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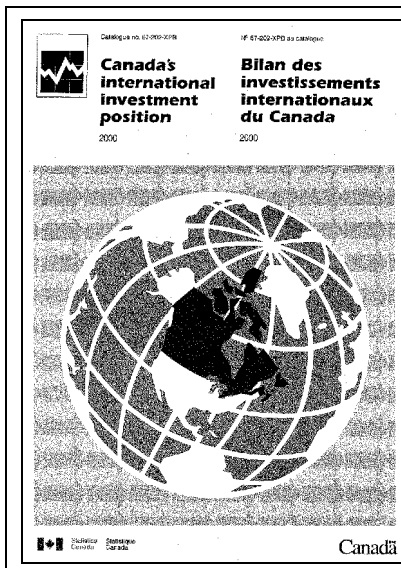
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Canada's net liability to foreign residents — the difference between its external assets and external liabilities — declined for the fifth time in the past six years in 2000. At end of the year, net foreign liability amounted to \$244 billion, down 10% from the end of 1999.
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Canada's international investment position 2000

International investment, both in Canada and abroad, forms one of the cornerstones of Canada's economy. *Canada's international investment position* gives a detailed account of Canada's assets and liabilities abroad. This publication will help you understand today's economy and how it has evolved. Useful geographical comparisons, such as Canada's position in relation to European Union countries, are also featured.

Canada's international investment position, 2000 (67-202-XIB, \$39; 67-202-XPB, \$52) is now available. See *How to order products*.

For more information, contact Christian Lajule (613-951-2062), Balance of Payments Division.



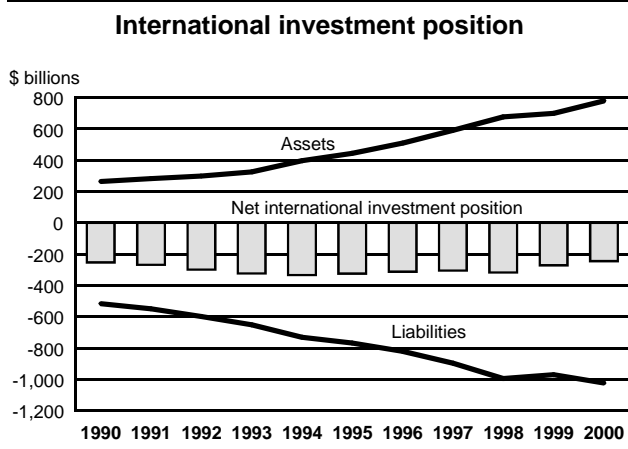
MAJOR RELEASES

Canada's international investment position 2000

Canada's net liability to foreign residents — the difference between its external assets and external liabilities — declined for the fifth time in the past six years in 2000. At end of the year, net foreign liability amounted to \$244 billion, down 10% from the end of 1999.

External assets totalled \$779 billion, an 11.5% increase and more than twice the pace of the 5.5% gain in external liabilities, which reached \$1,023 billion.

As a result, net foreign liabilities fell to 23% of gross domestic product, their lowest point since the early 1950s.



Large takeovers led gain in external liabilities

The increase in Canada's external liabilities in 2000 was fuelled by large takeovers. However, foreign investment in Canadian portfolio securities, which accounts for almost half of external liabilities, increased by less than 1%.

A substantial increase in the holdings of Canadian stocks by foreign investors compensated for a decrease in their holdings of Canadian bonds. This activity has led to direct investment growing in importance relative to portfolio investment as a percentage of gross liabilities.

European Union gained bigger share of Canada's direct investment liability

The large takeovers brought the European Union's share of total direct investment in Canada to 27%, up from 20% in 1999. Direct investment originating from the European Union amounted to \$78 billion at the end of 2000, twice as large as it was five years ago.

However, the United States, still by far the largest direct investor in Canada at \$186 billion, saw its share of total direct investment decline to 64%, down from 69% in 1999.

