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Releases

Study: Impact of foreign ownership on growth in productivity 1980 to 1999

Foreign-controlled plants accounted for most of the growth in labour productivity in the Canadian manufacturing sector during the 1980s and 1990s, a new research report shows.

The study examined the contribution that foreign-controlled plants made to the growth of labour productivity in manufacturing by analyzing whether foreign-controlled producers exhibited superior performance, and whether their productivity growth spilled over to domestic plants.

It found that foreign-controlled plants accounted for roughly two-thirds of labour productivity growth in Canadian manufacturing from 1980 to 1990 and the subsequent decade from 1990 to 1999.

US-controlled plants made a larger contribution than other foreign-controlled plants to productivity growth. During the 1990s, US-controlled plants accounted for about 45% of growth in labour productivity.

Other foreign-controlled plants accounted for about 22% of productivity growth during the period, and domestic plants the remainder.

Concerns had been expressed in some quarters that the contribution of foreign firms to the Canadian economy would decline during the 1990s, if firms moved production to the larger U.S. market, as well as the lower-cost Mexican market, in the wake of the two free trade agreements: the Canada-U.S. Free Trade Agreement and the North American Free Trade Agreement.

Yet, between 1987 and 1999, the share of foreign-controlled plants in total output in the manufacturing sector increased from 40.5% to 52.2%.

International orientation also associated with superior performance of domestic-controlled plants

Foreign-controlled plants are more productive than domestic-controlled plants in general. This is because foreign-controlled plants and firms are also more innovative, more technologically advanced, and more likely to perform research and development.

Not all domestic-controlled plants were less productive or less innovative. The study found there was little difference between foreign-controlled plants

Note to readers

This release is based on the research paper Global links: Multinationals, Foreign Ownership and Productivity Growth in Canadian Manufacturing, available today. It investigates the contribution that foreign-controlled plants make to labour productivity growth in the Canadian manufacturing sector.

Data from the analysis came from the 1993 Survey of Innovation and Advanced Technology (SIAT) and a longitudinal file that was constructed from the Annual Survey of Manufactures (ASM).

The SIAT collected data on research and development, innovation activities and the use of advanced technologies for a random sample of all plants in the Canadian manufacturing sector. The ASM collected information on shipments, value added, inventories and employment for all plants in the Canadian manufacturing sector.

and domestic-controlled plants whose parent had an international orientation.

The study showed that domestic producers with foreign operations (referred to as domestic multinational enterprises) were equally productive and had a slightly better performance than foreign-controlled plants with respect to research and development and innovation.

Spillover benefits from foreign-controlled plants to domestic-controlled plants

The high productivity growth of foreign-controlled firms had a spillover effect on companies in the domestic sector.

The productivity performance of domestic-controlled plants was higher in industries with a larger presence of foreign-controlled plants, according to the report.

This productivity-spillover benefit of foreign-controlled plants was not distributed equally among domestic producers. The paper found that smaller and younger domestic plants captured larger positive spillover benefits than did older and larger domestic plants in industries where the share of foreign-controlled plants was higher.

The study also found that the presence of foreign-controlled plants increased the intensity of competition faced by the domestic sector and the number of advanced technologies used in the domestic sector.

This suggests that the spillover benefits of foreign-controlled plants received by domestic plants arose from increased competition and the increased use of advanced technologies in domestic plants.

The research paper *Global Links: Multinationals, Foreign Ownership and Productivity Growth in Canadian Manufacturing* (11-622-MIE2005009, free) is now available online. From *Our products and services* page, under *Browse our Internet publications*, choose *Free*, then *National accounts*.

More studies on multinationals are available free of charge in the analytical series *Update on Economic Analysis* (11-623-XIE) on our Web site.

For more information, or to enquire about the concepts, methods or data quality of this release, contact John Baldwin (613-951-8588) or Wulong Gu (613-951-0754) of the Micro-economic Analysis Division. ■

Study: The link between information and communication technology use and literacy skills

2003

Canada's digital divide (the gap in computer and Internet use between lower- and upper-income individuals) is well-documented.

However, a new study has found that this digital divide is compounded by the fact that people who do not have access to computers also have significantly lower literacy skills than computer users.

Furthermore, only 3 out of every 10 people (29%) in Canada who had not used computers stated they were interested in starting to use one in the following year.

This has significant consequences, because people with the lowest skills, who potentially stand to benefit most from the opportunities created by new technologies, are not using them. This is particularly the case with the Internet, where potential benefits include access to health and government services, employment information, shopping and other services.

The Adult Literacy and Life Skills Survey, conducted in 2003, confirmed a strong association between literacy and the use of computers and the Internet, as well as attitudes toward computers.

Among Canadian adults aged 16 to 65, about 9 million, or 42% scored below Level 3 in prose literacy — the desired threshold for coping with the increasing skill demands of a knowledge society.

