



# The Daily

## Statistics Canada

**Monday, May 17, 2004**

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### MAJOR RELEASES

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- **Study: Why the earnings of new immigrants to Canada have deteriorated over time, 1966 to 2000** 3  
The earnings of new immigrants to Canada deteriorated during the 1980s and 1990s because of a complex set of factors involving the value of foreign job experience, language abilities and nation of origin, according to a new study.

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#### Crop Condition Assessment Program

Canada's agriculture sector now has free Internet access to Statistics Canada's *Crop Condition Assessment Program* (CCAP), a key source of dynamic information about crop and pasture growing conditions in Western Canada and the northern plains of the United States.

The CCAP combines leading-edge technologies from satellite remote sensing, Geographic Information Systems (GIS), and Internet-based mapping to provide timely and reliable information on crop and pasture/rangeland growing conditions. The growing conditions are updated on a weekly basis with the capability to compare this season's conditions with that of previous years. The timeliness of the CCAP is invaluable when management decisions require the most up-to-date crop condition information possible, especially when obtaining warnings about problems such as drought, disease or insect damage, which the CCAP can detect at an early stage.

The free Internet access is a result of an agreement between Statistics Canada and Agriculture and Agri-Food Canada (AAFC) that combines efforts to provide the producers, the agriculture industry, the governments and the public with the most time-critical and objective information possible.

The information package *Crop Condition Assessment Program* (22-205-XIE, free) is now available online. It can also be accessed through the AAFC's Drought Watch web page ([www.agr.gc.ca/pfra/drought](http://www.agr.gc.ca/pfra/drought)).

For more information, contact Gordon Reichert (613-951-3872), Agriculture Division, Statistics Canada, or Ted O'Brien (306-780-6000), Agriculture and Agri-Food Canada.



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## MAJOR RELEASES

### Study: Why the earnings of new immigrants to Canada have deteriorated over time 1966 to 2000

The earnings of new immigrants to Canada deteriorated during the 1980s and 1990s because of a complex set of factors involving the value of foreign job experience, language abilities and nation of origin, according to a new study.

This study uses census data to evaluate the relative importance of a number of common explanations of why the entry earnings of Canada's immigrants have deteriorated over the past 30 years.

Immigrant men who arrived between 1995 and 1999 had estimated earnings in their first year in Canada that were on average 24% lower than their counterparts who arrived between 1965 and 1969, after adjusting for inflation. This is with comparable amounts of foreign experience and years of schooling.

Roughly one-third of the deterioration in the earnings of new immigrants appears to be the result of a decline in the value of foreign labour market experience. This decline has occurred almost exclusively among men from Canada's non-traditional source regions, which include Eastern Europe, Africa and Asia.

It may be that there is an issue regarding the valuation of foreign credentials in the Canadian labour market. However, this analysis suggests that the value of a foreign university degree has fallen little during the past 30 years. Hence, this factor does not contribute significantly to the understanding of the decline in entry earnings.

The study found little or no evidence to support the perception that the foreign education of Canada's most recent immigrant men was valued any less by Canadian employers than that of immigrants who came to Canada 30 years ago. This is true whether education is measured as completed years of foreign schooling or as acquired educational credentials from foreign institutions, such as high school diplomas and university degrees.

The study also found that the group of immigrants who arrived during the late 1990s came from different nations, and spoke different languages, than those of the late 1960s. Roughly one-third of the earnings deterioration was associated with these compositional factors.

A number of other factors may have also contributed to the earnings decline. One possibility is that immigrants could have experienced a deterioration in

#### Note to readers

*This release is based on a study titled, Explaining the Deteriorating Entry Earnings of Canada's Immigrant Cohorts: 1966 to 2000, which is now available online for free.*

*The study uses data from five consecutive censuses (1981, 1986, 1991, 1996, and 2001) to explain why the entry earnings of immigrant men have deteriorated over the past three decades.*

*Entry earnings refer to the estimated labour market earnings of immigrants within the first full year of their arrival in Canada.*

*Traditional regions include the United States and Northern, Western and Southern Europe.*

*Non-traditional regions include Eastern Europe, Africa and Asia.*

*The study compares entry earnings between immigrant men who arrived in seven different time periods—from 1965 to 1969, from 1970 to 1974, from 1975 to 1979, from 1980 to 1984, from 1985 to 1989, from 1990 to 1994 and from 1995 to 1999.*

*Earnings are defined as income from wages, salaries and net income from self-employment. Earnings were adjusted for inflation using the Consumer Price Index to make comparisons between census years more meaningful.*

*The analysis is limited to male workers because the measure of labour market experience is potential years of experience, which assumes that all years following the completion of school were spent working. This measure is less reliable for women.*

the earnings they obtained in their first year of work that mirrored the deterioration in the earnings experienced by young Canadian-born workers when they first entered the labour market. A deterioration in the earnings of new labour market entrants, which includes both young Canadian-born and new immigrants, may have contributed to the decline in immigrant earnings.