The impact of these large takeovers on year-end positions is less dramatic than it is on transaction values, as international investment positions data are recorded at book value, which does not reflect large market fluctuations.

The depreciation of the Canadian dollar against the U.S. dollar added \$8 billion to the portfolio position, which otherwise would have declined in 2000 as a result of an unprecedented reduction of foreign holdings of Canadian bonds.

The value of foreign holdings of Canadian bonds decreased for the second consecutive year, and has been decreasing as a proportion of total external liabilities since 1995. However, at \$381 billion it still accounted for 37% of foreign investment in Canada at the end of 2000.

This decrease originated in all levels of governments and their enterprises (-9%), reflecting the fact that Canadian governments have increasingly financed their lower capital needs in Canadian markets. However, foreign holdings of Canadian corporate bonds rose 7%. As a share of total foreign-held bonds, corporate bonds have been an increasing proportion for the last six years, reaching 39% in 2000.

Growth in Canadian direct investment abroad is also largely explained by important acquisitions. At the end of 2000, 51% of direct investment abroad was in the United States; the remainder was geographically broadly-dispersed.

Sustained growth in portfolio investment abroad

The growth of portfolio investment abroad by Canadian residents, largely through pension and mutual funds, averaged more than 18% for each of the past five years. It reached \$212 billion in 2000, representing 27% of Canada's external assets, up from 15% in 1990.

In 2000, higher foreign content limits for tax-sheltered Canadian investment funds explained

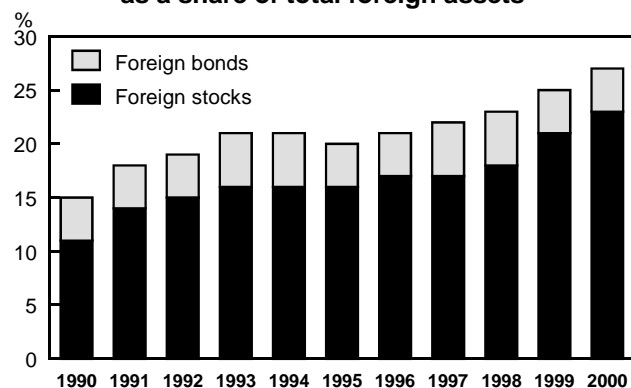
part of this growth during a time of generally poorer performance of foreign financial markets. Another important component of the growth was the receipt by Canadian portfolio shareholders of new treasury shares of foreign companies exchanged in the acquisition of Canadian firms.

Available on CANSIM: matrices 4180-4190, 4194 and 4195.

Canada's international investment position, 2000 (67-202-XIB, \$39; 67-202-XPB, \$52) 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 Christian Lajule (613-951-2062), Balance of Payments Division.

