Catalogue 11-001-XIE (Français 11-001-XIF) ISSN 0827-0465

The Daily

Statistics Canada

Tuesday, May 17, 2005
Released at 8:30 a.m. Eastern time

Releases

Releases

Foreign direct investment
2004

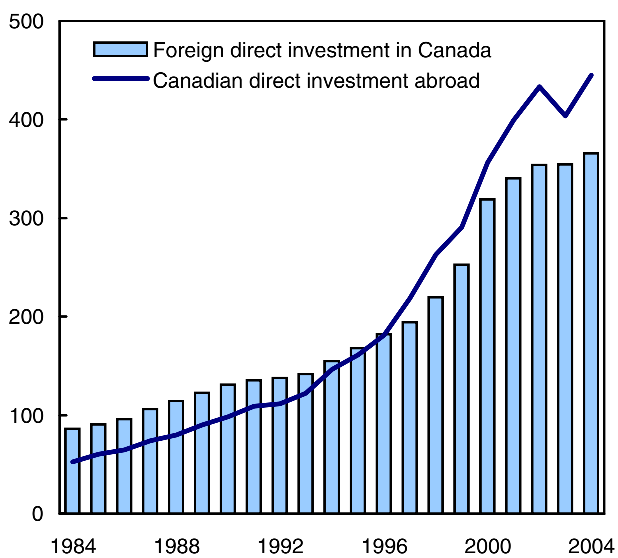
Canadian direct investment abroad increased by more than 10% through 2004, mainly as the result of acquisitions and increases in the working capital of foreign affiliates. At the same time, foreign direct investment in Canada rose by only 3%.

As a result, the net direct investment position (the difference between Canadian direct investment abroad and foreign direct investment in Canada) rose to a record $79.4 billion at the end of 2004. This was a $30.5 billion gain from the previous year.

The largest takeover in history by a Canadian enterprise of a foreign company drove Canadian direct investment abroad to $445.1 billion at the end 2004, up $41.7 billion from the year before.

Foreign direct investment position

Billions of dollars



The appreciation of the Canadian dollar, largely against its US counterpart, lowered the position by $18.0 billion as Canadian direct investments abroad are denominated in foreign currencies. However, the value of capital transactions more than offset this effect.

The increase in 2004 was in sharp contrast with the 7% decline observed at the end of 2003 when the Canadian dollar had appreciated strongly vis-à-vis most foreign currencies.

> ***Note to readers***
>
> ***Direct investment*** *is a category in the financial account of the international investment position, which refers to investment of a resident entity in one country obtaining a lasting interest in an enterprise resident in another country. The lasting interest implies the existence of a long-term relationship between the direct investor and the enterprise and a significant degree of influence by the investor on the management of the enterprise.*
>
> *In practice, direct investment is deemed to occur when a company owns at least 10% of the voting equity in a foreign enterprise.*
>
> *In this report, direct investment represents the cumulative year-end positions.*
>
> *In the Canadian statistics, direct investment is measured as the total value of equity, net long-term claims and net short-term claims of non-bank enterprises held by the enterprise across the border. Direct investment position series are at book value.*

At the same time, foreign direct investment in Canada rose by only 3% to $365.7 billion, up from the revised level of $354.5 billion observed at the end of 2003. This rate of increase was well below the average rate of over 9% observed during the last decade. Moreover, revised data based on the 2003 survey results show that there was virtually no increase in foreign direct investment in Canada between 2002 and 2003. This was the lowest annual increase since the declines observed during the 1930s.

In 2004, 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 but was virtually unchanged vis-à-vis the Euro.

Direct investment in the United States jumps

Direct investment assets in the United States increased $27.5 billion, or 17%, to reach $193.9 billion. US assets accounted for 44% of total Canadian direct investment abroad, up from the 41% observed a year earlier but well below the 63% observed in 1989.

Capital infusions and the reinvestment of funds in existing foreign affiliates more than offset the effect of the strengthening Canadian dollar, which lowered the value of direct investment assets in the US by about $12 billion.