#### Value of foreign work experience has declined significantly

The value of foreign work experience in Canada's labour markets has declined significantly over the past 30 years.

Among immigrants who arrived in Canada during the late 1960s, an additional year of foreign experience raised their earnings by an estimated 1.5%. However, immigrants of the late 1990s obtained a return of only 0.3% on average for each additional year of foreign experience.

This decline occurred almost exclusively among men from Eastern Europe, Africa and Asia. Immigrants from Northern, Western and Southern Europe, as well as those from the United States, saw essentially no change in the returns to their foreign experience.

Immigrants from Eastern Europe, Africa and Asia who arrived in the late 1960s obtained, on average, a return of 1.1%. The return to foreign work experience for immigrants of the 1990s from these regions appears to have fallen to essentially zero.

On average, an additional year of work experience raised the earnings of traditional source-country immigrants who arrived in Canada in the late 1990s by 1.8%, down slightly from 2.0% for those who arrived in the late 1960s.

The return to an additional year of labour market experience for a Canadian-born man with the same level of experience as the average new immigrant was 3.5%.

The exact cause of this trend remains unclear. One possible explanation is that technological change has progressed differently in Canada than in the non-traditional immigrant source regions. As a result, the skills immigrants bring to Canada are less applicable in Canadian labour markets. However, other possible explanations exist outside the scope of this study.

#### **No evidence that foreign education valued any less than in earlier decades**

Unlike foreign work experience, there is little or no evidence that the foreign education of Canada's most recent immigrant men was valued any less in the Canadian labour market than that of immigrants of the 1960s and 1970s.

For example, on average, a four-year university degree from abroad raised the earnings of immigrants of the late 1990s by 38.0% above those of immigrants arriving in the same period with only a high school diploma. This increase was essentially unchanged from a return of 38.1% received by immigrants who arrived in the late 1960s.

The return to education among immigrants from Canada's non-traditional source regions has been lower than that of immigrants from Canada's traditional source regions for some time.

For example, between 1995 and 1999, the expected increase in earnings resulting from a university degree obtained in a traditional source region was 47.8%, compared with 36.2% if the degree was obtained in a non-traditional source region.

One possible explanation for this difference is that education from non-traditional source countries is less likely to be recognized by Canadian employers. The results, however, do not suggest that this is a new phenomenon.

#### **Entry earnings are traditionally lower for men from Asia, Africa and Eastern Europe**

Entry earnings have traditionally been lower for new immigrant men from regions such as Asia, Africa and Eastern Europe.

For example, on average over the past 30 years, new immigrant men from Asia had earnings in their first year in Canada that were 10% to 15% lower than immigrants from the United States with similar years of experience and schooling, and even lower than comparable men from Northern, Western and Southern Europe.

As the share of immigrants from regions with traditionally lower entry earnings increased, the entry earnings of immigrants as a whole declined.

Between 1965 and 1969, 70% of Canada's immigrant men were born in the United States or Northern, Western or Southern Europe, and only 21% in Eastern Europe, Africa or Asia. By the late 1990s, these proportions had almost reversed.

An important part of the explanation for the disparity in entry earnings between immigrants from Asia, Africa and Eastern Europe and the more traditional countries is the fact that the labour market return to foreign experience and schooling from Canada's traditional source countries has always been higher.

The changing composition of immigrants with respect to mother tongue was associated with the decline in earnings, in a manner similar to that of the changing composition by source region. Immigrant men with an English or French mother tongue have always had earnings that were significantly higher than immigrants with a foreign mother tongue.

This disparity in earnings exists after accounting for differences in labour market experience and education. The proportion of new immigrants with a foreign mother tongue rose during the 1980s and 1990s. This compositional shift is associated with the decline in entry earnings for immigrants as a whole.

Additional possible factors include differences in immigrants' familiarity with Canadian labour markets, particularly how to find jobs; differences in immigrants' access to social networks, which might be an important determinant of whether immigrants obtain jobs in high-wage firms or sectors of the economy; and discrimination. Identifying the role of these possible factors is beyond the scope of this study.

The research paper *Explaining the Deteriorating Entry Earnings of Canada's Immigrant Cohorts: 1966 to 2000* (11F0019MIE2004225, free) is now available online. To access the Analytical Studies Research Paper Series, select *Studies* on the left side

bar from the home page, then, under *Browse periodical and series*, choose *Free and for sale*. Under *Series*, select *Analytical Studies Branch*.

contact Abdurrahman Aydemir (613-951-3821) or Mikal Skuterud (613-951-3881), Family and Labour Studies Division.

