



The Daily

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NEW PRODUCTS



MAJOR RELEASES

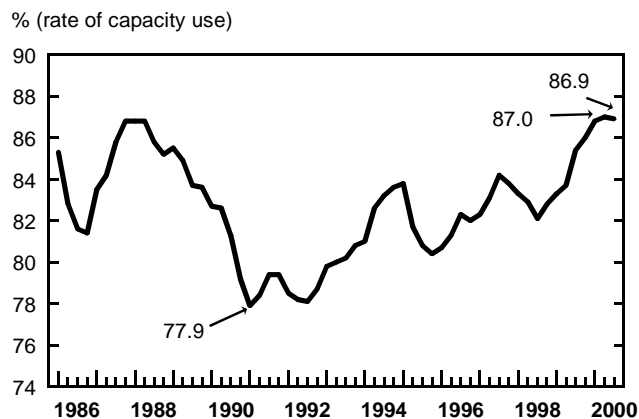
Industrial capacity utilization rates

Third quarter 2000

Capacity use eased slightly to 86.9% in the third quarter, after a string of seven quarterly increases. (The rates of capacity use have been revised back to the first quarter of 1994 to incorporate revisions in source data.)

Declines were widespread; in manufacturing, half of the industry groups showed lowered rates, as did all non-manufacturing industries except for gas distribution systems. The lower rates were a reflection of both reduced output and additional production capacity coming on stream in many industries. Although total industrial output grew in the third quarter, the pace slowed, as exports declined slightly for the first time in more than three years.

The pace of capacity use slows slightly



Businesses have been investing heavily in plant and equipment in recent years, and an growing proportion of their spending has been for assets related to information technology. A study, conducted by the Conference Board of Canada for the Information Technology Association of Canada and released last month, found that, over the past 20 years, information technology's share of the productive capital stock has grown from almost nothing to 4.2%.

The gains in productivity resulting from this high tech spending have allowed for economic expansion

Note to readers

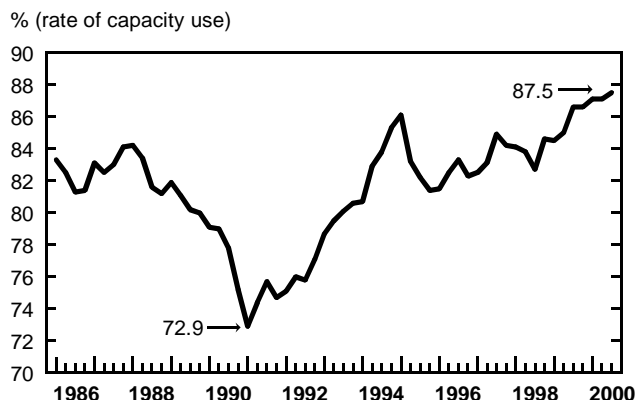
An industry's capacity use is the ratio of its actual output to its estimated potential output. Statistics Canada derives estimates of an industry's potential output from measures of its capital stock. In addition, since 1987 Statistics Canada has been surveying companies for their estimates of annual capacity use in order to produce survey-based industry measures. A company's measure of its level of operation, as a percentage of potential, takes into account changes in the obsolescence of facilities, capital-to-labour ratios and other characteristics of production techniques. The surveyed rates anchor the calculated quarterly series and ensure they reflect such changes.

without, as yet, provoking inflation. (It is still to be seen, however, what the long-term effects of increased energy prices will be.) Between March 1999 and October 2000, when the effects of higher energy prices are excluded, the annual increase in the Consumer Price Index has remained relatively stable, fluctuating between 1.1% and 1.7%. However, for some time, rates of capacity use have been very high and recent reports have indicated that a growing number of firms may be facing production constraints. In October's Business Conditions Survey, 8% of manufacturers expressed concern about the availability of skilled labour. In its Autumn 2000 Review, the Bank of Canada reported that its recent survey of associations showed growing signs that shortages of skilled labour are posing capacity constraints on firms and that the number of skills in short supply has grown over the past year.

Manufacturing split between gains and declines

Manufacturers raised their rate of capacity use 0.4 percentage points to 87.5% in the third quarter, the highest level in over 25 years. Performance among the 22 industry groups making up manufacturing was evenly split between industries that increased their rates and those whose rates declined. The advance over the second quarter was mainly due to the higher rates posted by two of the larger industry groups: transportation equipment and electrical and electronic products.