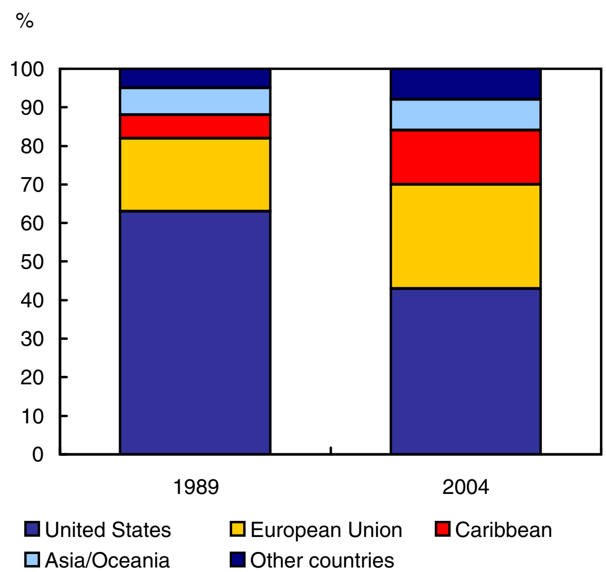
The value of Canadian direct investment in the United Kingdom increased $3.0 billion to $44.0 billion. The United Kingdom was the second most popular destination for Canadian foreign direct investment. Four other European countries were in the top 10 countries for Canadian direct investment abroad namely Ireland, Netherlands, France and Hungary. The European

Union countries accounted for 27% of the total direct investment abroad at the end of 2004. This proportion was at 19% in 1989.

Canadian enterprises increased five fold their direct investment abroad in the last 15 years and are diversifying their portfolios abroad, with more assets in European markets and in emerging economies with potential for development.

Between 1989 and 2004, the proportion of direct investment in Asia/Oceania countries increased from 7% to 8%. At the same time, the proportion of direct investment in the Caribbean countries more than double from 6% to 14%.

Canadian direct investment abroad: Geographical distribution



At the end of 2004, foreign direct investment assets were mainly in the finance and insurance industry (45%), in the energy industry (11%) and in the metallic minerals industry (11%).

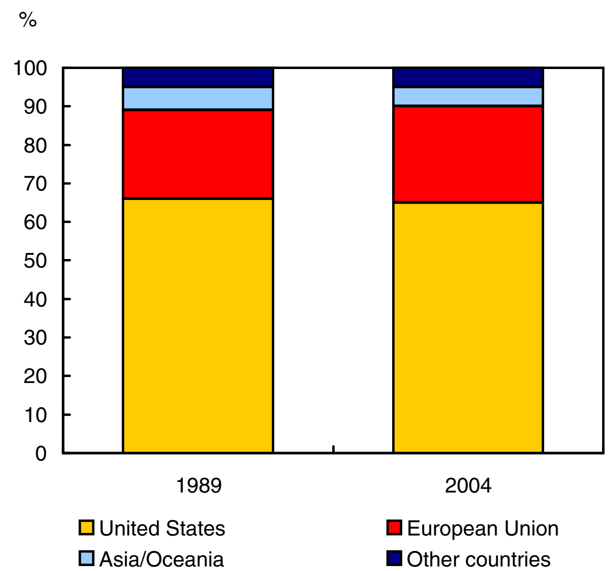
Foreign direct investment in Canada increases slightly

The 3% increase in foreign direct investment in Canada was mostly the result of capital inflows to existing Canadian operations from foreign parents. Again this year, net acquisitions by foreign direct investors were negative as Canadians on balance repatriated companies from foreign investors during the year.

American investors still hold most of the investment with over 65% of the total or $238.2 billion at the end of 2004. The United Kingdom is now the second largest with 8% or $29.5 billion of the total foreign direct investment in Canada, replacing France which was Canada's second largest foreign direct investor in the previous four years. European Union countries accounted for about 25% of the total. All other nations combined held about 10% of direct investment in Canada at the end of 2004.

In the last 15 years, direct investment in Canada has tripled in value but foreign investors continue to be concentrated in the United States and Western Europe. In 2004, the United States, the European Union countries and the Asia/Oceania countries accounted for almost the same proportion of the total as at the end of 1989.

