Thursday, December 19, 2002
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## MAJOR RELEASES

- Wholesale trade, October 2002

Total wholesale sales rose $0.6 \%$ in October, the result of a strong the automotive products sector.
(continued on page 2)


## Canadian economic observer

December 2002
The December issue of Statistics Canada's flagship publication for economic statistics, Canadian economic observer, analyses current economic conditions, summarizes the major economic events that occurred in November and presents a feature article titled "Cyclical implications of the rising import content in exports." To learn more about this article, see the Other releases section in today's Daily. A separate statistical summary contains a wide range of tables and graphs on the principal economic indicators for Canada, the provinces and the major industrial nations.

The December 2002 issue of Canadian economic observer, Vol. 15, no. 12 (11-010-XPB, $\$ 23 / \$ 227$ ) is now available. Visit Canadian economic observer's page on Statistics Canada's website (www.statcan.ca). From the Canadian statistics page, choose Economic conditions, then click on the banner ad for Canadian economic observer. From that page, you can access the article "Cyclical implications of the rising import content in exports" by clicking on Feature articles. For more information, contact Philip Cross (613-951-9162; ceo@statcan.ca), Current Economic Analysis Group.

## The Daily, December 19, 2002

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## MAJOR RELEASES

## Wholesale trade

October 2002
Wholesale sales rose $0.6 \%$ in October to $\$ 35.5$ billion dollars. However, had it not been for strong wholesale sales of automotive products ( $+3.6 \%$ ), total wholesale sales would have been essentially flat ( $-0.1 \%$ ).

Wholesale sales have been on the rise since the fall of 2001 following a levelling-off of sales in mid-2001. Total wholesale trade has grown $5.0 \%$ since the start of 2002. The rise was largely the result of healthy wholesale sales in sectors with strong ties to consumer spending. Most evident has been the strength in sales feeding the automotive, construction and housing sectors. Representing approximately $30 \%$ of total wholesale trade activity, sales in these three sectors have climbed $11.4 \%$ since January.

In October, however, discounting the strong performance of automotive products, as well as the wholesaling of lumber and building materials which also rose ( $+0.5 \%$ ), other wholesale sectors with ties to consumer spending were weak. Wholesale sales of apparel ( $-6.0 \%$ ), food products ( $-0.5 \%$ ) and household goods (-0.4\%) fell.


## Note to readers

Estimates from the Monthly Wholesale Trade Survey are classified according to the 1980 Standard Industrial Classification.

Wholesale sales of metals and hardware ( $-0.4 \%$ ) were also down, although the weakness in this sector stemmed more from industrial sales of metals, valves and tubular goods than from weaker sales to residential and non-residential building construction. Wholesale sales in this sector have been generally rising throughout 2002 after falling during 2001.

Other wholesale sectors with ties to industry continued to struggle; industrial machinery and the other products category, which includes the wholesaling of industrial and agricultural chemicals, were both flat in October.

Bucking the trend of flat or falling industrial sales, agricultural machinery enjoyed a $0.7 \%$ increase in October. However, agricultural machinery was one of only two wholesale sectors where year-over-year sales were down (-3.2\%); the other sector was industrial machinery, down $2.0 \%$ from October 2001.

In constant dollars, wholesale sales rose $0.5 \%$ in October.

## Healthy jump in wholesale sales of automotive products

Wholesale sales of automotive products jumped 3.6\% in October. Wholesale sales have soared to meet the strong consumer demand. All wholesalers in this sector, whether selling automobiles or parts, have benefited from this demand.

Since the start of 2002 , sales have climbed $12.4 \%$. Sales have been generally rising since late 2000 but started to lose steam by mid-2001. With the introduction of manufacturers' incentives in November 2001, wholesale sales came back strongly.

Wholesaling of automotive products soars in 2002
\$ billions


Fifth consecutive rise for wholesale sales of lumber and building materials

Wholesale sales of lumber and building materials rose in October ( $+0.5 \%$ ) for a fifth consecutive month. Wholesalers in this sector are reaping the rewards of a strong construction sector and strong consumer spending in housing and renovations.

