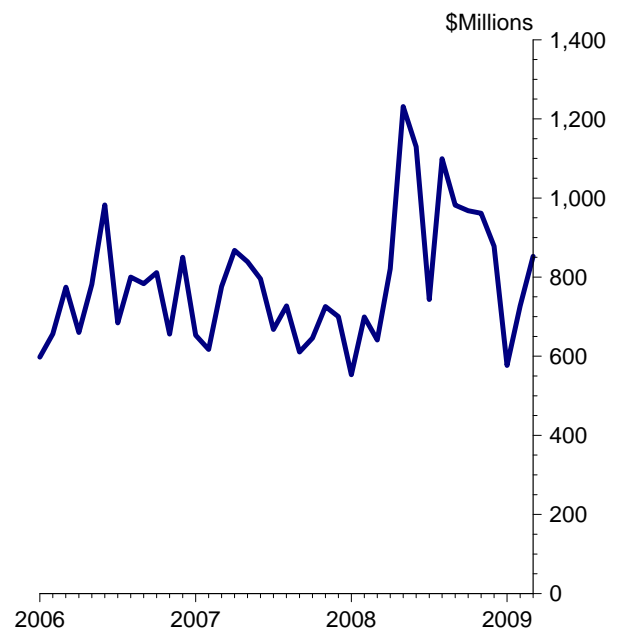


## Exports ◆ March 2009

- There was a 9.0% drop in the value of BC origin exports in the first quarter of 2009 compared to the same period a year ago. Reduced exports of forest products, metallic mineral products and machinery and equipment were mainly responsible for the drop.
- The forest sector continues to struggle as exports of both solid wood (-23.4%) and pulp and paper (-26.0%) plunged in the first quarter. Exports of softwood lumber, which has traditionally been BC's top export, have fallen 24.2% over the first three months of 2009, compared to the first quarter of 2008, and trail shipments of both coal and natural gas.
- The value of coal exports soared 81.1% in the first quarter, solely due to higher prices, as volumes shipped have actually dropped 39.3%. The global financial crisis has resulted in a significant reduction in the demand for coal and it is expected that new contract prices will drop substantially. As a result, this strong growth in the value of coal exports will likely be short-lived. Elsewhere in the energy sector, falling prices have driven the value of natural gas exports down 18.1%, despite a 5.5% increase in the quantity of gas shipped. Exports of electricity have also declined, slumping 21.9%.
- The value of metallic mineral exports fell 26.0% in the first quarter, despite a 1.8% rise in shipments of copper ores and concentrates, BC's most significant metallic mineral export. Exports of molybdenum ores and concentrates (-48.7%) and unwrought zinc exports (-51.3%) are both well down from last year.
- Exports of machinery and equipment fell 13.6% in the first quarter, led by a 37.1% slump in shipments of motor vehicles and parts.
- Among the few bright spots in BC's export picture were increases in shipments of agriculture and food products (+10.1%) and fish (+14.4%).
- Exports to most of BC's major trading partners in Asia bucked the overall trend. Shipments to Mainland China (+26.5%), Hong Kong (+21.6%), Taiwan (+3.8%), Japan (+10.4%) and South Korea (+37.0%) all climbed. However, India was an exception as exports to that country plunged 65.3%.

The Pacific Rim has bucked the trend by increasing the value of its imports from BC



## 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.

- After a brief rebound in February, BC exports plunged 10.0% in March. A 26.2% drop in exports of energy products was responsible for much of the drop, although there were significant declines in exports of forest products (-4.7%), machinery, equipment and automobiles (-4.0%) and agriculture and fish goods (-5.4%) as well. Only industrial and consumer goods bucked the trend, climbing 5.2%. Shipments to both the United States (-11.9%) and the rest of the world (-7.9%) contributed to the overall slump.

