



The Daily

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 The decline in the value of Canada's foreign assets and liabilities brought the nation's net liability to non residents to \$190.8 billion at the end of the fourth quarter of 2004, down 1.3% from a quarter earlier. The declines were mostly attributable to a stronger Canadian dollar.

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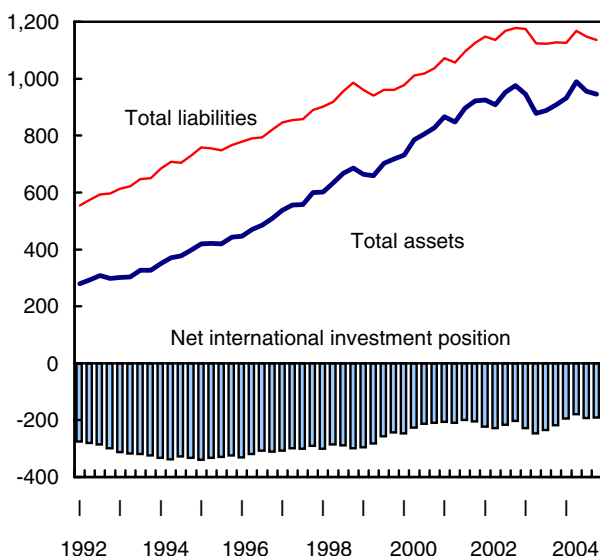
Canada's international investment position

Fourth quarter 2004

The decline in the value of Canada's foreign assets and liabilities brought the nation's net liability to non residents to \$190.8 billion at the end of the fourth quarter of 2004, down 1.3% from a quarter earlier. The declines were mostly attributable to a stronger Canadian dollar. On a year-end basis, net external liabilities (the difference between external assets and foreign liabilities) decreased by 12.5% compared to the level of \$218.0 billion recorded at the end of 2003.

Canada's international investment position

\$ billions



The value of international assets totalled \$945.1 billion, down 1.0% from the third quarter. The combined effect of a stronger Canadian dollar and declines in loans and reserve assets explained most of this drop. The strength of the Canadian dollar removed \$19.5 billion from the value of these international assets during the fourth quarter, more than offsetting the increase of \$10.2 billion related to transactions.

At the same time, Canada's international liabilities declined \$12.4 billion to \$1,135.9 billion. Lower deposit and loan liabilities as well as the strong dollar were responsible for this decline. The appreciation of the

Additional estimates at market value

As of the first quarter 2004, additional series measuring portfolio investment at market value have been incorporated to the release. Canadian and foreign shares as well as bonds are available at market value. These additional series are part of a multi-year initiative to improve the balance sheet information for all sectors of the economy. The following analysis focuses on the book value series until a full set of market value estimates become available.

Market value estimates of foreign direct investment series that were initially scheduled to be released in June 2005 will be available in June of 2006. Methods to better measure market value for foreign direct investment are under review at the international level. Recommendations from direct investment experts which will be available later in 2005, will serve as a guide to define Canada's methodology.

Currency valuation

The value of assets and liabilities denominated in foreign currency are converted to Canadian dollars at the end of each period for which a balance sheet is calculated. Most of Canada's foreign assets are denominated in foreign currencies while less than half of our international liabilities are in foreign currencies.

When the Canadian dollar is appreciating in value, the restatement of the value of these assets and liabilities in Canadian dollars lowers the recorded value. The opposite is true when the dollar is depreciating.

dollar removed \$14.8 billion from the value of the liabilities.

Net external liabilities at the end of December represented 14.4% of gross domestic product, down from 14.8% in the third quarter. At the end of 2003, this ratio was 17.7%.

The Canadian dollar continued its appreciation towards the US dollar in the fourth quarter but lost ground against all other major currencies. For the year as a whole, the Canadian dollar gained 7.9% in value against its American counterpart, 2.9% against the Japanese yen and 0.5% against the pound sterling. However, almost no change was recorded vis-à-vis the Euro.

