



# The Daily

Statistics Canada

Wednesday, November 5, 2003

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## MAJOR RELEASES

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- **Study: Mad cow disease and Canada's trade in beef, 2003**

Until this year, Canada was the third largest exporter of beef in the world. That changed, however, with the discovery of mad cow disease on May 20, 2003. The analytical article titled "Mad cow disease and Canada's trade in beef", the first in a new free online publication, *Analysis in brief*, traces Canada's beef imports and exports throughout the early days of the resulting worldwide ban on Canadian beef.

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- **Foreign control in the Canadian economy, 2000**

Foreign control in the Canadian economy – as measured by the share of assets for all corporations – declined for the second straight year in 2000, returning to levels recorded a decade earlier. Foreign-controlled firms held one-fifth of assets in 2000, virtually identical to the proportion in 1991.

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- Farm product prices, September 2003 7
- Traveller accommodation services price indexes, third quarter 2003 7
- Refined petroleum products, June 2003 7

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## NEW PRODUCTS

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## MAJOR RELEASES

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### Study: Mad cow disease and Canada's trade in beef

2003

Prior to May 2003, Canada was the third largest exporter of beef in the world. In 2002, Canada's export market for beef amounted to about \$4.1 billion.

On May 20, 2003, however, the nation's beef industry was rocked by a totally unexpected development: a single breeder cow in northern Alberta had tested positive for bovine spongiform encephalopathy (BSE), more commonly known as mad cow disease. Within hours, most nations had imposed a ban on Canadian beef products.

The analytical article "Mad cow disease and beef trade", available today, traces Canada's beef exports and imports throughout the early days of the beef export ban, with a particular focus on the American market.

This article is the first in a series that will be published in Statistics Canada's new online free publication *Analysis in brief*. The series will shed light on current economic issues and is written in a style that journalists, students and the general public can easily grasp.

#### Monthly exports of beef fell to zero following ban

In 2001, Canada held about 15% of the world beef market. The United States was second with a share of 16%, while Australia was first with 23%.

In 2002, Canada's export market was worth about \$4.1 billion. Following the imposition of the ban by several countries this spring, however, the value of these Canadian exports in June, July and August dropped to virtually zero.

Export markets have traditionally been important to Canadian beef farmers. Before the ban, almost half the cattle sold in Canada were exported as either live animals or meat.

Canada exports the vast majority (90%) of its beef products to the United States, the world's largest beef-importing country. About 55% or \$3.7 billion worth of live cattle and bovine meat products imported into the U.S. in 2002 came from Canada. U.S. importers did not increase imports from other countries to fill the gap created by banned Canadian beef. In fact, total U.S. beef imports in August were slightly lower than those recorded in June.

In terms of imports, the amount of beef coming into Canada increased above historical levels in June before

#### Note to readers

Data sources for this analysis are primarily Canadian and U.S. import and export trade data, taken from the International Trade Division of Statistics Canada and the Foreign Trade Division of the U.S. Census Bureau.

Data on farm cash receipts came from Statistics Canada's Agriculture Division. Unless otherwise stated, all values are in Canadian dollars.

dropping in July and August. These imports, mostly from the United States, have not been trivial; in 2002, they amounted to about \$900 million. They represent a substantial proportion of the Canadian meat supply, almost 30% over the past three years.

Canada has exported far more beef products than it has imported. Last year, the nation's surplus in beef trade amounted to about \$3.2 billion.

#### Beef accounted for nearly one-half of farm cash receipts for cattle in 2002

In 2002, the farm value of the animals sold for slaughter and exported as meat amounted to \$1.8 billion. The corresponding exports, worth about \$2.2 billion, included all the other costs such as processing and transportation.

In addition, the farm value of live animals exported also amounted to \$1.8 billion.

This total of \$3.6 billion in farm cash receipts accounted for nearly one-half (48%) of the \$7.5 billion total farm cash receipts for cattle in 2002.

Among the provinces, producers in Alberta are clearly incurring the biggest losses. The province's average beef exports from January to April 2003 amounted to about \$160 million per month.

Alberta was followed by Ontario where exports were averaging \$62 million a month and by Saskatchewan (\$23 million) and Quebec (\$11 million).

#### Retail prices soar to record levels south of the border

In contrast to Canada, the beef supply in the United States was tight, pushing retail prices to record levels.

Retail prices for beef in the United States were at record levels in February 2003, before the case of mad cow disease in Canada was confirmed. Record retail beef prices continued through August, reaching US\$3.74 a pound, the highest since June 2001, when prices reached US\$3.48 a pound.

Canada has become the first country in the world with a case of BSE to get its products back into the United States. Along with Mexico, the United States reopened its borders to selected cuts of Canadian beef.