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

### Expected increase in earnings resulting from an additional year of foreign experience

Period of arrival	Traditional source regions	Non-traditional source regions	All immigrants
	%		
1965 to 1969	2.00	1.10	1.50
1970 to 1974	2.10	1.00	1.50
1975 to 1979	2.30	1.00	1.50
1980 to 1984	2.10	0.80	1.30
1985 to 1989	2.30	0.70	1.10
1990 to 1994	1.70	0.20	0.60
1995 to 1999	1.80	-0.10	0.30

**Note:** Estimated returns are predictions of changes in the natural logarithm of weekly earnings, so they are only approximations of percentage changes. Foreign experience returns are predictions for an immigrant who arrives in Canada with seven years of foreign experience. University degree returns represent the difference in predicted earnings between an immigrant with 12 years of foreign schooling and a foreign high school diploma and an immigrant with 16 years of foreign schooling and both a foreign high school diploma and a university degree. All the remaining variables in the model are held constant.

### Expected increase in earnings (relative to having a high school diploma) resulting from a foreign university degree

Period of arrival	Traditional source regions	Non-traditional source regions	All immigrants
	%		
1965 to 1969	38.30	37.00	38.10
1970 to 1974	42.50	34.10	37.50
1975 to 1979	40.70	33.40	35.60
1980 to 1984	46.60	38.70	41.00
1985 to 1989	42.90	35.20	35.60
1990 to 1994	43.90	34.20	36.30
1995 to 1999	47.80	36.20	38.00

**Note:** Estimated returns are predictions of changes in the natural logarithm of weekly earnings, so they are only approximations of percentage changes. Foreign experience returns are predictions for an immigrant who arrives in Canada with seven years of foreign experience. University degree returns represent the difference in predicted earnings between an immigrant with 12 years of foreign schooling and a foreign high school diploma and an immigrant with 16 years of foreign schooling and both a foreign high school diploma and a university degree. All the remaining variables in the model are held constant.

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## OTHER RELEASES

### Machinery and equipment price indexes

First quarter 2004

The Machinery and Equipment Price Index (1986=100) was 127.9, up 0.1% from the fourth quarter of 2003. The domestic component decreased 0.1%, while the import component increased 0.1%. Compared with the first quarter of 2003, the index fell 7.7%, with decreases in the domestic (-2.8%) and import (-12.0%) components.

On a quarterly basis, increases in manufacturing (+0.2%) and in mines, quarries and oil wells (+0.5%) were offset by decreases in agriculture (-0.9%) and transport (-0.1%). Paper and allied products (+0.2%), food and beverages (+0.4%) and chemicals (+0.1%) contributed the most to the manufacturing increase. Transport was led by railway transport (-5.3%), which posted the strongest industrial drop.

On a year-over-year basis, all industries declined. Manufacturing (-7.4%), agriculture (-12.6%) and transportation, communication, storage and utilities (-6.5%) were the most significant.

In the first quarter, increases in specialized industrial equipment (+0.3%), special purpose furniture (+1.5%)

and ships and boats, military and commercial (+1.0%) were dampened by decreases in locomotive, cars and tenders (-6.9%), other agricultural machinery (-1.6%) and trucks (-0.3%).

On a quarterly basis, the Canadian dollar recorded the first quarterly decrease (-0.3%) against the American dollar, after four increases in a row. Annually, the Canadian dollar increased 14.7% over the first quarter of 2003.

**Available on CANSIM: tables 327-0013, 327-0014 and 327-0016.**

**Definitions, data sources and methods: survey number 2312.**

The first quarter 2004 issue of *Capital Expenditure Price statistics* (62-007-XPB, \$26/\$85) will be available in July 2004.

For more information, or to enquire about the concepts, methods, and data quality of this release, contact Rebecca McDougall (613-951-3357, fax 613-951-1539, [infounit@statcan.ca](mailto:infounit@statcan.ca)), Prices Division.

### Machinery and equipment price indexes (1986=100)

	Relative importance	First quarter 2004 <sup>P</sup>	Fourth quarter 2003 to first quarter 2004	First quarter 2003 to first quarter 2004
			% change	
<b>Machinery and equipment price index</b>	<b>100.0</b>	<b>127.9</b>	<b>0.1</b>	<b>-7.7</b>
Agriculture	11.0	147.6	-0.9	-12.6
Forestry	1.5	139.8	0.5	-5.9
Fishing	0.6	123.9	0.6	-6.9
Mines, quarries and oil wells	6.0	131.9	0.5	-7.3
Manufacturing	29.9	135.6	0.2	-7.4
Construction	3.5	133.3	0.4	-9.4
Transportation, communication, storage and utilities	25.9	122.2	-0.1	-6.5
Trade	4.0	115.6	0.2	-6.1
Finance, insurance and real estate	1.8	107.3	0.4	-3.6
Community, business and personal services	11.1	104.4	0.1	-6.7
Public administration	4.7	124.7	0.2	-7.2

<sup>P</sup> Preliminary figures.

