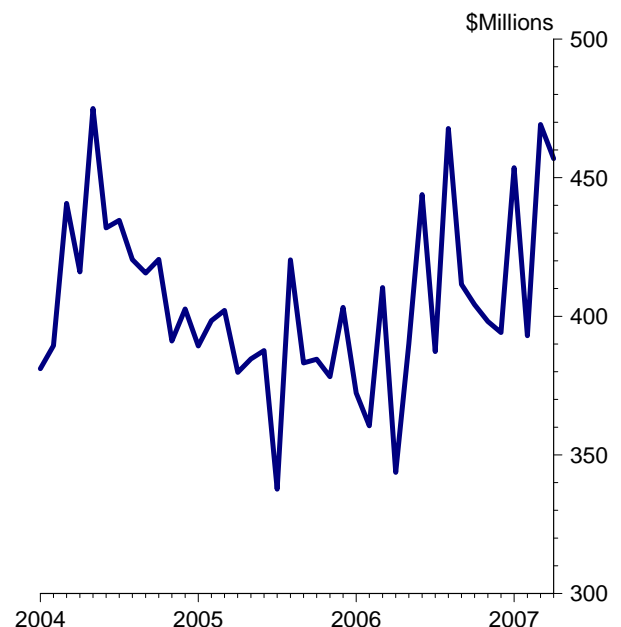


Exports ♦ April 2007

- The value of BC commodity exports jumped 10.7% in April, reducing the year-to-date decline to only 0.9% compared to the first four months of 2006.
- Wood product manufacturers continue to struggle with lower prices for their product and reduced demand resulting from fewer housing starts in the United States. Exports of solid wood products fell 16.8% in the January to April period, compared to the same four months in 2006, including a 15.8% drop in shipments of softwood lumber.
- Elsewhere in the forest sector, things are looking up for pulp and paper manufacturers as exports of pulp and paper products are up 19.2% over last year, with pulp (+34.9%) leading the way. However, newsprint bucked the trend as falling demand has resulted in a 10.8% decline in exports of that good.
- Energy product exports climbed 13.5% in April, but year-to-date, exports of energy are still 7.2% lower than the first four months of 2006. The value of electricity exports has almost tripled compared to the same period last year, but shipments of all other energy products have slipped. Lower prices for natural gas have resulted in an 8.3% dip in exports and the value of coal shipments has fallen 15.6%, although volumes of coal exported are only 2.1% lower than last year.
- The value of exports of agriculture and food products has surged 20.6%, including a 62.1% jump in exports of fruit and nuts.
- Shipments of metallic mineral products are up 13.7% as a result of an 82.8% leap in exports of unwrought zinc and an 18.1% rise in shipments of unwrought aluminum. Exports of fabricated metal products have increased 3.8% year-to-date.
- BC origin exports to the United States are down 4.1% and shipments to the United Kingdom have slumped 13.7%; however, exports to Mainland China have climbed 39.7%, which has helped boost exports to the Pacific Rim 8.1%. Shipments to India have dropped 34.9% to record the worst decline among BC's major trade partners, but exports to Australia (+13.8%) and Mexico (+10.7%) have increased significantly.