Foreign direct investment in Canada geographical distribution



The energy industry and the finance and insurance industry each represented 18% of total foreign direct investment in Canada at the end of 2004. The remaining foreign direct investment was well diversified.

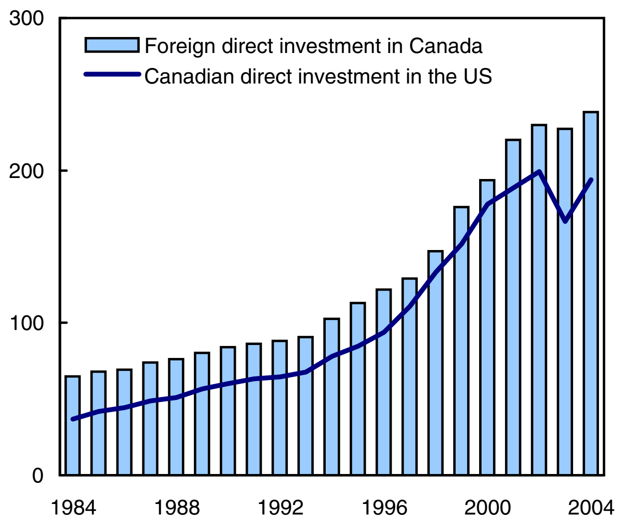
Canada's net direct investment position increases

The net direct investment position (the difference between Canadian direct investment abroad and foreign direct investment in Canada) increased to a record value of $79.4 billion at the end of 2004, up from $48.9 billion a year earlier. More than three-quarters of the countries with Canadian direct investment abroad and/or foreign direct investment in Canada have a positive net direct investment position.

However, the United States and France recorded a significant negative net direct investment position of $44.3 billion and $17.4 billion respectively. The net direct investment with these two countries has never been positive.

Foreign direct investment position with the United States

Billions of dollars



Foreign direct investment positions at year-end

	2001	2002	2003	2004
	Billions of dollars			
Canadian direct investment abroad				
United States	188.5	199.3	166.4	193.9
United Kingdom	39.7	40.7	41.0	44.0
Barbados	26.5	27.0	29.5	30.6
Ireland	9.0	17.7	19.5	20.6
Bermuda	12.4	11.8	11.1	11.7
Netherlands	12.0	10.8	10.7	10.9
France	3.8	4.5	10.5	10.4
Hungary	9.2	10.7	8.9	10.0
Japan	7.0	9.7	8.4	9.6
Caymans Islands	5.6	10.4	10.2	9.5
All other countries	85.5	90.7	87.3	93.8
Total	**399.3**	**433.4**	**403.4**	**445.1**
Foreign direct investment in Canada				
United States	219.9	229.9	227.4	238.2
United Kingdom	26.9	27.9	27.4	29.5
France	31.5	31.3	31.5	27.8
Netherlands	13.8	13.9	16.1	14.5
Japan	7.9	9.2	9.6	10.6
Switzerland	6.4	7.0	7.1	8.1
Germany	6.2	6.8	7.1	7.6
Hong Kong	3.9	4.1	4.7	5.3
All other countries	24.0	24.1	23.6	24.2
Total	**340.4**	**354.1**	**354.5**	**365.7**

Available on CANSIM: tables 376-0038 and 376-0051 to 376-0054.

Definitions, data sources and methods: survey number 1537.

For general information or to order data, 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; *eric.simard@statcan.ca*) or Christian Lajule (613-951-2062; *christian.lajule@statcan.ca*), Balance of Payments Division. ■

Study: Is inflation higher for seniors?

1992 to 2004

The Consumer Price Index (CPI) tracked very closely the inflation experienced by seniors as a group between 1992 and 2004, according to a new study. This is important because the CPI is used to index old-age pensions.

During this 12-year span, seniors-only households experienced an average annual rate of inflation of 1.95%. This was only slightly higher than the rate of 1.84% for all other households, and 1.86% for all households combined.

