

Statistics Canada

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Releases

Canadian international merchandise trade

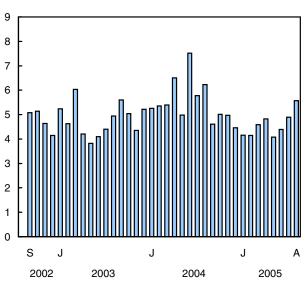
August 2005

Canada's merchandise exports to the world increased for the sixth time in the last eight months in August, thanks in large part to soaring natural gas prices.

Energy imports also jumped to reach a record high of \$3.0 billion as demand for gasoline peaked in August.

Trade balance

\$ billions



The anticipated effect of approaching storms on production in the Gulf of Mexico contributed to price increases for energy in August. Hurricane Katrina, which hit in the final week of August, succeeded in pushing prices higher as several natural gas processing plants and oil refineries along the Louisiana coastline were damaged.

In total, Canadian companies exported merchandise worth nearly \$38.0 billion, a 1.5% increase from July. On the other hand, imports slipped 0.4% to just over \$32.4 billion as the rise in energy imports failed to offset declines in all other sectors.

That left Canada's trade surplus with the world at nearly \$5.6 billion, up from a revised \$4.9 billion in July. The trade surplus with the United States rose to

Note to readers

Merchandise trade is one component of the current account of Canada's balance of payments, which also includes trade in services.

Revisions

In general, merchandise trade data are revised on an ongoing basis for each month of the current year. Customs basis data are revised for the previous data year each quarter.

Factors influencing revisions include late receipt of import and export documentation, incorrect information on customs forms, replacement of estimates with actual figures, changes in classification of merchandise based on more current information, and changes to seasonal adjustment factors.

Revised data are available in the appropriate CANSIM tables.

nearly \$8.9 billion while the trade deficit with countries other than the United States narrowed to \$3.3 billion.

Canada's natural gas exports hit \$3.3 billion in August, up from \$2.9 billion the month before. The record high for natural gas exports (\$4.4 billion) was set in January 2001. August's increase was the result of rising prices, which offset a 4.6% decline in volumes. Exports of crude petroleum were up as well.

Imports from the European Union rose 2.7%, the result of a surge in gasoline imports. Merchandise imports into Canada fell from every major trading area except the European Union in August.

Exports: Natural gas posts big gains in August

Canada's exports increased in three key sectors in August: energy, agriculture and fishing, and the automotive.

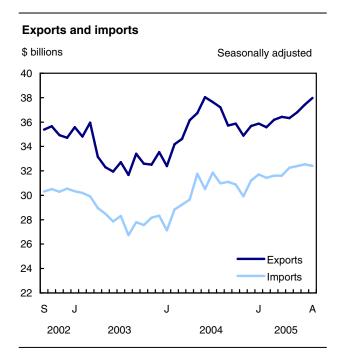
Natural gas exports jumped 13.2% in August as supply uncertainty pushed up prices. The devastation of the Gulf Coast in the last week of August fuelled the climb as it disrupted natural gas supplies.

The jump in natural gas exports was accompanied by a 0.8% increase in exports of crude petroleum. Similar to natural gas, volumes of crude petroleum exports fell, and the prices spurred the gain. Crude oil prices reached US \$66.80 per barrel by mid-August and hit US \$70.85 per barrel on August 29 in the aftermath of Hurricane Katrina.

In agriculture, each major group increased except for the category of other unmilled cereals. Gains in canola and barley exports led the increase.

Shipments of live animals across the border soared 50.7% in August to \$164.1 million. This was the

highest level since April 2003, the month prior to the discovery of mad cow disease. While hog exports were up, exports of live cattle accounted for the vast majority of the increase in live animals. The American export ban on live cattle under the age of 30 months was lifted in mid-July.



Exports of automotive products were up 2.8%, led by an 11.0% increase in shipments of passenger autos and chassis. This rebound in passenger autos, widespread throughout the industry, follows lower-than-usual summer production levels.

