



The Daily

Statistics Canada

Thursday, August 28, 2003

Released at 8:30 a.m. Eastern time

MAJOR RELEASES

- **Canada's balance of international payments, second quarter 2003** 3
 Canada's current account surplus with the rest of the world fell \$1.8 billion to \$5.1 billion on a seasonally adjusted basis in the second quarter. The decline in the overall balance was led by deteriorating balances for the goods and investment income components.

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Canadian economic observer August 2003

The August 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 July and presents a feature article titled "The impact of self-employment on productivity growth in Canada and the United States." 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 August 2003 issue of *Canadian economic observer*, Volume 16, no. 8 (11-010-XIB, \$17/\$170; 11-010-XPB, \$23/\$227) is now available. See *How to order products*. As a way to encourage you to try the new electronic version, we are offering free access to the electronic version of the August issue of *Canadian economic observer*. This will give you a risk-free opportunity to try out the electronic version. We would also encourage you to send us your feedback on this new medium of delivery by filling the *Readership Survey*.

Visit Canadian economic observer's page on Statistics Canada's website (www.statcan.ca). From the *Canadian statistics* page, choose *Economic conditions*, and on that page see the banner ad for *Canadian economic observer*. For more information, contact Francine Roy (613-951-3627; ceo@statcan.ca), Current Economic Analysis Group.

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NEW PRODUCTS

MAJOR RELEASES

Canada's balance of international payments

Second quarter 2003

Canada's current account surplus with the rest of the world fell \$1.8 billion to \$5.1 billion on a seasonally adjusted basis in the second quarter. The decline in the overall balance was led by deteriorating balances for the goods and investment income components.

In the capital and financial account (not seasonally adjusted), foreign investors again actively acquired Canadian bonds, although they mainly switched to those denominated in foreign currencies. They also bought Canadian stocks, as equity markets picked up. For their part, Canadians continued to buy foreign bonds, bringing their acquisition for the first half of 2003 to an all-time high.

These events occurred against a backdrop of a strengthening Canadian dollar. By the end of the quarter, the Canadian dollar was at over 74 US cents, up six full cents from the first quarter and nearly 11 cents since the beginning of the year.

Current account

Energy prices reduced the goods surplus

The surplus in goods went down \$1.0 billion in the second quarter, as exports decreased more than imports.

Exports of goods reached their lowest level since the fourth quarter of 2001 and their second lowest since the end of 1999. Decreases in energy prices were the main factor in the large drop in exports of energy products. Prices for crude petroleum and for natural gas declined about 15% each in the second quarter, following first quarter increases. The machinery and equipment export decline was mainly distributed between industrial machinery and other machinery and equipment. Exports of motor vehicle parts were at their lowest level since the first quarter of 2001 and were responsible for most of the decline in automotive products. Agriculture products fell as the fear of the bovine spongiform encephalopathy (BSE), or mad cow

Note to readers

Because of the recent problems with electricity in Ontario, several working days were lost in the current production cycle for these statistics, leaving less time to compile, evaluate and review them. While all possible efforts have been taken to assure the quality for these estimates, users are advised that larger-than-normal revisions may be necessary in future.

In addition, a larger-than-usual adjustment has been made to the previously published data on merchandise trade related to the rapid appreciation of the Canadian dollar in the second quarter. As part of a data exchange agreement between Canada and the United States, in existence since the late 1980s, US imports from Canada are used to compile Canadian exports to the United States (and vice versa).

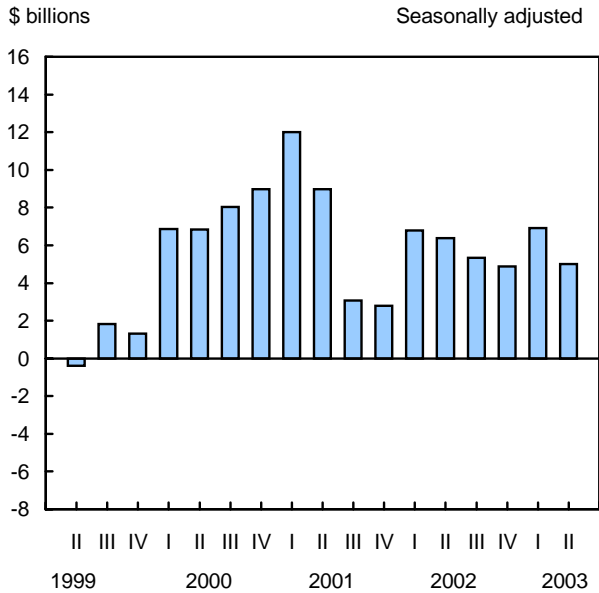
The use of a single set of customs documents as the basis for trade data in each of the national currencies requires exchange rate conversions at various points in the data processing. When exchange rates are stable or shift gradually, this presents little problem. However, the second quarter of 2003 saw the largest exchange rate shift in a single quarter in over half a century. When the trade data were reconciled with production and income data used to compile the quarterly National Accounts GDP figures, discrepancies emerged, in part as a result of the exchange rate conversions inherent in the calculation of trade statistics. Export values have therefore been revised up by \$1 billion and \$2.7 billion for the first and second quarters of 2003, respectively, via a balance of payments adjustment.

