



# The Daily

## Statistics Canada

**Monday, March 21, 2005**

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### Major releases

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- **Wholesale trade, January 2005**

After rising for three consecutive months, wholesale sales slipped 0.2% in January. Excluding the automotive sector, sales climbed a hefty 1.1%. Wholesalers continued to boost their inventories for a fifth month in a row.

2
  - **Study: The textile and clothing industries, 1992 to 2004**

Canada's textile and clothing industries have been shrinking since the turn of the millennium, as imported products satisfy a growing majority of the Canadian market. In 1992, imported textiles represented 43% of our market while imported clothing represented 35%. By 2004, imported goods supplied more than 60% of both markets.

6
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### Other releases

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Cereals and oilseeds review, January 2005	8
Crushing statistics, February 2005	8
Deliveries of major grains, February 2005	8
Aircraft movement statistics, February 2005	8
Primary iron and steel, January 2005	9

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### New products

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## Major releases

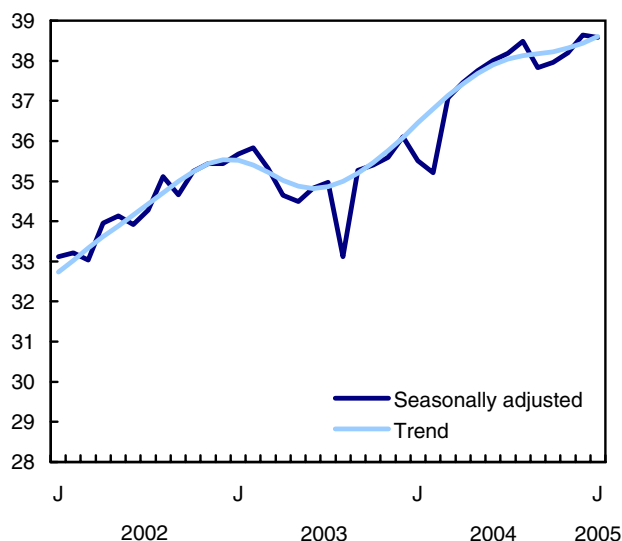
### Wholesale trade

January 2005

After rising for three consecutive months, wholesale sales slipped 0.2% in January. Excluding the automotive sector, sales climbed a hefty 1.1%, whereas that same sector propelled the increase in December.

#### Wholesale sales stall

\$ billions



Since September 2003, total wholesale sales have generally been rising. Previously, they went through a period of declines that started in March 2003. Prior to that, wholesale sales went through a strong period of growth that began in the fall of 2001.

Of the 15 trade groups which represent 52% of total sales, 10 posted increases in January. Wholesalers of computers and electronic products (+6.4%), lumber and millwork (+11.7%) and household and personal products (+4.7%) registered the largest gains in terms of value. The motor vehicles group (-7.1%) and the "other products" category (-4.2%) registered the steepest declines. However, these same two sectors had enjoyed robust growth in December.

In constant dollars, wholesale sales slipped 0.1% in January.

### Sales of computers and other electronic equipment on the rise

Wholesale sales of computers and other electronic equipment rose 6.4% in January. This increase only partly offset the 7.6% drop in December. Despite fierce competition in this sector, sales of computers and other electronic equipment have shown signs of strength since January 2004 owing to strong demand for some products, such as portable computers and cell phones. However, sales have remained below the record levels attained in 2000 before they collapsed in 2001.

### Construction and renovation continue to boost lumber sales

Wholesale sales of lumber and millwork advanced 11.7% in January. This gain was partly attributable to rising prices and the solid performance of the construction and renovation sector in both Canada and the United States. The lumber and millwork sector has generally experienced strong growth since the fourth quarter of 2001 as a result of Canada's real estate boom. In 2004, the residential construction sector had a record year in Canada, with capital spending totalling \$70.4 billion, up 14.2% compared with the previous record set in 2003. In the United States, construction is still booming; in January it reached a level unequalled in 21 years. Approximately one-third of the lumber consumed in the United States comes from Canada.