**Portfolio investment abroad
as a share of total foreign assets**



Canada's international investment position at year-end

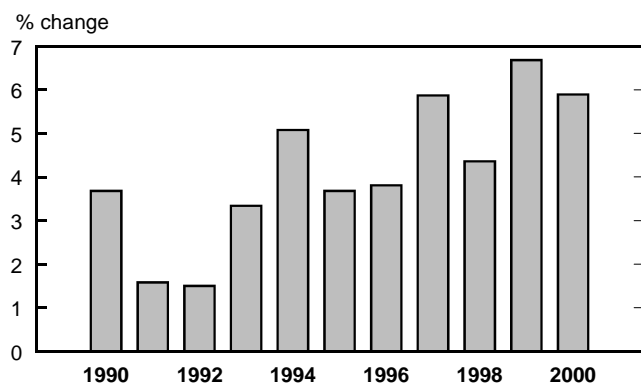
	1995	1996	1997	1998	1999	2000
	\$ billions					
Assets						
Canadian direct investment abroad	161.2	181.2	213.6	255.6	270.2	301.4
Portfolio investment						
Foreign bonds	18.8	21.3	26.9	33.5	30.1	34.7
Foreign stocks	71.9	87.0	100.1	120.5	145.9	177.4
Other investments						
Loans	43.2	49.1	70.6	60.4	55.9	60.0
Allowances	-11.8	-11.4	-10.3	-10.8	-10.8	-10.8
Deposits	80.6	99.0	102.1	118.4	108.8	109.1
Official international reserves	20.8	28.2	25.7	35.9	41.5	47.8
Other assets	58.5	54.6	62.5	63.3	57.5	59.7
Total assets	443.3	509.1	591.1	676.8	699.0	779.3
Liabilities						
Foreign direct investment In Canada	168.2	182.1	198.2	221.6	246.8	291.5
Portfolio investment						
Canadian bonds	341.7	357.9	369.4	408.8	394.5	381.3
Canadian Stocks	37.1	47.3	51.4	64.6	70.2	85.9
Canadian money market	44.1	38.1	41.6	44.1	30.1	29.5
Other investment						
Loans	48.8	51.0	50.5	54.8	55.5	60.0
Deposits	109.3	126.8	165.4	180.7	152.0	153.9
Other liabilities	18.3	17.2	18.6	19.2	20.5	20.9
Total liabilities	767.5	820.5	895.1	993.9	969.7	1,023.0
Net international investment position	-324.2	-311.4	-304.0	-317.1	-270.7	-243.7

National balance sheet accounts

2000

National net worth rose 5.9% in 2000, reaching \$3.3 trillion or \$105,700 per capita. While down from 1999, this was still one of the strongest growth rates recorded in 11 years. It resulted from an increase in national wealth and a further sharp decline in Canada's net foreign liability — what we owe to non-residents less what they owe to us.

National net worth



National wealth matched 1999 growth rate

National wealth advanced 4.6%, the same pace as in 1999, to a record \$3.5 trillion, in keeping with domestic economic activity in 2000. Growth resulted from greater expenditure flows for, as well as changes in the value of, tangible assets such as houses, automobiles, land, business inventories and fixed capital.

The change in wealth was broadly based in that all assets grew, although at different rates. Slower growth in durable goods (+5.1%) resulted from softer consumer spending on certain big-ticket items — especially automobiles — as well as by lower prices for certain expenditure items. The 5.5% increase in residential property also reflected weaker markets for both new and resale homes in 2000, moderated somewhat by increases in housing construction costs. The growth in the other components of wealth was more subdued. Only investment in non-residential structures and land and machinery and equipment grew more quickly than in 1999.

Note to readers

The national balance sheet accounts are statements of the balance sheets of all of the various sectors of the economy. They consist of the non-financial assets owned in the various sectors of the economy and of financial claims outstanding. **National wealth** is the sum of non-financial, or tangible assets — produced assets, land surrounding structures and agricultural land — in all sectors of the economy. **National net worth** is wealth less what is owed to non-residents (Canada's net international investment position, or net foreign liability); alternatively, it is the sum of the net worth of persons, corporations and governments.

Most revisions cover recent years, but there are a few exceptions in this release.

This release incorporates a conceptual change, giving rise to revisions from 1981. Investment in software (covering pre-packaged, purchased, and own-account developed) has been included in capital stocks. This conceptual change will also affect the estimates of capital formation, and will be reflected among the revisions in both the Income and Expenditure Accounts and the Financial Flow Accounts in the May 31 release of the first-quarter National Accounts (including annual revisions).

Other revisions include revised capital stocks (beginning in 1961), and small changes to government pension liabilities (beginning in 1961 for federal liabilities, and 1990 for provincial liabilities).

Debt continued to accumulate, but at a much slower pace

On the financial side of the ledger, growth in total credit market debt (short-term paper, loans, mortgages and bonds) continued to slow in 2000 to 1.9%, down from 3.4% in 1999. This was the result of reduced demand for borrowed funds in all major sectors of the economy, and was only partly offset by higher values of debt denominated in foreign currency, reflecting the depreciation in the Canadian dollar over the course of the year.

