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The Daily

Statistics Canada

Thursday, April 14, 2005
Released at 8:30 a.m. Eastern time

Major releases

Other releases

Major releases

Study: Canada's economic growth in review
2004

Canada's economic growth in 2004 was increasingly driven by its resource base, especially energy exports and investment, as demand from China soared, according to a review of the economy published today in *Canadian Economic Observer*.

Record high oil prices followed a decade of heavy investment in energy, especially the tar sands. Economic growth was evenly distributed, as no major industry or province suffered a loss last year.

Canada's growth, which amounted to 2.8% last year as measured by gross domestic product (GDP), was below the global average of 5.1% as determined by the International Monetary Fund. However, the global average was the best in 27 years, powered by continued strength in the United States and China.

The United States easily led the acceleration common to all the G7 nations, as its real gross domestic product rose 4.4%. The gain defied widely held concerns about the sustainability of US growth in the face of record high oil prices and a record trade deficit.

The United Kingdom was in second place with 3% growth, just ahead of Canada and Japan. Continental Europe continued to lag with gains of less than 2%, although this was an improvement on negligible growth in 2003.

Global events continued to be the driving force behind developments in Canada's $1.3-trillion economy. The Canadian dollar rose on average another five cents against the US greenback, after a seven-cent increase the year before.

These were the largest ever back-to-back gains in the exchange rate, reflecting the devaluation of the US dollar against most major OECD currencies. Commodity prices saw their best consecutive yearly increases since the early 1970s. This partly reflects China's ongoing rapid integration into the world economy.

Rising export demand accounted for the entire gain in Canada's GDP growth last year, which was up from 1.7% in 2003. Growth in domestic demand remained virtually unchanged at 3.8%, supported by strengthening business investment.

Boom in exports to China

Canada's current account surplus hit a record high of $33.8 billion last year. A recovery in export earnings sent the goods surplus to a three-year high of $67 billion.

The improved performance for exports reflected growing shipments to China, where exports rose 39%, more than twice the 15% gain in 2003. Most of the increase was in non-energy natural resources, which accounted for about 80% of Canada's shipments to China.

Export prices edged up, as higher commodity prices outweighed the depressing effect of a rising dollar, especially for goods priced in US dollars. The driving force behind this turnaround was the rapid growth in China's economy. Its voracious demand for resources translated directly into more Canadian exports as well as indirectly boosting prices for commodity shipments elsewhere.

Exports of manufactured goods to the United States also rose in the first half before the rising dollar slowed them in the second half, while energy shipments south of the border were strong all year.

Imports rose 6%, surpassing their previous peak set in 2000. Higher volume accounted for the entire increase. Imports from China, which jumped another 30%, have doubled in the last three years. Imports from the rest of the world have not risen since 2001.

Energy consolidates role as leading resource export

Rising energy prices, led by oil breaching a record US $50 a barrel, challenged the rising dollar as the year's most important economic event.

Energy consolidated its place as Canada's leading resource export. Since oil prices bottomed out during the Asian crisis in 1998, the share of energy in exports has more than doubled from 7.3% to 16.1%. Most of this growth came at the expense of autos and machinery and equipment, with losses of over three percentage points each.

Canada's surplus in trade in energy is now almost as large as all other resource exports combined, including food, metals and forestry, the latter our largest export for years. Energy exports have doubled since 1999, driven by higher prices and new sources of supply.

This reliance on energy for such a large part of exports might raise questions about our vulnerability to a collapse in prices, such as for oil in 1986, 1991 and 1998. But the markets expect oil prices will be permanently higher, according to the OECD, with futures prices (up to 7 years ahead) rising above $40 a barrel.

Canada is well positioned to profit from soaring energy prices. Over the past decade, firms have devoted one-third of their investment to the energy sector, boosting its gross capital stock by $218 billion since 1994.

Over half this expansion was in oil and gas, including such mega-projects as Hibernia, Terra Nova and Sable Island off the East Coast, Ladyfern in British Columbia, and especially the tar sands in Alberta (which account for over 40% of oil output in Canada). The development of the tar sands is the inevitable consequence of declining reserves of conventional oil, even with the discovery of more offshore oil. Oil reserves in tar sands have risen to four-times those for conventional oil.

All these projects needed a substantial increase in pipeline capacity to bring product to market. The strong growth in Canada's energy revenues in recent years partly reflects the pay-off from these huge and often risky investments. The boom in energy projects led business investment out of a three-year slump after the high tech crash in 2000.

The concentration of growth in our capital-intensive resource sector also helps explain the increase in profits relative to wages and salaries in recent years. In fact, labour income's share of GDP fell to less than half (49.4%) last year for the first time ever.

More even distribution of industry growth

Last year was notable for a more even distribution of industry growth. Recent years were dominated by rapid gains in a few sectors, such as manufacturing in 2000, or housing in 2001, as well as sharp declines in others, such as the travel sector in 2003 or the farm drought in 2002.