Canadian direct investment abroad stable

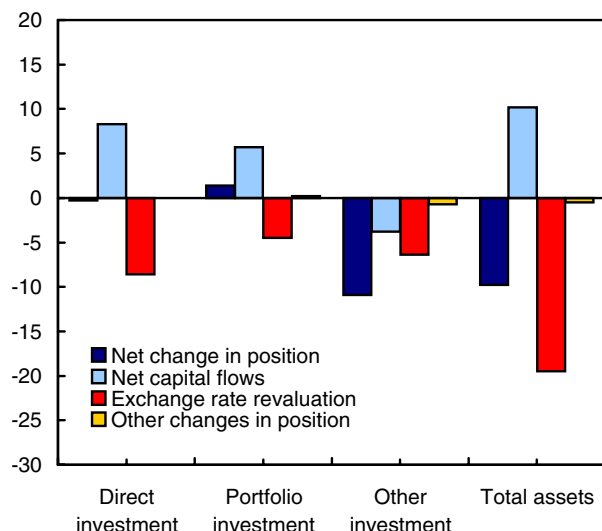
Canadian direct investment abroad reached \$438.4 billion at the end of December, virtually unchanged from the third quarter. The exchange rate revaluation, which removed \$8.6 billion from the December position, was offset by transactions of \$8.3 billion recorded during the fourth quarter.

Direct investment assets in the United States declined \$6.1 billion to \$191.2 billion, mostly due to

the strengthening Canadian dollar. At the same time, the value of Canadian direct investment in all other countries increased to a record value of \$247.3 billion.

Contributors to net change in asset values between the third and fourth quarter, 2004

\$ billions



On a year-end basis, the value of Canadian direct investment abroad increased \$39.3 billion from 2003.

Holdings of foreign bonds significantly increased

Canadian holdings of foreign bonds significantly increased by 9.6% to \$56.9 billion at the end of the fourth quarter after Canadians made their highest quarterly purchase of this instrument. Almost all of the increase was directed to US bonds.

The combination of low purchases of foreign stocks in the fourth quarter of 2004 and the rise of the Canadian dollar translated into a decline of \$3.6 billion in Canadian holdings of this instrument to \$180.4 billion, the lowest level since the end of 2000. Even the strong equity market in the United States didn't encourage investors to buy US stocks. The S&P 500 gained 8.7% during the fourth quarter.

On a year-end basis, Canadian holding of foreign bonds increased \$12.3 billion from the end of 2003. Canadian demand for foreign bonds was strong

during the entire year and Canadian investors strongly preferred foreign bonds to foreign stocks in 2004. The foreign portfolio position edged up to \$237.3 billion at the end of 2004 from \$233.5 billion a year earlier.

Canada's international reserves closed the year at \$40.3 billion, the lowest level since the third quarter of 1999. All of the decrease was for reserves in US dollars. At the end of 2004, Canada's international reserves of US dollars totalled \$17.2 billion or 42.6% of Canada's total reserves, the lowest proportion since 1958 when more than half of reserves were in gold. Reserves denominated in currency other than the US dollar have grown to 44.7% of the total.

Foreign direct investment in Canada virtually unchanged

Foreign direct investment in Canada at the end of December was virtually unchanged at \$367.9 billion from a quarter earlier. On a year-end basis, overall foreign direct investment in Canada at the close of 2004 was up \$10.4 billion compared with 2003.

Foreign holdings of Canadian stocks increase

Foreign investors continued to acquire Canadian shares during the quarter. At the end of December, they held a record \$109.9 billion worth. The strong performance of the Canadian stock market in 2004 encouraged foreign investors to buy Canadian stocks. The position increased by almost 30% during the year as the S&P/TSX composite index gained 12.4%. Moreover, a number of large transactions throughout the year helped bring the position to this high level.