Pulp and paper exports are surging

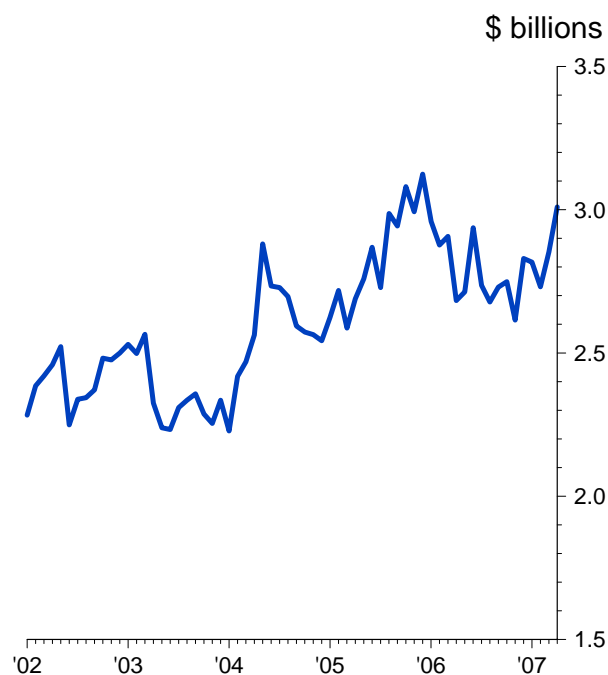


SEASONALLY ADJUSTED EXPORTS

*Exports (adjusted for seasonality)
continue to climb 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.

- A 12.0% jump in exports to countries outside the US helped propel overall BC exports up 5.5% in April. Significant increases in shipments of industrial and consumer products (+11.3%), energy (+7.1%) and forest products (+5.3%) were the primary contributors to the overall rise in exports.
- Exports to the US edged up 1.5% despite the high-flying Canadian dollar, mainly due to a 10.2% surge in exports of energy products. Forest product shipments to the US slipped 2.4%.



BC Exports, Seasonally Adjusted (\$Millions)

Month	Agriculture & Fish	Energy	Forest Products	Machinery & Equip, Auto	Industrial, Consumer	Total	Exports to USA
Apr 2005	186	543	1,104	351	505	2,689	1,775
May	186	551	1,144	358	520	2,759	1,744
Jun	213	612	1,118	363	563	2,869	1,801
Jul	174	716	1,004	364	470	2,728	1,829
Aug	202	794	1,063	370	558	2,987	1,853
Sep	189	781	1,040	358	575	2,943	1,819
Oct	194	885	1,145	371	486	3,081	2,075
Nov	203	685	1,150	377	577	2,993	2,014
Dec	192	807	1,180	385	560	3,124	1,978
Jan 2006	190	698	1,169	367	537	2,959	1,948
Feb	189	593	1,146	374	574	2,877	1,810
Mar	189	597	1,108	423	589	2,907	1,790
Apr	185	537	1,080	365	516	2,683	1,701
May	192	520	1,074	343	585	2,713	1,685
Jun	186	549	1,098	371	733	2,937	1,680
Jul	193	483	1,050	345	666	2,736	1,674
Aug	195	484	1,075	338	585	2,678	1,645
Sep	209	508	1,030	379	604	2,730	1,623
Oct	202	454	1,026	392	675	2,749	1,606
Nov	196	443	1,007	355	615	2,615	1,588
Dec	213	531	1,030	375	682	2,830	1,712
Jan 2007	216	516	1,101	365	619	2,817	1,737
Feb	211	590	996	373	561	2,731	1,717
Mar	219	578	1,072	384	600	2,853	1,760
Apr	209	619	1,129	386	668	3,010	1,786

The Greening of BC's Exports

Environmental issues have been propelled to the top of the political agenda in recent years and while this has created angst among many businesses that see only the challenges that new environmental standards will bring, there are others that see the new focus on the environment as a potential opportunity. They recognize that new environmental standards will require new technology to handle issues such as waste management, environmental monitoring, recycling and so on. If BC companies can get in on the ground floor, they can get the jump on developing a global market for made-in-BC environmental products as well as services provided by BC companies.

There is already interest around the world in some of the environmental products that BC has to offer. For example, China has expressed interest in technologies being developed in British Columbia, particularly those related to the environment. They have offered some funding as well as personnel to facilitate trade in these technologies between China and British Columbia. China is particularly keen on fuel cell technology, an area in which BC is among the world leaders. While this technology has not had much commercial success to date, there is potential for it to take off soon. For example, several auto-makers are developing fuel cell-powered vehicles using technology developed in British Columbia.