On the down side, exports fell in the industrial goods and materials, and machinery and equipment sectors. Exports of metals and alloys were down 7.0% as a result of production shutdowns and labour strikes. Aluminum exports managed a 4.2% increase as capacity expansion occurred in the industry.

Metal ore exports soared 44.7% to a record high of \$790.7 million. Prices for metal ores have been high throughout 2005. Additional demand from other Organisation of Economic Co-operation and Development countries fuelled the increase.

Exports of chemicals returned to usual levels in August, following a large shipment of uranium destined for the European Union which drove July exports up.

Lumber and sawmill products continue their downward spiral, falling 5.9%. This was the sixth consecutive decline for the commodity grouping. Lumber prices, which have plummeted since the May 2004 peak, are normally quoted in US dollars.

The appreciation of the Canadian dollar against the American dollar has resulted in lumber producers receiving fewer Canadian dollars for their merchandise.

Imports: Demand for gasoline pushes energy products to record high

Imports slipped 0.4% in August, with small declines occurring in every sector except energy, where imports rose 7.7% to a record high of \$3.0 billion.

An increase in imports of gasoline pushed petroleum and coal imports up 44.5%. Higher volumes accounted for two-thirds of the gain although rising prices played a role in the increased value.

In addition, imports of coal and other related products rose 12.6% to \$358.0 million. Coal-fired power plants stepped up production to keep pace with increased demand for electricity.

Imports of automotive products fell 1.2%. Declines in imports of trucks and other motor vehicles, and passenger autos and chassis contributed equally.

Imports of industrial goods and materials fell 2.6%. Declines were widespread throughout the sector.

Imports of machinery and equipment were stable for the second consecutive month. This pause follows substantial growth during the first two quarters of 2005. Additional imports of machinery were demanded by industries such as oil and gas, mining, and transportation to fuel expansion activities.

Available on CANSIM: tables 228-0001 to 228-0003 and 228-0033 to 228-0046.

Definitions, data sources and methods: survey numbers, including related surveys, 2201, 2202 and 2203.

Canadian The August issue of International Merchandise Trade. Vol. 59. no. 8 (65-001-XIB, \$15/\$151) is now available. See How to order products. The publication includes tables by commodity and country on a customs basis. Current account data (which incorporate merchandise trade statistics, service transactions, investment income and transfers) are available quarterly in Canada's Balance of International Payments (67-001-XIE, \$32/\$100).

Merchandise trade data are available in PDF format on the morning of release.

For more information on products and services, contact Anne Couillard, (1-800-294-5583; 613-951-6867). To enquire about the concepts, methods or data quality of this release, contact Diana Wyman (613-951-3116), International Trade Division.

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Merchandise trade							
	July	August	July	August	January	January	January
	2005 ^r	2005	to	2004	to	to	-
			August	to	August	August	August
			2005	August	2004	2005	2004
				2005			to