The survey tested more than 23,000 Canadians on their proficiency in four domains: prose literacy, document literacy, numeracy and problem-solving. The survey also included an information and communications technology (ICT) module which captured detailed information on connectivity rates, use of ICTs and attitudes toward computers.

Other nations included in this study were Bermuda, Italy, Norway, Switzerland and the United States.

The study found that as literacy skill levels rose, other factors also rose, such as the perceived usefulness of computers, diversity and intensity of Internet use, and use of computers for task-oriented purposes. This occurred even when other factors having an impact on computer use were taken into account, such as age, income and education levels.

In most countries, for example, respondents with medium to high prose literacy skills had about two to

three times the odds of being a high-intensity computer user, compared to those with below average literacy skills. Conversely, those without access to ICTs also tended to have lower literacy levels than the rest of the population.

In addition, people who used computers, and had higher literacy rates, were far more likely to have higher incomes.

In most countries, adults with medium or higher literacy skills and high-intensity computer use had about four to six times the odds of being in the top income group, compared to those with low literacy and low-to-medium intensity computer use.

Attitudes and intensity of ICT use also varied from region to region. Residents of the Yukon, the Northwest Territories, British Columbia, Alberta and Ontario typically met or exceeded the national average in their use of computers, the Internet, and attitudes toward computers.

Coincidentally, the survey also found that residents of the Yukon, British Columbia, Alberta and Saskatchewan had average scores significantly higher than the national average in all literacy domains.

Four out of every 10 Canadians aged 16 to 25 (43%) used computers at home for an average of at least one hour per day, according to the survey. Computer use declined with age, with a particularly sharp drop after age 55.

Heavy computer use is emerging as a North American phenomenon. Canadian and American adults were twice as likely as adults in the other countries studied to use computers at home for an average of two hours per day or more.

The study also found that men were more likely than women to use computers for a range of tasks in the European countries included in this study (Italy, Norway, and Switzerland). However, no such gender gap existed in Canada, the United States, or Bermuda.

Definitions, data sources and methods: survey number 4406.

The new issue of the *Connectedness* series, *Literacy and Digital Technologies: Linkages and Outcomes*, no. 12 (56F0004MIE2005012, free) is now available online. From the *Our products and services* page, under *Browse our Internet publications*, choose *Free*, then *Communications*.

Based on work published in Chapter 8 of the Statistics Canada and Organisation for Economic Co-operation and Development report, *Learning a Living: First Results of the Adult Literacy and Life Skills Survey* (89-603-XWE, free) released on May 11, 2005, as well as the national report released on Nov. 30, *Building on Our Competencies: Canadian Results of the International Adult Literacy and Skills Survey* (89-617-XIE, free), this study offers more detailed analysis, including some variables not covered in the earlier reports.

For more information, or to enquire about the concepts, methods, or data quality of this release, contact Ben Veenhof (613-951-5067; ben.veenhof@statcan.ca), Science, Innovation and Electronic Information Division. ■

Farm Product Price Index

September 2005

Prices farmers received for their commodities fell 8.8% in September from the same month a year earlier as crop prices continued to tumble, while prices for livestock increased slightly.

Overall, producers received prices for crops that were 17.9% below levels in September 2004, continuing the downward trend in year-over-year price changes since the summer of 2003, according to the Farm Product Price Index (FPPI). Farmers received lower prices for grains, oilseeds, special crops and vegetables.

In contrast, prices for livestock and animal products were 1.6% above the year earlier level. The overall livestock and animal products index has increased in all but one of the nine months this year. Stronger cattle and calf and dairy prices have supported the increase for the last three months, as hog, eggs and poultry prices continued their year-over-year slide.

On a monthly basis, prices farmers received for their commodities dropped 2.6% in September from August, again as the decline in the overall crops index outstripped the slight increase in the livestock and animal products index.

The FPPI (1997=100) stood at 90.9 in September, down from a revised August of 93.3. The index has fallen

five times this year and was at its second lowest level of the year in September.

The overall crops index was lower in September compared to August because of lower grain and oilseed prices.

Grain and oilseed prices continued to be plagued by cumbersome supplies, anticipated large production this fall and the strengthening Canadian dollar.

The value of the Canadian dollar rose 2.3% against the US dollar between August and September, affecting export commodities. Between September 2004 and September 2005, the value of the Canadian dollar rose 9.4% against the US dollar.

Prices for livestock and animal products were up in September from the revised August index, supported by higher cattle and calf, dairy and poultry prices.

Cattle and calf prices continued their climb, rising 1.8% in September as the live cattle trade with the United States completed its second full month. However, the rising Canadian dollar tempered the gains. In 2002, the last full year of unrestricted trade, 26% of Canadian cattle sold were exported, with most going to the United States.

Hog prices dropped in September, as supplies remained strong and the Canadian dollar continued to make gains. Producers reported a record number of hogs on Canadian farms at July 1. The index stood at its lowest level since January 2004.

Available on CANSIM: tables 002-0021 and 002-0022.

