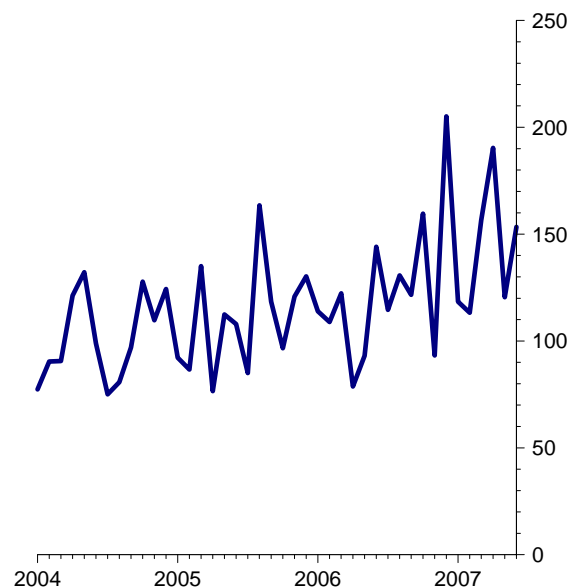


## Exports ♦ June 2007

- The value of BC commodity exports plunged 11.6% in June compared to the same month in 2006, pushing year-to-date exports down 3.3% compared to the same six-month period in 2006. The poor performance in June was spread throughout most commodity groups.
- Solid wood product shipments have fallen 16.0% in the first half of 2007, compared to the same period last year. The drop in demand for housing in the United States and the subsequent slowdown in housing starts has reduced demand for building products, resulting in falling prices and lower shipments of these goods. On the positive side for the forest sector, the value of pulp exports continues to soar, rising 24.6% in the first half of 2007, compared to the January to June period in 2006. The strength of pulp shipments has helped drive up overall pulp and paper exports 12.8%, despite an 11.6% slump in shipments of newsprint.
- Exports of energy products fell 7.8% in the first half of 2007, despite the fact that the value of electricity exports has more than doubled (+115.4%). Shipments of natural gas are down 10.3%, while coal exports have dropped 13.3%. In the case of coal, the decline was entirely due to lower prices, as volumes of coal shipped actually climbed 2.2%.
- Metallic mineral product exports rose 3.3% in the first six months of 2007, despite a 23.8% slump in shipments of copper ores and concentrates. Exports of unwrought zinc (+80.5%) led the way, along with strong shipments of unwrought aluminum (+22.9%). Shipments of fabricated metal products also increased, rising 2.0%.
- Exports of motor vehicles and parts fell 22.1% in June compared to June 2006, turning year-to-date growth negative (-2.4%). Nevertheless, overall exports of machinery and equipment grew 2.1% in the first half of 2007.
- International shipments of chemicals and chemical products have climbed 7.6% year-to-date, but shipments of plastics have gone in the opposite direction, falling 11.7%.
- BC exports to the United States are 5.5% off last year's pace. Other major export destinations to see significant declines include Japan (-8.6%), Hong Kong (-19.9%), Taiwan (-4.4%) and India (-30.0%). On the positive side, shipments to Mainland China have jumped 29.0%, South Korea has seen a 7.6% boost in exports and shipments to Australia are up 20.1%.