### Wholesale sales of motor vehicles lose ground

After jumping in December (+6.9%), motor vehicle sales slumped 7.1% in January. The weakness of sales in this sector was partly due to the weak sales of Canadian dealers in recent months. In January, dealers incurred a 1.5% drop in the number of new vehicles sold in Canada. This followed two other monthly declines, despite many incentives offered by automakers. Since July 2004, the trend of wholesale sales in the motor vehicle industry has been slightly downward. Previously, sales had gone through a period of increases that began in September 2003.

Conversely, wholesalers of motor vehicle parts and accessories continued to register gains with a 2.4% increase in January. Wholesalers in this sector have had generally rising sales since January 2004. The strength of sales may be attributable in part to the rise in used cars sales in Canada. The supply of used cars has

increased in Canada owing to the rise in the Canadian dollar, which has made these vehicles more costly on the US market.

#### **Four provinces register gains**

Among the provinces, the largest increases were noted in New Brunswick (+3.2%) and Nova Scotia (+1.2%), while Newfoundland and Labrador (-5.9%) and British Columbia (-2.2%) posted the largest declines.

The lumber and food products groups were the main engines of the growth in Nova Scotia (+1.2%). This increase only partly offset the 6.0% drop in December. Wholesale sales in Nova Scotia have been following a slight downward trend since the summer of 2003.

The decrease in wholesale sales in Newfoundland and Labrador was mainly attributable to weaker sales of food products in January. This sector accounts for approximately 35% of the province's wholesale trade. The decline registered in British Columbia was largely attributable to food products and "other products."

#### **Wholesalers continue to build up their inventories**

The total value of wholesalers' inventories continued to grow for a fifth consecutive month, rising 1.2% to \$47.4 billion in January. This increase was mainly attributable to the motor vehicle parts and accessories

group, as well as the household and personal products group. The value of the inventories of these groups accounts for approximately 15% of total wholesale inventories.

The inventory-to-sales ratio went from 1.21 in December to 1.23 in January. This ratio has been rising since September 2004, owing to the weak growth of wholesale sales and sizable increases in inventories. Previously the ratio went through a period of declines that began in October 2003.

**Available on CANSIM: tables 081-0007 to 081-0010.**

**Definitions, data sources and methods: survey number 2401.**

The January 2005 issue of *Wholesale Trade* (63-008-XIE, \$15/\$150) will soon be available.

Wholesale trade estimates for February 2005 will be released on April 19.

For data or general information, contact Client Services (1-877-421-3067; 613-951-3549; [wholesaleinfo@statcan.ca](mailto:wholesaleinfo@statcan.ca)). To enquire about the concepts, methods or data quality of this release, contact Jean Lebreux (613-951-4907; [jean.lebreux@statcan.ca](mailto:jean.lebreux@statcan.ca)), Distributive Trades Division

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## Wholesale merchants' inventories and inventory-to-sales ratio

	January 2004	October 2004 <sup>r</sup>	November 2004 <sup>r</sup>	December 2004 <sup>r</sup>	January 2005 <sup>p</sup>	December 2004 to January 2005	January 2004 to January 2005	December 2004 <sup>r</sup>	January 2005 <sup>p</sup>
seasonally adjusted									
	\$ millions					% change		Inventory-to-sales ratio	
<b>Inventories</b>	<b>43,301</b>	<b>45,696</b>	<b>46,113</b>	<b>46,861</b>	<b>47,444</b>	<b>1.2</b>	<b>9.6</b>	<b>1.21</b>	<b>1.23</b>
Farm products	106	160	162	149	150	0.9	42.1	0.31	0.32
Food products	4,720	4,305	4,269	4,167	4,271	2.5	-9.5	0.64	0.67
Alcohol and tobacco	289	342	308	304	314	3.1	8.5	0.46	0.46
Apparel	1,414	1,433	1,441	1,464	1,485	1.5	5.1	2.00	2.03
Household and personal products	3,302	3,343	3,261	3,500	3,676	5.0	11.3	1.45	1.46
Pharmaceuticals	2,367	2,656	2,700	2,694	2,613	-3.0	10.4	1.20	1.12
Motor vehicles	4,081	4,091	4,178	4,272	4,365	2.2	7.0	0.69	0.76
Motor vehicle parts and accessories	2,885	3,204	3,193	3,065	3,260	6.4	13.0	1.94	2.01
Building supplies	4,390	4,434	4,535	4,713	4,776	1.3	8.8	1.55	1.56
Metal products	1,573	2,322	2,398	2,462	2,367	-3.8	50.5	1.98	1.90
Lumber and millwork	913	1,130	1,070	1,151	1,139	-1.1	24.7	0.99	0.87
Machinery and equipment	8,139	8,529	8,687	8,803	8,758	-0.5	7.6	2.57	2.50
Computer and other electronic equipment	1,586	1,397	1,417	1,448	1,533	5.9	-3.3	0.58	0.58
Office and professional equipment	2,393	2,495	2,478	2,337	2,500	7.0	4.5	1.34	1.40
Other products	5,143	5,854	6,015	6,333	6,238	-1.5	21.3	1.34	1.38