Manufacturing rises as inventories build



In the electrical and electronic products group of industries, producers built up inventories as they operated at 103.4% in the third quarter, up 2.9 percentage points from the second quarter. An operating level over 100% indicates that producers have surpassed the level of output considered a maximum under their usual operating practices. Producers of telecommunications equipment, electronic components and parts and computers were mainly responsible for the growth in output, which was partially absorbed by increased production capacity.

Accumulation of inventories was also a factor in the transportation equipment group of industries. Producers stepped up output and raised their operating rate 2.2 percentage points to 94.0% in the third quarter, a new historical peak for the group.

The paper and allied products group of industries operated at 95.9%, just shy of its historical peak reached in the late 1980s.

Wood industries posted a second quarterly decline in capacity use, bringing the rate to 83.9% in the

third quarter. Production did not recover after a second-quarter strike by British Columbia loggers. Generally slowing housing construction in the United States also contributed to the decline in output.

In the primary metals group, the rate of capacity use fell 1.8 percentage points to 89.7%. Additional production capacity coming on stream amplified the effect of reduced output. Production of primary steel was down and output of steel pipe and tubing dropped because of a slowdown in drilling activity in the past two months.

All but gas distribution down in non-manufacturing

Output in both mining and forestry was down significantly in the third quarter. As a result, the rate of capacity use in forestry fell 2.5 percentage points to 90.2%. In mining, quarrying and oil wells, the rate fell 1.7 percentage points to 76.3%. Crude petroleum exploration was reduced in part by bad weather and by scheduled platform maintenance. As a result, the rate of capacity use in crude oil and natural gas fell 1.6 percentage points to 68.8%.

In utilities, the rate fell 0.3 percentage points in the third quarter. Increased production capacity in gas distribution systems partly absorbed the rise in production. The resulting 2.4 percentage point gain in the rate of capacity use was not enough to offset the 0.8 percentage point decline in electric power, where demand was down because of a cooler-than-normal summer.

Available on CANSIM: matrix 3140.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Susanna Wood (613-951-0655) or Richard Landry (613-951-2579), Investment and Capital Stock Division. □

Industrial capacity utilization rates

	Third quarter 1999 ^r	Second quarter 2000 ^r	Third quarter 2000	Third quarter 1999 to third quarter 2000 percentage point change	Second to third quarter 2000
Total non-farm goods-producing industries	85.4	87.0	86.9	1.5	-0.1
Logging and forestry	89.5	92.7	90.2	0.7	-2.5
Mining (including milling), quarrying and oil wells	72.7	78.0	76.3	3.6	-1.7
Mining (including milling) and quarrying	79.6	92.7	90.9	11.3	-1.8
Crude petroleum and natural gas	69.0	70.4	68.8	-0.2	-1.6
Manufacturing	86.6	87.1	87.5	0.9	0.4
Durable goods	88.6	90.0	90.5	1.9	0.5
Wood	91.0	87.5	83.9	-7.1	-3.6
Furniture and fixtures	87.7	88.7	88.6	0.9	-0.1
Primary metal	91.0	91.5	89.7	-1.3	-1.8
Fabricated metal products	83.5	85.1	84.0	0.5	-1.1
Machinery	77.5	84.2	81.4	3.9	-2.8
Transportation equipment	93.9	91.8	94.0	0.1	2.2
Electrical and electronic products	88.3	100.5	103.4	15.1	2.9
Non-metallic mineral products	87.3	80.8	83.0	-4.3	2.2
Other manufacturing	84.6	75.4	75.0	-9.6	-0.4
Non-durable goods	83.9	83.2	83.2	-0.7	0.0
Food	81.1	81.8	80.7	-0.4	-1.1
Beverages	88.4	87.9	88.4	0.0	0.5
Tobacco products	77.4	76.5	84.8	7.4	8.3
Rubber products	92.5	94.0	94.6	2.1	0.6
Plastic products	87.0	82.2	81.5	-5.5	-0.7
Leather and allied products	74.6	68.1	69.0	-5.6	0.9
Primary textiles	83.5	75.8	80.4	-3.1	4.6
Textile products	80.0	80.0	81.2	1.2	1.2
Clothing	82.7	84.7	82.8	0.1	-1.9
Paper and allied products	92.8	94.8	95.9	3.1	1.1
Printing, publishing and allied	83.8	84.7	83.9	0.1	-0.8
Refined petroleum and coal products	90.4	92.1	90.8	0.4	-1.3
Chemical and chemical products	79.6	76.1	76.4	-3.2	0.3
Construction	89.3	91.7	91.6	2.3	-0.1
Electric power and gas distribution systems	87.5	88.8	88.5	1.0	-0.3
Electric power	89.4	90.5	89.7	0.3	-0.8
Gas distribution	74.7	77.5	79.9	5.2	2.4

^r Revised figures.