*Mainland China is growing as a destination for BC commodity exports*

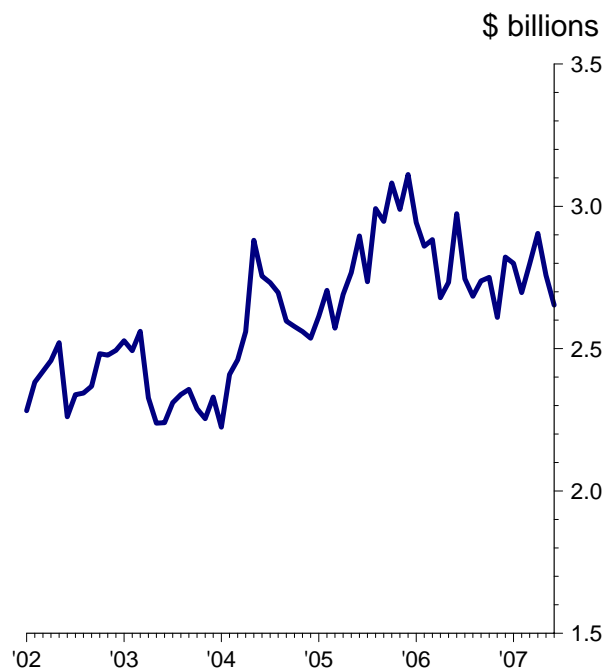


## SEASONALLY ADJUSTED EXPORTS

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 fell for the second consecutive month in June (-3.8%). Every major commodity category experienced a decline with the exception of machinery, equipment and automobiles (+1.5%). Energy products (-13.1%) saw the most precipitous drop.
- Exports to the US were fairly flat (-0.1%) as a 3.5% jump in shipments of forest products almost offset the drops in all other major categories. International shipments to countries other than the United States fell 9.1%, mostly due to a 27.7% plunge in energy exports.

*Exports (adjusted for seasonality) slipped again in June*



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

Month	Agriculture & Fish	Energy	Forest Products	Machinery & Equip, Auto	Industrial, Consumer	Total	Exports to USA
Jun 2005	219	621	1,130	369	558	2,896	1,818
Jul	175	715	1,007	364	473	2,735	1,833
Aug	201	794	1,066	371	560	2,992	1,855
Sep	189	782	1,041	358	578	2,947	1,820
Oct	194	885	1,145	371	486	3,082	2,075
Nov	203	682	1,149	378	578	2,989	2,011
Dec	191	803	1,176	384	558	3,112	1,970
Jan 2006	189	694	1,162	364	534	2,943	1,937
Feb	187	590	1,140	371	572	2,860	1,791
Mar	186	595	1,098	417	588	2,883	1,776
Apr	183	544	1,072	359	521	2,679	1,702
May	195	520	1,083	350	584	2,733	1,711
Jun	194	561	1,118	379	722	2,974	1,707
Jul	194	482	1,052	345	671	2,745	1,676
Aug	195	484	1,078	340	588	2,684	1,647
Sep	209	506	1,034	380	609	2,738	1,624
Oct	202	454	1,025	391	678	2,750	1,607
Nov	197	440	1,004	355	614	2,610	1,582
Dec	211	528	1,026	377	681	2,822	1,703
Jan 2007	214	512	1,094	363	617	2,800	1,724
Feb	208	572	989	370	558	2,697	1,683
Mar	215	551	1,057	379	595	2,798	1,719
Apr	205	546	1,116	377	661	2,905	1,702
May	193	590	1,018	333	623	2,758	1,634
Jun	188	513	1,003	338	611	2,653	1,632

## BC's Trade with California

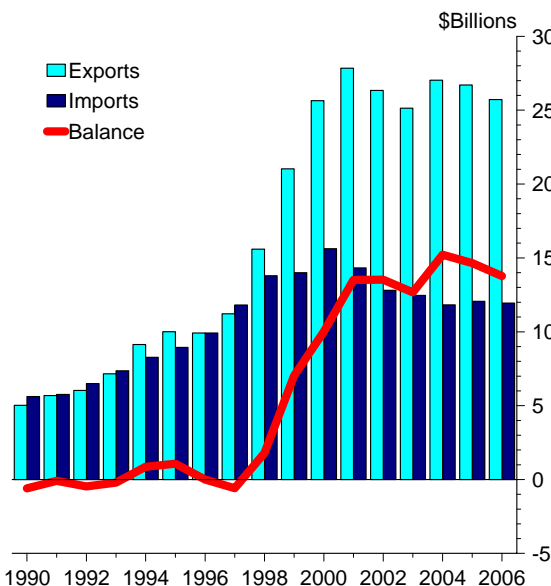
Canada and California have had a strong trade relationship virtually dating back to before Confederation, when furs were the dominant export commodity. California is a natural trade partner for Canada. It is similar in population (36 million for California, compared to about 33 million for Canada), has a comparable sized economy, similar culture, and shares many of the same values.

Canada's two-way commodity trade with California stood at almost \$38 billion in 2006. Trade between the two regions surged in the late 1990s, due mainly to a jump in Canadian exports. In 1998, the trade balance between Canada and California shifted to a surplus in Canada's favour and that surplus has since grown markedly, sitting at approximately \$13.8 billion in 2006.