These adjustments are preliminary and may also be subject to larger-than-normal revisions in subsequent releases. Additional information on this measurement issue will be released as it becomes available.

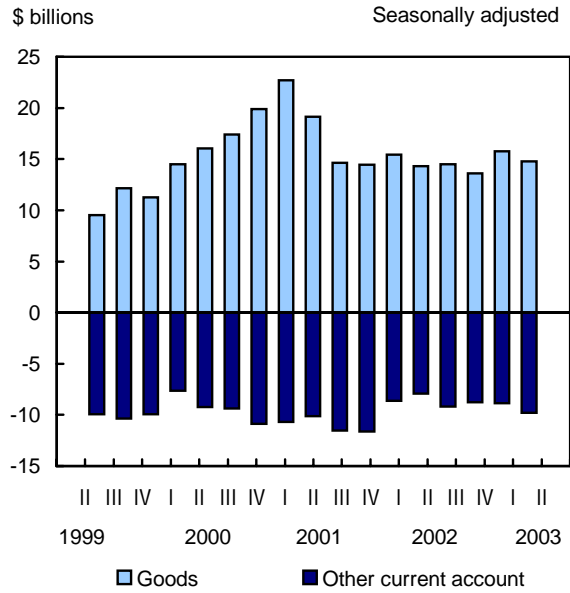
disease, had a large impact on exports of live animals and of meat and meat preparations. Wheat exports improved after five quarters of decline, while exports of lumber reached the lowest level in more than 10 years.

Imports of goods declined \$4.2 billion in the second quarter. Imports of aircraft, engines and parts, which were at the lowest level since 1996, were the main factor behind the \$1.3 billion reduction in imports of machinery and equipment. Industrial goods also had an important decline, spread across several commodities. As with exports, most of the large drop in imports of automotive products resulted from a decline in motor vehicle parts. Crude petroleum prices for imports fell about 13% in the second quarter causing most of the decline in value for that commodity.

Current account balance



Goods and other current account balances



Payments of investment income increased

The deficit on investment income widened \$0.6 billion, as profits earned by foreign direct investors in Canada rebounded in the second quarter. The most important increase was in the finance and insurance sector. The strong Canadian dollar lowered payments of interest on Canadian debt issued in foreign currencies. Investment income receipts remained virtually unchanged, as higher reinvested earnings were offset by lower interest receipts on other investments.

Services deficit remained high

The travel deficit increased \$0.3 billion to \$1.1 billion, as fewer foreign visitors came to Canada in the second quarter. The number of foreign travellers spending at least one night in Canada dropped 14.9% in the second quarter, following a 7.4% decline in the first. Consequently, spending by foreign travellers was reduced by \$0.6 billion and reached \$3.4 billion in the second quarter. A number of factors have contributed to the decreases in travel spending, including the war in Iraq and concerns about severe acute respiratory syndrome (SARS) and BSE, or mad cow disease. This decline was partly offset by Canadians reducing their spending abroad by slightly more than \$0.2 billion.

The situation in the other services improved somewhat, mainly because of higher exports of commercial services. Exports and imports of transportation services both declined. Overall, the services deficit increased slightly to \$2.7 billion, reaching its highest level since 1995.

Financial Account

Portfolio investment strong for a third straight quarter

Foreign portfolio investment in Canadian securities, at \$8.8 billion, was virtually unchanged for a third straight quarter. Foreign investors acquired Canadian bonds and stocks but sold a small amount of money market paper. At the same time, Canadian demand for foreign bonds was again robust, as the year-to-date investment was similar to that for all of 2002.

Cross-border portfolio investment in bonds again strong

Foreign investors bought \$6.4 billion of Canadian bonds, two-thirds of the investment of the first quarter. They acquired both corporate and government bonds. However, there was mixed activity within government bonds, as foreign investors sold a large amount of Government of Canada bonds but bought federal enterprise and provincial direct bonds. Most of the

demand came from Asia, especially Japan, with some investment from the United States. However, the US investment was down sharply from the first quarter. In the second quarter, foreign investment swung to bonds denominated in foreign currencies, whereas the three previous quarters had seen this investment go mainly to Canadian-dollar denominated bonds.