Discounting a slight levelling-off in mid-2001, wholesale sales in this sector have been generally rising since the start of 2001 . By November 2001, sales started to pick up again and have been generally on the increase throughout 2002. Since January 2002, sales were up 8.2\%.

## An east-west split in October wholesale sales

An east-west split was evident amongst wholesalers in October. Wholesalers west of Ontario reported falling sales, but wholesalers in the east, with the exception of Quebec, reported rises.

Wholesale sales in Quebec fell primarily as a result of lower sales in the two top contributors to wholesale trade activity in the province. Both the wholesaling of food products and industrial machinery fell in October in Quebec, sectors that represent approximately $24 \%$ and $14 \%$ respectively of all wholesale trade activity in
the province. Despite the drop in October, wholesale sales in Quebec have been generally growing, although not at the pace seen in late 2001 and early 2002. Following a levelling-off of sales throughout most of 2001, wholesale sales in the province started to rise in late 2001. From October 2001 to April 2002, wholesale trade rose $4.1 \%$. However, from April to October 2002, that growth diminished to $1.2 \%$.

Lower wholesale sales in the western provinces were largely attributable to weak sales in the industrial machinery sector, as well as in the other products category. These two sectors together represent more than one-third of wholesale trade activity in each of the western provinces.

## Inventory-to-sales ratio generally stable in 2002

The wholesale inventory-to-sales ratio fell from 1.26 in September to 1.25 in October. Throughout 2002, the ratio has not fluctuated far from 1.26. This follows a year when the ratio was generally falling throughout 2001.

The stability of the ratio in 2002 is in spite of a continuing rise in inventory levels by wholesalers. Inventories rose $0.3 \%$ to $\$ 44.6$ billion in October, a ninth consecutive monthly rise.

Wholesale inventory-to-sales ratio generally stable throughout 2002


Available on CANSIM: tables 081-0001 and 081-0002.
Information on methods and data quality available in the Integrated Meta Data Base: survey number 2401.

The October 2002 issue of Wholesale trade ( $63-008-\mathrm{XIB}, \$ 14 / \$ 140$ ) will be available soon. See How to order products.

Wholesale trade estimates for November will be released January 20, 2003.

For general information or to order data, contact Client Services (1-877-421-3067; 613-951-3549; wholesaleinfo@statcan.ca). To enquire about concepts, methods or data quality of this release, contact Alexander Hays (613-951-3552; haysale@statcan.ca), Distributive Trades Division.