<sup>r</sup> revised.

<sup>p</sup> preliminary.

## Wholesale merchants' sales

	January 2004	October 2004 <sup>r</sup>	November 2004 <sup>r</sup>	December 2004 <sup>r</sup>	January 2005 <sup>p</sup>	December 2004 to January 2005	January 2004 to January 2005
seasonally adjusted							
	\$ millions					% change	
<b>Total, wholesale sales</b>	<b>35,504</b>	<b>37,955</b>	<b>38,194</b>	<b>38,636</b>	<b>38,576</b>	<b>-0.2</b>	<b>8.7</b>
<b>Farm products</b>	<b>403</b>	<b>457</b>	<b>466</b>	<b>479</b>	<b>475</b>	<b>-0.8</b>	<b>17.9</b>
<b>Food, beverages and tobacco products</b>	<b>7,079</b>	<b>7,123</b>	<b>7,070</b>	<b>7,146</b>	<b>7,080</b>	<b>-0.9</b>	<b>0.0</b>
Food products	6,447	6,455	6,435	6,480	6,399	-1.2	-0.7
Alcohol and tobacco	632	668	635	666	681	2.2	7.7
<b>Personal and household goods</b>	<b>5,038</b>	<b>5,119</b>	<b>5,321</b>	<b>5,383</b>	<b>5,577</b>	<b>3.6</b>	<b>10.7</b>
Apparel	701	704	712	732	731	-0.1	4.2
Household and personal products	2,208	2,159	2,332	2,409	2,523	4.7	14.3
Pharmaceuticals	2,129	2,255	2,278	2,242	2,323	3.6	9.1
<b>Automotive products</b>	<b>7,185</b>	<b>7,406</b>	<b>7,382</b>	<b>7,780</b>	<b>7,376</b>	<b>-5.2</b>	<b>2.7</b>
Motor vehicles	5,777	5,878	5,795	6,196	5,755	-7.1	-0.4
Motor vehicle parts and accessories	1,409	1,528	1,587	1,583	1,621	2.4	15.1
<b>Building materials</b>	<b>4,490</b>	<b>5,410</b>	<b>5,412</b>	<b>5,456</b>	<b>5,604</b>	<b>2.7</b>	<b>24.8</b>
Building supplies	2,644	2,986	3,047	3,045	3,052	0.2	15.4
Metal products	863	1,250	1,244	1,243	1,248	0.4	44.6
Lumber and millwork	983	1,174	1,121	1,168	1,305	11.7	32.8
<b>Machinery and electronic equipment</b>	<b>7,126</b>	<b>7,913</b>	<b>8,030</b>	<b>7,677</b>	<b>7,945</b>	<b>3.5</b>	<b>11.5</b>
Machinery and equipment	2,884	3,502	3,522	3,427	3,504	2.2	21.5
Computer and other electronic equipment	2,660	2,674	2,705	2,500	2,660	6.4	0.0
Office and professional equipment	1,582	1,737	1,803	1,750	1,781	1.8	12.6
<b>Other products</b>	<b>4,182</b>	<b>4,526</b>	<b>4,512</b>	<b>4,717</b>	<b>4,519</b>	<b>-4.2</b>	<b>8.0</b>
<b>Total excluding automotive products</b>	<b>28,319</b>	<b>30,549</b>	<b>30,811</b>	<b>30,856</b>	<b>31,200</b>	<b>1.1</b>	<b>10.2</b>
<b>Sales, province and territory</b>							
Newfoundland and Labrador	212	206	206	216	204	-5.9	-4.0
Prince Edward Island	48	49	50	49	48	-0.5	0.9
Nova Scotia	503	505	514	483	489	1.2	-2.8
New Brunswick	443	443	445	453	468	3.2	5.5
Quebec	6,729	7,444	7,482	7,461	7,518	0.8	11.7
Ontario	18,728	19,386	19,549	19,920	19,896	-0.1	6.2
Manitoba	886	917	968	970	965	-0.5	8.9
Saskatchewan	913	1,059	1,130	1,050	1,054	0.3	15.5
Alberta	3,626	4,093	4,098	4,236	4,221	-0.3	16.4
British Columbia	3,396	3,826	3,725	3,767	3,686	-2.2	8.5
Yukon	6	7	9	11	9	-16.4	44.4
Northwest Territories	12	17	16	18	17	-2.1	44.7
Nunavut	1	3	3	2	2	-8.4	78.0