Canadian investors continued to buy foreign bonds in the quarter. The \$2.7 billion investment brought the total for the first half of 2003 to \$6.3 billion, equal to that for all of 2002. The buying in the quarter went entirely to US treasury bonds, as investors sold off a small amount of overseas bonds. In the previous three quarters, Canadian investors had shifted some of their acquisitions to overseas bonds.

Cross-border stock holdings up on strengthening equity markets

Foreign investors returned to buying Canadian equities, as share prices climbed throughout the quarter. They bought \$2.9 billion worth of shares after selling a small amount in the first quarter. At the same time, Canadian demand for foreign equities picked up, as Canadians bought \$0.5 billion of US equities, a major rebound from their selling of \$2.7 billion in the first quarter. The renewed demand came mainly from Canadian pension funds.

Foreign investors sold a small amount (\$0.6 billion) of money market paper, even with a strengthening Canadian dollar and an interest rate differential between Canada and the United States that continued to grow in favour of investing in Canada. There was a shift in the composition of money market investments, as foreign investors bought \$1.3 billion of Government of Canada treasury bills but sold \$1.9 billion of other government and corporate paper.

Direct investment again slow for both assets and liabilities

Foreign direct investors injected \$5.1 billion into the Canadian economy in the second quarter, marking the fourth consecutive quarter of slow investment. This,

however, was an improvement from the very low level of the first quarter. Again, the investment went to existing affiliates for working capital purposes, as investment for acquisitions was virtually nil.

Canadian direct investment abroad fell to a meager \$2.8 billion, down from a moderate \$5.2 billion in the first quarter. Most of the investment was related to reinvested earnings and some small acquisitions.

Other investment

A large decrease in deposit liabilities led to an outflow in other investment category, completely offsetting the increase of the first quarter. As in the previous quarter, transactions between Canadian banks and their foreign affiliates dominated these transactions in deposit liabilities. In both periods, transactions with the United States and the United Kingdom in foreign currencies accounted for the largest part of the flows. Canada's international reserves continued to decline for a fourth consecutive quarter. Over this period, Canada has reduced its reserves by \$5.4 billion. Loan assets and loan liabilities both decreased in the quarter, mainly in repurchase agreements (repos). These repo loans, both asset and liability, had increased in the three previous quarters.

Available on CANSIM: tables 376-0001 to 376-0017 and 376-0035.

Definitions, data sources and methods: survey numbers, including related surveys, 1533, 1534, 1535, 1536 and 1537.

The second quarter 2003 issue of *Canada's balance of international payments* (67-001-XIB, \$29/\$93; 67-001-XPB, \$38/\$124) will be available soon. See *How to order products*.

For more information or to enquire about the concepts, methods or data quality of this release, contact Arthur Ridgeway (613-951-8907), Balance of Payments Division.

