

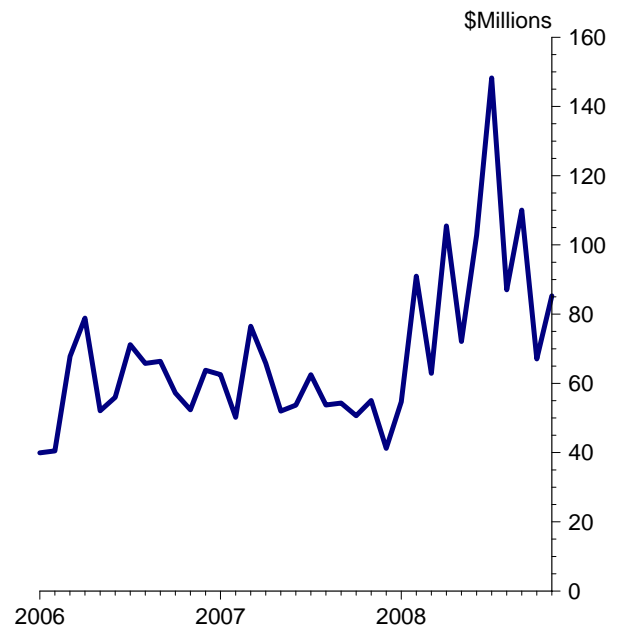
Exports ♦ November 2008

- In the midst of dire economic news elsewhere, BC origin exports bucked the trend with a 5.1% increase over the January to November period compared to the same 11 months a year earlier.
- The driving force behind the overall increase in the value of BC exports was a 56.8% jump in the value of energy exports. Coal was the commodity that was largely responsible for this increase, as the value of coal shipments more than doubled in the first 11 months of 2008 compared to the same period in 2007 (+114.9%). Higher prices were behind much of this growth, as volumes of coal shipped rose only 9.1%. Exports of electricity actually fell (-8.9%), but natural gas (+21.2%) and other energy products (+32.2%) also experienced substantial export growth.
- The rise in energy product exports helped mitigate the losses in the forest sector. Shipments of solid wood products fell 25.1% year-to-date to November as reduced demand from the United States, due largely to the drop off in the housing market, hurt BC's industry. The pulp and paper sector has also experienced a slump in the value of exports (-7.3%), particularly newsprint, which saw shipments plunge 23.7%.
- Exports of metallic minerals have been fairly flat year-to-date (-0.4%), as a significant reduction in shipments of unwrought zinc (-21.7%) has offset strong growth in molybdenum ores and concentrates (+17.8%).
- On the positive side, shipments of fabricated metal products jumped 16.0%. Also, exports of agricultural and food products climbed

8.6% and chemicals and chemical products saw a 54.9% increase in the value of exports.

- BC's export markets have been shifting as a result of the drop in forest product exports and a corresponding rise in coal shipments. Exports to the United States were down 7.7%; however, shipments to the Pacific Rim climbed 23.9%. This included a 20.9% jump in exports to Japan, a 14.7% increase in shipments to Mainland China, and growth of over 40% in shipments to South Korea (+44.8%), Hong Kong (+41.2%) and Taiwan (+41.1%). While exports to the US were down, the same was not true for Canada's other NAFTA partner, Mexico, which experienced a 74.4% jump in shipments from BC.

BC's exports of chemicals and chemical products have experienced significant growth in the last year

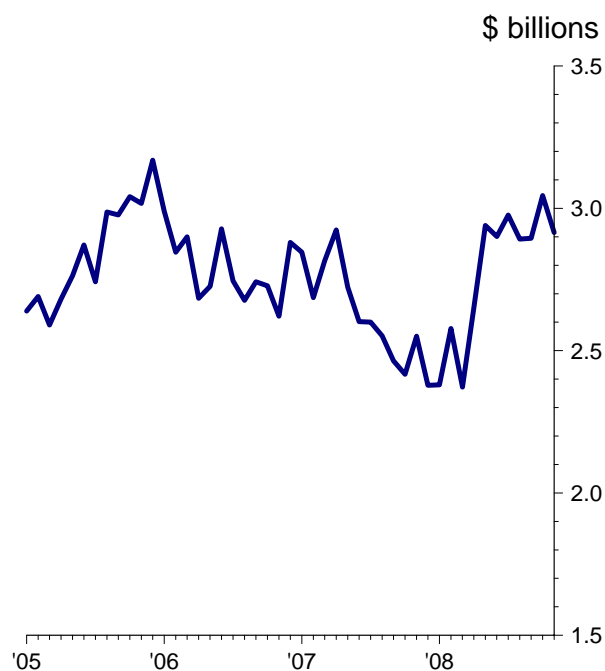


SEASONALLY ADJUSTED EXPORTS

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.