August 2005

January

	seasonally adjusted, \$ current						
	\$ millio	ns	% chang	e	\$ millio	ns	% change
Principal trading partners							
Exports							
United States	30,500	30,670	0.6	1.4	234,461	237,950	1.5
Japan	887	817	-7.9	-4.1	6,771	6,658	-1.7
European Union	2,589	2,531	-2.2	-7.3	18,117	18,861	4.1
Other OECD countries ¹	1,035	1,370	32.4	33.3	9,539	9,615	0.8
All other countries	2,408	2,593	7.7	11.0	18,095	19,506	7.8
Total	37,420	37,981	1.5	2.1	286,985	292,592	2.0
Imports							
United States	21,872	21,776	-0.4	2.1	166,501	172,220	3.4
Japan	873	872	-0.1	8.2	6,646	7,255	9.2
European Union	3,028	3,110	2.7	0.6	23,990	25,339	5.6
Other OECD countries ¹	2,109	2,045	-3.0	6.6	14,763	16,224	9.9
All other countries	4,648	4,612	-0.8	20.3	28,067	34,907	24.4
Total	32,530	32,415	-0.4	4.6	239,967	255,946	6.7
Balance	•	•			•	*	
United States	8,628	8,894			67,960	65,730	
Japan	14	-55			125	-597	
European Union	-439	-579			-5,873	-6,478	
Other OECD countries ¹	-1.074	-675			-5,224	-6.609	
All other countries	-2.240	-2.019			-9,972	-15,401	
Total	4,890	5,566			47,018	36,646	
Principal commodity groupings	,	-,			,	,-	
Exports							
Agricultural and fishing products	2.438	2.663	9.2	-3.3	21.086	19.838	-5.9
Energy products	7,206	7.645	6.1	27.8	44,791	51,177	14.3
Forestry products	2,926	2,907	-0.6	-15.7	26,615	24,518	-7.9
Industrial goods and materials	7,042	6,895	-2.1	4.1	51,262	55,664	8.6
Machinery and equipment	7,901	7,777	-1.6	-1.1	61,744	63,100	2.2
Automotive products	7,131	7,333	2.8	-4.1	60,814	57,216	-5.9
Other consumer goods	1.452	1,449	-0.2	1.5	11,660	11,676	0.1
Special transactions trade ²	697	658	-5.6	-5.2	5,309	5,370	1.1
Other balance of payments adjustments	625	654	4.6	-14.3	3,699	4,030	8.9
Imports	020				0,000	.,000	0.0
Agricultural and fishing products	1.825	1.823	-0.1	2.8	14.212	14.613	2.8
Energy products	2,803	3,020	7.7	45.7	15,533	21,450	38.1
Forestry products	265	243	-8.3	-9.3	2,088	2,133	2.2
Industrial goods and materials	6,538	6,367	-2.6	0.8	47,919	52,252	9.0
Machinery and equipment	9,325	9,288	-0.4	4.7	69,137	73,056	5.7
Automotive products	6.690	6.608	-1.2	-1.2	51.655	51,988	0.6
Other consumer goods	4,124	4,058	-1.6	1.4	31,512	32,822	4.2
Special transactions trade ²	370	439	18.6	4.3	3,473	3,105	-10.6
Other blance of payments adjustments	591	569	-3.7	0.4	4,434	4,530	2.2
Other biance of payments adjustments	291	509	-3.1	0.4	4,404	4,550	2.2

Revised figures.

1. Includes Australia, Canada, Iceland, Mexico, New Zealand, Norway, South Korea, Switzerland and Turkey.

2. These are mainly low value transactions, value of repairs to equipment, and goods returned to country of origin.

3. Figures not appropriate or not applicable.

Longitudinal Survey of Immigrants to Canada

2003

Two years after they arrived in Canada, prime working-age immigrants had made significant progress integrating into the labour force, but they still faced some challenges, according to the second wave of a longitudinal survey which examines how newcomers adjust over time.

New data from the Longitudinal Survey of Immigrants to Canada (LSIC) show that 80% of immigrants aged between 25 and 44 worked in at least one job during their first two years in Canada.

This was a marked improvement from the results of the first wave, which assessed the situation of newcomers six months after arrival. At that point, 56% of those aged 25 to 44 had worked in at least one job.

Of the immigrants who found employment, many worked throughout their first two years in Canada. Over half (58%) worked for 18 months or more and three-quarters worked for more than one year.

One in five had not had any employment during this period. The majority of these individuals were women (74%), many of whom were spouses or dependents of immigrants in the economic category, or immigrants in the family category.

During the first wave of the LSIC, about 12,000 immigrants were interviewed between April 2001 and May 2002, six months after their arrival. During the second wave, 9,300 of the same immigrants were interviewed in 2003, two years after their arrival.

After two years, most newcomers had not found employment in the occupations in which they had intended to work. Of those who found employment, 33% found a job in their intended occupation during their first year in Canada, and another 9% did so during their second year.

In addition, newcomers still faced hurdles. At six months, the most serious problem or difficulty for prime working-age immigrants in finding employment was their lack of experience in the Canadian workforce. This was still the case after two years.

