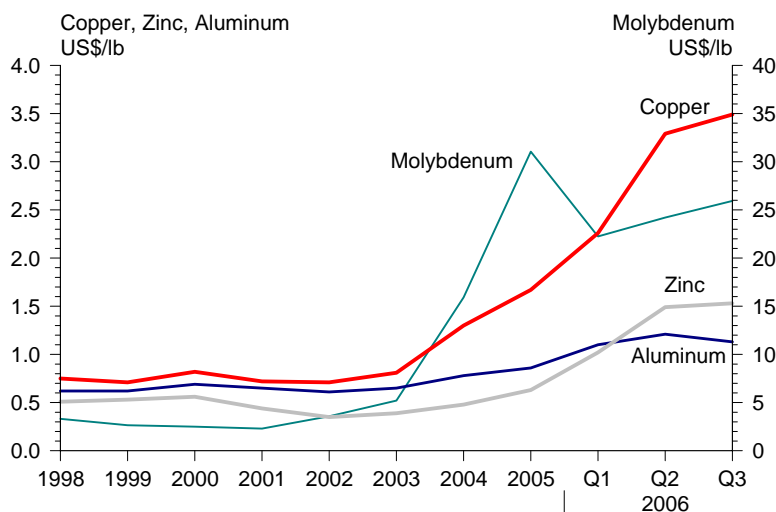
## Success of BC's Mining Industry Helps Boost Exports

Strong demand and high prices for metals and coal have rejuvenated British Columbia's mining sector and the consequent rise in metallic mineral and coal exports has been a main contributor to the continuing growth in the value of total international shipments from the province. According to a survey of the industry, BC's mining companies reported net earnings of \$1.8 billion in 2005, more than double the previous year and the highest ever recorded in the almost 40-year history of the survey.<sup>1</sup>

China's burgeoning industrial sector and its seemingly unquenchable thirst for raw materials has been the main driver of the price inflation for metals and coal, although demand from other parts of Asia and elsewhere has also been strong. The inflation in prices has been steepest for copper and molybdenum in particular, which is reflected in the strong growth in exports for those goods.

*Rising exports of metallic minerals and coal have helped drive up overall exports*

There has been a significant rise in metal prices in recent years



Source: Ministry of Energy, Mines and Petroleum Resources

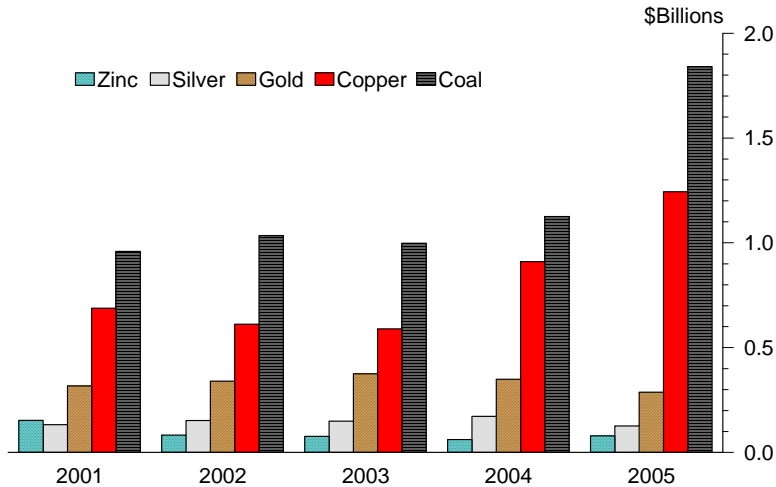
*Prices for metals have risen significantly, particularly for copper and molybdenum*

Higher prices have meant higher returns for BC's mining industry and this is clearly reflected in the value of production, which climbed almost 24% in 2005, despite a 4% drop in tonnes shipped.<sup>2</sup> According to the survey of the industry, exploration and development expenditures in BC by those companies surveyed more than doubled in 2005, to \$148 million, and direct employment in the mining sector climbed to 7,071, a 10% jump from 2004, although still well below levels seen in the 1990s.

<sup>1</sup> Source: PricewaterhouseCoopers, "The Mining Industry in British Columbia 2005." PWC has been surveying the mining industry in BC annually since 1968.

<sup>2</sup> The value of production data is from Natural Resources Canada and the tonnes shipped is from the PWC survey.

## Price inflation has boosted the value of metal and coal production in BC considerably



Source: Natural Resources Canada

*The value of production in the mining industry has grown significantly as the result of commodity price inflation*

Despite the increased activity in the sector, the outlook is not completely rosy, according to the Mining Association of BC. The Association suggests that delays in obtaining federal permits for new mines are putting many of those projects and potentially thousands of jobs at risk. Association president Michael McPhie was quoted as saying, "It's strictly and solely to do with the inability of the system to permit these projects in a reasonable time. That's the only reason these aren't into construction now...If present sky-high commodity prices start to slide, the capital to build the projects could disappear."<sup>3</sup> The Association suggests that the federal agencies responsible for the permitting of these projects are simply understaffed and with proper staffing levels, these delays could be eliminated.

