



# The Daily

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## Releases

### New motor vehicle sales

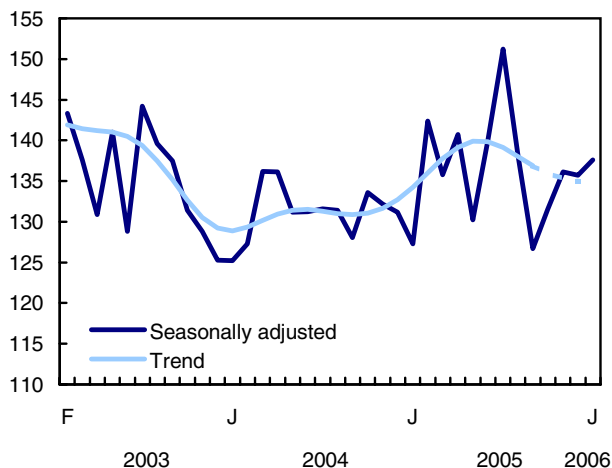
January 2006

New motor vehicle sales started the year on a positive note, climbing 1.4% from December and the third increase in four months.

Dealers saw 137,614 new vehicles roll out of their showrooms in January, an increase of about 1,900 vehicles over the previous month. January sales started the year ahead of the game compared to 2005, when approximately 135,860 vehicles were sold in an average month.

#### New vehicle sales edge up in January

'000 units



The last few points could be subject to revisions when more data are added. This is indicated by the dashed line.

New motor vehicles sales have increased slowly since October. In 2005, an upward trend in new motor vehicle sales began at the start of the year, peaked in the summer, and fell off sharply in the autumn following the winding down of "employee pricing" and other incentive programs. Prior to this, after a steep decline at the end of 2003, new motor vehicle sales had partially recovered and then remained relatively stable in 2004.

Based on preliminary figures from the auto industry, the number of new motor vehicles sold in February decreased slightly. The decrease was mostly the result

#### Note to readers

All data in this release are seasonally adjusted.

**Passenger cars** include those used for personal and commercial purposes, such as taxis or rental cars. **Trucks** include minivans, sport-utility vehicles, light and heavy trucks, vans and buses.

**North American built new motor vehicles** include vehicles manufactured or assembled in Canada, the United States or Mexico. All other new motor vehicles are considered to have been manufactured overseas.

For reasons of confidentiality, data for Yukon, the Northwest Territories and Nunavut are included with those for British Columbia.

The New Motor Vehicle Sales Survey is compiled on the basis of figures obtained from motor vehicle manufacturers and importers. These results may vary from those obtained directly from auto dealers, due to possible differences in record keeping.

of a decline in new passenger car sales during the month.

#### Car sales accelerate

Passenger cars accounted for about two-thirds of the increase of new motor vehicle sales in January. Sales increased 1.8% to 71,098 vehicles, moving ahead of the 70,000 vehicle mark for the first time since October 2005. North American built vehicles were entirely behind the increase, with sales moving ahead 3.9% during the month. Sales of overseas built cars dipped for the fourth time in six months, losing 2.7% compared to December.

Truck sales (which include minivans, sport-utility vehicles, light and heavy trucks, vans and buses) gained 1.0% in January, recovering from a similar decline in December. January marked the first month since June 2005 where trucks were not the dominating factor determining the strength and direction of vehicle sales in Canada. Sales reached 66,517 units in January, virtually unchanged from two months earlier.

In recent months, sales of passenger cars and trucks have stabilized. New motor vehicle sales softened somewhat last autumn after a long upward trend which started at the end of 2004 and peaked in the summer of 2005. During this period, truck sales had generally shown much greater volatility. In 2004, sales remained relatively stable for cars and trucks after some increases early in the year.

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### Most provinces share in sales gains

In January, 7 out of 10 provinces saw improved sales results compared to December. The majority of the provinces posted either slight gains or losses during the month. However, there were three notable exceptions.

On the plus side, vehicle sales in Nova Scotia surged by 23.2% in January compared to the previous month. This was the largest sales gain since July 2003, and the third consecutive increase for the province. Prince Edward Island also had a notable 10.1% increase, although the gain came on the heels of an even larger drop in December.

Among the few provinces that did not post higher sales in January, Saskatchewan stood out with a 5.0% decrease. While sales in most provinces were weak in the autumn before recovering somewhat at the end of 2005, sales in Saskatchewan have continued to trend downwards since the end of last summer. In

January, 3,005 new vehicles were sold in Saskatchewan, the third lowest monthly sales result in the past five years.

**Available on CANSIM: tables 079-0001 and 079-0002.**

**Definitions, data sources and methods: survey number 2402.**

The January issue of *New Motor Vehicle Sales* (63-007-XIE, \$14/\$133) will be available soon.