*Exports (adjusted for seasonality)  
dropped significantly in March*



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

Month	Agriculture & Fish	Energy	Forest Products	Machinery & Equip, Auto	Industrial, Consumer	Total	Exports to USA
Mar 2007	210	557	1,118	386	602	2,873	1,775
Apr	197	552	1,117	380	678	2,923	1,710
May	189	560	1,011	341	624	2,726	1,633
Jun	183	482	1,006	344	579	2,595	1,604
Jul	168	517	955	349	607	2,597	1,584
Aug	179	482	980	345	539	2,525	1,562
Sep	196	469	812	359	595	2,431	1,490
Oct	170	482	849	327	559	2,387	1,432
Nov	165	513	867	337	630	2,512	1,445
Dec	187	486	856	315	564	2,408	1,429
Jan 2008	182	522	825	341	586	2,456	1,409
Feb	190	572	861	330	636	2,589	1,480
Mar	183	601	806	320	537	2,448	1,507
Apr	191	753	819	319	607	2,688	1,516
May	186	820	852	324	773	2,955	1,430
Jun	188	922	788	324	697	2,919	1,518
Jul	180	1,070	815	329	624	3,019	1,642
Aug	197	832	740	343	773	2,885	1,406
Sep	200	851	806	319	618	2,794	1,378
Oct	219	994	833	355	657	3,058	1,567
Nov	212	957	748	347	620	2,884	1,468
Dec	206	807	699	325	468	2,504	1,315
Jan 2009	209	692	647	307	474	2,329	1,294
Feb	213	829	645	287	487	2,461	1,284
Mar	201	612	615	276	513	2,216	1,132

## British Columbia's Trade Balance Tipped in Favour of Imports

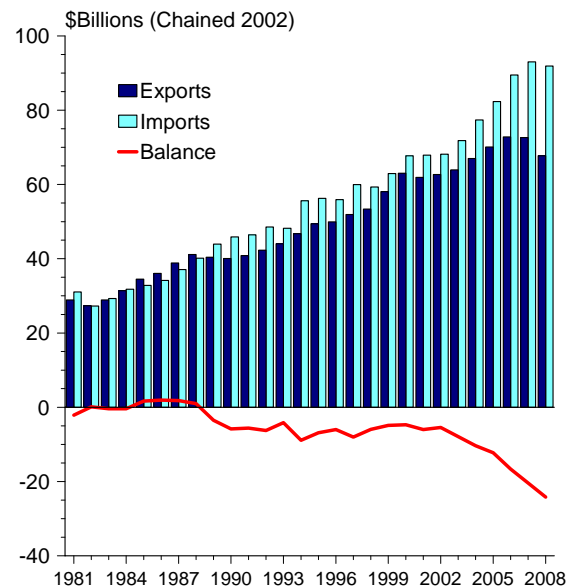
British Columbia's economy is tied significantly to trade, both within and outside of Canada. While trade between countries gets most of the attention, in a country like Canada it is also important to examine trade between provinces. In 2008, British Columbia exported \$25.7 billion worth of goods and services to other provinces within Canada.<sup>1</sup> This was valued at just over half as much as the \$41.9 billion of goods and services that BC exported to international destinations.

The figures for imports were even higher, with \$57.5 billion in goods and services imported from other countries and a further \$35.3 billion imported from the rest of Canada. British Columbia's combined trade deficit in 2008 stood at \$24.2 billion—in other words, the province imported \$24.2 billion worth of goods and services more than it exported. This is the largest trade deficit British Columbia has ever had.

The last time BC had a trade surplus was 20 years ago, in 1988. Over the next 15 years, the deficit was fairly stable at between about \$4 billion and \$8 billion; however, over the last five years, the deficit has ballooned, tripling from 2003 to 2008. International trade in goods is the component driving most of this rise in the trade deficit. As recently as 2000, BC had a surplus in trade in goods with other countries, but by 2008, the province had a merchandise trade deficit with other countries of \$17.6 billion.