The recent visit by California Governor Arnold Schwarzenegger highlighted other potential opportunities for British Columbia's environmental industries. California is a prime market for environmental technology and the Governor's commitment to these technologies, including plans to build refuelling stations for hydrogen-powered vehicles across the Pacific Northwest, could provide a substantial pay-off for BC companies.

The environmental sector is already a significant employer in the province. According to a report prepared a few years ago by GLOBE Foundation of Canada, there were over 800 firms in BC in 2000 that provided goods and services that dealt with environmental issues and those firms employed over 22,000 people and generated revenues of more than \$1.8 billion.¹ Trade in these goods and services is expanding and the share of total exports and imports comprised of environmental products is increasing.

While data on trade in environmental services for British Columbia is not readily available, an estimate of trade in environmental goods can be calculated using customs based export and import data from Statistics Canada. The federal

The focus on all things green can be seen as an opportunity for BC exporters

China and California are keen on developing relationships with BC producers of environmental technology

The environmental sector already has a significant presence in British Columbia

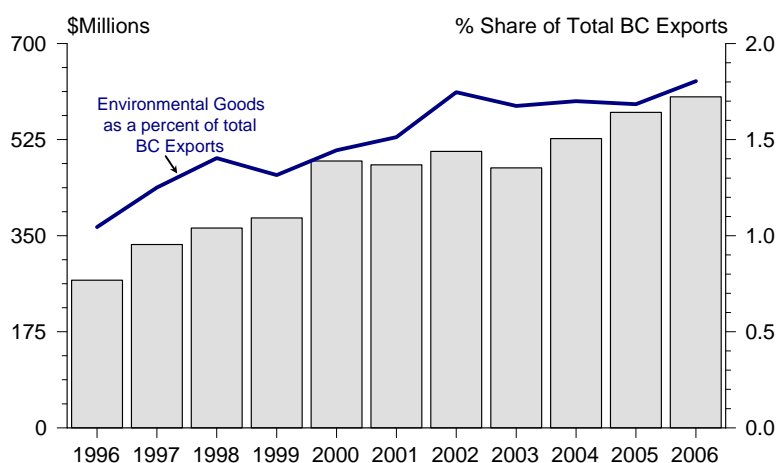
¹ GLOBE Foundation of Canada, *An Assessment of British Columbia's Environmental Business Sector*, November 15, 2003.

government has developed a definition of environmental goods using the Harmonized Commodity Description and Coding System (HS) for their submission to the World Trade Organization's Committee on Trade and Environment.² The goal of this committee was to reduce or eliminate tariff and non-tariff barriers to trade in environmental products.

The trade statistics reported here are based on the definition submitted July 3, 2006, which was a revision of an earlier submission. As a note of caution, it should be mentioned that the definition is based on six-digit codes in order to facilitate use among different nations, since HS coding schemes are the same up to six digits. However, at this level of aggregation, the code may capture more than just the environmental goods that we are interested in. Also, many of the products in the list may have alternate, non-environmental uses; therefore, the figures presented here likely overestimate actual trade in environmental goods. Nevertheless, it can be seen from the data that trade in environmental goods has been rising over the last decade.

Between 1996 and 2006, the value of BC exports of environmental goods more than doubled, climbing from \$268.8 million to \$603.0 million. The share of total commodity exports is still small, at 1.8%, but this is up from only 1.0% in 1996. The main types of goods that BC exports are those related to waste water management, equipment associated with renewable energy, environmental monitoring equipment, and goods connected with air pollution control. Another potential growth area is with regard to clean technologies, particularly fuel cells.

