

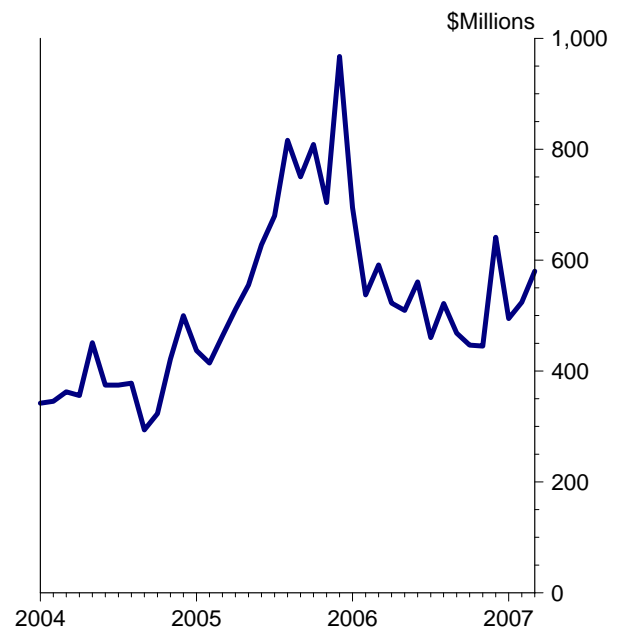
## Exports ♦ March 2007

- There was a 4.6% drop in the value of BC commodity exports in the first quarter compared to the same period in 2006. The main contributors to slumping exports continue to be energy and solid wood products.
- Energy product exports fell 12.3% over the first three months of 2007 compared to the first quarter of 2006, mainly due to reduced prices for natural gas and coal. Volumes of natural gas exported actually increased 2.2%, but lower prices dragged the value of natural gas exports down 15.1%. The volume of coal shipments slipped 3.2%, but the value of coal exports plunged even more (-18.2%) due to lower prices. Meanwhile, electricity bucked the trend as the value of exports of that good soared (+241.4%).
- Exports of solid wood products declined 18.7% in the first quarter. Shipments of softwood lumber slumped 18.4% due to a combination of lower prices and reduced demand, mainly as a result of a drop off in housing starts in the United States.
- Shipments of pulp and paper products continue to rise, with exports up 15.1% over last year, with pulp (+30.2%) leading the way. However, exports of newsprint are headed in the other direction, falling 17.0% in the first quarter.
- Agriculture and food products have experienced a significant boost in exports, with the value of shipments ris-

ing 19.3%. Exports of fruit and nuts from the province climbed 50.5%.

- Exports of chemicals and chemical products jumped 27.1% in the first three months of 2007. This increase has boosted the export share of this good from 1.8% in 2006 to 2.4% in 2007.
- BC origin exports to the United States fell 6.4% in the first quarter. Shipments to the European Union were down 6.1%, while exports to the Pacific Rim were flat (-0.1%), despite a 12.0% jump in shipments to China. Hong Kong (-20.6%), Taiwan (-15.4%) and India (-39.4%) all experienced double-digit declines. On the positive side, exports to Australia were up 25.5%.

*Energy product exports are well down from 2006 levels*



## SEASONALLY ADJUSTED EXPORTS

*Exports (adjusted for seasonality)  
rebounded in March*

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 rebounded in March with a 4.0% increase as shipments of forest products (+6.7%), industrial & consumer goods (+5.2%) and agriculture and fish products (+3.8%) all bounced back from declines in February. The only decline was for energy products (-0.5%).
- Exports to the US climbed 3.2%, while shipments to other destinations rose 5.3%. Forest products and industrial & consumer goods were the main drivers of increases in both cases.