<sup>r</sup> Revised.

<sup>p</sup> Preliminary.

## Study: The textile and clothing industries

1992 to 2004

Canada's textile and clothing industries have been shrinking since the turn of the millennium, as imported products satisfy a growing majority of the Canadian market, according to a new study.

In 1992, imported textiles represented 43% of the Canadian market while imported clothing represented 35%. By 2004, imported goods supplied more than 60% of both markets.

In both textile and clothing industries, China has achieved the biggest gains in penetrating the Canadian import market. However, both India and Mexico have also made inroads.

Strong export demand from the United States in the 1990s delayed the impact of this increased import penetration. However, both production and employment in Canada's textile and clothing industries have been falling, and Canada's domestic industries are in fact shrinking.

Job losses in the domestic industries have mounted. Employment in the Canadian textile industry continued to grow until 2003 when it reached 54,800, up from 53,500 in 2002. However, the work force plunged to 50,400 in 2004, which was nearer 1999 levels.

The situation was worse in the clothing industry, where employment has declined progressively. From 94,000 in 2002, it fell to 84,000 in 2003 and to 71,000 in 2004.

### Dismantling of trade barriers a major factor

A major factor contributing to this shift has been the dismantling of barriers to multilateral trade. From the 1970s up until the mid-1990s, trade in textiles and clothing was shaped by a system of import quotas, which had been negotiated between major importers and major exporters of textiles and clothing. Canada, as a major importer, negotiated numerous arrangements with countries such as China and India.

The system of quotas was called the Multi-Fibre Arrangement. One result of the Uruguay Round of negotiations was that World Trade Organization member countries agreed to remove all of these quotas in four stages between January 1, 1995 and January 1, 2005.

Another outcome of the Uruguay Round was a commitment to reduce tariffs on trade in textile and clothing products.

Faced with lower tariffs and an absence of quotas in the years following 1995, Canadian companies started to shop around for global suppliers.

### Note to readers

*This release is based on the report *Stretching or Shrinking? The Textile and Clothing Industries in Canada*, published today in the electronic document *Analysis in Brief*.*

*This study investigates trends in international trade, production and employment in the textile and clothing industries between 1992 and 2004. It also examines patterns of trade in textiles and clothing.*

*It complements the feature article in the March 2005 Canadian Economic Observer "Canada's textiles and clothing industries," which offers an examination of world trade in textiles and clothing and productivity in the textile and clothing industries.*

*Textiles and clothing are two distinctive Canadian industries. The textile industry manufactures a wide variety of threads, filaments and fabrics. It also produces felts, carpets, blankets, diapers, hygiene products, fire hoses, ropes and parachutes.*

*The clothing industry produces men's, women's and children's wear as well as furs, foundation garments, hosiery, gloves, sweaters and occupational clothing.*

### Imports capture rising share of Canadian market

Prior to the introduction of the Canada-United States Free Trade Agreement in 1989, Canadian-made products satisfied about 70% of domestic demand for textiles and clothing.

Subsequently, between 1989 and 1992, imports from the United States soared and the share of Canadian market captured by imported products rose substantially. By 1998, imported textiles and clothing had taken over more than half of the Canadian market from Canadian-made products.

In 1992, imported products accounted for 43% of the Canadian textiles market. By 2004, this proportion had ballooned to 60%. Similarly, imported clothing accounted for 35% of the Canadian market in 1992. By 2004, this share had soared to 62%.

