



The Daily

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MAJOR RELEASES

- **Foreign control in the Canadian economy, 2001 and 2002** 2
Foreign control in the Canadian economy (as measured by share of assets for all corporations) remained virtually unchanged for the second straight year in 2002. Foreign-controlled firms held just over one-fifth (21.7%) of assets, which was similar to levels recorded in the mid-1990s.

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MAJOR RELEASES

Foreign control in the Canadian economy

2001 and 2002

Foreign control in the Canadian economy (as measured by share of assets for all corporations) remained virtually unchanged for the second straight year in 2002.

Foreign-controlled firms held just over one-fifth (21.7%) of assets, which was similar to levels recorded in the mid-1990s, and up only slightly from those of the early 1990s.

Growth in assets of Canadian-controlled enterprises kept pace with those of foreign-controlled enterprises in 2002, both rising by just over 4% from the year before. Canadian-controlled enterprises reported just over \$3.4 trillion in assets, while foreign-controlled assets rose to just over \$950 billion.

The value of corporate assets almost doubled between 1992 and 2002. Gains were marginally higher for foreign-controlled than Canadian-controlled corporations. While foreign-controlled corporations doubled their assets to just under \$1 trillion in 2002, Canadian-controlled corporations reported a 93% gain to \$3.4 trillion.

On the other hand, a second measure, the share of operating revenues earned by foreign-controlled firms, paints a slightly different picture. Using this measure, foreign control has stabilized around the 30% mark since 1999 after increasing steadily through much of the 1990s.

In the case of operating revenues, corporations under domestic control recorded the larger gain in 2002. Their revenues reached just over \$1.7 trillion, up 2% from 2001, while those for foreign-controlled corporations dipped 2% to \$704 billion.

United States by far biggest foreign player

The United States continues to be the biggest foreign player in the Canadian economy. As Canada's

Note to readers

The Corporations Returns Act is administered by the Chief Statistician of Canada under the authority of the Minister of Industry. The purpose of the Act is to collect financial and ownership information on corporations conducting business in Canada and to use this information to evaluate the extent and effect of non-resident control of the Canadian corporate economy.

The Corporations Returns Act requires that an annual report be submitted to Parliament summarizing the extent to which foreign control is prevalent in Canada. The document being released today is that report for reference years 2001 and 2002.

Asset-based measures of foreign control provide a longer-term perspective, reflecting economic decisions and market conditions that evolve more slowly over time. Revenue-based measures tend to reflect current business conditions and therefore, tend to be more volatile than asset-based measures. Both are of interest and both have been included in this report.

nearest neighbour and largest trading partner, the United States continues to dominate foreign-controlled corporations operating in Canada.

US-controlled corporations accounted for 61.7% of foreign control in assets and 65.4% in operating revenues in 2002, little changed from 2000.

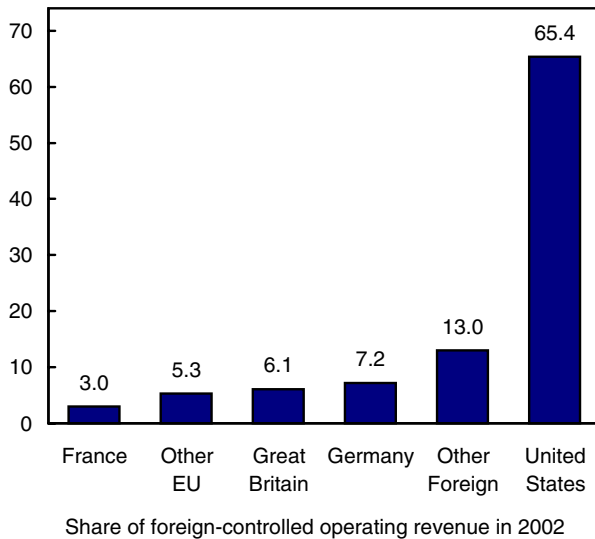
The importance of the United States becomes evident when its role is compared against that of the European Union. Operating revenue generated by US-controlled corporations operating in Canada were triple those of EU-controlled corporations in both 2001 and 2002.

