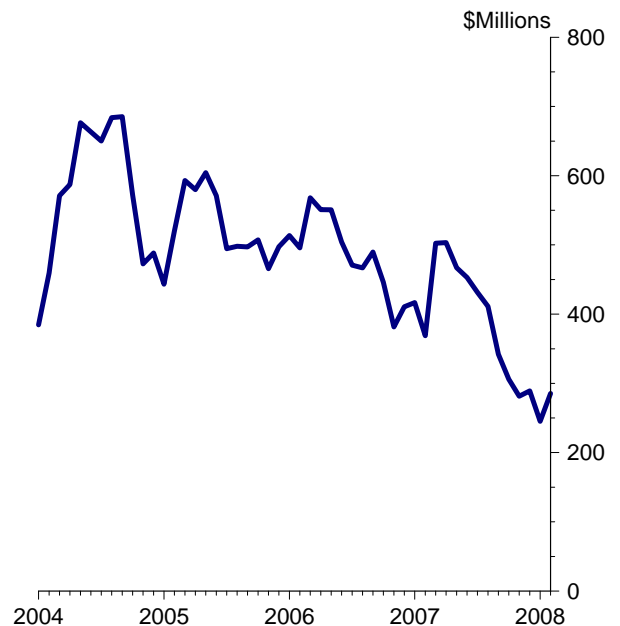


## Exports ♦ February 2008

- The value of BC origin exports fell 9.7% year-to-date to February compared to the first two months of 2007. The forest sector was the most significant contributor to the decline as the reduction in housing starts in the US has resulted in a slump in demand for building products.
- Solid wood product exports plunged 31.4% over the first two months of 2008 compared to the same period a year earlier. Every major wood product group experienced a double-digit decline in value of shipments. The largest export category, softwood lumber, was down 32.4%.
- The value of shipments of newsprint was almost reduced by half (-47.1%) in the January to February period of 2008, compared to the same period a year earlier. As a result, overall pulp and paper exports were down 2.9%.
- Energy product exports also fell (-4.6%) as reductions in exports of both natural gas (-11.3%) and electricity (-17.6%) offset increases in shipments of coal (2.6%) and other energy goods (+29.1%). In the case of natural gas, the decline was due to falling prices, as quantities shipped actually climbed 9.9%. Coal prices were much lower as well, as quantities of coal exported increased 39.5%.
- A drop in shipments of copper ores and concentrates (-25.0%) and unwrought aluminum (-21.2%) drove overall metallic mineral product exports down (3.8%). Fabricated metal products performed far better, recording a substantial 19.5% increase compared to 2007.
- Exports of machinery and equipment dipped 3.8% despite a 19.9% jump in shipments of electrical, electronic and communications equipment. The most significant drop was for scientific, photographic and measuring equipment (-21.1%).
- BC's commodity exports to the United States were 15.0% lower in the first two months of 2008 compared to the same period a year earlier. Despite a 26.2% rise in exports to Mainland China, BC's shipments to the Pacific Rim edged down 0.9%. Significant declines in exports to Japan (-14.3%) and Taiwan (-14.4%) helped wipe out the increases in shipments to China, South Korea (+17.5%) and Hong Kong (+6.1%).

*Softwood lumber exports have slumped considerably in the last year*



## 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.

- BC exports jumped 8.2% in February, which was the strongest month-over-month growth since December 2006. The growth was robust for most major commodity groups, with the exception of machinery, equipment and automobiles, which dipped 0.8%.
- Exports to the US climbed 9.5% in February, while shipments to the rest of the world grew 6.4%. For the US, energy was the main commodity group driving the increase with a spike in growth of 33.2% over January.

*Exports (adjusted for seasonality) showed strong growth in February*



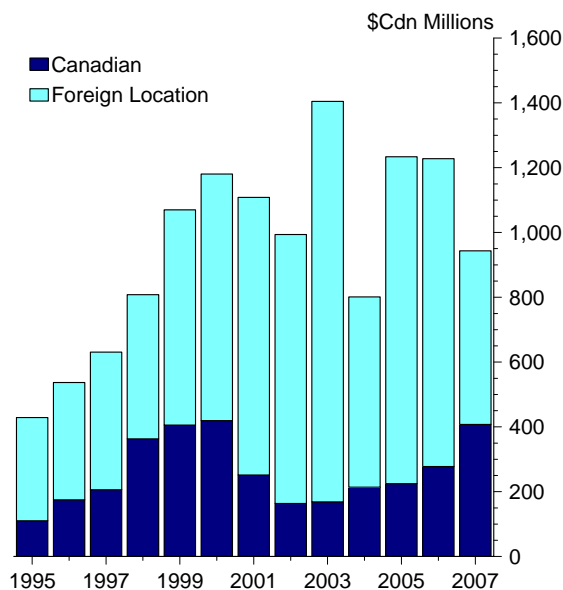
**BC Exports, Seasonally Adjusted (\$Millions)**