*Delays in federal permitting for new mines could endanger these projects and result in the loss of potential new jobs*

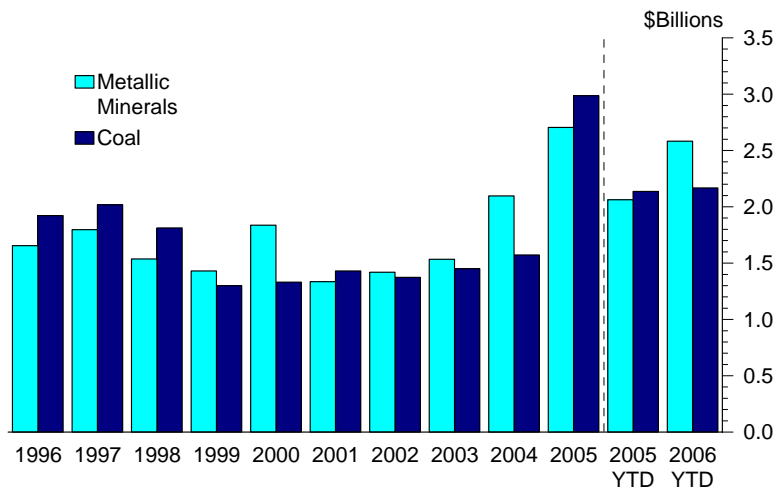
This is a serious matter in a province that has seen its mining industry shrink considerably over the last couple of decades. There have been a number of mine closures in the last several years, but very few mine openings. The current bull market for these resources has resulted in a few new coal mines moving into production in the last year and there are some metal mines that have already gone through the permitting process that could open soon, including the Red Chris copper and gold project in the northwest region of the province, which could employ as many as 300 full-time and contract employees over a 25-year lifespan. However, there are currently 25 projects awaiting federal permitting that, according to the Mining Association of BC, have the potential to add 9,000 jobs to the province. While it is doubtful that each and every one of these projects will proceed, if even a

<sup>3</sup> As quoted in: Simpson, Scott, "Mining projects caught in red tape: Investment and jobs at risk, industry charges," *The Vancouver Sun*, November 6, 2006.

third of them went ahead, it would bring employment levels back to where they were in the halcyon days of BC's mining industry.

The implication of such a substantial increase in production for BC's exports would be phenomenal. With existing mines, the value of BC's metallic mineral exports soared 37% between 2003 and 2004, followed by a 29% increase in the following year. So far in the first three quarters of 2006, there has been an additional 25% jump in the value of exports. For coal, exports climbed 90% between 2004 and 2005 and have remained steady since.

### The value of exports of both coal and metallic minerals has increased substantially and continues to climb



*Exports from BC's mining sector have been climbing as a result of high commodity prices*

Source: BC Stats and Statistics Canada

While demand from China will likely continue to elevate prices for metals and coal for at least a little while longer, the boom will not last forever. Given the long lead time necessary to start up a new mine, the sooner these potential mines are approved, the better. The World Bank forecasts that metal prices will start to decline as early as next year and sees the price of copper, BC's most significant metal export, cut by about 80% from current levels by 2010. This gives BC's mining industry a short window of opportunity to reap the benefits of inflated prices and make the capital investments necessary to ensure the vitality of the industry for years to come.

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

<b>06-09</b>	<i>Success of BC's Mining Industry Helps Boost Exports</i> (released November 2006)	<b>05-06</b>	<i>Removal of Textile Quotas Tailor-Made for Protectionist Fervour</i> (released August 2005)
<b>06-08</b>	<i>Provincial Export Profile</i> (released October 2006)	<b>05-05</b>	<i>Comparative Trade Numbers Don't Add Up</i> (released July 2005)
<b>06-07</b>	<i>Has Doha Gone the Way of the Dodo?</i> (released September 2006)	<b>05-04</b>	<i>South Korea Seeks Trade Deal with Canada</i> (released June 2005)
<b>06-06</b>	<i>Will BC Miss the Boat on Port Expansion?</i> (released August 2006)	<b>05-03</b>	<i>Any BC Port in a Trade Storm</i> (released May 2005)
<b>06-05</b>	<i>Breaking the Interprovincial Trade Barrier</i> (released July 2006)	<b>05-02</b>	<i>American Protectionism: Backfiring on All Cylinders</i> (released April 2005)
<b>06-04</b>	<i>Deal or No Deal for Softwood Lumber?</i> (released June 2006)	<b>05-01</b>	<i>Commodity Prices, Exchange Rates and Exports</i> (released March 2005)
<b>06-03</b>	<i>Will Canada-India Trade Spice Up?</i> (released May 2006)	<b>04-12</b>	<i>The Internet Pharmacy Debate</i> (released February 2005)
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<b>06-01</b>	<i>BC Exports: 2005 in Review</i> (released March 2006)	<b>04-10</b>	<i>Legitimate Border Threat or Reefer Madness?</i> (released December 2004)
<b>05-12</b>	<i>Electricity Puts a Charge into BC Exports</i> (released February 2006)	<b>04-09</b>	<i>Canada is Hoping Trade with Brazil will Take Off</i> (released November 2004)
<b>05-11</b>	<i>Pulp Friction: Challenging Times for BC's Pulp Industry</i> (released January 2006)	<b>04-08</b>	<i>Border Congestion Threatens Trade</i> (released October 2004)
<b>05-10</b>	<i>Japan Aims for Free Trade with Canada</i> (released December 2005)	<b>04-07</b>	<i>NAFTA Panel Finds in Favour of Canada in Softwood Lumber Dispute</i> (released September 2004)
<b>05-09</b>	<i>China's Growth Both an Opportunity and a Threat for Exporters</i> (released November 2005)	<b>04-06</b>	<i>Canada's Trade with Greece</i> (released August 2004)
<b>05-08</b>	<i>Booming Energy Sector May Give Rise to "Dutch Disease" for Other Exporters</i> (released October 2005)	<b>04-05</b>	<i>Hollywood North Thrives in 2003</i> (released July 2004)
<b>05-07</b>	<i>Laying on the Lumber</i> (released September 2005)	<b>04-04</b>	<i>Port of Prince Rupert: Down, But Not Out</i> (released June 2004)

## 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 BC 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 BC, Canada, the United States and other countries. Tabulations can include information on commodities, countries, US states, years, months, mode of transport, etc.