The study examined the inflation rate experienced by households composed exclusively of seniors aged 65 and over, comparing them with all other Canadian households and the official CPI.

Starting in 1998, seniors did begin to encounter slightly higher price increases for certain items. As a result, a small gap did grow between inflation for seniors-only households and other households, which lasted until 2002.

The gap was due to price increases in items such as mortgage rates and some energy products, where trends in prices had changed since 1992. But it was not due to long-term trends in prices for items such as electronics and tuition.

Seniors tend to spend a different proportion of their budget on various items than do other households. However, price gains for many of these items also tend to offset each other.

The study also showed there are substantial variations in inflation between seniors from province to province, ranging from a low of 21.2% in Quebec to a high of 32.0% in Alberta. The national average was 24.4% during the 12-year period.

In addition, inflation rates for seniors varied depending on their household circumstances. For example, seniors who owned their own home had very different inflation rates than seniors who rented.

Senior households spend differently

Seniors may experience different rates of inflation because there are some fairly significant differences in spending patterns between them and other households.

Seniors tend to spend proportionally less on transportation items, such as new cars and gasoline, according to the 2001 Survey of Household Spending.

They also tend to spend a smaller proportion of their income on clothing and most types of entertainment, such as recreational vehicles and audio/visual equipment. And they spend proportionally less on alcohol and tobacco products.

Note to readers

The study on which this release is based does not provide an official measure of senior inflation, but an examination of the differences between seniors and Canadians in other age groups.

Results differ slightly from the official Consumer Price Index (CPI) due to such factors as mortgage interest and less detailed consumer baskets.

The study has only examined inflation differences between seniors and all other households due to different spending patterns. However, inflation differences could also arise if seniors experience price movements different from other households for the same good or service.

For example, if seniors tend to shop for clothes at a certain outlet while all other households tend to favour another outlet where prices moved differently, different inflation rates would be experienced by seniors compared to other households. Since there are no price data available by class of consumers, this study assumes that price changes are the same for all households.

For the purposes of this study, individual household CPIs from January 1992 to January 2001 were calculated using the 1997 Survey of Household Spending to a detail of 88 expenditure items and applying price movements as collected by Prices Division, Statistics Canada.

For January 2001 to February 2004, household CPIs were calculated using the 2001 Survey of Household Spending to a detail of 111 expenditure items and the corresponding price indexes.

These items were then regrouped into more general expenditure categories to show their cumulative effects. Most of the missing details are in the Food and Clothing categories.

However, seniors spend proportionally more on travel and reading materials, utilities and rent and tenants' expenses.

For example, for every $100 of their expenditure budget, seniors on average spend $56 on food and shelter, including utilities, compared with only $45 among other households.

Recreational and sports equipment and services combined are the most important factors contributing to a slightly higher inflation for seniors-only households. They include such items as computers, audio/visual and photographic equipment, cable television subscriptions, travel and recreational vehicles.

The impact on the CPI of electronic items is quite large and continuous, as their prices have fallen steadily over time. However, seniors have not benefited from these price decreases as much as younger households because they do not spend as much of their income on these items.

Seniors spend a relatively larger portion of their income on cable television subscriptions, a main item in the CPI's recreation category. The price of cable TV has gone up steadily, increasing 75% between January 1992 and February 2004. As a result, the increases in the CPI experienced by seniors were again pushed higher.

Home tenure was also an important factor in determining differences in inflation rates among seniors. For example, the national rate of inflation between January 1992 and February 2004 for seniors who were renters was only 22.7%, well below the pace of 28.1% among seniors who owned their homes.

Gap varies from province to province

Differences in the inflation rate between senior households and others were small at the national level. However, they varied greatly from one province to another between 1992 and 2004.

The inflation rate for seniors households was at or above the national average of 24.4% in five provinces: Nova Scotia, Ontario, Manitoba, Saskatchewan and Alberta.

In addition, the inflation rate for seniors was less than the rate for all other households in every province. But the gap between the two groups varied substantially, and it was widest in British Columbia and New Brunswick.