The types of goods shipped to the Golden State from Canada have changed significantly from the fur trade days, consisting mainly of machinery and equipment (65%) in 2006. Canadian imports from California are also largely comprised of machinery and equipment (49%), although agricultural product imports are also significant (22%).

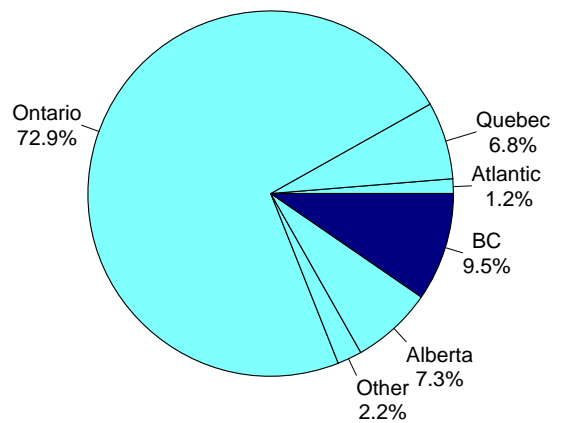
British Columbia plays a significant role in trade with California, ranking second in the country as a source for Canadian exports to that state in 2006. Although Ontario was by far the most significant source of goods flowing to California (73%), due mainly to large shipments of machinery and equipment, particularly automobiles and parts, British Columbia exported almost 10% of Canadian goods shipped to California.

Canada has had a commodity trade surplus with California since 1998



Source: Statistics Canada

BC ranks second in Canada as a source of exports to California

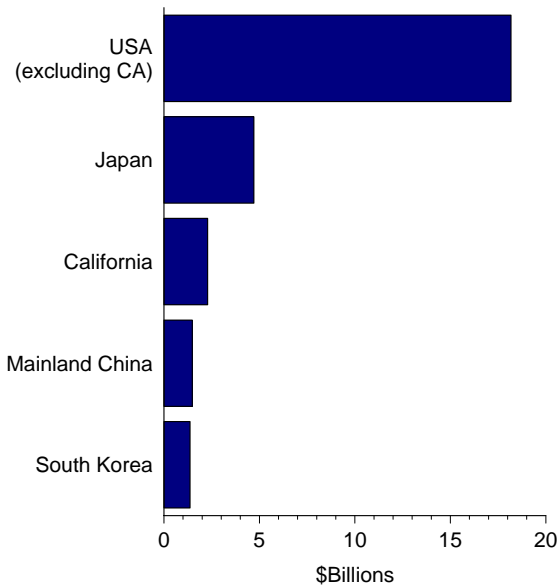


Source: Statistics Canada

California is an important trade partner for British Columbia. The province exported approximately \$2.3 billion worth of goods to

the Golden State in 2006, which was good enough to rank it third as a destination for BC merchandise, behind only the rest of the United States and Japan. Shipments to California were valued at almost half that of BC's exports to Japan and were more than 50% greater than the value of goods shipped to Mainland China.

If California were a separate country, it would have ranked third as a destination for BC Exports in 2006



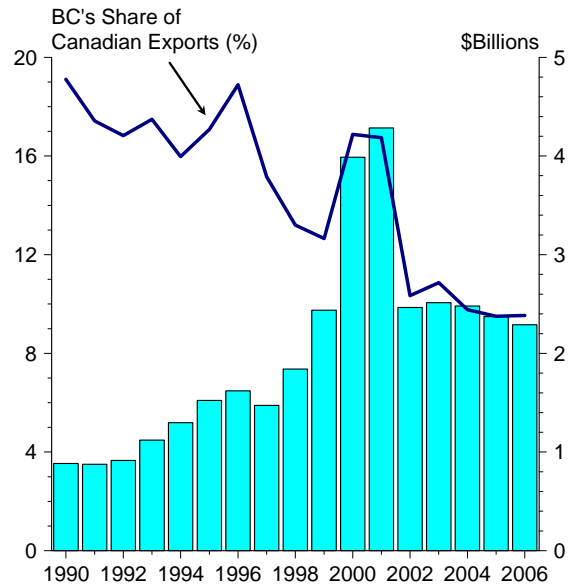
Source: Statistics Canada

The value of BC exports to California climbed steadily through the 1990s, spiking in 2000 and 2001 as the energy crisis in California stoked demand for electricity from British Columbia. Once the crisis abated, prices and exports of electricity dropped and the value of BC's shipments to California levelled off, remaining fairly static over the last five years.