Wholesale merchants' sales and inventories

|  | $\begin{array}{r} \hline \text { October } \\ 2001 \end{array}$ | $\begin{gathered} \text { July } \\ 2002^{r} \end{gathered}$ | $\begin{gathered} \hline \text { August } \\ 2002^{r} \end{gathered}$ | $\begin{array}{r} \text { September } \\ 2002^{r} \end{array}$ | $\begin{gathered} \hline \text { October } \\ 2002^{p} \end{gathered}$ | September to <br> October 2002 | October <br> 2001 <br> to <br> October <br> 2002 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Seasonally adjusted |  |  |  |  |  |  |
|  | \$ millions |  |  |  |  | \% change |  |
| Sales, all trade groups | 32,672 | 34,865 | 35,245 | 35,320 | 35,538 | 0.6 | 8.8 |
| Food products | 5,474 | 5,576 | 5,689 | 5,715 | 5,686 | -0.5 | 3.9 |
| Beverage, drug and tobacco products | 2,804 | 2,984 | 2,986 | 2,937 | 2,955 | 0.6 | 5.4 |
| Apparel and dry goods | 599 | 632 | 622 | 674 | 634 | -6.0 | 5.8 |
| Household goods | 858 | 1,007 | 1,030 | 1,027 | 1,023 | -0.4 | 19.3 |
| Motor vehicles, parts and accessories | 5,980 | 6,872 | 7,056 | 7,002 | 7,254 | 3.6 | 21.3 |
| Metals, hardware, plumbing and heating equipment and supplies | 1,952 | 2,130 | 2,128 | 2,146 | 2,137 | -0.4 | 9.5 |
| Lumber and building materials | 2,450 | 2,833 | 2,843 | 2,881 | 2,896 | 0.5 | 18.2 |
| Farm machinery, equipment and supplies | 669 | 674 | 623 | 643 | 648 | 0.7 | -3.2 |
| Industrial and other machinery, equipment and supplies | 4,956 | 4,789 | 4,897 | 4,854 | 4,857 | 0.0 | -2.0 |
| Computers, packaged software and other electronic machinery | 2,486 | 2,736 | 2,659 | 2,596 | 2,608 | 0.5 | 4.9 |
| Other products | 4,442 | 4,632 | 4,711 | 4,845 | 4,841 | -0.1 | 9.0 |
| Sales by province and territory |  |  |  |  |  |  |  |
| Newfoundland and Labrador | 216 | 232 | 227 | 223 | 233 | 4.3 | 7.8 |
| Prince Edward Island | 54 | 55 | 55 | 56 | 58 | 2.9 | 7.4 |
| Nova Scotia | 588 | 620 | 600 | 599 | 626 | 4.5 | 6.5 |
| New Brunswick | 485 | 437 | 434 | 417 | 442 | 6.0 | -8.9 |
| Quebec | 6,766 | 7,154 | 7,016 | 7,174 | 7,123 | -0.7 | 5.3 |
| Ontario | 15,990 | 17,464 | 17,868 | 17,664 | 17,971 | 1.7 | 12.4 |
| Manitoba | 975 | 1,055 | 1,004 | 1,061 | 1,055 | -0.6 | 8.2 |
| Saskatchewan | 973 | 1,003 | 1,052 | 1,094 | 1,041 | -4.8 | 7.0 |
| Alberta | 3,501 | 3,494 | 3,527 | 3,596 | 3,572 | -0.7 | 2.0 |
| British Columbia | 3,098 | 3,316 | 3,417 | 3,401 | 3,387 | -0.4 | 9.3 |
| Yukon | 11 | 10 | 9 | 10 | 10 | -0.3 | -9.8 |
| Northwest Territories | 15 | 24 | 34 | 24 | 18 | -21.9 | 25.8 |
| Nunavut | 1 | 2 | 2 | 2 | 2 | 4.8 | 20.0 |
| Inventories, all trade groups | 43,510 | 44,264 | 44,325 | 44,415 | 44,564 | 0.3 | 2.4 |
| Food products | 3,190 | 3,345 | 3,335 | 3,407 | 3,443 | 1.1 | 7.9 |
| Beverage, drug and tobacco products | 2,983 | 3,337 | 3,402 | 3,385 | 3,452 | 2.0 | 15.7 |
| Apparel and dry goods | 1,253 | 1,267 | 1,287 | 1,290 | 1,311 | 1.6 | 4.6 |
| Household goods | 1,532 | 1,666 | 1,672 | 1,670 | 1,707 | 2.2 | 11.5 |
| Motor vehicles, parts and accessories | 6,541 | 6,479 | 6,526 | 6,623 | 6,586 | -0.5 | 0.7 |
| Metals, hardware, plumbing and heating equipment and supplies | 3,589 | 3,821 | 3,712 | 3,689 | 3,714 | 0.7 | 3.5 |
| Lumber and building materials | 4,098 | 4,287 | 4,346 | 4,346 | 4,369 | 0.5 | 6.6 |
| Farm machinery, equipment and supplies | 1,829 | 1,913 | 1,897 | 1,848 | 1,833 | -0.8 | 0.2 |
| Industrial and other machinery, equipment and supplies | 10,914 | 10,276 | 10,270 | 10,226 | 10,277 | 0.5 | -5.8 |
| Computers, packaged software and other electronic machinery | 1,925 | 2,030 | 1,994 | 1,984 | 1,980 | -0.2 | 2.9 |
| Other products | 5,656 | 5,844 | 5,885 | 5,949 | 5,890 | -1.0 | 4.1 |

[^0]
## OTHER RELEASES

## Monthly Survey of Large Retailers

October 2002
Every major commodity group posted sales increases in October 2002 from October 2001, except hardware and lawn and garden products. Total sales for the group of large retailers stood at $\$ 7.3$ billion, up $7.6 \%$ from October 2001. (All data in this release are unadjusted for seasonality and all percentages are year-over-year changes.)