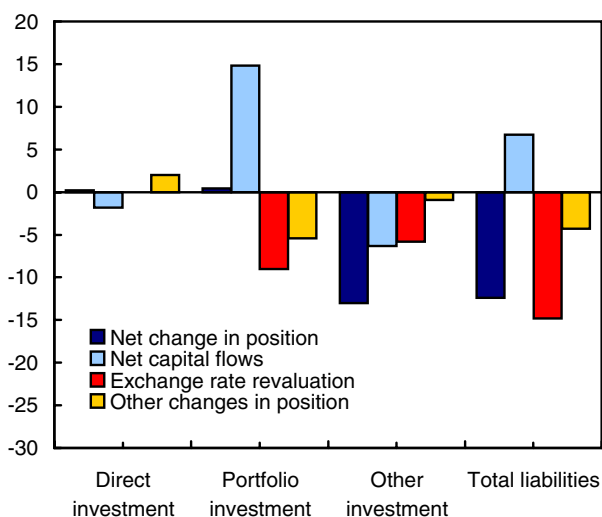
Foreign holdings of Canadian bonds were down \$2.5 billion during the quarter to \$405.1 billion. Foreign investors acquired Canadian bonds in 2004 but the strengthening Canadian dollar offset all these acquisitions. More than half of the outstanding Canadian bonds held abroad are issued in US dollars.

Foreign holdings of Canadian money market paper were virtually unchanged from the end of the third quarter at \$18.0 billion.

Reduction in foreign currency deposits between Canadian banks and their foreign affiliates led to a lower deposit liability position. The loan liability position was also reduced to \$37.4 billion, its lowest level since the end of 1989.

**Contributors to net change in liability values
between the third and fourth quarter, 2004**

\$ billions



Available on CANSIM: tables 376-0042, 376-0055 to 376-0057 and 376-0059.

Definitions, data sources and methods: survey number 1537.

The fourth quarter 2004 issue of *Canada's International Investment Position* (67-202-XIE, \$23/\$51) will be available soon.

For general information, contact Client Services (613-951-1855; infobalance@statcan.ca). To enquire about the methods, concepts or data quality of this release, contact Éric Simard (613-951-7244) or Christian Lajule (613-951-2062), Balance of Payments Division.

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Canada's international investment position at period-end

	2003	First quarter 2004	Second quarter 2004	Third quarter 2004	Fourth quarter 2004
	\$ billions				
Assets					
Canadian direct investment abroad	399.1	411.5	445.8	438.7	438.4
Portfolio investment abroad					
Foreign bonds	44.7	47.7	51.4	51.9	56.9
Foreign bonds at market value	47.8	52.3	54.6	56.3	61.3
Foreign stocks	188.8	191.0	193.6	184.0	180.4
Foreign stocks at market value	342.0	354.3	362.8	338.8	357.7
Other investment					
Loans	59.3	66.0	70.4	63.1	57.0
Allowances	-11.6	-11.5	-11.6	-11.5	-11.4
Deposits	110.8	115.5	124.4	113.0	116.7
Official international reserves	45.7	46.1	46.3	44.7	40.3
Other assets	72.2	64.9	69.1	70.9	66.6
Total assets					
at book value	909.0	931.3	989.4	954.8	945.1
with portfolio investment at market value	1,065.3	1,099.1	1,161.7	1,114.1	1,126.8
Liabilities					
Foreign direct investment in Canada	357.5	361.8	357.9	367.7	367.9
Portfolio investment					
Canadian bonds	405.3	410.5	419.6	407.6	405.1
Canadian bonds at market value	436.6	451.5	442.1	440.6	439.1
Canadian stocks	84.7	86.6	104.6	107.0	109.9
Canadian stocks at market value	175.6	187.8	205.8	214.2	235.6
Canadian money market	21.4	18.7	20.6	18.0	18.0
Other investment					
Loans	53.6	51.1	52.3	40.7	37.4
Deposits	183.1	174.6	191.4	185.6	176.0
Other liabilities	21.2	21.8	21.9	21.6	21.6
Total liabilities					
at book value	1,126.9	1,125.1	1,168.3	1,148.3	1,135.9
with portfolio investment at market value	1,249.1	1,267.3	1,292.0	1,288.6	1,295.5
Net international investment position					
at book value	-218.0	-193.9	-178.9	-193.5	-190.8
with portfolio investment at market value	-183.9	-168.1	-130.3	-174.5	-168.7

■

Other releases

Canadian passenger bus and urban transit industries

2003 (preliminary)

More and more Canadians were using urban transit systems in 2003 to move about town.