Among individual countries, Germany continues to place second, as it has since 1999, using operating revenue as the measure. Germany accounted for 7.2% of foreign-controlled revenue in 2002, good enough for second place but well behind the United States.

Germany had just edged out Great Britain by a single point. This is a change from 1999 when Great Britain placed second.

United States by far largest foreign player

percentage of foreign-controlled revenue



Foreign control more prevalent in the non-financial sector

Foreign control continues to be more prevalent in the non-financial sector of the economy where foreign interests held 28.0% of assets and generated 29.5% of operating revenues in 2002.

By comparison, foreign-controlled firms only accounted for 14.9% of assets and 23.7% of operating revenues in the finance and insurance industries in 2002, reflecting tighter regulatory controls in this sector of the economy.

Foreign control continues to be most prevalent in manufacturing and oil and gas. Foreign-controlled and Canadian-controlled firms share roughly equally in the operating revenue held by manufacturing firms.

For 2001, foreign interests generated 52.8% of manufacturing revenue, and for 2002, they generated 51.8%. Similarly for oil and gas, 49.9% of its operating revenues came from corporations under foreign control in 2002.

Foreign control peaked in the early 1970s among non-financial industries

Foreign control was at its peak in the late 1960s and early 1970s for the non-financial industries. This came after a period of record growth that also saw the introduction of the Canada-US Auto pact.

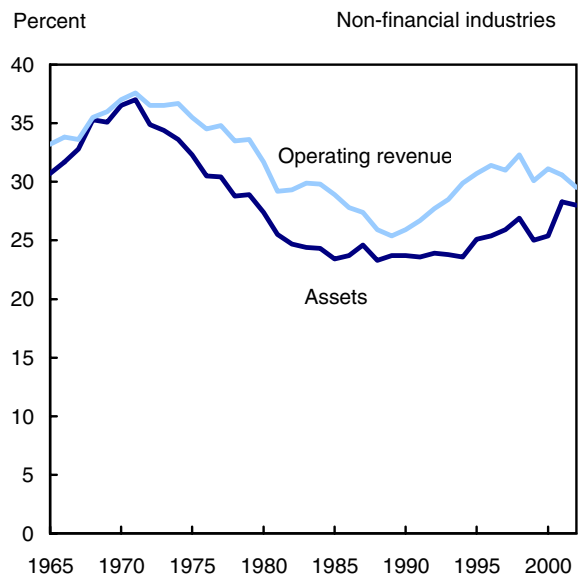
After reaching its peak in 1971, foreign control declined steadily until the mid-1980s. During this period,

the Canadian economy suffered through a recession and a major oil crisis.

By the late 1980s, foreign control was on the rise again with a surge in mergers and acquisitions activity. Foreign control continued to rise steadily throughout much of the 1990s as "globalization" picked up steam and international trading partnerships (such as NAFTA, the European Union and the Association of South-East Nations) were formed.

By 2000, foreign control had levelled out at 31.1% of operating revenue, well below the peak of 37.6% in 1971.

Foreign control at its peak in early 1970s



Operating profits hold steady

Operating profits held steady at \$172.7 billion in 2002. Profits of Canadian-controlled corporations rose slightly to \$122.9 billion in 2002, compared with a slight dip in profits to \$49.9 billion for foreign-controlled corporations.

Canadian-controlled corporations continue to generate a strong majority of the profits in both the non-financial industries and the finance and insurance industries.

In the non-financial sector, Canadian-controlled corporations continue to account for two-thirds of the profits. In the financial sector, Canadian-controlled corporations continue to account for close to 80% of profits.

Manufacturing posts highest operating profits of any industry

Manufacturing reported operating profits of \$38.0 billion in 2002, the highest of any industry. Foreign-controlled corporations accounted for 50.8% of these profits.

A distant second was banking and credit unions, which generated nearly \$17 billion in operating profits. By contrast, virtually all of these profits (94.0%) were generated by Canadian-controlled firms.