Food and beverage sales increased $9.9 \%$ in October from October 2001, the largest year-over-year increase since January 1998. Double-digit growth in sales of dairy products and eggs ( $+16.2 \%$ ), frozen foods ( $+16.8 \%$ ), candy ( $+12.7 \%$ ) and fresh fruit and vegetables (+11.4\%) helped drive total sales in this commodity group.

Sales by commodity for the group of large retailers

|  | $\begin{aligned} & \text { Sept. } \\ & 2002^{r} \end{aligned}$ | $\begin{gathered} \text { Oct. } \\ 2001 \end{gathered}$ | $\begin{gathered} \text { Oct. } \\ 2002^{p} \end{gathered}$ | $\begin{array}{r} \text { Oct. } \\ 2001 \\ \text { to } \\ \text { Oct. } \\ 2002 \\ \hline \end{array}$ |
| :---: | :---: | :---: | :---: | :---: |
|  | Unadjusted |  |  |  |
|  | \$ millions |  |  | \% change |
| Commodities Food and beverages | 2,166.9 | 2,163.2 | 2,376.8 | 9.9 |
| Clothing, footwear and accessories | 1,283.8 | 1,370.8 | 1,449.0 | 5.7 |
| Home furnishings and electronics | 1,008.5 | 1,040.6 | 1,075.7 | 3.4 |
| Health and personal care products | 606.2 | 570.8 | 657.1 | 15.1 |
| Housewares | 323.1 | 329.9 | 349.5 | 6.0 |
| Sporting and leisure goods | 297.7 | 322.8 | 342.2 | 6.0 |
| Hardware and lawn and garden products | 211.8 | 220.7 | 209.5 | -5.1 |
| All other goods and services | 815.3 | 767.0 | 840.8 | 9.6 |
| Total | 6,713.3 | 6,785.8 | 7,300.6 | 7.6 |

## Revised figures.

p Preliminary figures.
The health and personal care products category continued to thrive in October, up $15.1 \%$ from October 2001. This rise was propelled by very strong sales of prescription drugs (+19.2\%) and brisk consumer purchases of toiletries and personal products (+16.1\%, not including cosmetics and fragrances). Part of the ongoing strength in prescription drugs sales is the result of increased presence of pharmacies in the large retail stores.

Sales of clothing, footwear and accessories climbed 5.7\% from October 2001, after two consecutive
months of lower year-over-year increases. The largest sales increases were in women's (+6.5\%) and children's ( $+7.4 \%$ ) clothing. Men's clothing sales posted a more moderate increase of $4.0 \%$.

Sales in the home furnishings and electronics category increased, albeit at a much slower pace in October ( $+3.4 \%$ ). This was the weakest year-over-year growth so far in 2002. Sales of indoor furniture edged up $0.9 \%$ and sales of home electronics, computers and cameras remained virtually unchanged ( $+0.1 \%$ ). Consumer purchases of major appliances, which increased 14.4\% from October 2001, accounted for almost two-thirds of the sales gains in this commodity group.

Sporting and leisure goods continued to increase, rising 6.0\% from October 2001. Sales in this commodity group were sustained by robust consumer demand for pre-recorded DVDs, compact discs and videotapes, whose sales jumped 13.1\%. Sales of sporting goods were low ( $+2.4 \%$ ), with declining sales in all but two categories. The exceptions were hunting, fishing and camping equipment, and alpine and cross-country ski equipment.

Sales of hardware and lawn and garden products contracted $5.1 \%$, pulled down by lower sales of lawn and garden furniture, equipment and plants $(-23.7 \%)$ and by hardware and home renovation products $(-2.7 \%)$. Most of the losses stemmed from the outdoor power equipment category, whose sales plummeted $48.0 \%$ from October 2001. This may be due to the unseasonably warm weather in most of Canada at the beginning of October.

Note: The Monthly Survey of Large Retailers provides a breakdown of sales on the basis of commodities at the national level for a group of about 80 large retailers. Monthly sales data for more than 100 commodities are available. The survey includes large retailers mainly in the food, clothing, home furnishings, electronics, sporting goods and general merchandise sectors. These retailers represent about $38 \%$ of total retail sales, excluding recreational and motor vehicle dealers.