Exports of made-in-BC environmental goods have been trending up over the last decade



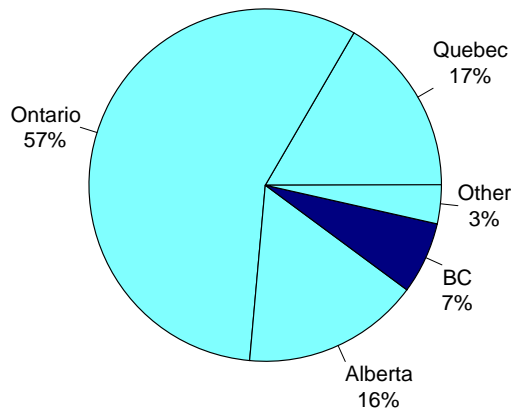
BC exports of environmental goods have been climbing, both in value and also as a share of total exports

British Columbia's share of Canadian exports of environmental goods has remained fairly static over the last decade, generally

² World Trade Organization, *Canada's Revised List of Environmental Goods*, TN/TE/W/50/Rev. 1, July 4, 2006.

between six and seven percent. However, given the types of technologies currently being developed in the province and the higher propensity of people in BC for accepting new technologies and for seeking environmental alternatives, British Columbia is poised to take a larger role in the environmental sector, including international trade in environmental goods. In his recent visit to BC, the California Governor suggested that both California and British Columbia are on the brink of a new "gold rush" as tough new environmental standards will create substantial economic opportunities for the two regions. If he is correct, BC's share of Canadian exports of environmental goods should expand significantly in the next several years.

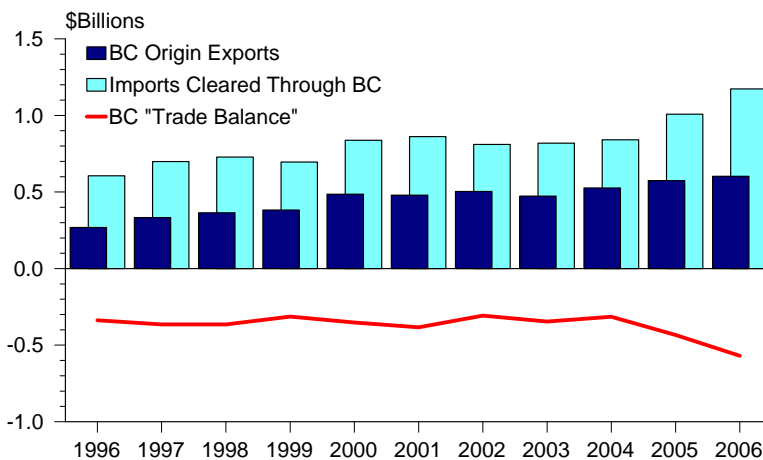
British Columbia's share of Canada's environmental goods exports is relatively small



BC is the source of only 7% of Canada's exports of green products, but there is potential for growth

Currently, it appears that British Columbia imports more environmental goods than it exports. Although data on imports consumed in BC are not available, based on the value of imports cleared through BC's customs ports, it seems clear that BC has a deficit in trade of environmental goods with other countries.

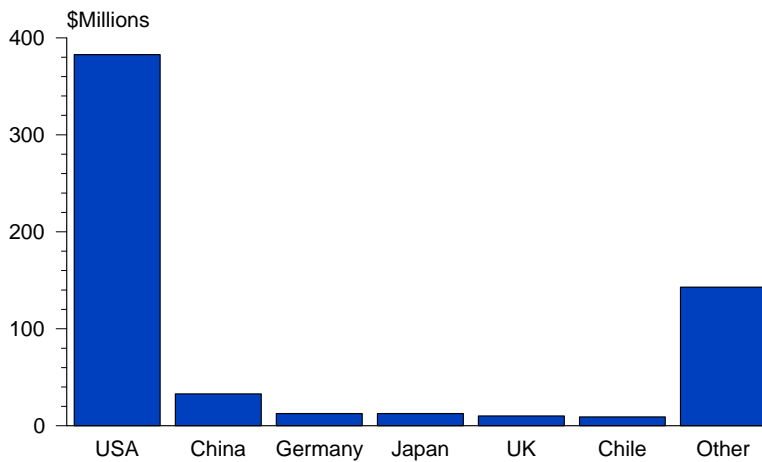
BC appears to import more environmental goods than it exports