In the oil and gas industry, foreign-controlled corporations generated \$6.6 billion, or 45.2%, of the industry's \$14.6 billion in profits in 2002. Profits were considerably higher in 2001 at \$20.4 billion, yet the split

between foreign-controlled and Canadian-controlled profits remained the same.

Available on CANSIM: table 179-0004.

Definitions, data sources and methods: survey number 2503.

The report *Corporations Returns Act: Foreign Control in the Canadian Economy, 2001 and 2002* (61-220-XIE, \$32) will soon be available.

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

OTHER RELEASES

Registered retirement savings plan contributions

2003

Canadians increased their contributions to a Registered Retirement Savings Plan (RRSP) in the 2003 tax year for the first time in three years. The number of contributors declined slightly.

In total, 5,948,000 taxfilers contributed nearly \$27.6 billion to an RRSP. Contributions rose 1.8% from 2002, while the number of contributors was down 0.7%. Data came from income tax returns filed in the spring of 2004.

The turnabout in contributions followed two years of declines and may have been the result of an increase in the maximum annual RRSP contribution limits. The limits are based on 18% of the previous tax year's earned income, to a fixed maximum (\$14,500 in 2003, up from \$13,500 in 2002), less any pension adjustment, plus any carry forward of unused room.

Women accounted for 38% of total RRSP contributions, down from 39% in 2002. Their median contribution remained virtually unchanged at \$2,100. (The median is the point at which half of contributors are below and half are above.)

To be eligible to contribute to an RRSP, a taxfiler must have either new room as a result of qualifying income from the previous year (generally employment income) or unused room from earlier years.

In the 2003 tax year, 78% of those who filed taxes had room from either the previous or earlier years. Of these, about 34% actually made contributions.

However, the total contributions of \$27.6 billion represented only about 9% of the total room available to these individuals.

Contributions rose in most provinces and territories, with the exception of Nova Scotia, Saskatchewan, Prince Edward Island and Nunavut. The number of contributors fell slightly in all provinces and territories, except Northwest Territories and Newfoundland and Labrador.

Contributors in the Northwest Territories recorded the largest percentage increase in contributions at 5.0%, followed by those in New Brunswick (+4.3%) and Newfoundland and Labrador (+3.1%).

Nunavut continued to record the highest median contribution (\$4,300) just as it has since coming into existence in 1999.

Newfoundland and Labrador had the largest shift in median contribution. In 2003, the province's median contribution was \$2,200, up from \$2,000 in 2002.

Available on CANSIM: tables 111-0039 to 111-0041.

Definitions, data sources and methods: survey number 4106.

The databanks *RRSP Contributors* (17C0006, various prices), *RRSP Contribution Limits* (17C0011, various prices) and *Canadian Taxfilers* (17C0010, various prices) are available for Canada, the provinces and territories, cities, towns, census metropolitan areas, census divisions, federal electoral districts, and areas as small as forward sortation areas (the first three characters of the postal code), and letter carrier routes.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Client Services (1-866-652-8443; 613-951-9720; fax: 1-866-652-8444 or 613-951-4745; saadinfo@statcan.ca), Small Area and Administrative Data Division. □

RRSP contributors 2003

	Number of contributors	2002 to 2003 % change	Contributions \$ thousands	2002 to 2003 % change	Median contribution \$
Canada	5,948,340	-0.7	27,561,305	1.8	2,600
Newfoundland and Labrador	60,520	1.1	255,668	3.1	2,200
Prince Edward Island	19,230	-0.8	77,639	-1.2	2,000
Nova Scotia	131,130	-0.9	548,364	-0.6	2,000
New Brunswick	101,260	-0.4	407,399	4.3	2,000
Quebec	1,514,600	-0.1	6,377,478	2.0	2,400
Ontario	2,322,730	-1.1	11,470,632	2.2	2,700
Manitoba	206,300	-0.4	799,403	0.7	2,100
Saskatchewan	167,030	-2.6	665,317	-0.7	2,200
Alberta	650,820	-0.5	3,167,730	1.4	2,800
British Columbia	759,340	-0.6	3,710,505	1.7	2,900
Yukon	5,730	-1.7	28,974	1.5	3,100
Northwest Territories	7,390	2.1	39,161	5.0	3,400
Nunavut	2,260	-2.6	13,036	-8.4	4,300

Public sector technology transfer in Canada 2003

Technology acquired from universities, hospitals or government labs has played a major role in the success of more than 4,400 Canadian companies, according to a new report on technology transfer.