<sup>1</sup> Note that all dollar figures quoted in this report are in chained 2002 dollars. The data are on a balance of payments basis and are derived from the National Accounts produced by Statistics Canada.

British Columbia's overall balance of trade in goods and services has tipped further into deficit in the last five years

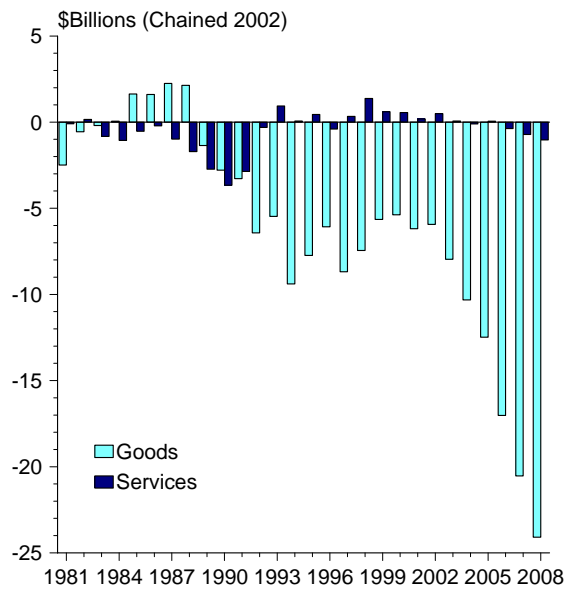


Source: Statistics Canada

A substantial growth in imports from other countries was the main contributor to the increase in the trade deficit, as international exports have remained fairly flat over the last decade. The rise in the value of the Canadian dollar over the 2003 to 2008 period may have contributed to the growth in merchandise imports, while at the same time constraining exports. This is because the higher domestic currency makes imports cheaper to buy, but makes exports more expensive for foreign purchasers.

Overall, when interprovincial and international trade are combined, it is trade in goods that tends to drive BC's trade deficits. In fact, while BC also has a deficit in trade in services with the rest of the country, it usually has a surplus in trade in services with other countries.

British Columbia's trade deficits are driven by trade in goods for the most part

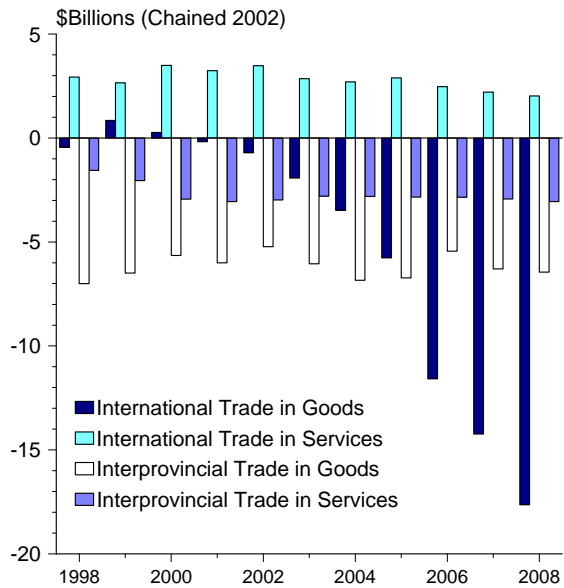


Source: Statistics Canada

derives from the transportation, storage and handling of goods. A significant amount of the merchandise trade with countries of the Pacific Rim is moved through British Columbia, via its ports, railways, highways or airports. This includes imports destined for BC and other provinces, as well as exports from BC and the rest of Canada.