Trade in textiles and clothing between Canada and the United States flourished in the 1990s as a result of the Free Trade Agreement, which committed the two countries to a gradual elimination of tariffs on virtually all goods.

As barriers to trade in textiles and clothing faced by other countries have fallen, there has been a substantial shift away from the United States to other countries such as China and, to a lesser extent, India.

Between 1992 and 1999, the United States' share of total textile imports flowing into Canada rose from 53% to 62%. However, between 1999 and 2004, this proportion returned to 53%.

The situation with respect to clothing was a mirror image of textiles. From 1992 to 1998, the value of imported clothing products from the United States more than doubled from \$343.9 million to \$883.6 million.

However, in the six subsequent years, the value of American imports tumbled to \$583.4 million. As a result, the United States' share of total clothing imports flowing into Canada plunged from 20% to only 9%.

### **China has made biggest gains**

In terms of both textiles and clothing, China has achieved the biggest gains in the Canadian import market.

China's share of textile imports was relatively steady at 6% between 1992 and 1999. By 2002, imports from China had doubled and China's share of imports into Canada rose to 11%.

In 2004, China shipped textile products worth about \$800 million into Canada, which accounted for 15% of all Canada's imported textile products and 9.2% of total Canadian demand for textile products. This was up from supplying 2.7% of total Canadian demand in 1992.

China's impact on the clothing market was even greater. In 1992, clothing imports from China stood at \$571.3 million. By 2004, these imports had increased four-fold to \$2.3 billion, resulting in a gain in import market share from 20% to 36% and a gain in total Canadian demand from 7% to 22%.

A combination of factors may explain China's expansion into foreign markets. These include its low cost labour force, the importance of its domestic textiles such as silk and its ability to draw upon Hong Kong's well established financial and marketing expertise.

### **India, Mexico also making inroads**

Both India and Mexico have made inroads in the Canadian market. Between 1992 and 2004, imported textile products from India more than tripled from \$52.8 million to \$213.8 million. As a result, India accounted for 4% of Canada's total textile imports in 2004, double the proportion in 1992.

Clothing imports from India also more than tripled from \$111.8 million in 1992 to over \$400 million in 2004, securing 7% of Canadian clothing imports in 2004.

Textile imports from Mexico increased five-fold by 2004, allowing Mexico's share of Canada's textile imports to increase to 3%.

Canada's clothing imports from Mexico rose at an annual average rate of 40% between 1992 and 2001. As a result, Mexico's share of the Canadian import market in clothing jumped from only 1% to 5%. The growth of Canada's imports from Mexico has slowed in more recent years, but remains fairly strong.

On January 1, 2003, the Canadian government announced that textile and clothing products from the world's least developed countries would be extended quota-free, duty-free access to the Canadian market.

Canada's imports from Bangladesh, the only least developed country that currently engages in substantial textiles and clothing trade with Canada, stood at \$34.7 million in 1992. By 2000, imports from Bangladesh had increased almost five-fold to \$165.2 million.

In 2004, the value of textile and clothing imports combined from Bangladesh amounted to about \$480 million, the vast majority of which was clothing. After the United States and China, Canada imported the most clothing from Bangladesh.

### **Definitions, data sources and methods: survey numbers, including related surveys, 2101, 2201 and 2612.**

The analytical article *Stretching or Shrinking? The Textile and Clothing Industries in Canada*, no. 22 (11-621-MIE2005022, free) is now available online in the *Analysis in Brief* (11-621-MIE) series. From the *Our products and services* page, under *Browse our Internet publications*, choose *Free*, then *Business enterprises*.

For more information, or 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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## Other releases

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### Cereals and oilseeds review

January 2005

In February, Chicago soybean futures' established contract lows early in the month and then rallied US \$1 a bushel over the month. The rally flew in the face of overall fundamentals, with heavy speculative buying as analysts lowered their production forecasts due to hot, dry weather in southern Brazil. Spillover from soybeans pushed nearby corn futures' prices above US \$2 a bushel.

Winnipeg futures' prices were buoyed by speculation in Chicago soybeans. Despite a weak export pace, declining crush demand and increased producer deliveries, canola futures' prices gained as a result of the soybean rally.

The data from the January 2005 issue of the *Cereals and Oilseeds Review* are now available. The information includes data on production, stocks, prices, domestic processing, exports, farmers' deliveries, and supply-disposition analyses.