- There was a 4.3% drop in the value of BC exports in November, with only energy products (+1.3%) bucking the trend. The largest declines were for forest products (-8.9%) and industrial and consumer goods (-7.9%).
- Exports to both the United States (-3.6%) and all other destinations (-4.9%) contributed to the overall decline. For the US, industrial and consumer goods (-12.9%) suffered the most significant drop, while elsewhere, both forest products (-19.4%) and machinery, equipment and automobiles (-12.5%) saw large declines.

Exports (adjusted for seasonality) slipped in November



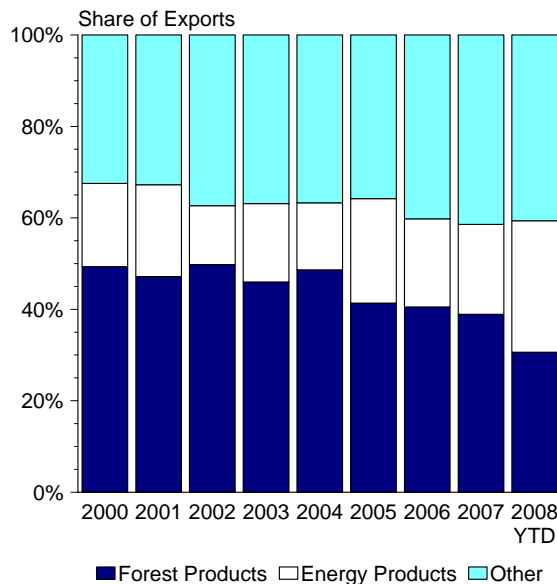
BC Exports, Seasonally Adjusted (\$Millions)

Month	Agriculture & Fish	Energy	Forest Products	Machinery & Equip, Auto	Industrial, Consumer	Total	Exports to USA
Nov 2006	199	456	1,005	350	612	2,621	1,602
Dec	208	556	1,030	378	708	2,880	1,734
Jan 2007	208	523	1,116	364	636	2,846	1,751
Feb	198	577	977	368	566	2,686	1,661
Mar	210	547	1,075	381	604	2,816	1,725
Apr	197	554	1,115	379	678	2,924	1,709
May	189	557	1,014	339	625	2,723	1,627
Jun	183	496	997	344	582	2,602	1,606
Jul	168	506	967	349	609	2,600	1,583
Aug	179	497	992	347	536	2,552	1,590
Sep	196	470	830	363	604	2,464	1,513
Oct	168	484	862	332	571	2,417	1,446
Nov	165	519	881	340	647	2,551	1,458
Dec	186	467	864	316	546	2,378	1,420
Jan 2008	183	495	810	331	561	2,380	1,373
Feb	193	575	858	324	628	2,578	1,503
Mar	181	574	775	313	529	2,372	1,457
Apr	188	733	813	315	601	2,650	1,496
May	184	830	838	320	769	2,940	1,433
Jun	186	906	791	322	695	2,901	1,511
Jul	178	1,033	819	326	620	2,976	1,620
Aug	194	848	747	343	760	2,892	1,434
Sep	198	934	820	320	624	2,895	1,474
Oct	215	960	840	360	671	3,045	1,534
Nov	210	972	765	349	619	2,915	1,479

Adversity Leads to Diversity

Last year was a rough one for BC’s forest sector as a result of slumping demand from the United States and corresponding price declines. Consequently, the value of BC’s exports of forest products dropped substantially and the proportion of BC’s total exports comprised of wood, pulp and paper products also slipped.