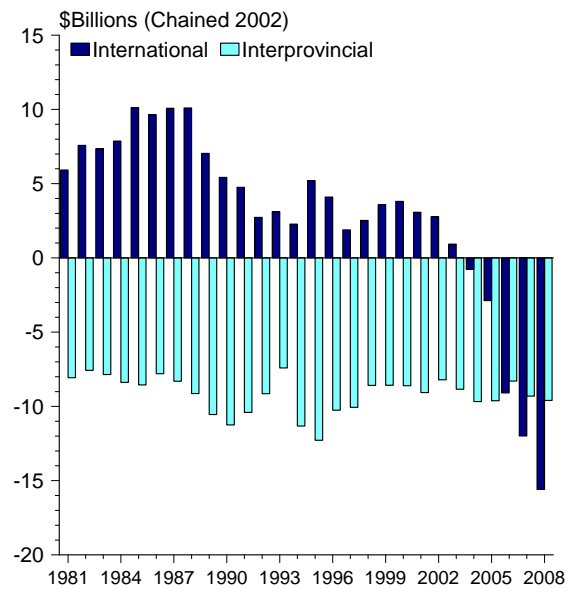
BC has had a deficit in trade with other provinces for at least the last three decades and for the most part it has been fairly consistent, ranging between \$8 billion and \$10 billion, with a few exceptions when it strayed either a bit higher or a bit lower. However, the international trade deficit is a reasonably new phenomenon, occurring only in the last five years. Prior to 2004, British Columbia recorded an international trade surplus in every year since at least 1981.

With the exception of trade in services to other countries, BC's trade balance is usually in deficit



Source: Statistics Canada

British Columbia's trade balance with other provinces has always been in deficit, but the trade deficit with the rest of the world is a more recent phenomenon

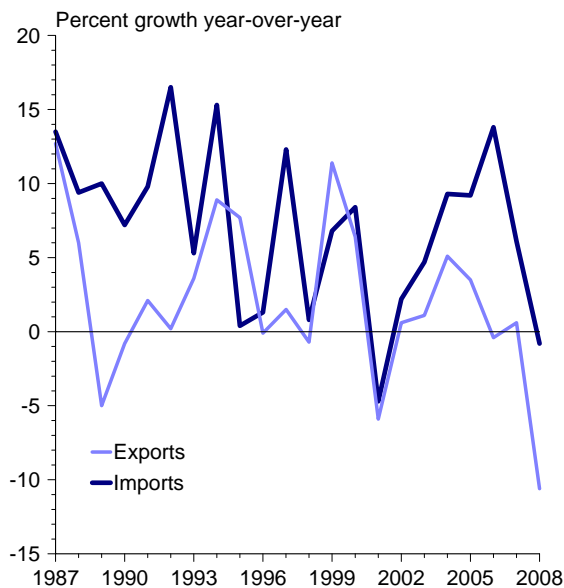


Source: Statistics Canada

It is British Columbia's location on the West Coast that is the main reason for the province's surplus in trade in services with the rest of the world. A large portion of BC's service exports

The turnaround occurred despite the fact that BC's trade in services to other countries has maintained a solid surplus for the last 15 years. In fact, prior to 1993, BC had a deficit in international trade in services, yet still managed to record an overall surplus in trade in goods and services with other countries. The change from surplus to deficit occurred because international exports of goods did not keep up with the growth in merchandise imports. Over the last ten years, international goods imports grew at an average annual rate of 5.5%, compared to only 1.2% for exports.

International goods imports have grown much faster than exports over the last couple of decades



Source: Statistics Canada

On the whole, BC trades far more with other countries than it does with the rest of Canada. In 2008, two-way trade in goods and services with other countries was valued at \$99.4 billion, compared to only \$61.0 billion in two-way trade with the rest of Canada. The gap is even larger if only trade in goods is considered, as commodity export and import trade with the rest of

the world totalled \$81.4 billion, compared to \$27.9 billion in trade with the other provinces within Canada. However, two-way trade in services with the rest of Canada was almost double that of service trade with the rest of the world, at \$33.3 billion versus \$18.1 billion.