## Available on CANSIM: table 080-0009.

Information on methods and data quality available in the Integrated Meta Data Base: survey number 5027.

For general information or to order data, contact Client Services (1-877-421-3067; 613-951-3549; retailinfo@statcan.ca). To enquire about the concepts,
methods or data quality of this release, contact Norman Fyfe (613-951-8308; norman.fyfe@statcan.ca), Distributive Trades Division.

## Farm Product Price Index

September 2002

Prices received by farmers for their agricultural commodities fell $1.1 \%$ in September from September 2001, according to data from the Farm Product Price Index (FPPI). This was the fifth month of year-over-year decreases, after 27 consecutive months of increases.

Crop prices climbed 5.6\% from September 2001, but prices received by farmers for all livestock and animal products fell 8.2\%. The crop index has seen increases in the 12 -month change since September 2000. The livestock index has fallen year-over-year since March.

The FPPI (1997=100) stood at 103.9 in September, up $1.7 \%$ from August. This was the highest level the index had been in the last six months.

## Farm Product Price Index

(1997=100)

|  | $\begin{aligned} & \text { Sept. } \\ & 2001^{r} \end{aligned}$ | $\begin{aligned} & \text { Aug. } \\ & 2002^{r} \end{aligned}$ | Sept. $2002^{p}$ | $\begin{array}{r} \hline \text { Sept. } \\ 2001 \\ \text { to } \\ \text { Sept. } \\ 2002 \\ \hline \end{array}$ | $\begin{array}{r} \text { Sept. } \\ \text { to } \\ \text { Aug. } \\ 2002 \end{array}$ |
| :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  | \% change |  |
| Farm Product Price |  |  |  |  |  |
| Crops | 97.9 | 101.8 | 103.4 | 5.6 | 1.6 |
| Grains | 100.3 | 94.8 | 92.5 | -7.8 | -2.4 |
| Oilseeds | 81.7 | 99.7 | 101.5 | 24.2 | 1.8 |
| Specialty crops | 106.9 | 114.8 | 122.4 | 14.5 | 6.6 |
| Fruit | 99.2 | 98.6 | 97.0 | -2.2 | -1.6 |
| Vegetables | 105.8 | 106.2 | 108.5 | 2.6 | 2.2 |
| Potatoes | 141.0 | 246.1 | 174.1 | 23.5 | -29.3 |
| Livestock and animal products | 110.6 | 102.9 | 101.5 | -8.2 | -1.4 |
| Cattle and calves | 122.4 | 114.9 | 121.6 | -0.7 | 5.8 |
| Hogs | 98.1 | 79.4 | 64.1 | -34.7 | -19.3 |
| Poultry | 96.3 | 90.4 | 91.5 | -5.0 | 1.2 |
| Eggs | 100.0 | 105.4 | 105.9 | 5.9 | 0.5 |
| Dairy | 112.1 | 110.4 | 111.2 | -0.8 | 0.7 |

## Revised figures.

$p$ Preliminary figures.
The crop index was up $1.6 \%$ from August. The index has increased in 7 of the last 12 months. Although there were decreases in the potato, grain and fruit indexes, these were offset by the increases in the oilseed, specialty crop, and vegetable indexes.

The oilseed index increased $1.8 \%$ from August to 101.5, the highest level since July 1998. On a year-over-year basis, the oilseed index rose $24.2 \%$, continuing the upward trend that started
in February 2001, pressured by tight world oilseed supplies.

The specialty crop index was at 122.4 in September, up $6.6 \%$ from August. This increase was influenced mainly by higher prices for lentils, mustard seed and canary seed. On a year-over-year basis, specialty crop prices were up $14.5 \%$ from September 2001. This index has been above year-earlier levels since June 2001.

The September potato index fell 29.3\% from August, but remained $23.5 \%$ above September 2001. Potato prices increased rapidly to record levels this summer as the large decline in potato production in 2001 reduced available stocks.

The livestock index fell 1.4\% in September. Monthly decreases in prices for hogs more than offset increases in those for cattle and calves, poultry, dairy and eggs.

The hog index was down 19.3\% from August to 64.1, the lowest level since April 1999. On a year-to-year basis, the hog index was down $34.7 \%$, the seventh consecutive monthly decrease. Canadian hog prices are being pressured by slower disposition of North American pork supplies and higher slaughter volumes.