Government net debt declined again

Federal government net debt fell sharply, declining for a fourth consecutive year, in tandem with the surpluses recorded since 1997. Most of this drop was accounted for on the liability side, as credit market debt declined by a full \$20 billion (-3.7%) in 2000.

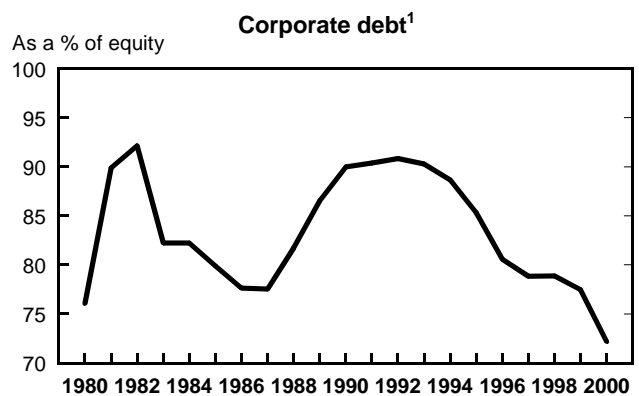
The net debt of the other levels of government also fell marginally, reflecting provincial surpluses and improved financial positions of local governments. The increase in the provincial government credit market debt was in line with higher values for foreign currency-denominated liabilities.

Overall government-sector net debt grew at a slower pace than did gross domestic product for the fifth year in a row.

Corporate balance sheets strengthened further, even as business investment spending picked up

A second year of surging corporate profits helped corporations continue to restructure their balance sheets in 2000, even as business capital formation strengthened.

Among non-financial private corporations, the debt-to-equity ratio dropped sharply. Factors behind this development include: strongly higher undistributed earnings, the size of share issues, and much lower demand for borrowed funds. These factors were partly moderated by the negative impact of the turnaround in the exchange rate on foreign currency-denominated debt.



¹ Credit market debt of non-financial corporations.

Household net worth advanced, despite a decline in the personal saving rate

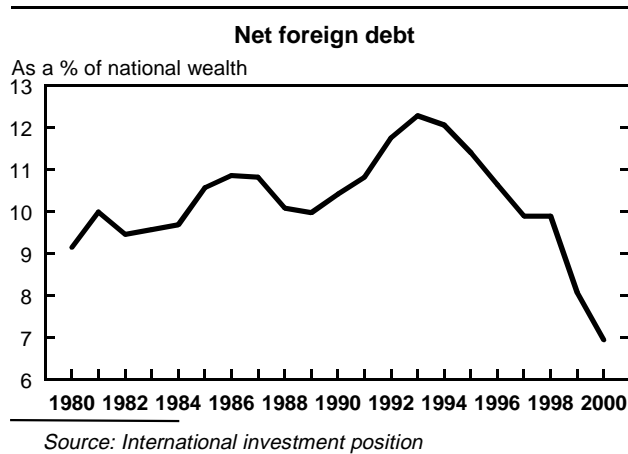
Although personal saving weakened marginally, gains in the value of household assets in 2000 led the increase in net worth. Household net worth advanced at a slightly slower pace than it did in 1999, even as the net increase in assets was more than five times that of liabilities.

In addition, the ratio of consumer credit and mortgage debt to personal disposable income edged down from its previous high in 1999, as incomes advanced strongly and household borrowing was largely unchanged in 2000.

Net foreign debt declined sharply for the second consecutive year

Levels of cross-border financial investment reached new highs in 2000. However, foreign claims on the Canadian economy grew at a slower pace than did Canadian claims on non-residents. While inward and outward corporate claim flows, which were mainly influenced by acquisitions of direct investment interest, were largely offsetting, other transactions were not. Notably, there were significant drops in non-resident holdings of Canadian debt securities, while Canadian portfolio investment abroad further strengthened.

Net indebtedness to non-residents fell sharply again (-10.0%) in 2000, and continued its downward slide relative to national wealth.