□

Balance of payments

	Second quarter 2002	Third quarter 2002	Fourth quarter 2002	First quarter 2003	Second quarter 2003	2001	2002
	Not seasonally adjusted						
	\$ millions						
Current account							
Receipts							
Goods and services	120,597	120,120	119,411	118,491	115,860	480,404	472,628
Goods	106,083	102,235	105,923	105,628	102,135	421,519	414,305
Services	14,514	17,886	13,487	12,863	13,725	58,885	58,323
Investment income	7,778	7,828	9,191	7,644	7,713	26,715	31,638
Direct investment	3,618	3,756	5,196	3,597	3,848	7,297	15,345
Portfolio investment	2,133	2,064	2,064	2,064	2,061	7,907	8,323
Other investment	2,027	2,008	1,923	1,982	1,805	11,511	7,970
Current transfers	1,469	1,543	2,026	1,981	1,455	6,990	7,002
Current account receipts	129,844	129,491	130,628	128,115	125,027	514,110	511,268
Payments							
Goods and services	109,754	105,221	107,862	105,751	105,125	417,908	423,112
Goods	92,830	88,129	91,621	88,419	88,746	350,632	356,459
Services	16,924	17,092	16,241	17,332	16,379	67,276	66,653
Investment income	13,404	15,014	15,970	15,578	14,614	64,029	59,149
Direct investment	4,080	5,613	5,915	6,066	5,880	21,884	20,724
Portfolio investment	7,346	7,497	7,564	7,368	7,153	29,590	29,643
Other investment	1,979	1,904	2,490	2,145	1,580	12,555	8,782
Current transfers	1,060	1,295	1,377	1,998	1,203	5,308	5,641
Current account payments	124,218	121,530	125,209	123,327	120,943	487,245	487,902
Balances							
Goods and services	10,843	14,900	11,548	12,739	10,734	62,496	49,516
Goods	13,253	14,105	14,302	17,209	13,389	70,887	57,846
Services	-2,410	794	-2,754	-4,469	-2,655	-8,391	-8,330
Investment income	-5,626	-7,186	-6,779	-7,935	-6,901	-37,314	-27,511
Direct investment	-462	-1,858	-719	-2,468	-2,033	-14,587	-5,379
Portfolio investment	-5,212	-5,433	-5,493	-5,304	-5,093	-21,683	-21,320
Other investments	48	104	-567	-163	225	-1,044	-811
Current transfers	409	247	650	-17	252	1,682	1,361
Current account balance	5,625	7,961	5,419	4,788	4,084	26,864	23,366
Capital and financial account^{1, 2}							
Capital account	1,476	1,102	842	958	867	5,678	4,816
Financial account	122	-9,830	-9,599	2,057	-11,603	-23,466	-17,961
Canadian assets, net flows							
Canadian direct investment abroad	-8,731	-13,576	-16,205	-5,247	-2,801	-56,737	-45,217
Portfolio investment	-6,866	-3,722	-2,928	-915	-3,146	-37,573	-24,950
Foreign bonds	-2,298	-1,472	-32	-3,604	-2,665	-1,920	-6,243
Foreign stocks	-4,567	-2,250	-2,897	2,689	-482	-35,653	-18,707
Other investment	2,636	-8	-5,943	-24,269	4,388	-19,748	-10,657
Loans	2,237	-1,332	-6,136	-5,152	2,951	-8,011	-7,678
Deposits	2,146	2,377	3,107	-18,940	3,376	-2,173	6,411
Official international reserves	-1,450	1,885	559	2,711	229	-3,353	298
Other assets	-297	-2,938	-3,474	-2,889	-2,167	-6,210	-9,688
Total Canadian assets, net flows	-12,960	-17,306	-25,076	-30,431	-1,559	-114,058	-80,825
Canadian liabilities, net flows							
Foreign direct investment in Canada	7,324	2,620	5,619	3,493	5,097	44,608	32,342
Portfolio investment	8,891	-766	9,339	8,456	8,761	34,669	21,058
Canadian bonds	3,766	5,102	3,691	9,859	6,421	37,351	18,712
Canadian stocks	4,781	-4,076	1,724	-265	2,933	4,667	-1,436
Canadian money market	344	-1,791	3,925	-1,137	-593	-7,349	3,782
Other investment	-3,132	5,622	519	20,539	-23,902	11,315	9,464
Loans	-3,095	1,857	1,670	1,252	-3,147	-7,008	1,216
Deposits	1,868	5,353	-1,128	21,200	-20,597	23,716	13,559
Other liabilities	-1,905	-1,588	-23	-1,913	-158	-5,393	-5,311
Total Canadian liabilities, net flows	13,083	7,476	15,477	32,488	-10,044	90,592	62,864
Total capital and financial account, net flows	1,598	-8,727	-8,757	3,015	-10,737	-17,788	-13,145
Statistical discrepancy	-7,223	767	3,338	-7,803	6,653	-9,076	-10,221

¹ A minus sign denotes an outflow of capital resulting from an increase in claims on non-residents or from decrease in liabilities to non-residents.

² Transactions are recorded on a net basis.