This left double-digit gaps for growth between the best and worst performing industries. But in 2004, the spread narrowed to just six points (from wholesale at 6% to utilities at 0%).

Last year's narrower dispersion of growth partly reflected the absence of any major industry posting a decline. Accommodation and food rebounded from its SARS-induced loss in 2003. Manufacturing improved across the board except for paper and clothing-related industries, after a stagnant performance the year before.

Particularly notable was an upturn in information and communications technologies manufacturing after three years of retreat. The recovery in international trade also helped transportation rebound from an off-year in 2003. Arts and recreation posted the largest slowdown, with losses for spectator sports.

All provinces benefited from gains in housing and, to a lesser extent, resource extraction. In fact, no province has posted a decline in jobs in any year since 2001. This is a remarkable string for a country as diverse as Canada, facing a series of shocks ranging from drought to disease outbreaks to the soaring loonie.

The net result was a more even distribution of provincial growth in employment. Only Manitoba and Saskatchewan lagged significantly last year, the result of weakness in farming. Alberta led growth, thanks to its energy sector.

The study "Canada's economic growth in review" is now available for free online. The study is also included in the April 2005 Internet edition of *Canadian Economic Observer*, Volume 18, no. 4 (11-010-XIB, $19/$182), which is now available. See *How to order products*. The monthly paper version of *Canadian Economic Observer*, Volume 18, no. 4 (11-010-XPB, $25/$243) will be available on April 21.

For more information, contact Philip Cross (613-951-9162; *ceo@statcan.ca*), Current Economic Analysis Group. ■

Other releases

Study: Customized standards for birth weight by gestational age
1997 and 1998

A new study argues that the use of customized fetal growth standards should be consistent with patterns of growth restriction and perinatal mortality rates. It concludes that separate standards for birth weight by gestational age are appropriate for males and females, but not for blacks and whites.

The study "Customized birth weight for gestational age standards: Perinatal mortality patterns are consistent with separate standards for males and females but not for blacks and whites" was published in *BMC Pregnancy and Childbirth*. The full text of the article is available free online (*http://www.biomedcentral.com/1471-2393/5/3*) in English only.

For more information about the concepts, methods or data quality, or to obtain a copy, contact Russell Wilkins (1-613-951-5305; *russell.wilkins@statcan.ca*), Health Analysis and Measurement Group. ■

Natural gas transport and distribution industries
2002 and 2003

Financial and operational data on the natural gas transport and distribution industries for the years 2002 and 2003 are now available.

Definitions, data sources and methods: survey number 2180.

For more information, to order data, 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*), Manufacturing, Construction and Energy Division. ■

Industrial chemicals and synthetic resins
February 2005

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

Available on CANSIM: table 303-0014.

Definitions, data sources and methods: survey number 2183.

The February 2005 issue of *Industrial Chemicals and Synthetic Resins*, Vol. 48, no. 2 (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. ■

Oil pipeline industry
2002 and 2003

Financial and operational data on the oil pipeline industry for the years 2002 and 2003 are now available.

Definitions, data sources and methods: survey number 2179.

For more information, to order data, 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*), Manufacturing, Construction and Energy Division. ■

New products

Canadian Economic Observer, April 2005, Vol. 18, no. 4
Catalogue number 11-010-XIB ($19/$182).

Industrial Chemicals and Synthetic Resins, February 2005, Vol. 48, no. 2
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.

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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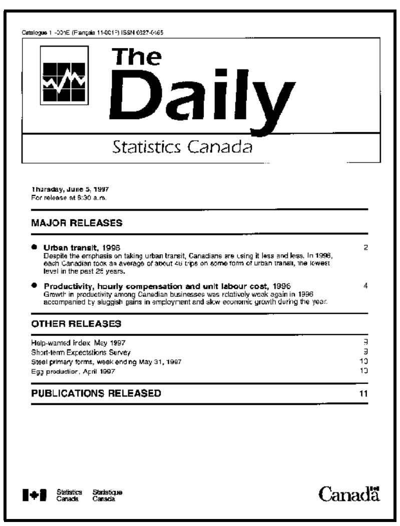
Authorized agents and bookstores also carry Statistics Canada’s catalogued publications.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The Daily

Statistics Canada

Thursday, June 5, 1997
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MAJOR RELEASES

- **Urban transit, 1996** — 2
Despite the emphasis on taking urban transit, Canadians are using it less and less. In 1996, each Canadian took an average of about 46 trips on some form of urban transit, the lowest level in the past 25 years.
- **Productivity, hourly compensation and unit labour cost, 1996** — 4
Growth in productivity among Canadian businesses was relatively weak again in 1996 accompanied by sluggish gains in employment and slow economic growth during the year.

OTHER RELEASES

Help-wanted Index, May 1997	9
Short-term Expectations Survey	9
Steel primary forms, week ending May 31, 1997	10
Egg production, April 1997	10

PUBLICATIONS RELEASED — 11

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