An estimated 3,000 firms found that the acquisition of technology from a Canadian university played a major role in their inception or growth, as did some 1,930 firms that acquired technology from Canadian hospitals.

A further 700 firms reported the same for technology acquired from federal government labs.

During 2003, an estimated 1,400 firms licensed technologies from universities, while about 1,670 licensed technologies from hospitals and 1,400 licensed technologies from federal government labs.

About 1,350 firms considered themselves as spin-offs from Canadian universities.

Of the \$22 billion in research and development performed in Canada in 2003, about 10% was done by the federal government and 35% by universities. This report is a first Canadian attempt to view the impact of federally-funded research from the perspective of the whole economy. Despite the fact that technology transfer from public sources is a rare event, the number of transfers reported on the business side is much higher than those previously reported by the public institutions.

Definitions, data sources and methods: survey number 4225.

The working paper *Public Sector Technology Transfer in Canada 2003* (88F0006XIE2004018, free) is now available online. From the *Our products and services* page, under *Browse our Internet publications*, choose *Free*, then *Science and technology*.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Michael Bordt (613-951-8585; fax: 613-951-9920; michael.bordt@statcan.ca), Science, Innovation and Electronic Information Division.

Production and disposition of tobacco products

September 2004

Canadian manufacturers sold 3.3 billion cigarettes in September, down 5% from August and 5% lower compared with September 2003.

Cigarette production reached 3.7 billion cigarettes in September, up 14% from August, but 1% lower compared with the level of September 2003.

At 3.6 billion cigarettes, the level of closing inventories for September increased by 4% from August, and increased 1% over the level recorded in September 2003.

Available on CANSIM: table 303-0062.

Definitions, data sources and methods: survey number 2142.

The September 2004 issue of *Production and Disposition of Tobacco Products*, Vol. 33, no. 9 (32-022-XIB, \$6/\$51) is now available. See *How to order our products*.

For general information, or to enquire about the concepts, methods or data quality of this release, contact the dissemination officer at (613) 951-9497 or call the toll-free number 1-866 873-8789 (*manufact@statcan.ca*), Manufacturing, Construction and Energy Division. ■

Airport activity statistics

Annual 2003 (preliminary)

Airport activity data for 2003 are now available.

Definitions, data sources and methods: survey number 2701.

For more information, or to enquire about the concepts, methods or data quality of this release,

contact Rolf Hakka (613-951-0068; fax: 613-951-0010; *aviationstatistics@statcan.ca*), Transportation Division. ■

Sawmills and planing mills

August 2004

Data on sawmills and planing mills are now available for August.

Available on CANSIM: table 303-0009.

Definitions, data sources and methods: survey numbers, including related surveys, 2134 and 2135.

The August 2004 issue of *Sawmills and Planing Mills*, Vol. 58, no. 8 (35-003-XIB, \$10/\$93) 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 the dissemination officer (1-866-873 8789; 613-951-9497; *manufact@statcan.ca*), Manufacturing, Construction and Energy Division. ■

NEW PRODUCTS

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**Science, Innovation and Electronic Information
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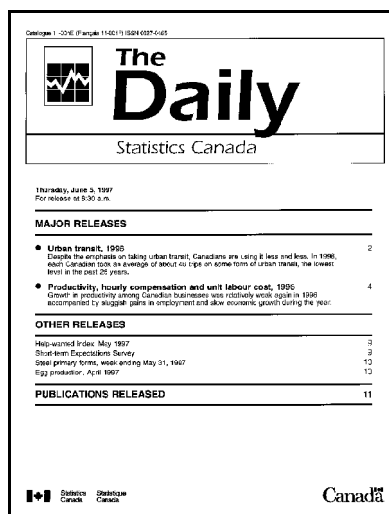
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