Current account

	Second quarter 2002	Third quarter 2002	Fourth quarter 2002	First quarter 2003	Second quarter 2003	2001	2002
Seasonally adjusted							
\$ millions							
Receipts							
Goods and services	117,357	120,309	119,647	119,781	114,010	480,404	472,628
Goods	102,843	105,650	104,580	105,430	100,235	421,519	414,305
Services	14,513	14,659	15,067	14,351	13,775	58,885	58,323
Travel	4,040	4,195	4,258	3,942	3,367	16,414	16,731
Transportation	2,656	2,700	2,932	2,629	2,455	10,455	10,831
Commercial services	7,444	7,420	7,520	7,406	7,577	30,553	29,312
Government services	374	344	357	373	376	1,463	1,448
Investment income	7,686	7,963	9,111	7,625	7,608	26,715	31,638
Direct investment	3,525	3,923	5,108	3,565	3,732	7,297	15,345
Interest	147	127	144	220	127	341	546
Profits	3,378	3,796	4,964	3,345	3,605	6,956	14,799
Portfolio investment	2,118	2,060	2,089	2,063	2,045	7,907	8,323
Interest	490	394	426	440	428	2,014	1,775
Dividends	1,628	1,666	1,663	1,623	1,617	5,893	6,548
Other investment	2,043	1,980	1,915	1,997	1,831	11,511	7,970
Current transfers	1,616	1,708	1,938	1,748	1,589	6,990	7,002
Private	628	676	630	688	588	2,460	2,619
Official	987	1,032	1,308	1,060	1,001	4,530	4,382
Total receipts	126,658	129,980	130,696	129,154	123,207	514,110	511,268
Payments							
Goods and services	105,516	107,880	107,785	106,654	101,887	417,908	423,112
Goods	88,551	91,137	90,958	89,665	85,440	350,632	356,459
Services	16,965	16,743	16,827	16,989	16,447	67,276	66,653
Travel	4,719	4,665	4,686	4,780	4,470	18,542	18,585
Transportation	3,527	3,718	3,667	3,612	3,380	13,807	14,202
Commercial services	8,507	8,146	8,258	8,379	8,378	34,091	33,005
Government services	211	214	216	219	219	836	861
Investment income	13,435	15,334	16,546	14,090	14,678	64,029	59,149
Direct investment	3,975	5,773	6,537	4,843	5,822	21,884	20,724
Interest	343	327	342	465	474	2,309	1,390
Profits	3,632	5,446	6,194	4,379	5,348	19,576	19,334
Portfolio investment	7,342	7,495	7,584	7,342	7,153	29,590	29,643
Interest	6,901	7,052	7,119	6,782	6,611	27,406	27,891
Dividends	441	442	465	560	542	2,184	1,752
Other investment	2,118	2,067	2,426	1,905	1,703	12,555	8,782
Current transfers	1,331	1,432	1,487	1,494	1,570	5,308	5,641
Private	780	792	814	767	789	2,864	3,120
Official	551	640	672	727	781	2,444	2,521
Total payments	120,283	124,646	125,818	122,238	118,135	487,245	487,902
Balances							
Goods and services	11,840	12,430	11,862	13,127	12,122	62,496	49,516
Goods	14,292	14,513	13,622	15,765	14,795	70,887	57,846
Services	-2,452	-2,083	-1,760	-2,638	-2,672	-8,391	-8,330
Travel	-679	-470	-427	-838	-1,103	-2,128	-1,853
Transportation	-872	-1,017	-736	-982	-925	-3,352	-3,371
Commercial services	-1,064	-726	-738	-972	-802	-3,538	-3,693
Government services	163	130	141	154	157	627	587
Investment income	-5,749	-7,371	-7,435	-6,465	-7,070	-37,314	-27,511
Direct investment	-450	-1,849	-1,429	-1,278	-2,090	-14,587	-5,379
Interest	-196	-200	-199	-244	-347	-1,968	-844
Profits	-254	-1,649	-1,230	-1,034	-1,743	-12,620	-4,535
Portfolio investment	-5,224	-5,435	-5,495	-5,279	-5,108	-21,683	-21,320
Interest	-6,411	-6,659	-6,693	-6,342	-6,183	-25,392	-26,116
Interest	1,187	1,224	1,198	1,063	1,075	3,709	4,796
Dividends	-75	-87	-511	92	127	-1,044	-811
Current Transfers	285	276	451	254	19	1,682	1,361
Private	-152	-116	-185	-79	-201	-404	-501
Official	436	392	636	333	221	2,086	1,862
Current account	6,375	5,334	4,879	6,916	5,072	26,864	23,366

OTHER RELEASES

Industrial product and raw materials price indexes: New release date

July 2003

The regular monthly release of the Industrial product and raw materials price indexes, containing data for July 2003, has been delayed.

The release, originally scheduled for today, has been postponed to September 3 because of difficulties arising from last week's power situation in Ontario.

For more information, contact Danielle Gouin (613-951-3375; danielle.gouin@statcan.ca), Prices Division. ■

Payroll employment, earnings and hours

June 2003 (preliminary)

In June, average weekly earnings for all employees were estimated at \$693.29, up \$6.47 from May. This preliminary estimate represents a 2.1% increase over June 2002.

The strongest year-over-year growth was in Newfoundland and Labrador (+4.6%), New Brunswick (+3.4%) and Saskatchewan (+3.1%). British Columbia, (+1.7%), Alberta (+1.9%) and Ontario (+1.9%) showed more modest earnings growth over the past year.