Month	Agriculture & Fish	Energy	Forest Products	Machinery & Equip, Auto	Industrial, Consumer	Total	Exports to USA
Feb 2006	184	570	1,130	369	565	2,819	1,763
Mar	184	590	1,101	416	585	2,875	1,774
Apr	181	549	1,075	357	516	2,678	1,710
May	193	522	1,079	352	578	2,724	1,714
Jun	191	570	1,106	379	720	2,967	1,698
Jul	201	493	1,042	350	661	2,748	1,674
Aug	198	508	1,059	339	596	2,699	1,648
Sep	207	512	1,043	376	595	2,734	1,632
Oct	208	444	1,038	393	683	2,766	1,608
Nov	201	444	1,005	354	611	2,615	1,596
Dec	208	538	1,028	382	701	2,857	1,722
Jan 2007	208	515	1,119	363	630	2,835	1,754
Feb	200	550	978	369	562	2,658	1,652
Mar	210	544	1,060	378	592	2,783	1,715
Apr	200	565	1,119	376	662	2,922	1,726
May	189	570	1,014	335	625	2,734	1,618
Jun	182	510	989	340	607	2,628	1,608
Jul	169	532	981	348	605	2,635	1,610
Aug	181	489	988	351	551	2,560	1,581
Sep	196	469	834	358	589	2,446	1,499
Oct	177	511	873	341	569	2,471	1,487
Nov	170	499	878	346	634	2,528	1,445
Dec	187	453	857	318	540	2,356	1,408
Jan 2008	184	478	812	329	555	2,358	1,367
Feb	196	545	858	326	626	2,552	1,498

## Call of the Loonie: American Film & Television Productions Shun BC in 2007

Similar to many Canadian industries dependent on customers in the United States, the BC film and television sector experienced a downturn in 2007 as the march of the Canadian dollar to parity with its US counterpart hurt the industry's ability to attract American productions to British Columbia. Overall spending on film and television production in the province fell 23%, from over \$1.2 billion in 2006 to \$943 million in 2007.<sup>1</sup> The effects of the rising dollar, combined with work stoppages resulting from a strike by screenwriters, hit foreign location film and television production hard, as spending on foreign productions plunged 44%.

Overall film and television production spending was down in BC in 2007, but spending on Canadian productions was up



Source: BC Film Commission

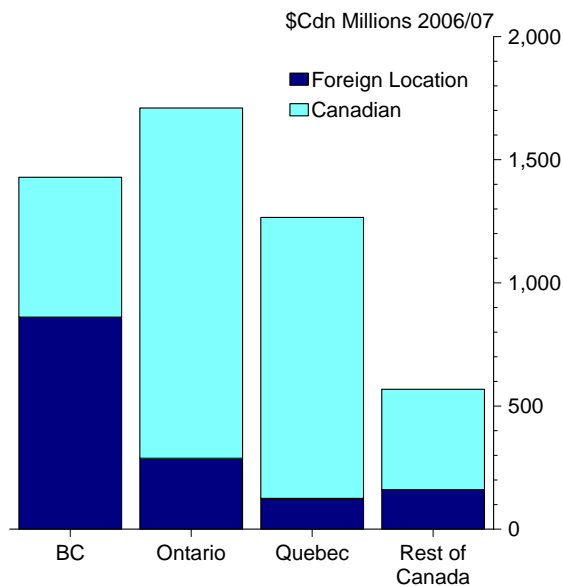
On the other hand, spending on domestic production surged 47% to its highest level in seven years, partially mitigating the drop in foreign production. It is possible that some of the increase in domestic production was due to a jump in demand resulting from the writers' strike, as well as the increased availability of crew and studios that would normally be reserved for major American film and television productions.