The All-items CPI tracked seniors' inflation at the national level fairly well. But this was not the case at the provincial level. This is because differences in inflation between the provinces are much larger than the average difference between seniors-only and all other households at the national level.

Definitions, data sources and methods: survey numbers, including related surveys, 2301 and 3508.

The analytical article *Is Inflation Higher for Seniors?* 1992 to 2004 (11-621-MIE2005027, free) is now available online in the *Analysis in Brief* (11-621-MIE).

For more information, or to enquire about the concepts, methods or data quality of this release, contact Radu Chiru (613-951-3998), Prices Division. ■

Machinery and equipment price indexes

First quarter 2005

The Machinery and Equipment Price Index (1986=100) was 127.3 in the first quarter, up 1.1% from the fourth quarter of 2004. The domestic and imported components increased 0.9% and 1.2% respectively. Compared with the first quarter of 2004, the index fell 1.0% due to a drop in the import series (-3.8%).

The first quarter increase of 1.1% was modest compared with declines of 1.6% in the third quarter and 2.7% in the fourth. Otherwise, the largest portion of the increase was due to manufacturing (+2.1%) and transport (+1.0%), and was concentrated in a few commodities.

Every industrial sector increased except agriculture (-0.7%). Chemical (+3.7%) and primary metals (+3.3%) contributed the most to the manufacturing increase. Transport, communication, storage and utilities was led by electricity power (+1.6%) and air transport (+1.8%), but was moderated by railway transport (-4.3%) and urban transit (-2.8%).

Machinery and equipment price indexes

(1986=100)

	Relative importance	First quarter 2005p	Fourth quarter 2004 to First quarter 2005	First quarter 2004 to First quarter 2005
			% change	
Machinery and equipment price index	**100.0**	**127.3**	**1.1**	**-1.0**
Agriculture	11.0	142.3	-0.7	-3.5
Forestry	1.5	139.8	0.6	-0.4
Fishing	0.6	127.8	0.8	0.8
Mines, quarries and oil wells	6.0	130.8	1.2	-1.4
Manufacturing	29.9	135.9	2.1	-0.3
Construction	3.5	130.3	1.2	-2.7
Transportation, communication, storage and utilities	25.9	123.3	1.0	-0.2
Trade	4.0	114.6	0.9	-1.3
Finance, insurance and real estate	1.8	108.9	1.1	0.7
Community, business and personal services	11.1	103.0	0.7	-2.0
Public administration	4.7	124.3	1.1	-0.9

p *Preliminary figures.*

At the commodity level, the greatest contributors were specialized industrial equipment (+2.5%), special purpose furniture (+6.9%), aircraft modifications and conversions (+2.9%), aircrafts (+2.0%) and packaging (+2.4%). However, these increases were dampened by the drop in locomotive, cars and tenders (-5.9%) and trucks (-0.7%). The specialized industrial equipment was led mainly by the jump of domestic prices of chemicals and petroleum industries (+10.7%) and by imported prices of primary metals (+6.1%).

The rise in the quarterly Index is the consequence of the strengthening of the American dollar versus the Canadian dollar (+0.5%), along with the indirect effect of stronger international prices for petroleum and minerals. Compared to the fourth quarter of 2004, raw materials, non-ferrous minerals and oil minerals increased 3.4%, 6.7% and 6.4% respectively; in 2004 these commodities had annual increases of 11.7%, 27.8% and 21.8%.

Available on CANSIM: tables 327-0013, 327-0014 and 327-0016.

Definitions, data sources and methods: survey number 2312.

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

For more information, or to enquire about the concepts, methods, and data quality of this release, contact Rebecca McDougall (613-951-3357; fax: 613-951-1539, *infounit@statcan.ca*), Prices Division. ■

Population of businesses with employees

First quarter 2005

There were just over 1,037,400 businesses with employees in the first quarter of 2005, up 1.62% from the first quarter of 2004 when the number of employer businesses was 1,020,895.

Alberta (+3.27%) and British Columbia (+2.96%) posted the largest increase in the number of employer businesses compared with the same quarter a year earlier while Prince Edward Island (-2.12%) and Newfoundland and Labrador (-1.09%) posted the largest declines.