Many also still reported, as the most serious problem, difficulty in getting acceptance or recognition for their foreign professional credentials or educational qualifications, such as diplomas or degrees obtained in their homeland.

However, despite these challenges, most of the newcomers reported that they were satisfied with their job.

Note to readers

This release is based on a report from the second wave of the Longitudinal Survey of Immigrants to Canada (LSIC). It was designed to study how new immigrants adjust over time to living in Canada. During the first wave of the LSIC, about 12,000 immigrants representing 164,200 people aged 15 and over were interviewed between April 2001 and May 2002, about six months after their arrival.

During the second wave of the LSIC, about 9,300 immigrants from the first wave representing 160,800 people were interviewed again in 2003, two years after their arrival. These were individuals who remained in Canada for two years and whom Statistics Canada was able to locate. The third wave of the LSIC is currently in the field and collects information from these same immigrants four years after their arrival.

Although the LSIC collects information on a wide range of issues, this report focuses on the labour market integration of new immigrants. As a result, the analysis is limited to the 6,000 immigrants who were in the prime working-age group of 25 to 44 years, representing 106,600 people. Immigrants who were aged 15 to 24 or aged 45 or older were excluded in order to remove the effects of students, late labour market entrants and retirees from the analysis.

Moreover, particular emphasis is placed on principal applicants in the skilled worker category, since these individuals are admitted to Canada because of their high level of labour market skills. Finally, labour market integration is examined over the first two years in Canada, broadly defined as the 24 to 28 months between landing and the time of the second LSIC interview.

Results in this release are given at the Canada level. However some estimates are also available, upon request, for Montréal, Ottawa–Gatineau, Toronto, Calgary and Vancouver.

Employment rates for newcomers moved towards the national average

Overall, the employment rate of prime working-age immigrants moved towards the national average the longer they resided in Canada, according to the LSIC data.

At 26 weeks after their arrival, 50% of all immigrants aged 25 to 44 were employed. This was 30 percentage points below the employment rate of about 80% among all individuals aged 25 to 44 in the Canadian population. This gap is not surprising given that immigrants had a limited amount of time to get established in the labour force and many settlement activities to deal with.

At 52 weeks after arrival, the employment rate among prime working-age immigrants was 58%. This narrowed the gap to 23 percentage points.

At 104 weeks, or two years after arrival, the employment rate among prime working-age immigrants was 63%, 18 percentage points below the national rate of 81%.

Immigrants admitted as principal applicants in the skilled worker category had an even better record for

employment. At 26 weeks after arrival, the gap in the employment rate between them and the Canadian population was 20 percentage points. By 52 weeks, this had narrowed to 12 points, and by two years, it was down to 8 points.

Among all prime working-age persons, employment rates are highest among those who have a university degree. In this context, it should be noted that the vast majority (87%) of principal applicants in the skilled worker category aged 25 to 44 arrived with a university degree. This was more than three times the proportion of 25% for all Canadians in that age group, as reported by the Labour Force Survey.

Some modest gains in finding employment in intended occupations

Finding employment was not necessarily indicative of finding the right job. Of those who found employment, about 4 in 10 found a job in their intended occupation.

The situation was somewhat better among principal applicants in the skilled worker category who were aged 25 to 44. These individuals are selected based on a number of criteria including their education, language ability and employment skills. Immigrants in this category are deemed to be more likely to succeed in the labour market and contribute to the Canadian economy.

Among this group, the vast majority, 90% or about 45,000, found employment during their first two years in Canada. Of those who did, just under half (48%) found a job in their intended occupation.

About half of these 45,000 skilled workers had intended to find work in natural and applied sciences and related occupations. Of this group who had intended to enter these occupations, 49% had actually done so by the end of the two-year period.

Lack of Canadian work experience still critical

At six months, the most serious problem prime working-age immigrants reported when trying to find employment was their lack of experience in the

Canadian workforce. This was still a primary concern after two years.