The cattle and calves index rose 5.8\% in September to 121.6. On a year-over-year basis, the cattle and calves index was down $0.7 \%$, continuing the downward trend that started in October 2001. Abundant supplies of red meat on the North American market had pressured prices. Before October 2001, the index had been above year-earlier levels every month since January 1997.

## Available on CANSIM: tables 002-0021.

The September 2002 issue of Farm Product Price Index, Vol. 2, no. 9 (21-007-XIB, free) will be available in January on Statistics Canada's website (www.statcan.ca). From the Products and services page, under Browse our Internet publications, choose Free, then Agriculture.

For general information or to order data, call 1-800-465-1991. To enquire about the concepts, methods or data quality of this release, contact Paul Murray (613-951-0065; fax: 613-951-3868; paul.murray@statcan.ca), Agriculture Division.

## Steel primary forms

Week ending December 14, 2002 (preliminary)
Data on steel primary forms production for the week ending December 14 are now available.

Information on methods and data quality available in the Integrated Meta Data Base: survey number 2131.

For more information or to order data, contact the dissemination officer (1-866-873-8789; 613-951-9497;
manufact@statcan.ca), Manufacturing, Construction and Energy Division.

## Deliveries of major grains <br> November 2002

Data on November grain deliveries are now available.

## Available on CANSIM: table 001-0001.

The November 2002 issue of Cereals and oilseeds review (22-007-XIB, \$11/\$112; 22-007-XPB, \$15/\$149) will be available in February 2003. See How to order products.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Susan Anderson (613-951-3859; sue.anderson@statcan.ca), Agriculture Division.

## Asphalt roofing

November 2002
Data on asphalt roofing are now available.

## Available on CANSIM: table 303-0006.

Information on methods and data quality available in the Integrated Meta Data Base: survey number 2123.

The November 2002 issue of Asphalt roofing, Vol. 54, no. 11 (45-001-XIB, \$5/\$47) is now available. See How to order products.

For more information, or to enquire about the concepts, methods or data quality, contact the dissemination officer (1-866-873-8789; 613-951-9497; manufact@statcan.ca), Manufacturing, Construction and Energy Division

## Refined petroleum products

October 2002 (preliminary)
Data on the production, inventories and domestic sales of refined petroleum products are now available for October. Other selected data about these products are also available.

For general information or to order data, contact the dissemination officer (1-866-873-8789; 613-951-9497; energ@statcan.ca). To enquire about the concepts, methods or data quality of this release, contact Gerry Desjardins (613-951-4368; desjger@statcan.ca) or

Randall Sheldrick (613-951-4804; shelran@statcan.ca), Manufacturing, Construction and Energy Division.

## Employer pension plans (trusteed pension funds) <br> Second quarter 2002

Trusteed pension funds reported expenditures of $\$ 11.2$ billion and revenues of $\$ 10.6$ billion, resulting in a negative cash flow of $\$ 668$ million as of June 30, 2002. Losses on the sale of stocks were responsible for the high expenditures. When stock prices are lower than their original purchase price, selling off will result in losses, but the objective is to rebalance the portfolio to take advantage of economic sectors which will do better in the future.

Total industry assets at market prices tumbled from $\$ 580.9$ billion at the end of the first quarter to $\$ 555.4$ billion, down $4.4 \%$. Both the high expenditures and the reduction in the market value of trusteed pension fund assets have the same cause - a reduction in the market value of stocks on the world's stock exchanges. The TSX opened in April, 2002 at 7,851 and closed in June at 7,145 - a drop of $9 \%$.

Trusteed pension funds held $21.7 \%$ of their assets in foreign investments, when measured at market value. However, the legislated limit of $30 \%$ is measured at book value (purchase price). When measured this way, trusteed pension funds held $23.3 \%$ of their total assets in foreign investments. Not all funds have foreign assets, some as a matter of investment policy. Others have up to the legislated limit.

## Available on CANSIM: tables 280-0002 to 280-0004.

For more information about the current survey results and related products and services, or to enquire about the concepts, methods, or data quality of this release, contact Client Services (1-888-297-7355; 613-951-7355; fax: 613 951-3012; income@statcan.ca), Income Statistics Division.