Troubles in the forest sector have meant a smaller share of BC’s exports is comprised of forest products



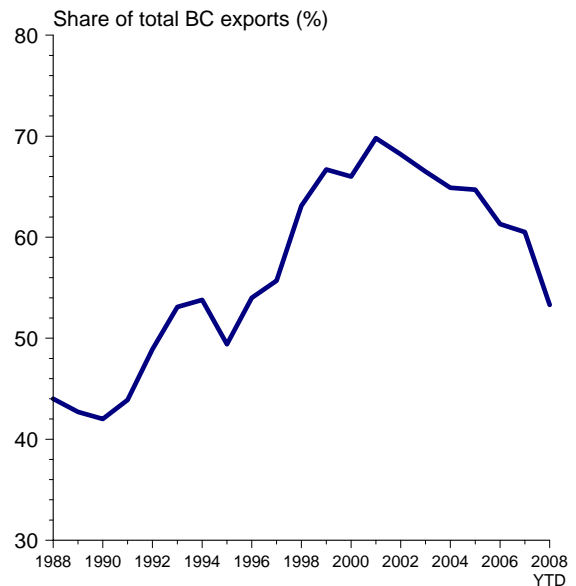
Source: Statistics Canada

The value of forest product exports slumped 17.8% year-to-date to November compared to the first 11 months of 2007. Despite this, the overall value of BC origin exports actually climbed 5.1% in the same period. The main reason for this was a 56.8% jump in the value of exports of energy products. In particular, the value of coal shipments soared 114.9%, as prices for that commodity skyrocketed. The high prices seen in 2008 were the result of global supply problems, mainly due to

weather-related difficulties in Australia, the world’s largest supplier of coal. Not only did BC coal producers benefit from higher prices for their product, they also experienced an increase in demand as normal supply channels were disrupted. Over the January to November period, the volume of coal shipped from BC to international destinations climbed 9.1%.

One of the consequences of this shift from forest products toward coal has been a more diverse marketplace for BC exports. Since Canada signed a free trade agreement with the United States two decades ago, that country has taken on greater prominence as a trade partner for both British Columbia and Canada as a whole. Since 1993, the proportion of British Columbia’s exports shipped to the United States has been at or over 50%, peaking at almost 70% in 2001.

The share of BC’s exports destined for the United States has been falling

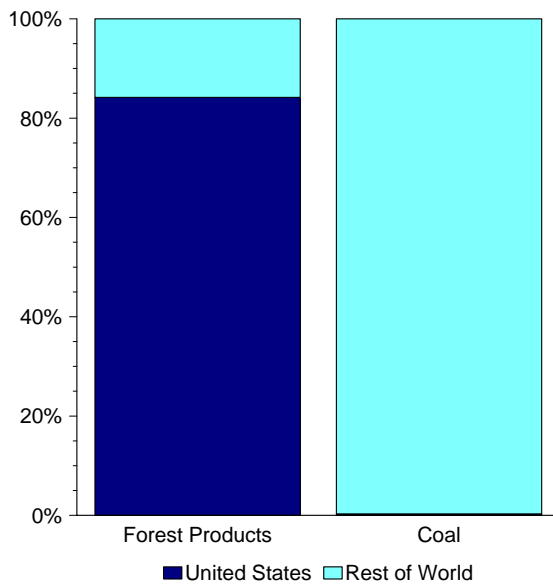


Source: Statistics Canada

Since then, there has been a steady downward trend in the share of BC's exports that were US-bound. In 2008, there were even a few months where less than half of BC's exports were shipped to the United States.

One of the major reasons for the diversification away from the United States is the shift from forest products to coal. The US is by far the most significant importer of BC forest products, particularly solid wood products such as softwood lumber. In contrast, the United States imports very little coal from BC.

The US was the destination for most of BC's forest product exports in 2007, but almost none of the province's coal shipments



Source: Statistics Canada

The primary destinations for BC's coal are Japan and South Korea. Approximately a third of BC's exported coal was shipped to Japan in 2007, with a further 20% sent to South Korea. In 2008, to November, the value of coal exported from BC was already well above 2007 levels. Substantial increases in contracted prices for coal shipped to both Japan and South Korea

have resulted in a more than \$1.4 billion increase in the value of shipments to just those two countries. Other countries that have experienced a significant increase in imports of BC coal include Brazil, Taiwan, Mexico and China.