Available on CANSIM: matrices 700, 727, 745-747, 751, 753-777, 779-785, and 787-795.

An analytical document (13-214-PPB, \$50), including tables from 1996 to 2000 and numerous charts, is now available. Balance sheet data are also available on diskette (13-214-XDB, \$60). To purchase any of these products or to obtain more information about them, call Client Services (613-951-3640), Income and Expenditure Accounts Division.

To enquire about the concepts, methods or data quality of this release, contact Patrick O'Hagan (613-951-1798) or Charles Wright (613-951-9044), Income and Expenditure Accounts Division. □

National net worth

	1994	1995	1996	1997	1998	1999	2000	1998 to 1999	1999 to 2000
	\$ billions							% change	
National wealth	2,763.0	2,843.6	2,926.7	3,072.8	3,206.5	3,353.0	3,507.7	4.6	4.6
- Net foreign debt	333.1	324.2	311.4	304.0	317.1	270.7	243.7	-14.6	-10.0
= National net worth	2,429.9	2,519.4	2,615.3	2,768.8	2,889.4	3,082.3	3,264.0	6.7	5.9
	\$							% change	
National net worth per capita	83,200	85,400	87,700	91,900	95,200	100,700	105,700	5.8	5.0



OTHER RELEASES

Small for-hire and owner operators of motor carriers of freight 1998

There were an estimated 8,156 Canada-based small for-hire carriers (with annual revenues between \$30,000 and \$1 million) in 1998. Operating revenues totalled \$3.02 billion, exceeding the \$2.59 billion in expenses incurred in small for-hire trucking operations during 1998. On a per-carrier basis, total estimated revenues were \$370,000. Although these carriers represent almost 80% of the total number of Canada-based for-hire carriers, their revenues account for only about 17% of the total operating revenues of the entire for-hire trucking industry, which were estimated at \$17.9 billion in 1998.

These survey results also encompass 41,000 owner-operators working for for-hire and private carriers.

Operating revenues generated by owner-operators increased 4.1% over 1997 levels to \$6.1 billion, and operating expenses totalled \$5.1 billion.

Results from the 1998 Small for-hire Carriers and Owner Operators Survey are now available. Data from the Annual Motor Carriers of Freight Survey: Small for-hire carriers and Owner Operators will appear in *Surface and marine transport service bulletin* (50-002-XIB, \$10), which will be available in April. See *How to order products*.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Robert Larocque (613-951-2486; laroque@statcan.ca) or Gilles Paré (613-951-2517; fax: 613-951-0579; paregil@statcan.ca), Transportation Division. ■

NEW PRODUCTS

National balance sheet accounts, annual estimates, 2000
Catalogue number 13-214-XDB (\$60).

National balance sheet accounts, annual estimates, 2000
Catalogue number 13-214-PPB (\$50).

Production and disposition of tobacco products, February 2001
Catalogue number 32-022-XIB (\$5/\$47).

Canada's international investment position, 2000
Catalogue number 67-202-XIB (\$39).

Canada's international investment position, 2000
Catalogue number 67-202-XPB (\$52).

Entry exit component for income interview — Survey of Labour and Income Dynamics, May 2000
Catalogue number 75F0002MIE00012
(Free).

Income interview questionnaire — Survey of Labour and Income Dynamics, May 2000
Catalogue number 75F0002MIE00014
(Free).

Preliminary interview questionnaire — Survey of Labour and Income Dynamics, January 2000
Catalogue number 75F0002MIE00016
(Free).

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

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
- **Urban transit, 1995** 2
Despite the problems on taking urban transit, Canadians are getting to work and back. In 1995, about 1.6 billion trips were taken on some form of urban transit, the lowest level in the last 25 years.
- **Productivity, hourly compensation and unit labour cost, 1995** 4
Growth in productivity among Canadian businesses was relatively weak again in 1995, accompanied by sluggish gains in employment and slow economic growth during the year.

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