As of mid-September, Canadian boneless beef from animals younger than 30 months has been allowed into the U.S. under a permit process. On October 16, Canada's Minister of Agriculture reported that Canadian companies had shipped 28,000 tonnes of fresh, chilled and frozen beef products to the United States up to

October 15, which typically represents about half of September exports.

The publication *Analysis in brief : Mad cow disease and beef trade* (11-621-MIE2003005, free) is now available online.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Denis Poulin (613-951-1999), International Trade Division. ■

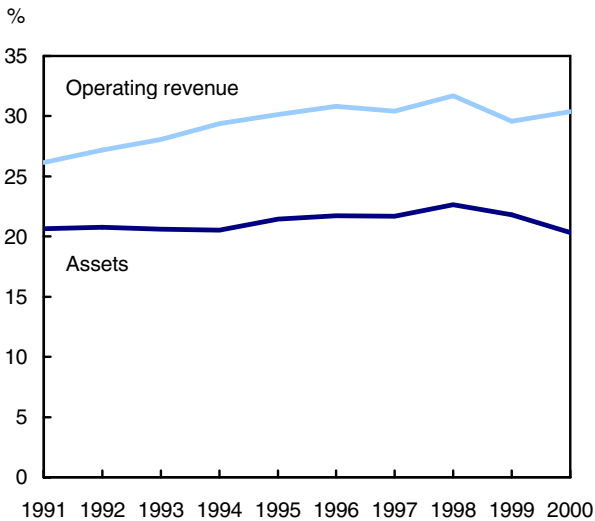
## Foreign control in the Canadian economy 2000

Foreign control in the Canadian economy – as measured by the share of assets for all corporations – declined for the second straight year in 2000, returning to levels recorded a decade earlier.

Foreign-controlled firms held one-fifth of assets in Canada in 2000, virtually identical to the proportion in 1991. The rate had risen slightly during the late 1990s.

On the other hand, a second measurement, the share of operating revenues earned by foreign-controlled firms, exhibited a slightly stronger performance, increasing steadily throughout the 1990s. As a result, foreign-controlled firms generated 30% of total operating revenues in 2000, compared with only 26% in 1991.

### Foreign share of operating revenue on the rise but assets remain stable



The value of assets held by Canadian-controlled enterprises increased at five times the pace of assets held by foreign-controlled firms in 2000 alone. Canadian-controlled corporations reported nearly \$3,200 billion in assets, an 11% increase from 1999, while foreign-controlled assets stood at \$810 billion, up only 2%.

In the case of operating revenues, corporations under foreign control recorded the larger gain in 2000.

Their revenues reached \$704 billion, up 16% from 1999, while those for Canadian-controlled firms rose 12% to just over \$1,600 billion.

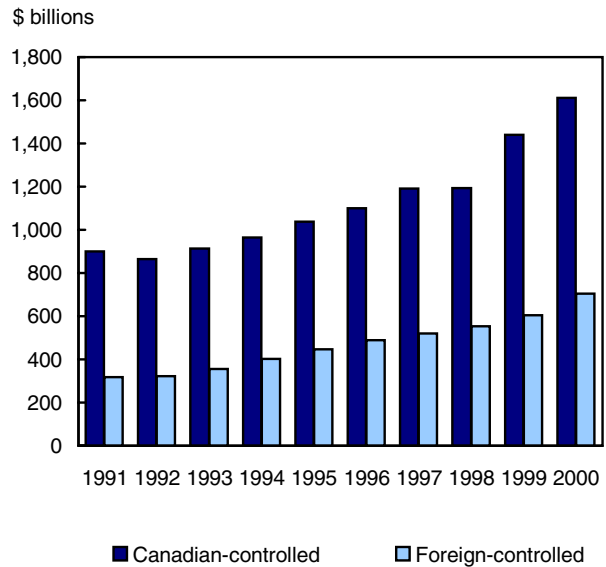
Asset-based measures of foreign control provide a longer-term perspective, reflecting economic decisions and market conditions that evolve more slowly over time. Revenue-based measures tend to reflect current business conditions and, therefore, tend to be more volatile than asset-based measures.

### Decade in perspective: Foreign, Canadian assets grew at virtually same pace

Over the entire decade, the assets held by Canadian and foreign-controlled corporations grew at virtually the same pace. From 1991 to 2000, Canadian-controlled corporations reported an 81% increase in assets, barely faster than the 77% gain reported by foreign-controlled corporations.

For operating revenues, it was the eighth straight year of growth for Canadian-controlled corporations, and the ninth straight for foreign-held corporations. During the 1990s, foreign-controlled operating revenues more than doubled, while Canadian-controlled revenues rose at a somewhat slower pace (+79%).

### Continued growth in operating revenue throughout the 1990s



One reason could be that Canadian-controlled corporations appeared to have more difficulty rebounding immediately following the 1991 recession.