The February situation report, an overview of current market conditions, both domestic and international, is also included in the January issue of *Cereals and Oilseeds Review* (22-007-XIB, \$12/\$120), which will be available soon.

For general information, contact Client Services (1-800-465-1991; [agriculture@statcan.ca](mailto:agriculture@statcan.ca)). To enquire about the concepts, methods or data quality of this release, contact Les Macartney (613-951-8714; [les.macartney@statcan.ca](mailto:les.macartney@statcan.ca)), Agriculture Division. ■

### Crushing statistics

February 2005

According to the monthly survey of crushing plants, Canadian oilseed processors crushed 247,343 metric tonnes of canola in February. Oil production last month totalled 101,367 tonnes while meal production amounted to 157,264 tonnes.

**Available on CANSIM: table 001-0005.**

**Definitions, data sources and methods: survey number 3404.**

The February 2005 issue of *Cereals and Oilseeds Review* (22-007-XIB, \$12/\$120) will be available in April.

For general information, contact Client Services (1-800-465-1991; [agriculture@statcan.ca](mailto:agriculture@statcan.ca)). To enquire about the concepts, methods and data quality of this release, contact Les Macartney (613-951-8714; [les.macartney@statcan.ca](mailto:les.macartney@statcan.ca)), Agriculture Division. ■

### Deliveries of major grains

February 2005

Data on February grain deliveries are now available.

**Available on CANSIM: table 001-0001.**

**Definitions, data sources and methods: survey numbers, including related surveys, 3403, 3404 and 3443.**

The February 2005 issue of *Cereals and Oilseeds Review* (22-007-XIB, \$12/\$120) will be available in April.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Susan Anderson (613-951-3859; [sue.anderson@statcan.ca](mailto:sue.anderson@statcan.ca)), or Client Services (1-800-465-1991; [agriculture@statcan.ca](mailto:agriculture@statcan.ca)), Agriculture Division. ■

### Aircraft movement statistics

February 2005 (preliminary)

The 42 Canadian airports with NAV CANADA air traffic control towers reported 317,345 aircraft take-offs and landings in February, down 7.4% compared with February 2004 (342,664 movements). Year-over-year decreases in aircraft movements were reported by 29 airports in February compared with the same month a year earlier. Declines of greater than 20% were reported by 11 airports this month compared with 3 airports in January.

Itinerant movements (flights from one airport to another) decreased by 2.6% (-6,128 movements) in February compared with the same month a year earlier. Local movements (flights that remain in the vicinity of the airport) decreased by 17.6% (-19,191 movements) in February compared with February 2004.

The top 10 airports in terms of volumes of itinerant movements in February showed year-over-year variations ranging from a 12.5% increase (+691 movements) at Boundary Bay



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to a decline of 9.5% (-899 movements) at Ottawa/Macdonald-Cartier International. Of the top 10 airports, 6 recorded increases in itinerant movements compared with 8 airports in January 2005.

The top 10 airports in terms of local movements showed year-over-year variations ranging from a 6.1% increase (+262 movements) at Thunder Bay to a decline of 31.8% (-1,993 movements) at Montreal/St-Hubert. Of the top 10 airports, 7 recorded decreases in local movements compared with 3 airports in January 2005.

**Definitions, data sources and methods: survey number 2715.**

The February issue of *Aircraft Movement Statistics*, Vol. 4, no. 2 (51F0001PIE, TP1496, free) is now available online. From the *Our products and services* page, choose *Free publications*, then *Transport and warehousing*.

Preliminary statistics for the 56 Canadian airports with NAV CANADA flight service stations are also available for February.

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

release, contact Kathie Davidson (613-951-0141; fax: 613-951-0010; [aviationstatistics@statcan.ca](mailto:aviationstatistics@statcan.ca)), Transportation Division. ■

**Primary iron and steel**

January 2005

Data on primary iron and steel for January are now available.

**Available on CANSIM: tables 303-0048 to 303-0051.**

**Definitions, data sources and methods: survey numbers, including related surveys, 2116 and 2184.**

The January 2005 issue of *Primary Iron and Steel*, Vol. 60, no. 1 (41-001-XIB, \$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. ■

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.