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

Month	Agriculture & Fish	Energy	Forest Products	Machinery & Equip, Auto	Industrial, Consumer	Total	Exports to USA
Mar 2005	176	470	1,119	338	493	2,596	1,737
Apr	185	529	1,107	352	511	2,684	1,764
May	186	566	1,147	358	520	2,777	1,759
Jun	213	622	1,121	363	563	2,883	1,811
Jul	174	713	1,005	364	469	2,725	1,825
Aug	201	786	1,065	370	558	2,981	1,843
Sep	189	793	1,040	358	576	2,956	1,831
Oct	194	853	1,144	371	485	3,048	2,042
Nov	203	702	1,148	377	577	3,008	2,031
Dec	193	805	1,177	386	558	3,119	1,977
Jan 2006	190	712	1,164	366	534	2,967	1,964
Feb	190	585	1,146	373	574	2,868	1,802
Mar	189	585	1,102	423	586	2,885	1,780
Apr	182	544	1,085	365	524	2,701	1,711
May	191	520	1,079	343	585	2,718	1,683
Jun	186	551	1,100	370	733	2,941	1,682
Jul	193	479	1,051	345	665	2,734	1,669
Aug	195	494	1,077	338	585	2,690	1,653
Sep	209	500	1,031	380	606	2,724	1,614
Oct	202	453	1,025	391	674	2,745	1,604
Nov	196	448	1,005	356	615	2,620	1,593
Dec	213	526	1,027	375	680	2,822	1,707
Jan 2007	217	512	1,096	364	616	2,804	1,732
Feb	212	580	994	372	559	2,717	1,706
Mar	220	577	1,060	379	588	2,824	1,760

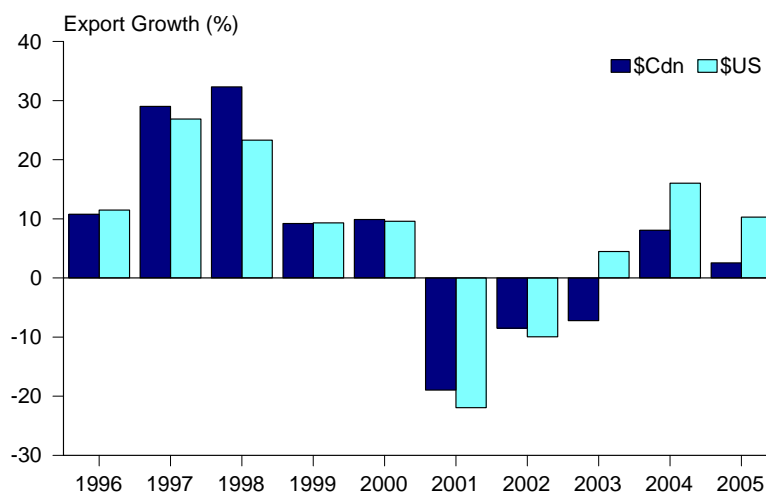
## BC's High Tech Trade<sup>1</sup>

British Columbia has traditionally relied on resource extraction industries to drive its economy and this was particularly true with respect to commodity exports. More recently, BC's economy has become more diversified with the service sector playing an increasingly greater role; however, exports from the province are still largely resource-based. As such, British Columbia's economy is susceptible to commodity price fluctuations and the cyclical nature of demand for these goods. High technology is one area in which the BC economy has been growing, starting the process of diversification away from the traditional hewing of wood and drawing of water types of industries. However, in 2005, high tech goods represented only 2% of BC's total commodity exports, although almost a quarter (23%) of BC's service exports were high technology-oriented.

*Exports from BC are still largely resource-based: high technology represented only 2% of total commodity exports in 2005*

Nevertheless, BC's high technology sector continues to expand. In 2005, there was a modest 2.6% increase in the value of high technology commodity exports from the province. The increase occurred despite a 4.5% drop in exports to the United States, the largest market for high technology goods from British Columbia. Part of the reason for the subdued performance is the rapid appreciation of the Canadian dollar in recent years. Valued in American currency, growth in exports of high technology goods has been considerably stronger over the last three years, including a 10.3% jump in 2005.