However, after 1992, growth in operating revenues for all corporations rose quickly for two years before stabilizing in the mid 1990s. In 2000, the pace picked up again.

**United States by far biggest foreign player**

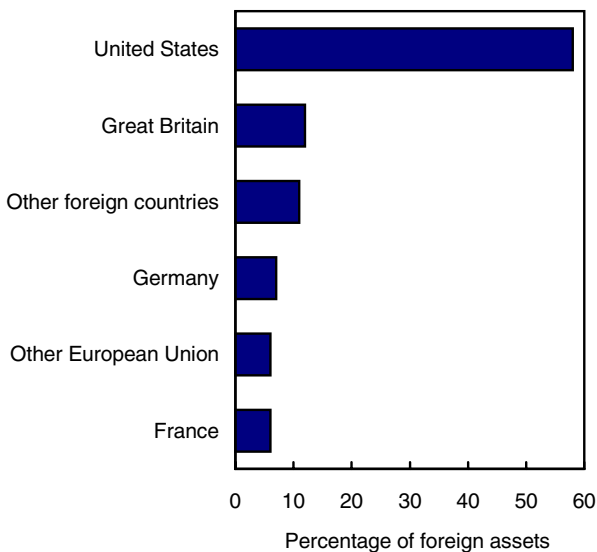
The United States again dominated the foreign-controlled share of both corporate operating revenue and assets in Canada. U.S.-controlled corporations accounted for 58% of foreign control in assets and 65% in operating revenues.

In terms of foreign-controlled asset share, Great Britain was a distant second, far behind the United States at only 12%. Using foreign-controlled operating revenue share as the measure, this time Germany placed second, well back of the United States at only 8%.

Assets held by U.S.-controlled corporations operating in Canada were close to double those of corporations controlled by the European Union, while their operating revenues were almost triple those of European Union-controlled corporations.

**United States still dominant foreign player**

Country of control



**Foreign control more prevalent in non-financial sector**

Foreign control was more prevalent in the non-financial sector of the economy, where foreign interests held 26% of assets and generated 31% of operating revenues in 2000.

In contrast, in the finance and insurance sector, foreign-controlled firms had only 15% of assets and 21%

of operating revenues. This was primarily because of tighter regulatory controls in this sector of the economy.

For the most part, foreign control of assets in both the non-financial and the finance and insurance sectors remained relatively stable during the 1990s, although the finance and insurance sector experienced a slight downturn in 2000.

In terms of operating revenues, the foreign-controlled share rose slowly during the decade in the non-financial sector.

In the finance and insurance sector, however, foreign control in operating revenues ended the decade where it started. After experiencing mild growth during the mid-1990s, foreign control in this sector declined in 2000. This occurred primarily because of merger and acquisition activity in the Canadian banking industry, combined with demutualization in the insurance carriers industry.

Foreign control was most prevalent in the manufacturing and oil and gas extraction industries in the non-financial sector in 2000. Manufacturing, the largest industry group in this sector, accounted for just over one-half of both assets and operating revenues under foreign control.

**Banking again dominates finance and insurance sector**

Foreign control in the finance and insurance sector was most prevalent in non-depository credit intermediation, which includes credit providing and financing companies, where just over half the assets and operating revenue are foreign controlled.

Foreign-controlled enterprises also had a significant presence in the insurance industry, where foreign-controlled firms accounted for 30% of assets and 33% of operating revenues.

But the largest industry in the sector, deposit credit intermediation, has less than 10% of both its assets and operating revenue come from enterprises under foreign control. Accounting for 70% of the sector's assets and 43% of its operating revenues, this industry includes the chartered banks and credit unions. The majority of these assets and revenues come from enterprises under Canadian control because of government regulations restricting foreign ownership in this industry.

**Economic performance: Operating profits jump one-fifth**

Operating profits, a measure of economic performance, increased 20% in 2000 to \$192 billion, in response to growth in demand for goods and services.

Operating profits reported by Canadian-controlled corporations jumped 20% to \$134 billion, while those of foreign-controlled corporations rose 21% to \$58 billion.

Foreign-controlled corporations accounted for only 30% of total operating profits in 2000, the same as the year before. Canadian-controlled companies generated a strong majority of the profits in both the finance and insurance sector and the non-financial sector.

Both Canadian and foreign-controlled firms reported profit margins, on average, of 8.3% in 2000. The margin for foreign-controlled firms rose slightly from 8.0% in 1999, while the margin for Canadian-controlled firms went up from 7.8%.

**Available on CANSIM: table 179-0004.**

**Definitions, data sources and methods: survey number 2503.**

The report *Corporations Returns Act - Foreign control in the Canadian economy, 2000* (61-220-XIE, \$32) is now available. See *How to order products*.