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## Monthly Railway Carloadings

March 2004

Canadian railways recorded their largest monthly increase in freight in more than five years in March, thanks to bigger loads of coal, wheat, potash, lumber and canola.

Railways loaded a total 24.7 million metric tonnes, a gain of 3.8 million tonnes, or 18%, from February. This was the largest monthly increase since January 1999.

Nearly all of the non-intermodal commodities, except gaseous hydrocarbons, posted an increase in tonnage in March, up 18.5% from February. This increase represents 3.5 million tonnes for a total of 22.4 million tonnes and a bit more than 286,000 carloads.

The intermodal portion, that is containers and trailers hauled on flat cars, also showed an important increase of 13.7%. Loadings totalled 2.3 million tonnes, and accounted for 9.3% of the total tonnage in March.

Freight coming from the United States, either destined for or passing through Canada, reached 2.9 million tonnes, a 14% increase from February.

On a year-over-year basis, non-intermodal tonnage for March was up 16.1% from March last year. Intermodal traffic was up 6.2%, while traffic received from the United States rose 4.5%. The year-over-year figures include an increase in coverage.

On a quarterly basis, the cumulative total for non-intermodal loadings went from 54.6 million tonnes in 2003 to 60.0 million tonnes in 2004, up 9.9%. Intermodal loadings totalled 6.4 million tonnes, up 4.9%, while traffic received from the United States and destined for Canada reached 8.1 million tonnes, up 4.3% from the first three months of 2003.

**Available on CANSIM: table 404-0002.**

**Definitions, data sources and methods: survey number 2732.**

The March 2004 issue of *Monthly Railway Carloadings*, Vol. 81, no. 3 (52-001-XIE, \$9/\$83) 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 Jean-Robert Larocque (1-866-500-8400; fax: 613-951-0009; [TransportationStatistics@statcan.ca](mailto:TransportationStatistics@statcan.ca)), Transportation Division. ■

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## Industrial Chemicals and Synthetic Resins

March 2004

Data on industrial chemicals and synthetic resins for March are now available.

**Available on CANSIM: table 303-0014.**

**Definitions, data sources and methods: survey number 2183.**

The March 2004 issue of *Industrial Chemicals and Synthetic Resins*, Vol. 47, no. 3 (46-002-XIE, \$6/\$51) 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](mailto:manufact@statcan.ca)), Manufacturing, Construction and Energy Division. ■

## Real estate agents, brokers, appraisers and other real estate activity industries 2002

Total revenue for these industries in 2002 was \$8.6 billion, an increase of 24% from the \$6.9 billion reported the previous year. Alberta, the Atlantic provinces and Manitoba posted the largest growth in revenue (49%, 37% and 28% respectively). These industries are largely dominated by the offices of real estate agents and brokers, which generate 95% of the total revenue.

Data on the real estate agents, brokers, appraisers and other real estate activities industries for 2002 are now available. These data provide information on revenue and expenses at the provincial and territorial level.

**Note:** The survey's methodology has changed for 2002, therefore the 2000 and 2001 data have been revised.

**Available on CANSIM: table 352-0005.**

**Definitions, data sources and methods: survey number 4706.**

For more information, or to enquire about the concepts, methods and data quality of this release, contact Adib Farhat (613-951-6306; [adib.farhat@statcan.ca](mailto:adib.farhat@statcan.ca)), Service Industries Division. ■

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## NEW PRODUCTS

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**Monthly Survey of Manufacturing**, March 2004,  
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Catalogue number 31-001-XIE (\$17/\$158).

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no. 3  
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**Imports by Commodity**, March 2004, Vol. 61, no. 3  
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
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Statistics Canada	
Thursday, June 3, 1997 For release at 9:30 a.m.	
<b>MAJOR RELEASES</b>	
• <b>Urban transit, 1996</b> Despite the emphasis on taking urban transit, Canadians are using it less and less. In 1996, each Canadian took an average of about 2.5 trips on some form of urban transit, the lowest level in the past 25 years.	2
• <b>Productivity, hourly compensation and unit labour cost, 1996</b> Growth in productivity among Canadian businesses was modestly weak again in 1996, accompanied by sluggish gains in employment and slow economic growth during the year.	4
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