Among the 65,600 prime working-age immigrants who looked for employment 6 to 24 months after landing, 71% or 46,500 encountered at least one problem.

Of these individuals, about one out of four cited lack of Canadian work experience as the most serious problem they encountered. About one-fifth said the most serious problem was lack of acceptance or recognition of their foreign work experience or qualifications. Language barriers were the most serious problem for 15%, while another 14% cited a shortage of jobs.

Principal applicants in the skilled worker category who encountered problems most often cited lack of Canadian work experience (26%) or lack of acceptance of their foreign experience or qualifications (23%). Only 9% said language barriers were the most serious problem.

Of the refugees who encountered problems, 28% said language barriers were the most serious problem, while 25% said lack of Canadian work experience was the main obstacle.

Despite these challenges, the share of newcomers who said they were satisfied with their job increased from 74% six months after landing to 84% two years after landing.

Job satisfaction was higher for those who were able to use their training, who worked in their intended occupation or who worked full time.

Definitions, data sources and methods: survey number 4422.

The publication Longitudinal Survey of Immigrants to Canada: Progress and Challenges of New Immigrants in the Workforce, 2003 (89-615-XIE, free) is now available online. From the Our products and services page, under Browse our Internet publications, choose Free, then Social conditions.

For more information about the analysis contained in this release, contact Statistics Canada's Media Relations Hot Line (613-951-4636), Communications and Library Services Division.

Current economic conditions

The growing impact of the resource sector, especially energy and mining, was reflected in several inter-connected trends which became more pronounced over the summer, according to an assessment of economic growth conditions in the October edition of Canadian Economic Observer.

Commodity prices hit new records (notably oil, gas and copper), boosting our exports and lifting the stock market to near an all-time high. This helped send the loonie to over US 86 cents.

These developments have been building in prices and financial markets over the last two years. Now, they are having an increasing impact on the real economy of output, jobs and investment.

Energy and mining alone accounted for over half the growth of gross domestic product in July, and this did not include the steady pickup in business investment which is being powered by resources. In September, non-residential building permits broke their previous record set earlier this year.

Nowhere have resources flexed their strength more than in exports. Both energy and industrial goods exports (led by metals) surpassed autos this summer, rising to second and third place after machinery and equipment. As recently as early 2004, energy was in fourth place, almost 10 percentage points below the share of autos.

Energy was lifted mostly by higher prices, although output rose sharply in July and appears poised to increase rapidly through year-end. Mining was boosted by strong growth in demand from China for copper, nickel, potash and iron ore.

Meanwhile, auto exports have slipped in absolute terms so far this year, partly due to the higher Canadian dollar and gasoline prices. But the growth of resource earnings has more than compensated for this loss.

There are solid reasons to expect the predominance of energy and mining to continue this fall. In September, the expansion of North America's largest aluminium smelter was completed in Quebec, while the Voisey Bay nickel operation began ahead of schedule. The oils sands, hampered all year by production problems, returned to near full output. In November, the White Rose oil platform off Newfoundland will start production. Both projects will add about 100,000 barrels a day to Canada's output, worth nearly \$5 billion a year at current prices.

Definitions, data sources and methods: survey numbers, including related surveys, 1301, 1901, 2201 and 2306.

The October online issue of *Canadian Economic Observer*, Volume 18, no. 10 (11-010-XIB, \$19/\$182) is now available. See *How to order products*.

Visit Canadian Economic Observer's page online. From the Canadian Statistics page, choose National Accounts, then click on the banner ad for Canadian Economic Observer. For more information, contact Philip Cross (613-951-9162; ceo@statcan.ca), Current Economic Analysis Group.

Annual Survey of Water Carriers 2003

Expenses rose just about as fast as revenues in 2003 for the 104 for-hire marine carriers in Canada.

These carriers earned an income of \$113 million on revenues of \$2.5 billion. Revenues were up 6.8% over 2002, while expenses increased by 6.0%. Almost all of this revenue (97%) was earned conducting activities related to transportation.