### BC's high tech exports edged up in 2005, although growth was much stronger when converted to US\$



Source: BC Stats

*BC origin high tech goods exports climbed 2.6% in 2005*

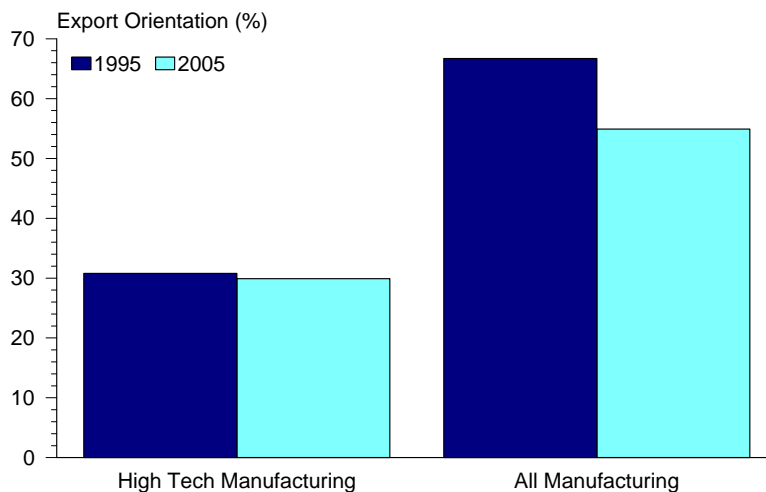
The overall value of all goods exported from BC climbed 10.0% in 2005, significantly outpacing international shipments of high technology goods. Slower growth in high tech exports compared

<sup>1</sup> This article is extracted from the *Profile of the British Columbia High Technology Sector: 2006 Edition*, available online at [http://www.bcstats.gov.bc.ca/data/bus\\_stat/busind/hi\\_tech/HTPcurr.pdf](http://www.bcstats.gov.bc.ca/data/bus_stat/busind/hi_tech/HTPcurr.pdf).

to commodity trade as a whole has led to a diminishing share for high technology commodities, down almost a whole percentage point from the peak of 3% recorded in 1998.

While slower export growth may be a concern, BC's high technology manufacturing sector tends to be geared more toward the Canadian market, particularly compared to manufacturing in the province in general. In 2005, only 30% of total high tech shipments were exported compared to 55% of manufactured goods overall. In addition, this ratio has contracted somewhat over the last decade, such that a larger share of high technology goods produced in British Columbia are now destined for the Canadian market.

### A smaller portion of high technology products are exported compared to total manufacturing



Source: BC Stats

*Most BC-produced high tech goods are destined for the Canadian market*

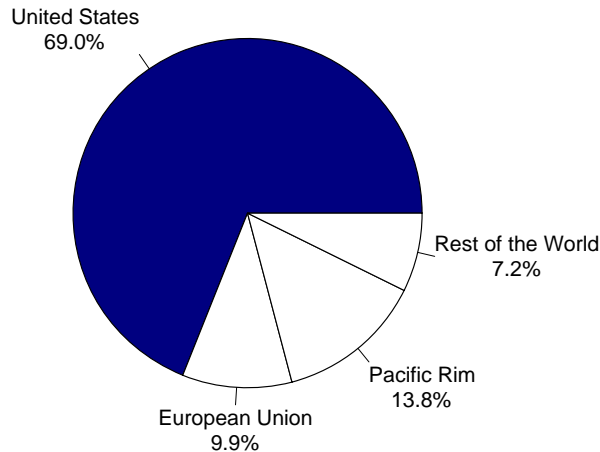
As with exports in general, the United States is the top destination for high technology goods exported from British Columbia. In 2005, BC exported \$486 million worth of high tech goods to the United States, or 69% of all high tech goods exported from the province. This is higher than the proportion of total commodity exports from BC that were shipped to the United States, as only 65% of BC's total goods exports were US-bound in 2005. However, the share of BC's high technology exports headed for the US has slipped in recent years. As recently as 2002, over 80% of BC's high tech goods went to the United States.

High technology exports to Mainland China grew 61.8% to \$23 million in 2005, vaulting that country past the United Kingdom to place a distant second to the US as a destination for high tech commodity exports from British Columbia. Exports to Japan experienced even more impressive growth, climbing 80.8% to \$20 million to rank third. The United Kingdom dropped to fourth as shipments to that country slumped 20.6% in 2005.