BC continues to rely far more heavily on foreign production than other provinces. According to an annual industry report,<sup>2</sup> over the last ten years the average proportion of Canadian film and television production expenditures comprised of foreign location shooting was 34%. In Quebec, where domestic production for the francophone market dominates the industry, the average was only 17%, while in Ontario, 23% of film and TV production expenditures were from foreign sources. By way of contrast, in BC the ten-year average was 69%.

<sup>2</sup> *Profile 2008: An Economic Report on the Canadian Film and Television Production Industry* is the latest in an annual series of reports published by the Canadian Film and Television Production Association with the collaboration of l'Association des producteurs de films et de television du Québec and the Department of Canadian Heritage using facts and figures prepared by the Nordicity Group Ltd. Note that the figures quoted from this publication may not be consistent with those from the BC Film Commission due to definitional and methodological issues, as well as the fact that it uses fiscal year measurements instead of the calendar year figures used by the BC Film Commission.

<sup>1</sup> Source: BC Film Commission.

### BC is far more reliant on foreign location film and television production than the rest of Canada



Source: Canadian Heritage, CFTPA, APFTQ (Profile 2008)

Having lost the currency advantage they once enjoyed, the Canadian film and television sectors are having to depend more on incentives such as tax credits to lure foreign location (and even domestic) productions. When both Ontario and Quebec recently raised their tax credits to remain competitive in the pursuit of foreign location productions, British Columbia followed suit, matching Ontario's credits.

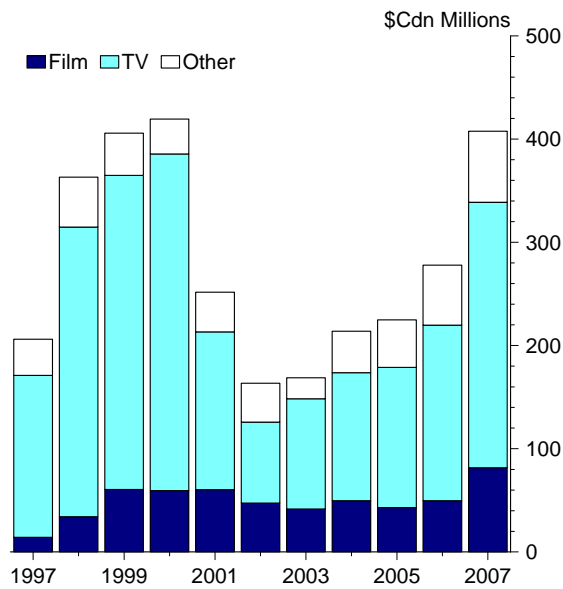
However, other Canadian provinces are not the only regions trying to entice filmmakers with incentives. Other locales, including American states, such as Louisiana and New Mexico, offer similar incentives to film producers. The big budgets and the ancillary benefits of having a blockbuster Hollywood production film in a particular location have spawned many imitators of Canada's tax credit strategy. As a result, the incentives available to film and television producers have become more lucrative as each region tries to one-up the other.

At some point, British Columbia may be either unable or unwilling to match another region's incentives, which could leave BC's film production industry with a shortage of foreign productions wanting to film in the province. One way to break that dependence on the export market would be to try to develop more of a domestic industry; however, this may be easier said than done.

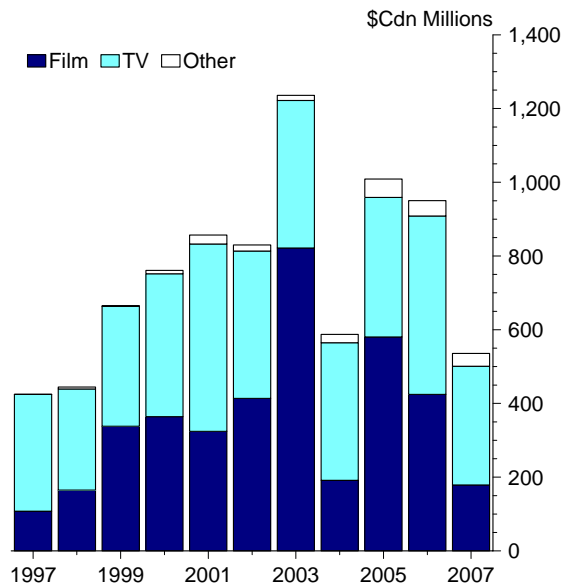
Domestic production in British Columbia is dominated by television productions, including both series and movies of the week. In comparison to spending on projects for television, feature films are a minor component of Canadian productions filmed in BC. On average, approximately one in five dollars spent on domestic production in BC is on feature films. For foreign location productions, on the other hand, feature films are responsible for almost half of expenditures, on average.