Average hourly earnings for hourly paid employees increased a modest 1.1% from June 2002, while their average number of paid hours rose from 31.7 hours to 32.4 over the same period.

In June, total payroll employment was virtually unchanged (-3,700) from May. Ontario (-22,300) had

the largest loss, with significant employment declines in retail trade (-11,400) and accommodation and food (-7,300). Quebec had the largest increase (+12,500) with gains in education (+5,100) and health and social services (+8,600).

At the national level, manufacturing recorded a significant employment decline in June (-13,700). Strikes in primary metals manufacturing and beverage manufacturing accounted for a decline of approximately 4,000 employees. Meat products manufacturing recorded an employment decline of 1,500.

Available on CANSIM: tables 281-0023 to 281-0046.

Definitions, data sources and methods: survey number 2612.

Detailed industry data, data by size of enterprise based on employment, and other labour market indicators will be available in September standard tables in the monthly publication *Employment, earnings and hours* (72-002-XIB, \$24/\$240). See *How to order products*. Annual averages for 2002 are now available through CANSIM and by custom tabulations from Labour Statistics Division.

For general information or to order data, contact Client Services (1-866-873-8788; 613-951-4090; fax: 613-951-2869; labour@statcan.ca). To enquire about the concepts, methods or data quality of this release, contact Robert Frindt (613-951-4069), Labour Statistics Division. □

Average weekly earnings for all employees

Industry group (North American Industry Classification System)	June 2002	May 2003 ^r	June 2003 ^p	May to June 2003	June 2002 to June 2003
	Seasonally adjusted				
	\$			% change	
Industrial aggregate	679.32	686.82	693.29	0.9	2.1
Forestry, logging and support	849.94	824.32	832.95	1.0	-2.0
Mining and oil and gas	1,169.87	1,165.49	1,173.68	0.7	0.3
Utilities	1,059.56	1,094.70	1,065.81	-2.6	0.6
Construction	798.51	817.04	817.79	0.1	2.4
Manufacturing	830.51	842.40	845.98	0.4	1.9
Wholesale Trade	774.96	782.98	792.15	1.2	2.2
Retail trade	432.08	445.12	451.16	1.4	4.4
Transportation and warehousing	765.62	764.59	770.44	0.8	0.6
Information and cultural industries	820.40	800.37	807.97	0.9	-1.5
Finance and insurance	844.14	858.96	860.90	0.2	2.0
Real estate and rental and leasing	611.43	589.87	599.87	1.7	-1.9
Professional, scientific and technical services	898.57	906.59	915.15	0.9	1.8
Management of companies and enterprises	845.57	839.56	867.63	3.3	2.6
Administrative and support, waste management and remediation services	535.58	541.67	545.75	0.8	1.9
Educational Services	724.04	754.50	763.31	1.2	5.4
Health care and social assistance	606.76	604.60	616.87	2.0	1.7
Arts, entertainment and recreation	437.08	423.14	417.04	-1.4	-4.6
Accommodation and food services	292.47	273.99	273.84	-0.1	-6.4
Other services (excluding public administration)	530.26	525.22	525.39	0.0	-0.9
Public administration	827.81	853.09	857.29	0.5	3.6
Provinces and territories					
Newfoundland and Labrador	613.29	638.84	641.28	0.4	4.6
Prince Edward Island	538.56	545.87	546.69	0.2	1.5
Nova Scotia	588.08	600.07	598.05	-0.3	1.7
New Brunswick	605.37	618.15	626.02	1.3	3.4
Quebec	643.10	658.30	658.26	0.0	2.4
Ontario	724.35	729.19	737.94	1.2	1.9
Manitoba	605.61	605.66	622.13	2.7	2.7
Saskatchewan	607.62	616.12	626.40	1.7	3.1
Alberta	697.82	692.30	711.02	2.7	1.9
British Columbia	672.26	679.90	683.55	-2.1	1.7
Yukon	765.71	772.41	789.10	2.2	3.1
Northwest Territories ¹	886.49	900.81	905.32	0.5	2.1
Nunavut ¹	803.62	786.45	782.61	-0.5	-2.6

^r Revised estimates.
^p Preliminary estimates.
¹ Data not seasonally adjusted.