*High tech exports to Mainland China grew substantially making it the second largest destination for BC high tech goods in 2005*

Despite the drop in shipments to the UK, exports to the countries of the European Union climbed 7.3%, spurred largely by shipments to Italy, which more than doubled in 2005. However, the most significant region for growth in exports was the Pacific Rim, which took in 47.1% more of BC's high tech goods compared to 2004. In addition to Japan and China, Taiwan (+139.9%), Australia (+40.9%) and Hong Kong (+37.0%) also experienced robust double-digit increases.

### The United States is the dominant destination for BC high tech goods exports



*Over two-thirds of BC's high tech commodity exports are to the US*

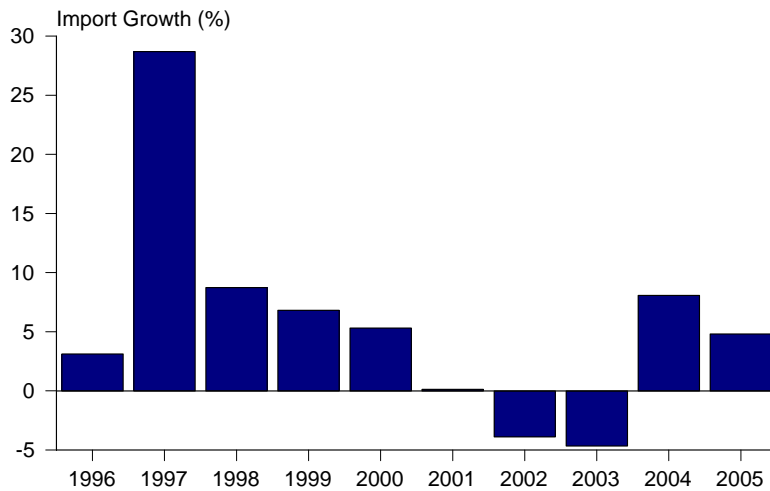
Source: BC Stats

BC imports far more high technology goods than it exports. In 2005, the value of imports of high tech goods into BC grew for the second straight year, rising 4.8%. BC's high technology imports tend to follow a trend similar to high tech exports because a significant amount of high tech goods imported into the province are used as inputs into BC's own high technology manufacturing. As a result, when demand for domestically produced high tech goods is down, the demand for input goods imported into the province is also muted. This can particularly be seen over the last few years as imports were declining at the same time as exports and their subsequent rebound also followed the trend of exports.

The largest source of increased imports was the Pacific Rim, particularly Mainland China. While imports from the United States slipped 2.1% and high tech goods shipped to BC from the European Union fell 11.4%, shipments from the Pacific Rim climbed 11.4%, including a 30.9% surge in imports from China. Portable computers and cellular telephones were among the goods driving much of the increase in high tech goods entering the province from China, which suggests that at least some of the growth in imports was consumer-driven and not solely due to the demand created by the domestic high tech sector.

*Much of the growth in high tech imports was from goods originating in Pacific Rim countries*