## Cyclical implications of the rising import content in exports

Over the past decade, Canadian industry has undertaken many transformations in response to increased globalization. The paper "Cyclical implications of the rising import content in exports," available today in the latest issue of Canadian economic observer, examines how firms have re-arranged
domestic production to make more use of imports since 1989.

In the five years up to 1994, industries universally used more imports as inputs. This occurred at a time of a high Canada-United States exchange rate and as Canada was beginning a new trading relationship with the United States. After 1994, this increasing import use slowed, partly the result of a falling exchange rate.

Still, by 1999, embedded imports accounted for up to one-third of all our exports. This helped cushion Canadian incomes from the effects of the US recession that started in 2001. Almost all of the export losses were in autos and in machinery and equipment, where imported parts are used the most. This implies that about half of these export declines were actually absorbed by lower imports. In other words, although we did not make as many vehicles or as much machinery and equipment for export, this was partly offset by fewer imported parts and components. So incomes in Canada are not as exposed to declines in exports as is commonly perceived. This is borne out by the exceptionally fast drop after 2000 in trade flows in both directions.

Subtracting the import content of exports reduces the share of GDP earned from exports from $43 \%$ to $28.2 \%$ in 1999. This is up 9.8 points from 1989, not the 17-point increase implied by overall exports. As well, the data analyzed in this report imply that our dependence on the United States for exports is not as great as is widely assumed. This partly explains our ability to surpass US economic growth in recent quarters.

Another consequence of rising import content in exports is that the cyclical behaviour of imports has changed. In the past decade, imports rose despite a recession in domestic demand and then fell without a recession - events that were both without precedent. Instead, fluctuations in imports appear to be more and more driven by changes in export demand, not domestic demand.

The feature article, "Cyclical implications of the rising import content in exports," is now available in the December 2002 issue of Canadian economic observer, Vol. 15, no. 12 (11-010-XPB, \$23/\$227). See How to order products.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Philip Cross (613-951-9162), Current Economic Analysis Group.

## Cyber-crime: Issues, data sources, and feasibility study

The technical report entitled Cyber-crime: Issues, data sources and feasibility of collecting police-reported statistics (85-558-XIE, free) is now available on Statistics Canada's website (www.statcan.ca). From the Products and services page, under Browse our Internet publications, choose Free, then Justice.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Client Services (1-800-387-2231; 613-951-9023), Canadian Centre for Justice Statistics.

## NEW PRODUCTS

Canadian economic observer, December 2002, Vol. 15, no. 12
Catalogue number 11-010-XPB (\$23/\$227).

Sheep statistics, 2000-2002
Catalogue number 23-011-XIE (free).

Mineral wool including fibrous glass insulation, November 2002, Vol. 54, no. 11
Catalogue number 44-004-XIB (\$5/\$47).

Asphalt roofing, November 2002, Vol. 54, no. 11
Catalogue number 45-001-XIB (\$5/\$47).

The Consumer Price Index, November 2002, Vol. 81, no. 11
Catalogue number 62-001-XIB (\$8/\$77).
Available at 7 am Friday, December 20
The Consumer Price Index, November 2002, Vol. 81, no. 11
Catalogue number 62-001-XPB (\$11/\$103).
Available at 7 am Friday, December 20

Imports by commodity, October 2002, Vol. 59, no. 10 Catalogue number 65-007-XMB (\$37/\$361).

Imports by commodity, October 2002, Vol. 59, no. 10 Catalogue number 65-007-XPB (\$78/\$773).

Canada's balance of international payments, Third quarter 2002, Vol. 50, no. 3
Catalogue number 67-001-XIB (\$29/\$93).
Canada's balance of international payments, Third quarter 2002, Vol. 50, no. 3 Catalogue number 67-001-XPB (\$38/\$124).

Cyber-crime: Issues, data sources, and feasibility of collecting police-reported statistics, Catalogue number 85-558-XIE (free).

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 are electronic versions on diskette and -XCB are electronic versions on compact disc.

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[^0]:    $r$ Revised figures.
    $p$ Preliminary figures.