Number of employees

Industry group (North American Industry Classification System)	April 2003	May 2003 ^r	June 2003 ^p	April to May 2003	May to June 2003
Seasonally adjusted					
	'000			% change	
Industrial aggregate	13,314.7	13,343.7	13,340.0	0.2	0.0
Forestry, logging and support	58.9	59.7	56.4	1.4	-5.5
Mining and oil and gas	145.3	146.6	150.8	0.9	2.9
Utilities	113.1	113.8	114.4	0.6	0.5
Construction	626.1	631.5	632.7	0.9	0.2
Manufacturing	2,070.1	2,076.8	2,063.1	0.3	-0.7
Wholesale trade	752.6	754.5	749.2	0.3	-0.7
Retail trade	1,594.3	1,602.7	1,591.1	0.5	-0.7
Transportation and warehousing	618.2	614.6	613.6	-0.6	-0.2
Information and cultural industries	353.0	353.1	353.0	0.0	0.0
Finance and insurance	579.3	575.0	576.1	-0.7	0.2
Real estate and rental and leasing	226.6	228.4	226.9	0.8	-0.7
Professional, scientific and technical services	650.7	654.0	647.5	0.5	-1.0
Management of companies and enterprises	90.7	91.1	92.0	0.4	1.0
Administrative and support, waste management and remediation services	586.9	598.0	597.7	1.9	-0.1
Educational Services	964.1	966.0	980.0	0.2	1.4
Health care and social assistance	1,349.0	1,354.0	1,363.8	0.4	0.7
Arts, entertainment and recreation	246.2	243.2	244.4	-1.2	0.5
Accommodation and food services	938.6	930.7	915.3	-0.8	-1.7
Other services (excluding public administration)	493.6	496.4	492.9	0.6	-0.7
Public administration	754.6	761.9	767.6	1.0	0.7
Provinces and territories					
Newfoundland and Labrador	183.9	186.1	186.7	1.2	0.3
Prince Edward Island	62.2	64.8	65.9	4.2	1.7
Nova Scotia	377.8	381.4	382.9	1.0	0.4
New Brunswick	304.2	307.9	309.8	1.2	0.6
Quebec	3,149.4	3,157.7	3,170.2	0.3	0.4
Ontario	5,168.6	5,171.1	5,148.8	0.0	-0.4
Manitoba	525.1	524.4	523.4	-0.1	-0.2
Saskatchewan	394.3	397.5	394.7	0.8	-0.7
Alberta	1,448.1	1,452.3	1,457.1	0.3	0.3
British Columbia	1,645.2	1,646.3	1,648.1	0.1	0.1
Yukon	15.9	16.1	16.3	1.3	1.2
Northwest Territories ¹	21.7	22.3	23.0	2.8	3.1
Nunavut ¹	11.2	10.9	10.9	-2.7	0.0

^r Revised estimates.

^p Preliminary estimates.

¹ Data not seasonally adjusted.

Impact of self-employment on productivity growth in Canada and the United States 1988 to 1998

Almost all the difference in the growth in labour productivity between Canada and the United States during the 1990s can be attributed to bigger gains in self-employment in Canada, combined with the poorer income performance of self-employed individuals, a new study has found.

This study, published today in *Canadian economic observer*, examines the impact of self-employment on the growth in labour productivity in the business sector from 1988 to 1998.

During this 10-year period, self-employment accounted for the majority of job growth in Canada. However, at the same time, earnings per worker in the self-employed sector were well below those in other sectors, and these earnings fell increasingly, relative to those of others.

The combination of these two factors — strong growth in self-employment and weak growth in self-employed net income — put downward pressure on the growth in aggregate labour productivity in Canada's business sector.

In contrast, south of the border, the growth in net income of the self-employed in the United States outpaced overall productivity growth in the business sector during the 1990s.

As a result, when self-employed income was removed from the business sector and labour productivity measures are recalculated, the gap in the growth of labour productivity between Canada and the United States virtually disappeared.

Labour productivity is the ratio of output to labour input, that is, hours worked. For the purposes of this report, the self-employed sector consists mainly of unincorporated entrepreneurs working on their own. Self-employment affected labour productivity because of its rapid growth. From 1990 to 1998, 55% of Canada's total net job growth came from self-employment.

Canada and the United States had quite different experiences in this area during the 1990s. In Canada, the share of self-employment was 4% to 5% higher than in the United States, while net income per each self-employed person was at least 50% lower in Canada.

During the 10-year period, the unincorporated self-employment category pulled up US business-sector labour productivity (measured as mixed output per hour worked) by 4.1% above the rate that at otherwise would have existed. In Canada, however, self-employment pulled nominal output per hour worked down by 2.9%.

In other words, the unincorporated self-employed sector slowed aggregate productivity growth in Canada, but enhanced it in the United States.

When the Canada and US nominal output measures were deflated, and the difference in cumulative growth rates was calculated, the gap in labour-productivity growth between the United States and Canada was reduced to negligible levels.