Transportation expenses accounted for 95% of expenses for these for-hire carriers. Wages and salaries accounted for nearly one-quarter of these costs.

These for-hire carriers recorded \$1.8 billion in liabilities against assets of \$2.6 billion in 2003. Their ratio of total debt to equity was virtually unchanged from a year earlier at 2.5.

Meanwhile, government carriers had revenues of \$761 million and expenditures of \$769 million. The primary source of revenue, about 88%, was derived from transportation activity. Transportation-related expenses accounted for 97% of total expenses.

Wages and salaries represented almost half (47%) of the costs associated with transportation expenditures. Government carriers recorded \$1.0 billion in assets in both 2002 and 2003.

Note: The government sector differs significantly from the for-hire sector in terms of the availability of financial data. Many government carriers only report partial financial data and apply accounting rules that differ from the for-hire sector. Therefore, the information about government carriers should be used with caution, particularly in comparisons with the for-hire section.

Revenue and expenses of for-hire carriers

	2002	2003	2002 to 2003
	\$ '00	00	% change
Revenues Transportation Non-transportation Total revenue Expenses Transportation Wages and	2,310,693 	2,387,340 80,156 2,467,496 2,226,577	6.8
salaries Non-transportation Total expenses	 2,220,755	498,781 128,101 2,354,678	6.0

^{..} not available for a specific reference period.

Revenue and expenses of government carriers

	2002	2003	
	\$ '000		
Revenues			
Transportation	••	667,995	
Non-transportation	••	92,836	
Total revenue	702,930	760,831	
Expenses			
Transportation	••	746,466	
Wages and			
salaries		351,665	
Non-transportation		22,584	
Total expenses	773,319	769,050	

^{..} not available for a specific reference period.

Definitions, data sources and methods: survey number 2753.

For more information, or to enquire about concepts, methods or data quality of this release, contact Ron Chrétien (1-866-500-8400; fax: 613-951-0009; transportationstatistics@statcan.ca), Transportation Division.

Export and import price indexes

August 2005

Current- and fixed-weighted export and import price indexes (1997=100) on a balance of payments basis are now available. Price indexes are listed from January 1997 to August 2005 for the five commodity sections and the major commodity groups (62 exports and 61 imports).

Current- and fixed-weighted US price indexes (1997=100) are also available on a customs basis. Price indexes are listed from January 1997 to August 2005. Included with the US commodity indexes are the 10 all-countries and US-only Standard International Trade Classification section indexes.

Indexes for the five commodity sections and the major commodity groups are also now available upon request on a customs basis.

Available on CANSIM: tables 228-0001 to 228-0003 and 228-0033 to 228-0046.

Definitions, data sources and methods: survey numbers, including related surveys, 2201, 2202 and 2203.

The August 2005 issue of *Canadian International Merchandise Trade*, Vol. 59, no. 8 (65-001-XIB, \$15/\$151) 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 Anne Couillard (1-800-294-5583; 613-951-9647), International Trade Division.

New products

Canadian Economic Observer, October 2005, Vol. 18, no. 10

Catalogue number 11-010-XIB (\$19/\$182).

Air Charter Statistics, 2003 Catalogue number 51-207-XIB (\$33).

Canadian International Merchandise Trade, August 2005, Vol. 59, no. 8 Catalogue number 65-001-XIB (\$15/\$151). Longitudinal Survey of Immigrants to Canada: Progress and Challenges of New Immigrants in the Workforce, 2003
Catalogue number 89-615-XIE
(free).

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

Catalogue numbers with an -XWE, -XIB or an -XIE extension are Internet versions; those with -XMB or -XME are microfiche; -XPB or -XPE are paper versions; -XDB or -XDE are electronic versions on diskette and -XCB or -XCE are electronic versions on compact disc.

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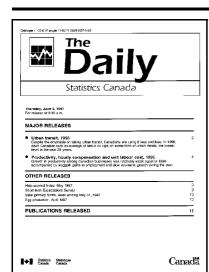
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