On a quarterly basis, the largest increases in employer businesses occurred in the western provinces of Alberta (+1.99%) and British Columbia (+1.43%) and the Yukon Territory (+1.89%), while Quebec (-0.48%) and Newfoundland and Labrador (-0.03%) were the only provinces to register declines.

Information on Nunavut and the Northwest Territories will be available individually when sufficient quarterly observations are collected.

Available on CANSIM: table 178-0001.

Definitions, data sources and methods: survey number 1105.

For more information or to enquire about the concepts, methods or data quality of this release, contact Beau Cinnamon (613-951-9021; fax: 613-951-0104; *beau.cinnamon@statcan.ca*), Business Register Division. ■

Industrial chemicals and synthetic resins

March 2005

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

Available on CANSIM: table 303-0014.

Definitions, data sources and methods: survey number 2183.

The March 2005 issue of *Industrial Chemicals and Synthetic Resins*, Vol. 48, no. 3 (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. ■

Primary iron and steel

March 2005

Data on primary iron and steel for March 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 March 2005 issue of *Steel, Tubular Products and Steel Wire* (41-019-XIE, $6/$51) will soon be available.

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

Infomat: A Weekly Review, May 17, 2005
Catalogue number 11-002-XWE ($100).

Analysis in Brief: Is Inflation Higher for Seniors?, 1992 to 2004, no. 27
Catalogue number 11-621-MIE2005027
(free).

Industrial Chemicals and Synthetic Resins, March 2005, Vol. 48, no. 3
Catalogue number 46-002-XIE ($6/$51).

Household Expenditures Research Paper Series: Using Median Expenditures: Impact on Household Spending Data, 2003, no. 1
Catalogue number 62F0026MIE2005001
(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.

How to order products

To order by phone, please refer to:

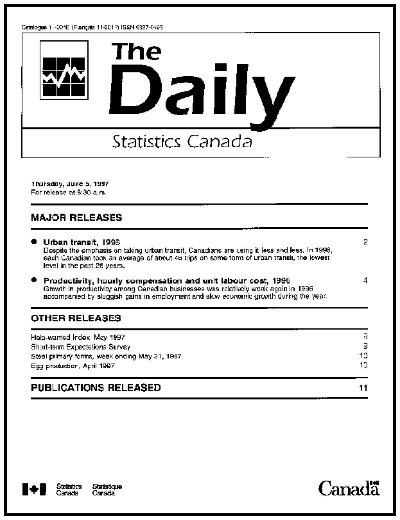
- The title
- The catalogue number
- The volume number
- The issue number
- Your credit card number.

From Canada and the United States, call:	**1-800-267-6677**
From other countries, call:	**1-613-951-7277**
To fax your order, call:	**1-877-287-4369**
For address changes or account inquiries, call:	**1-800-700-1033**

To order by mail, write to: Statistics Canada, Circulation Management, Dissemination Division, Ottawa, K1A 0T6. Include a cheque or money order payable to **Receiver General of Canada/Publications**. Canadian customers add 7% GST and applicable PST.

To order by Internet, write to: *infostats@statcan.ca* or download an electronic version by accessing Statistics Canada's website *(www.statcan.ca).* From the *Our products and services* page, under *Browse our Internet publications*, choose *For sale*.

Authorized agents and bookstores also carry Statistics Canada's catalogued publications.



Catalogue 11-001E (Français 11-001F) ISSN 0827-0465

The Daily

Statistics Canada

Thursday, June 5, 1997
For release at 8:30 a.m.

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

Statistics Canada Statistique Canada

Canada

Statistics Canada's official release bulletin

Catalogue 11-001-XIE.

Published each working day by the Communications Division, Statistics Canada,
10-H, R.H. Coats Bldg., Tunney's Pasture, Ottawa, Ontario K1A 0T6.

To access *The Daily* on the Internet, visit our site at *http://www.statcan.ca*. To receive *The Daily* each morning by e-mail, send an e-mail message to *listproc@statcan.ca.* Leave the subject line blank. In the body of the message, type "subscribe daily firstname lastname".