The feature article "The impact of self-employment on productivity growth in Canada and the United States" is now available in the August 2003 issue of the *Canadian economic observer*, Vol. 16, no. 8 (11-010-XIB, \$17/\$170; 11-010-XPB, \$23/\$227). See *How to order products*.

A more extensive background research paper, *The impact of self-employment on labour productivity growth: A Canada and United States comparison* (11F0027MIE2003016, free), is now available on Statistics Canada's website (www.statcan.ca). From the *Our products and services* page, under *Browse our Internet publications*, choose *Free*, then *National accounts*.

For more information, or to enquire about the concepts, methods or data quality of this release, contact John Baldwin (613-951-8588), Micro-Economic Analysis Division. ■

Fact-sheet on unionization in Canada

The August 2003 issue of *Perspectives on labour and income*, released earlier this week, provides an annual update on unionization in Canada. This year's update

extends the profile to the first half of 2003. As in past releases, data on earnings, wage settlements, inflation, and strikes and lockouts are also provided.

At 13.2 million, average paid employment (employees) during the first half of 2003 was 342,000 higher than during the same period a year earlier. Union membership also grew, from 3.9 million to 4.0 million. The increase in union membership, however, was proportionately larger than that for employees, so the union rate (density) rose from 30.3% to 30.5%.

The August 2003 online edition of *Perspectives on labour and income*, Vol. 4, no. 8 (75-001-XIE, \$5/\$48) is already available. See *How to order products*.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Henry Pold (613-951-4608; henry.pold@statcan.ca), Labour and Household Surveys Analysis Division. ■

Social Policy Simulation Database and Model

The Social Policy Simulation Database and Model (SPSD/M), Version 9.2, based on 1997 microdata, is now available. The SPSD/M is a static microsimulation model. It is comprised of a database, a series of tax/transfer algorithms and models, analytical software and user documentation. The SPSD/M has been produced as an occasional product starting in 1985. It has been in wide use by policy analysts in Canada studying virtually every change to the tax and transfer system since that time.

The SPSD/M is a tool designed to analyse the financial interactions of governments and individuals/families in Canada. It allows estimation of the income redistributive effects or cost implications of changes in the personal taxation and cash transfer system. The SPSD/M assists researchers examining the potential impacts of changes in taxes, earnings, demographic trends, and a wide range of other factors. It can be used to study federal and provincial tax and transfer changes from 1988 through 2005.

The SPSD/M allows us to answer "what if" types of questions: What if there were a change to the taxes Canadians paid or transfers they received? Who would gain and who would lose? Would single parent households in a particular province be better off? By how much? How much extra money would federal or provincial governments collect or pay out?

The *Social Policy Simulation Database and Model* CD-ROM (89F0002XCB, \$5,000/\$12,500) is now available. To order a copy, contact Dominique Paré-Champoux (613-951-1782).

For more information, contact Chantal Hicks (613-951-5311; spsdm@statcan.ca), Socio-Economic Analysis and Modeling Division. ■

Stocks of frozen and chilled meats

August 2003

Total frozen and chilled red meat in cold storage at the opening of the first business day of August amounted to 96 731 metric tonnes, up 6% from 91 202 tonnes in July and up 21% from 79 759 tonnes in August 2002.

Available on CANSIM: tables 003-0005 and 003-0041.

Definitions, data sources and methods: survey number 3423.

The publication *Stocks of frozen and chilled meats* (23-009-XIE, free) is now available on Statistics Canada's website (www.statcan.ca). From the *Our products and services* page, under *Browse our Internet publications*, choose *Free*, then *Agriculture*.

For general information, call 1-800-465-1991. To enquire about the concepts, methods and data quality of this release, contact Barbara McLaughlin (902-893-7251; barbara.mclaughlin@statcan.ca), Agriculture Division. ■

Cereals and oilseeds review

June 2003

The data from the June issue of the *Cereals and oilseeds review* are now available. The information includes data on production, stocks, cash and futures prices, domestic processing, exports, farmers' deliveries, and supply-disposition analyses.

The July situation report, an overview of current market conditions, both domestic and international, is also included in the June 2003 issue of *Cereals and oilseeds review* (22-007-XIB, \$11/\$112; 22-007-XPB, \$15/\$149), which will be available in September. See *How to order products*.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Les Macartney (613-951-8714; les.macartney@statcan.ca), Agriculture Division. ■

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Thursday, June 5, 1997
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- **Productivity, hourly compensation and unit labour cost, 1995** 4
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Published each working day by the Communications Division, Statistics Canada, 10-H, R.H. Coats Bldg., Tunney's Pasture, Ottawa, Ontario K1A 0T6.

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