The emphasis on television over feature films for Canadian productions is not just a BC phenomenon. Canadian feature filmmakers face a number of challenges, including securing financing for production as well as funding for the marketing and promotion of the finished product. In addition, even finding venues in which to screen Canadian movies can be difficult. The major film studios all have their own distribution arm and since they are the premier source of the big blockbuster films that bring in the largest box office receipts, the exhibitors want to ensure that they are able to show those films. To do this, they have to be willing to offer up a screen for a major Hollywood release when the studios want it, even if it means bumping another film, such as an independent Canadian product.

Canadian film and television activity in BC is dominated by television productions...



...whereas for foreign location productions shot in BC, film is equally as important as TV



Source: BC Film Commission  
Other is Animation, Documentaries and Short Films

According to the Profile 2008 report published by the Canadian Film and Television Production Association, Canadian feature films were responsible for only 3.2% of Canadian box office revenues in 2007, compared to 88.9% for

American films and 7.8% for other foreign films. A discouraging fact for Canadian filmmakers is that box office revenues for Canadian films fell 20%, despite the fact that there were more films playing (112 in 2007 compared to 99 in 2006).

The fact that Canadian films were prominent in the nominations for Academy Awards suggests that quality is not necessarily the reason for the decline. Rather, it may be the other challenges faced by Canadian films such as lack of promotional funds, shortage of venues and smaller budgets. According to Profile 2008, all of the top ten films in the English language market in terms of box office were American productions. Most of these were big budget productions such as *Transformers* and *Spider-Man 3*, which ranked first and second respectively in box office receipts in Canada.

Television productions do not face the same difficulties, for the most part, as feature films, having the advantage of Canadian content regulations to ensure they have a venue for their product. Nevertheless, the Canadian television industry also finds it difficult to compete with American programming. Similar to the feature film market, all of the top ten television series in Canada were of American origin.

If Canada's film and television production industry is to continue to thrive, it is likely that it will have to find a way to get Canadians more interested in domestic products. Given the fact the loonie is expected to remain at or near par for some time to come, the industry is going to find it more difficult to continue to attract foreign location productions. With the possibility of an actors' strike occurring in the next few months, 2008 could prove to be another challenging year for BC's film and television sector.

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

<b>08-02</b>	<i>Call of the Loonie: American Film and Television Productions Shun BC in 2007</i> (released April 2008)	<b>06-12</b>	<i>Year in Review: 2006</i> (released February 2007)
<b>08-01</b>	<i>BC Commodity Exports: Year in Review 2007</i> (released March 2008)	<b>06-11</b>	<i>Brazil-Canada Trade Getting Over Jet Lag</i> (released January 2007)
<b>07-12</b>	<i>Canada and Peru Agree on Free Trade</i> (released February 2008)	<b>06-10</b>	<i>Plan B: An APEC Free Trade Region?</i> (released December 2006)
<b>07-11</b>	<i>Over 100 Years of Canadian Exports</i> (released January 2008)	<b>06-09</b>	<i>Success of BC's Mining Industry Helps Boost Exports</i> (released November 2006)
<b>07-10</b>	<i>BC's Commodity Exports Are Still Largely Forest-Based</i> (released December 2007)	<b>06-08</b>	<i>Provincial Export Profile</i> (released October 2006)
<b>07-09</b>	<i>Is Cross-Border Shopping Making a Comeback?</i> (released November 2007)	<b>06-07</b>	<i>Has Doha Gone the Way of the Dodo?</i> (released September 2006)
<b>07-08</b>	<i>Prince Rupert Container Port Open for Business</i> (released October 2007)	<b>06-06</b>	<i>Will BC Miss the Boat on Port Expansion?</i> (released August 2006)
<b>07-07</b>	<i>Canada Weighs Anchor on Free Trade with EFTA</i> (released September 2007)	<b>06-05</b>	<i>Breaking the Interprovincial Trade Barrier</i> (released July 2006)
<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)

## 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) as well as with the release of the January and February data.

### 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.