For more information, or to enquire about the concepts, methods or data quality of this release, contact David Sabourin (613-951-3735), Industrial Organization and Finance Division. ■

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## OTHER RELEASES

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### Farm product prices

September 2003

Prices received by farmers in September for grains, oilseeds, specialty crops, fruits, vegetables, cattle, hogs, poultry, eggs and dairy products are now available.

The Quebec slaughter cow price in September was \$17.86 per hundredweight, up 26% from August, but 63% below the September 2002 level of \$47.94 per hundredweight. The Canadian cattle sector came to a virtual halt on May 20, 2003 when a cow in Alberta tested positive for bovine spongiform encephalopathy (BSE or mad cow disease). The loss of crucial export markets resulted in an oversupply that depressed prices.

The September canola price in Saskatchewan, at \$318.17 per tonne, was up 6% from August, but well below its peak at \$405.08 in November 2002, and 17% below the September 2002 price of \$385.61.

**Definitions, data sources and methods: survey number 3436.**

For more information, or to enquire about the concepts, methods or data quality of this release, contact Bernie Rosien (613-951-2441; fax: 613-951-3868; [bernie.rosien@statcan.ca](mailto:bernie.rosien@statcan.ca)), Agriculture Division. ■

### Traveller accommodation services price indexes

Third quarter 2003

Monthly indexes measuring price movements of accommodation services are now available for the third

quarter. These indexes reflect changes in room rates, excluding all indirect taxes, for overnight or short stays with no meals or other services provided. The indexes are available by province and by territory, for Canada, by major client group.

**Available on CANSIM: table 326-0013.**

**Definitions, data sources and methods: survey number 2336.**

For more information on these indexes, contact Prices Division (1-866-230-2248; 613-951-9606; [infounit@statcan.ca](mailto:infounit@statcan.ca)). To enquire about the concepts and methods of this release, contact Anne Williamson (613-951-0708; [anne.williamson@statcan.ca](mailto:anne.williamson@statcan.ca)), Prices Division. ■

### Refined petroleum products

June 2003

Data on the supply and disposition and domestic sales of refined petroleum products are now available for June 2003.

**Available on CANSIM: tables 134-0001 to 134-0004.**

**Definitions, data sources and methods: survey number 2150.**

For more information, or to enquire about the concepts, methods or data quality of this release, contact the dissemination officer (1-866-873-8789; 613-951-9497; [energ@statcan.ca](mailto:energ@statcan.ca)), Manufacturing, Construction and Energy Division. ■

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## NEW PRODUCTS

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**Analysis in brief : Mad cow disease and beef trade, 2003**  
**Catalogue number 11-621-MIE2003005**  
(free).

**Gross domestic product by industry, August 2003,**  
Vol. 17, no. 08  
**Catalogue number 15-001-XIE (\$12/\$118).**

**Corporations Returns Act (CRA), 2000**  
**Catalogue number 61-220-XIE (\$32).**

**Employment, earnings and hours, August 2003,**  
Vol. 81, no. 8  
**Catalogue number 72-002-XIB (\$26/\$257).**

**Quarterly demographic statistics, April-June 2003,**  
Vol. 17, no. 2  
**Catalogue number 91-002-XIB (\$9/\$27).**

**Quarterly demographic statistics, April-June 2003,**  
Vol. 17, no. 2  
**Catalogue number 91-002-XPB (\$11/\$36).**

**All prices are in Canadian dollars and exclude sales tax. Additional shipping charges apply for delivery outside Canada.**

Catalogue numbers with an -XIB or an -XIE extension are Internet versions; those with -XMB or -XME are microfiche; -XPB or -XPE are paper versions; -XDB or -XDE are electronic versions on diskette and -XCB or -XCE are electronic versions on compact disc.

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**Authorized agents and bookstores also carry Statistics Canada's catalogued publications.**



Design 1 - 2002 (F) Catalogue 11-001-XIE (2002-05-01)



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**MAJOR RELEASES**

- **Urban transit, 1995** 2  
Despite the emphasis on taking urban transit, Canadians are using it less and less. In 1996, each Canadian took an average of about six trips on some form of urban transit, the lowest level in the past 25 years.
- **Productivity, hourly compensation and unit labour cost, 1995** 4  
Growth in productivity among Canadian businesses and industry weak again in 1996, accompanied by sluggish gains in employment and slow economic growth during the year.

**OTHER RELEASES**

- Map-wanted index, May 1997 3
- Short-term Expectations Survey 8
- Steel primary forms, week ending May 31, 1997 12
- Egg production, Apr. 1997 13

**PUBLICATIONS RELEASED** 11



### Statistics Canada's official release bulletin

Catalogue 11-001-XIE.

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