Despite the rise in the value of shipments to California, BC's share of total Canadian exports to the state has been trending down since 1990, falling from a high of 19% in that year, to just under 10% in 2006. Ontario has taken up most of the slack, mainly due to a more than ten fold

increase in exports of motor vehicles and parts, from about \$1.2 billion in 1990 to \$12.7 billion in 2006.

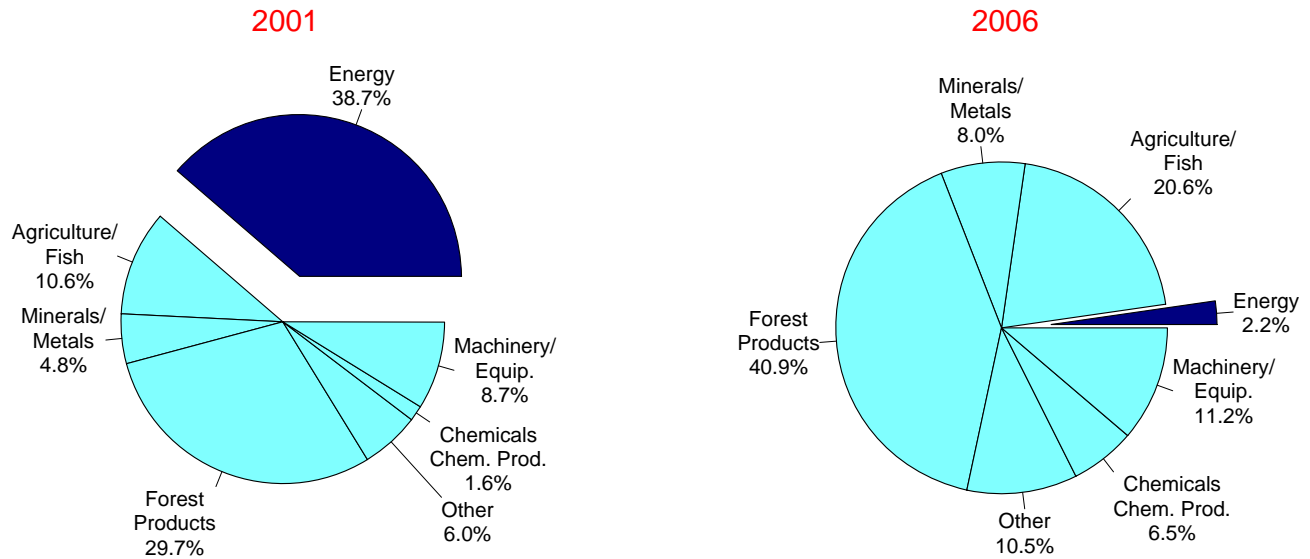
The energy crisis in 2000 and 2001 sparked a surge in exports from BC to California



Source: Statistics Canada

While Ontario's exports to California are comprised mainly of secondary manufactured goods, the majority of BC's exports are derived from its resource sector with only first stage manufacturing (e.g., lumber, metal ingots). Forest products made up almost 41% of the value of goods shipped from BC to California in 2006. Agriculture and fish products were also a significant export, comprising over a quarter (21%) of BC's exports to the Golden State. Machinery and equipment were significant exports as well (11%) and there were other secondary manufactured goods shipped from BC to California, but they were in the minority.

The energy crisis in California in 2000 and 2001 affected the distribution of BC exports to that state



Source: Statistics Canada

The effect of the energy crisis in 2000 and 2001 can be seen clearly when comparing the commodity distribution of BC exports to California in 2001 versus 2006. At almost 39%, exports of energy products topped the list in 2001, but were only about 2% of the value of shipments from BC to California in 2006.