Imports of environmental goods cleared through BC exceed exports of made-in-BC products

The large majority of BC's exports of environmental goods are destined for the United States. In 2006, almost 64% of all "green" goods exported from BC were shipped to the US, which is slightly higher than the proportion of total BC exports shipped to that country (61%). Mainland China was ranked second with just over 5% of BC's environmental commodity exports shipped there. Given China's eagerness to help BC companies further develop green technology, that figure could rise over the next several years.

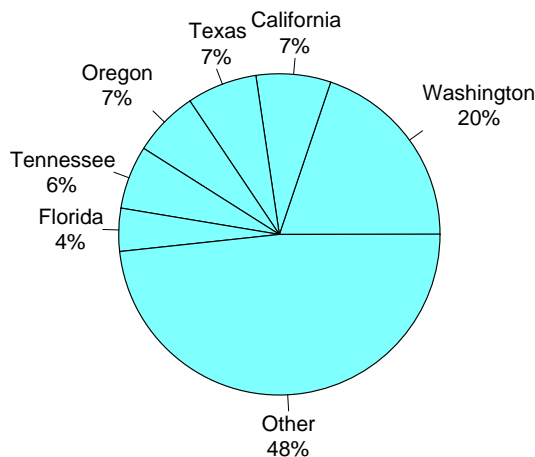
As with total exports, the United States is the destination for most environmental goods exports



The United States is the top destination for BC exports of green products, with China a distant second

Within the United States, over half of BC's green exports were shipped to just six states in 2006. Neighbouring Washington State was by far the most significant destination for BC environmental products, taking in 20% of total exports to the United States. California, Texas and Oregon all imported about 7% of BC's environmental exports to the United States. Tennessee and Florida imported about 6% and 4% respectively.

Over half of BC's exports of environmental goods to the US are destined for just six states



Washington State receives a fifth of BC's environmental exports to the United States

Environmental goods still make up a relatively small part of BC's exports, but there is great potential for growth. Demand from rapidly developing countries such as China and India will be one driver of expansion in this sector. The industrialization and urbanization occurring in these countries will create the need for air pollution control, wastewater treatment, solid waste disposal, and so on. In addition to the demand from developing nations, the effects of climate change and regulatory changes related to environmental measures designed to curb greenhouse gases and other potentially damaging pollutants will create economic opportunities for companies providing the necessary products and services. There is a lot of promise for British Columbia in areas such as alternative energy systems, which include fuel cell development, water and wastewater technologies, air quality controls and sustainable resource management. If BC companies are willing to take the initiative, technologies developed in BC could help make it a little easier being green and those companies should see a lot more green in the way of profits for their efforts.

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

07-04 <i>The Greening of BC's Exports</i> (released June 2007)	06-01 <i>BC Exports: 2005 in Review</i> (released March 2006)
07-03 <i>BC's High Tech Trade</i> (released May 2007)	05-12 <i>Electricity Puts a Charge into BC Exports</i> (released February 2006)
07-02 <i>Canada-USA Corn Row</i> (released April 2007)	05-11 <i>Pulp Friction: Challenging Times for BC's Pulp Industry</i> (released January 2006)
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06-04 <i>Deal or No Deal for Softwood Lumber?</i> (released June 2006)	05-01 <i>Commodity Prices, Exchange Rates and Exports</i> (released March 2005)
06-03 <i>Will Canada-India Trade Spice Up?</i> (released May 2006)	04-12 <i>The Internet Pharmacy Debate</i> (released February 2005)
06-02 <i>Log Exports Becoming More of a Private Affair</i> (released April 2006)	04-11 <i>Canada's Trade With China</i> (released January 2005)

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.