### Imports of high technology products into British Columbia increased in 2005

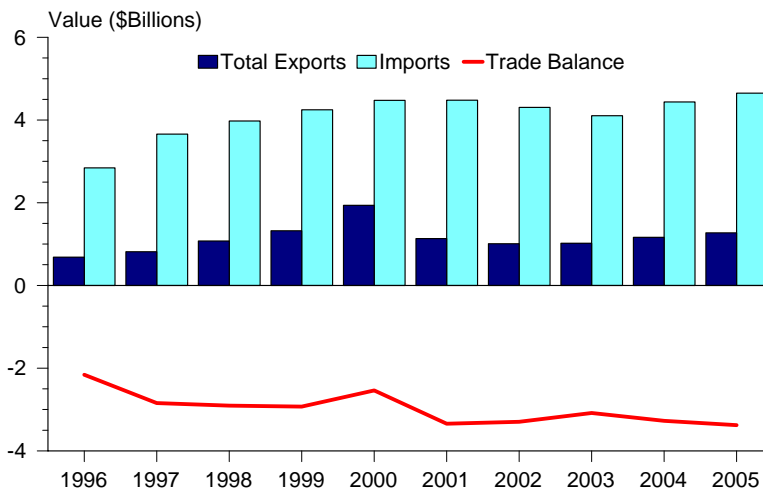


Source: BC Stats

*BC imported 4.8% more worth of high tech goods in 2005*

As is the case with exports, the United States is the most significant origin of BC imports of high technology, although it is far less dominant as a source for imports than it is as a destination for exports. In 2005, just under 40% of imports of high tech products into BC originated in the United States, amounting to \$1,851 million. Countries in the Pacific Rim were the source of just over a third of BC high tech imports (36%). Within the Pacific Rim, Mainland China was the leading origin of high tech imports into BC, shipping \$712 million worth of these goods to the province, or 15% of imports. This was good enough to rank China second as a source for high tech imports into BC, well ahead of third-ranked Mexico (\$382 million). In fact, China shipped more high tech products to BC than all of the European Union countries combined (\$411 million).

### BC imports far more high tech goods than it exports



Source: BC Stats

*BC has a significant trade deficit in high tech goods*

British Columbia imports substantially more high technology goods than it exports and, as a result, the province runs a trade deficit in these commodities. The faster growth in imports compared to exports meant that the trade deficit increased slightly in 2005, rising to just under \$3.4 billion. In other words, BC imported \$3.4 billion more in high tech goods than it exported in 2005.

Approximately a third (\$1.1 billion) of BC's high tech trade deficit is with the United States. This is in stark contrast to commodity trade as a whole, where BC has a substantial trade surplus with the United States. The second largest deficit in trade of high tech goods for BC is with Mainland China. At \$676 million, it represents about 20% of BC's high tech commodity trade deficit. The next largest deficit is with Mexico, at \$374 million, which is larger than the combined deficit with all the countries of the European Union (\$277 million).

*Over half of BC's high tech goods trade deficit is with the US and China*

On the service side of the ledger, there is far less detail available with regard to international trade, mainly due to the difficulty involved in measuring such trade. As a result, BC STATS has endeavoured only to measure high tech service exports, so that a trade balance for services cannot be measured.

Some service exports take place when BC-based professionals, such as engineers or software programmers, work for a period of time outside the province. Service exports also occur when, for example, an engineering firm produces a study in its BC office for an overseas client or when a software developer creates a new program that is "shipped" on-line to a client in another country.

The high technology sector in BC exports far more services than goods. In 2005, the value of high tech service exports was over three times that of international shipments of high tech goods. This is in contrast to the province's overall exports, for which commodity shipments are valued at almost four times that of service exports.

The value of high tech service exports from BC surged 12.1% in 2005, largely due to strong growth in computer and related services, as well as motion picture production and post-production. Exports of computer and related services, which represent well over half of total high technology service exports, climbed 7.2%. Most of the increase was a result of a strong performance in the computer systems design and related industry. The motion picture industry rebounded from a slowdown in 2004 despite the continuing appreciation of the Canadian dollar against its American counterpart, with exports skyrocketing 71.8%. While a higher dollar may have driven away some American productions in 2004, a boost in available tax credits was likely the main reason for their return in 2005. The tax credits available to foreign film-makers shooting in British Columbia are attractive to

*BC high tech service exports climbed 12.1% in 2005*

budget conscious producers and have helped the province develop a world class motion picture industry.

While 2005 was not a particularly standout year for high tech commodity exports, the better performance for service exports shows some promise for the sector in British Columbia. For a more detailed look at high tech trade, including comparisons with other provinces and the United States, as well as measurements of high tech GDP, revenue, wages and salaries, employment and establishment counts, refer to the *Profile of the British Columbia High Technology Sector: 2006 Edition*. An update to this publication should be available sometime in the fall of 2007 with data covering 2006.



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

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<b>07-01</b>	<i>Is the Sun Rising on Trade With Japan?</i> (released March 2007)	<b>05-10</b>	<i>Japan Aims for Free Trade with Canada</i> (released December 2005)
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<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)
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<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)
<b>06-02</b>	<i>Log Exports Becoming More of a Private Affair</i> (released April 2006)	<b>04-11</b>	<i>Canada's Trade With China</i> (released January 2005)
<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)

## 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 January 1, 2007: Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg,

Malta, Netherlands, Poland, Portugal, Romania, 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.