It is clear that California is an important destination for BC products, but trade in services between the two regions is also significant. California is a popular tourist destination for Canadians and, similarly, Canada is a popular place to visit for Californians. In 2005, around one million Canadians travelled to California, spending approximately \$US 710 million, while 877,000 people from California visited Canada and spent around \$US 504 million.<sup>1</sup> Among the most popular areas in Canada for California

visitors were BC destinations such as Vancouver, Victoria and the Canadian Rockies.

BC's film and television industry also has close ties to California, although there are many in the industry in California that oppose filming in BC because they feel it is impinging upon their own opportunities for employment. Nevertheless, many of the productions shot in BC are tied to studios based in California and often much of the post-production work and editing is done in that state.

The film industry is just one area where there are opportunities for partnerships between BC and California. The visit by Governor Schwarzenegger earlier this year highlighted the goal of developing a "hydrogen highway" from BC to Baja California to promote the use of fuel cell technology in automobiles. However, there are many other examples where California has developed partnerships with Canadians in BC and other parts of the country. These include research projects in

<sup>1</sup> Bay Area Economic Forum (2007), "Shared Values, Shared Vision: California's Economic Ties with Canada," p. 17.

areas such as stem cells, cancer and other diseases, high technology and telecommunications, just to name a few. The size of California's economy and the complementary nature of its industry and culture make it an important trade partner for BC and Canada as a whole and this relationship will likely continue to develop.

**Recent Feature Articles in Exports Release  
Listed by Statistical Reference Date of Issue**

<b>07-06</b>	<i>BC's Trade with California</i> (released August 2007)	<b>06-04</b>	<i>Deal or No Deal for Softwood Lumber?</i> (released June 2006)
<b>07-05</b>	<i>Appreciating Dollar Not Appreciated by Exporters</i> (released July 2007)	<b>06-03</b>	<i>Will Canada-India Trade Spice Up?</i> (released May 2006)
<b>07-04</b>	<i>The Greening of BC's Exports</i> (released June 2007)	<b>06-02</b>	<i>Log Exports Becoming More of a Private Affair</i> (released April 2006)
<b>07-03</b>	<i>BC's High Tech Trade</i> (released May 2007)	<b>06-01</b>	<i>BC Exports: 2005 in Review</i> (released March 2006)
<b>07-02</b>	<i>Canada-USA Corn Row</i> (released April 2007)	<b>05-12</b>	<i>Electricity Puts a Charge into BC Exports</i> (released February 2006)
<b>07-01</b>	<i>Is the Sun Rising on Trade With Japan?</i> (released March 2007)	<b>05-11</b>	<i>Pulp Friction: Challenging Times for BC's Pulp Industry</i> (released January 2006)
<b>06-12</b>	<i>Year in Review: 2006</i> (released February 2007)	<b>05-10</b>	<i>Japan Aims for Free Trade with Canada</i> (released December 2005)
<b>06-11</b>	<i>Brazil-Canada Trade Getting Over Jet Lag</i> (released January 2007)	<b>05-09</b>	<i>China's Growth Both an Opportunity and a Threat for Exporters</i> (released November 2005)
<b>06-10</b>	<i>Plan B: An APEC Free Trade Region?</i> (released December 2006)	<b>05-08</b>	<i>Booming Energy Sector May Give Rise to "Dutch Disease" for Other Exporters</i> (released October 2005)
<b>06-09</b>	<i>Success of BC's Mining Industry Helps Boost Exports</i> (released November 2006)	<b>05-07</b>	<i>Laying on the Lumber</i> (released September 2005)
<b>06-08</b>	<i>Provincial Export Profile</i> (released October 2006)	<b>05-06</b>	<i>Removal of Textile Quotas Tailor-Made for Protectionist Fervour</i> (released August 2005)
<b>06-07</b>	<i>Has Doha Gone the Way of the Dodo?</i> (released September 2006)	<b>05-05</b>	<i>Comparative Trade Numbers Don't Add Up</i> (released July 2005)
<b>06-06</b>	<i>Will BC Miss the Boat on Port Expansion?</i> (released August 2006)	<b>05-04</b>	<i>South Korea Seeks Trade Deal with Canada</i> (released June 2005)
<b>06-05</b>	<i>Breaking the Interprovincial Trade Barrier</i> (released July 2006)	<b>05-03</b>	<i>Any BC Port in a Trade Storm</i> (released May 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.