OTHER RELEASES

Steel primary forms

Week ending December 2, 2000 (preliminary)

Steel primary forms production for the week ending December 2 totalled 300 955 tonnes, down 3.0% from 310 191 tonnes a week earlier and up 2.6% from 293 307 tonnes in the same week of 1999. The year-to-date total at the end of the reference week was 15 440 098 tonnes, a 4.3% increase compared with 14 801 991 tonnes for the same period in 1999.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Jean-Marie Houle (613-951-4925; houlejm@statcan.ca), Manufacturing, Construction and Energy Division. ■

Annual Survey of Manufactures 1998

The Annual Survey of Manufactures has adopted the North American Industry Classification System (NAICS) for its 1998 reference year. Previous years' data have been re-aggregated to the new classification system

back to 1990. Information on more than 250 different industries will be provided. Principal statistics for each industry are released on CANSIM as they become available. Data for the industries listed in the following table are now available for Canada. Data for 58 industries have now been released.

Available on CANSIM: matrices: 12092, 12094, 12097, 12098, 12099, 12102, 12104, 12106, 12108, 12110, 12112, 12114, 12116, 12119, 12122, 12125, 12126, and 12129.

Data for the industries listed in the table will appear in *Manufacturing industries of Canada: National and provincial areas* (31-203-XPB, \$68). The 1998 issue of this publication will be available shortly. See *How to order products*. Industry review papers are available on Statistics Canada's Web site (www.statcan.ca). From the *Products and services* page, choose *Research papers (free)*, then *Manufacturing*.

For more information, or to enquire about the concepts, methods or data quality of this release, contact David Beaulieu (613-951-9497; fax: 613-951-9499; manufact@statcan.ca).

Value of shipments

NAICS		1997	1998	1997 to 1998 % change
		\$ millions		
Automobile and light-duty motor vehicle manufacturing	336110	48,727.7	52,518.5	7.8
Heavy-duty truck manufacturing	336120	3,987.6	5,084.6	27.5
Motor vehicle body manufacturing	336211	950.2	1,080.4	13.7
Truck trailer manufacturing	336212	839.0	992.6	18.3
Motor home, travel trailer, camper manufacturing	336215	484.9	579.1	19.4
Motor vehicle gasoline engine and engine parts manufacturing	336310	4,688.4	5,539.9	18.2
Motor vehicle electrical and electronic equipment manufacturing	336320	1,348.5	1,441.9	6.9
Motor vehicle steering and suspension components (except spring) manufacturing	336330	1,308.6	1,524.0	16.5
Motor vehicle brake system manufacturing	336340	1,457.8	1,727.9	18.5
Motor vehicle transmission and power train parts manufacturing	336350	3,419.3	3,662.6	7.1
Motor vehicle seating and interior trim manufacturing	336360	4,178.0	4,394.7	5.2
Motor vehicle metal stamping	336370	3,820.0	3,748.6	-1.9
Other motor vehicle parts manufacturing	336390	3,899.8	4,005.4	2.7
Aerospace products and parts	336410	8,631.3	9,458.2	9.6
Railroad rolling stock manufacturing	336510	2,642.3	2,897.1	9.6
Ship building and repairing	336611	503.5	393.2	-21.9
Boat building	336612	470.5	500.9	6.5
Other transportation equipment	336990	1,465.4	1,513.9	3.3

NEW PRODUCTS

Exports by commodity, September 2000
Catalogue number 65-004-XMB (\$37/\$361).

Exports by commodity, September 2000
Catalogue number 65-004-XPB (\$78/\$773).

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

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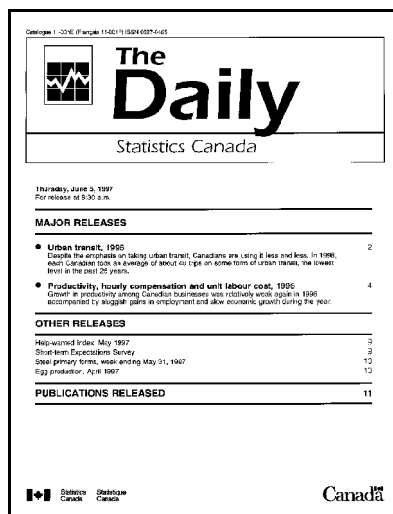
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