Urban transit systems reported an estimated 1.66 billion passenger trips on buses, streetcars, subways or commuter trains, up from 1.63 billion in 2002.

Total revenues for the bus industries, which include companies providing urban transit, school bus, scheduled intercity, charter and shuttle services, amounted to \$7.35 billion, up 7.9% from 2002. Expenditures rose 3.8% to \$6.45 billion.

At the same time, net income jumped 51.0% to \$898.6 million. Although operating margins increased between 2002 and 2003, most of the gain was attributable to higher capital subsidies and declining interest payments.

Urban transit systems across Canada accounted for most of the revenue generated in 2003. They reported revenues of \$4.97 billion, up 11.4% from 2002. School bus companies were a distant second, with revenues of \$1.47 billion.

Companies in Ontario accounted for 45% of revenues, while those in Quebec accounted for 25%.

The number of companies offering urban transit and passenger bus services fell from 1,675 in 2002 to 1,457 in 2003. This continued a trend towards mergers and acquisitions in the industry.

In 2003, the industry employed 92,000 people, whose salaries and wages accounted for 60% of the total expenditures, up slightly from 2002. The average expenditure per employee, including wages, salaries, benefits, training and other allowances, was just over \$42,000 per year.

The industry invested \$1.24 billion on the purchase of new buses, rolling stock and other capital equipment, up from \$1.18 billion in 2002. Urban transit made the largest investments, spending \$544 million in 2003, up from \$450 million in 2002.

Consumption of diesel fuel, the predominant fuel used in the industry, rose 5.8%.

Passenger bus and urban transit industries in 2003

NAICS Industry	Total revenue	Total expenditure	Net income
	\$ 000		
Urban transit	4,971,445	4,194,598	776,848
Interurban and rural	473,202	469,227	3,974
School and employee	1,468,696	1,356,705	111,991
Charter	263,350	259,690	3,660
Other transit and shuttle	169,112	167,021	2,090
Total	7,345,804	6,447,242	898,563

Definitions, data sources and methods: survey number 2798.

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

For-hire motor carriers of freight, top carriers

Fourth quarter 2004

The top 80 for-hire motor carriers of freight (Canadian-based trucking companies earning \$25 million or more annually) generated operating revenue of \$2.14 billion and expenses of \$1.98 billion in the fourth quarter. Average per-carrier revenue increased 26% from the fourth quarter of 2003, reaching \$26.7 million. The rise in average revenue followed from both improved financial results and consolidations through acquisitions (there were 90 top carriers as of the fourth quarter of 2003).

The top for-hire carriers' operating ratio (operating expenses divided by operating revenue) was 0.93, compared with 0.95 in the fourth quarter of 2003. A ratio greater than 1.00 represents an operating loss.

The quarterly data have been revised back to the beginning of the first quarter of 2003. The largest changes occurred in the first three quarters of 2004 and have resulted in higher estimates of operating revenue and expenses for those periods (+3.9% for revenue for the first quarter, +12.8% for the second quarter and +9.1% for the third quarter). The revisions resulted mainly from corrected treatment of companies making major acquisitions.

Note: With few exceptions, additions and deletions to the top carriers are done only for the first quarter of each calendar year, while the composition of a top carrier may change at any time due to acquisitions or divestitures. Year-over-year variations in revenue and expenses may arise from changes to the mix of companies included in the top carriers and/or changes in the financial results reported by individual carriers. The revenue and expenses attributed to top carriers may also include that of some companies with less than \$25 million in annual revenue, particularly when these companies exist in complex corporate structures where their individual activities may be difficult to accurately measure.