The reason for the lack of trade in goods with other provinces is likely due to product mix available within Canada. Most provinces have strong resource sectors and many produce goods similar to those that BC has to offer, so the demand for those goods is far stronger from other countries than from other provinces. BC's substantial trade deficit with the rest of Canada can largely be attributed to trade with Ontario and Quebec. Both provinces have large, diversified manufacturing sectors that offer goods not produced in BC, so there are significant imports from those provinces to British Columbia. Ontario is also a major service centre with the head offices of a number of large corporations (including the federal government) located there and BC has a sizeable deficit in trade in services with that province as well.

In 2005, the last year for which a breakdown of trade by province is available, BC had a total goods and services trade deficit with Ontario, Quebec, Alberta and Manitoba and surpluses with all other provinces and territories. The deficit with Ontario was almost three times the aggregate absolute value (that is, the sum of all deficits/surpluses without regard to sign) of BC's trade balances with the rest of the provinces.

It is possible that BC's trade with other provinces will grow to become a larger part of the province's overall trade, particularly if agreements such as the Trade, Investment and Labour Mobility Agreement (TILMA) between BC and Alberta, which formally came into effect on

April 1, 2009, do what the signatories hope it will do. However, the best prospects for trade growth are probably in trade with other countries. If British Columbia is to see its trade deficit reduced, it will likely need to boost international sales of goods and services produced within the province.

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

<b>09-03</b>	<i>British Columbia's Trade Balance Tipped in Favour of Imports</i> (released May 2009)	<b>08-01</b>	<i>BC Commodity Exports: Year in Review 2007</i> (released March 2008)
<b>09-02</b>	<i>Fifteen Years of Free Trade with Mexico</i> (released April 2009)	<b>07-12</b>	<i>Canada and Peru Agree on Free Trade</i> (released February 2008)
<b>09-01</b>	<i>Twenty Years of Free Trade with the United States</i> (released March 2009)	<b>07-11</b>	<i>Over 100 Years of Canadian Exports</i> (released January 2008)
<b>08-12</b>	<i>Canada Seeks Trade Deal with the European Union</i> (released February 2009)	<b>07-10</b>	<i>BC's Commodity Exports Are Still Largely Forest-Based</i> (released December 2007)
<b>08-11</b>	<i>Adversity Leads to Diversity</i> (released January 2009)	<b>07-09</b>	<i>Is Cross-Border Shopping Making a Comeback?</i> (released November 2007)
<b>08-10</b>	<i>Import Content of BC's Exports</i> (released December 2008)	<b>07-08</b>	<i>Prince Rupert Container Port Open for Business</i> (released October 2007)
<b>08-09</b>	<i>BC's Trade in High Technology Goods</i> (released November 2008)	<b>07-07</b>	<i>Canada Weighs Anchor on Free Trade with EFTA</i> (released September 2007)
<b>08-08</b>	<i>Milking the System: Is Canada's Supply Management System an Impediment to Free Trade?</i> (released October 2008)	<b>07-06</b>	<i>BC's Trade with California</i> (released August 2007)
<b>08-07</b>	<i>Charting BC's Exports</i> (released September 2008)	<b>07-05</b>	<i>Appreciating Dollar Not Appreciated by Exporters</i> (released July 2007)
<b>08-06</b>	<i>Bad News for Newsprint Exports</i> (released August 2008)	<b>07-04</b>	<i>The Greening of BC's Exports</i> (released June 2007)
<b>08-05</b>	<i>Asia Offers Potential as a Destination for BC Exports</i> (released July 2008)	<b>07-03</b>	<i>BC's High Tech Trade</i> (released May 2007)
<b>08-04</b>	<i>The Price is Right for Coal Producers in BC</i> (released June 2008)	<b>07-02</b>	<i>Canada-USA Corn Row</i> (released April 2007)
<b>08-03</b>	<i>Border Line Threats to Trade</i> (released May 2008)	<b>07-01</b>	<i>Is the Sun Rising on Trade With Japan?</i> (released March 2007)
<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)

## 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.