Definitions, data sources and methods: survey number 5040.

The September issue of *Farm Product Price Index*, Vol. 5, no. 9 (21-007-XIE, free) is now available online. From the *Our products and services* page, under *Browse our Internet publications*, choose *Free*, then *Agriculture*.

For general information or to order data, call (1-800-465-1991). To enquire about the concepts, methods or data quality of this release, contact Gail-Ann Breese (204-983-3445; fax: 204-983-7543; gail-ann.breese@statcan.ca), Agriculture Division. □

Farm Product Price Index (1997=100)

	September 2004 ^r	August 2005 ^r	September 2005 ^p	September 2004 to September 2005	August to September 2005
	% change				
Farm Product Price Index	99.7	93.3	90.9	-8.8	-2.6
Crops	98.4	83.8	80.8	-17.9	-3.6
Grains	81.5	54.1	52.0	-36.2	-3.9
Oilseeds	93.2	74.4	70.2	-24.7	-5.6
Specialty crops	104.3	80.0	83.4	-20.0	4.3
Fruit	106.2	109.5	119.0	12.1	8.7
Vegetables	113.6	108.2	108.8	-4.2	0.6
Potatoes	166.4	183.1	184.3	10.8	0.7
Livestock and animal products	101.9	102.9	103.5	1.6	0.6
Cattle and calves	93.0	105.1	107.0	15.1	1.8
Hogs	93.1	84.5	79.8	-14.3	-5.6
Poultry	97.9	92.9	93.0	-5.0	0.1
Eggs	109.1	97.0	96.8	-11.3	-0.2
Dairy	122.8	125.3	130.0	5.9	3.8

^r Revised.

^p Preliminary.

Canadian Community Health Survey, Nutrition: Public Use Microdata File 2004

The public use microdata file from the 2004 Canadian Community Health Survey (CCHS), Nutrition: General Health Component is now available. This survey collected information from over 35,000 respondents of all ages residing in private households in all 10 provinces.

The public use microdata file provides provincial-level data on the general health of respondents, including chronic conditions, as well as health-related behaviours such as the consumption of fruits and vegetables, physical and sedentary activities, smoking and alcohol consumption. This component also provides the socio-demographic characteristics of respondents, along with their physical height and weight measurements, thus offering the only current pan-Canadian physical measurements of obesity.

The file comes on CD-ROM with complete documentation, including a user guide, data dictionary, and derived variables specifications. A built-in "Beyond 20/20" data browser is also included.

Definitions, data sources and methods: survey number 5049.

To order a copy of the public use microdata file or custom tabulations from the 2004 CCHS, contact Client Services (613-951-1746; fax: 613-951-0792; hd-ds@statcan.ca), Health Statistics Division. This product is available free of charge to non-profit organizations in the health sector for research and non-commercial purposes.

The initial results from the 2004 CCHS, Nutrition, General Health Component were released in *The Daily* on July 6, 2005. This release also featured two articles "Adult obesity in Canada" and "Measured height and weight and overweight Canadian children and youth," available for free online (82-620-MWE2005001). These articles were released in the Internet publication *Nutrition: Findings from the Canadian Community Health Survey* (82-620-MWE, free).

Further results including the detailed nutrition data that were collected by the survey will be released early in 2006. This second release will be followed, later in 2006, by the release of a second public use microdata file, which will incorporate both the general health component data and the detailed nutrition data.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Mario Bédard (613-951-8933; fax: 613-613-4198; mario.bedard@statcan.ca), Health Statistics Division. ■

Civil aviation operating statistics

January to June 2005

Monthly operational data on civil aviation are now available for January to June 2005.

Available on CANSIM: table 401-0001.

Definitions, data sources and methods: survey number 5026.

January to June 2005 operational data on civil aviation for Air Canada and WestJet appear in the *Aviation: Service Bulletin*, Vol. 37, no. 5 (51-004-XIB, \$9), which 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 Robert Lund (613-951-0125; bob.lund@statcan.ca) or Lisa Di Piéto (613-951-0146; lisa.dipietro@statcan.ca), Transportation Division. ■

New products

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Farm Product Price Index, September 2005, Vol. 5, no. 9
Catalogue number 21-007-XIE
(free).

Aviation: Service Bulletin, Vol. 37, no. 5
Catalogue number 51-004-XIB (\$9).

Connectedness Series: Literacy and Digital Technologies: Linkages and Outcomes, no. 12
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Thursday, June 5, 1997 For release at 9:30 a.m.	
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• Urban transit, 1995 Despite the emphasis on taking urban transit, Canadians are using it less and less. In 1996, each Canadian took an average of about six trips on some form of urban transit, the lowest level in the past 25 years.	2
• Productivity, hourly compensation and unit labour cost, 1995 Growth in productivity among Canadian businesses also noticeably weak again in 1996, accompanied by sluggish gains in employment and slow economic growth during the year.	4
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