In terms of overall BC exports, the Pacific Rim has been the region with the largest increase in share, with the percentage of total BC exports destined for Pacific Rim countries rising from around 27% in 2007 to almost 32% through the first 11 months of 2008. The proportion of shipments headed to Europe has climbed by less than a percentage point to 8.5%, while exports to all other destinations have risen from 4.4% in 2007 to 6.2% in the January to November period of 2008.

It is difficult to say whether or not this diversification of BC's export markets will persist, particularly given the current global economic crisis that is affecting demand for a large number of goods, including energy products such as coal. A large portion of BC's coal exports are used to fuel the blast furnaces of steelmakers, but as demand for products made of steel declines as consumers hold off from making large purchases and businesses cut back on capital spending, so too will the need for the coal to fuel the furnaces. Both Teck Cominco and Western Canadian Coal have announced that they will reduce their British Columbia operations by cutting jobs and dropping output in response to the falling demand for coal. It is expected that record high contract prices for 2008 could be halved when new prices are set. The combination of a drop in production and lower prices should result in a significant drop in the value of BC's coal exports in 2009.

A poor outlook for coal could be a bad sign for overall BC exports. Most economic forecasts are

not anticipating a rapid recovery in the forest sector and the outlook for other resource sectors is not entirely positive either. Prices for base metals are expected to fall from historically high levels experienced in 2008, which will likely drop the value of BC exports of those commodities as well. The combination of a probable steep drop in the value of coal shipments, more modest declines in other mineral commodities and a continuation of the struggles in the forest sector could result in a significant drop in the value of BC's exports...unless another commodity comes to the forefront as coal did in 2008.

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

08-11	<i>Adversity Leads to Diversity</i> (released January 2009)	07-09	<i>Is Cross-Border Shopping Making a Comeback?</i> (released November 2007)
08-10	<i>Import Content of BC's Exports</i> (released December 2008)	07-08	<i>Prince Rupert Container Port Open for Business</i> (released October 2007)
08-09	<i>BC's Trade in High Technology Goods</i> (released November 2008)	07-07	<i>Canada Weighs Anchor on Free Trade with EFTA</i> (released September 2007)
08-08	<i>Milking the System: Is Canada's Supply Management System an Impediment to Free Trade?</i> (released October 2008)	07-06	<i>BC's Trade with California</i> (released August 2007)
08-07	<i>Charting BC's Exports</i> (released September 2008)	07-05	<i>Appreciating Dollar Not Appreciated by Exporters</i> (released July 2007)
08-06	<i>Bad News for Newsprint Exports</i> (released August 2008)	07-04	<i>The Greening of BC's Exports</i> (released June 2007)
08-05	<i>Asia Offers Potential as a Destination for BC Exports</i> (released July 2008)	07-03	<i>BC's High Tech Trade</i> (released May 2007)
08-04	<i>The Price is Right for Coal Producers in BC</i> (released June 2008)	07-02	<i>Canada-USA Corn Row</i> (released April 2007)
08-03	<i>Border Line Threats to Trade</i> (released May 2008)	07-01	<i>Is the Sun Rising on Trade With Japan?</i> (released March 2007)
08-02	<i>Call of the Loonie: American Film and Television Productions Shun BC in 2007</i> (released April 2008)	06-12	<i>Year in Review: 2006</i> (released February 2007)
08-01	<i>BC Commodity Exports: Year in Review 2007</i> (released March 2008)	06-11	<i>Brazil-Canada Trade Getting Over Jet Lag</i> (released January 2007)
07-12	<i>Canada and Peru Agree on Free Trade</i> (released February 2008)	06-10	<i>Plan B: An APEC Free Trade Region?</i> (released December 2006)
07-11	<i>Over 100 Years of Canadian Exports</i> (released January 2008)	06-09	<i>Success of BC's Mining Industry Helps Boost Exports</i> (released November 2006)
07-10	<i>BC's Commodity Exports Are Still Largely Forest-Based</i> (released December 2007)	06-08	<i>Provincial Export Profile</i> (released October 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.