Definitions, data sources and methods: survey number 2748.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Ron Chretien (613-951-8774; ron.chretien@statcan.ca) or Denis Pilon (613-951-2707; fax: 613-951-0579; denis.pilon@statcan.ca), Transportation Division. ■

Construction Union Wage Rate Index

February 2005

The Construction Union Wage Rate Index (including supplements) for Canada remained unchanged in February compared with the January level of 129.9 (1992=100). The Composite Index increased 1.2% compared with the February 2004 index.

Union wage rates are published for 16 trades in 20 metropolitan areas for both the basic rates and rates including selected supplementary payments. Indexes on a 1992=100 time base are calculated for the same metropolitan areas and are published for those where a majority of trades are covered by current collective agreements.

Available on CANSIM: tables 327-0003 and 327-0004.

Definitions, data sources and methods: survey number 2307.

The first quarter 2005 issue of *Capital Expenditure Price Statistics* (62-007-XPB, \$26/\$85) will be available in June.

For more information, or to enquire about the concepts, methods, and data quality for this release, contact Client Services Unit (613-951-9606; fax: 613-951-1539; infounit@statcan.ca), or Louise Châiné (613-951-3393), Prices Division. ■

Electric power generation, transmission and distribution

2003

Electric power producers earned operating revenues of \$47.7 billion in 2003, down 5.9% from 2002. The industry registered a net income of \$3.0 billion in 2003, down 16.9% from 2002, as operating expenses decreased 5.9% to \$38.6 billion reflecting the lower cost of purchased electricity. Net electricity generation in Canada decreased 2.1% to 569 terawatt hours.

The 2003 issue of *Electric Power Generation, Transmission and Distribution* (57-202-XIB, \$26) will soon be available.

Definitions, data sources and methods: survey numbers, including related surveys, 2001, 2182, 2194, 2195 and 2196.

For general information or to order data, contact the dissemination officer (1-886-873-8789; 613-951-9497; energ@statcan.ca). To enquire about the concepts, methods or data quality of this release, contact André Lefebvre (613-951-3560, andré.lefebvre@statcan.ca). Manufacturing, Construction and Energy Division. ■

Refined petroleum products

January 2005 (preliminary)

Data on the production, inventories and domestic sales of refined petroleum products are now available for January. Other selected data about these products are also available.

Definitions, data sources and methods: survey number 2150.

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; energ@statcan.ca), Energy, Manufacturing, Construction and Energy Division. ■

Industrial chemicals and synthetic resins

January 2005

Data on Industrial chemicals and synthetic resins are now available for January.

Available on CANSIM: table 303-0014.

Definitions, data sources and methods: survey number 2183.

The January 2005 issue of *Industrial Chemicals and Synthetic Resins*, Vol. 48, no. 1 (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), Manufacturing, Construction and Energy Division. ■

New products

Industrial Chemicals and Synthetic Resins,
January 2005, Vol. 48, no. 1
Catalogue number 46-002-XIE (\$6/\$51).

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

Private and Public Investment in Canada, Intentions, 2005
Catalogue number 61-205-XIB (\$38).

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.

Interim List of Changes to Municipal Boundaries, Status, and Names, 2004/05
Catalogue number 92F0009XIB (\$27).

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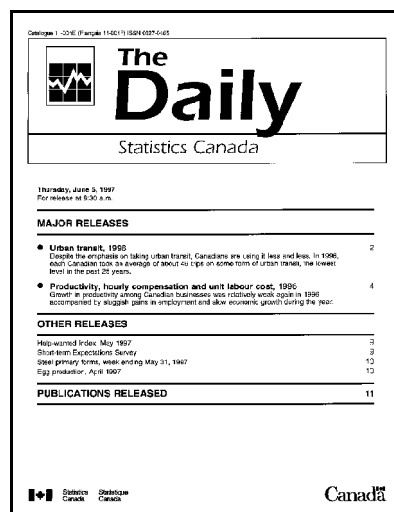
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