Data on new motor vehicle sales for February will be released on April 18.

For general information or to order data, contact Client Services (1-877-421-3067; 613-951-3549; [retailinfo@statcan.ca](mailto:retailinfo@statcan.ca)). To enquire about the concepts, methods or data quality of this release, contact Elton Cryderman (613-951-0669), Distributive Trades Division.

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## New motor vehicle sales

	January 2005	December 2005 <sup>r</sup>	January 2006 <sup>p</sup>	January 2005 to January 2006	December 2005 to January 2006
seasonally adjusted					
	number of vehicles			% change	
<b>New motor vehicles</b>	<b>127,281</b>	<b>135,718</b>	<b>137,614</b>	<b>8.1</b>	<b>1.4</b>
Passenger cars	65,200	69,855	71,098	9.0	1.8
North American <sup>1</sup>	43,720	47,722	49,562	13.4	3.9
Overseas	21,480	22,133	21,535	0.3	-2.7
Trucks, vans and buses	62,080	65,863	66,517	7.1	1.0
<b>New motor vehicles</b>					
Newfoundland and Labrador	1,887	2,171	2,236	18.5	3.0
Prince Edward Island	389	358	394	1.3	10.1
Nova Scotia	3,652	3,840	4,730	29.5	23.2
New Brunswick	2,560	2,815	2,843	11.1	1.0
Quebec	34,110	33,546	32,985	-3.3	-1.7
Ontario	48,507	51,280	52,179	7.6	1.8
Manitoba	3,502	3,941	3,886	11.0	-1.4
Saskatchewan	2,570	3,163	3,005	16.9	-5.0
Alberta	16,398	19,223	19,962	21.7	3.8
British Columbia <sup>2</sup>	13,706	15,382	15,395	12.3	0.1
	January 2005	December 2005 <sup>r</sup>	January 2006 <sup>p</sup>	January 2005 to January 2006	
unadjusted					
	number of vehicles			% change	
<b>New motor vehicles</b>	<b>82,019</b>	<b>121,408</b>	<b>89,422</b>	<b>9.0</b>	
Passenger cars	39,544	57,722	44,184	11.7	
North American <sup>1</sup>	27,144	40,646	31,445	15.8	
Overseas	12,400	17,076	12,739	2.7	
Trucks, vans and buses	42,475	63,686	45,238	6.5	
<b>New motor vehicles</b>					
Newfoundland and Labrador	957	1,433	1,069	11.7	
Prince Edward Island	202	301	209	3.5	
Nova Scotia	2,115	3,222	2,792	32.0	
New Brunswick	1,580	2,294	1,747	10.6	
Quebec	19,603	25,164	19,288	-1.6	
Ontario	31,692	47,889	34,140	7.7	
Manitoba	2,227	3,616	2,399	7.7	
Saskatchewan	1,793	3,294	1,906	6.3	
Alberta	11,651	18,795	14,524	24.7	
British Columbia <sup>2</sup>	10,199	15,400	11,348	11.3	

<sup>r</sup> Revised.

<sup>p</sup> Preliminary.

1. Manufactured or assembled in Canada, the United States or Mexico.

2. Includes Yukon, the Northwest Territories and Nunavut.

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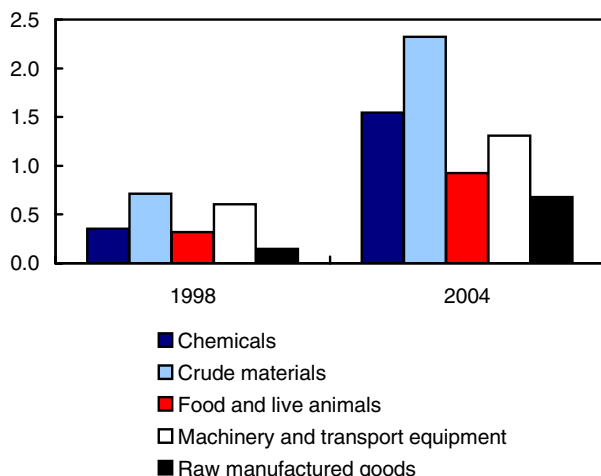
## Study: Canadian exporters and a booming China

1998 to 2004

Canadian exporters in niche resource industries are fuelling, at least in part, the economic engine that has transformed the People's Republic of China into the world's sixth largest economy, according to a new study.

### Chinese imports from Canada led by crude materials

Chinese imports from Canada in US\$ billions



Source: United Nations, UN Comtrade Database.

Since most Canadian firms do not specialize in manufacturing machinery or the kinds of components that Chinese factories assemble into finished products, they have not been significant sources of Chinese imports from Canada.

Rather, the study shows that Canadian businesses have achieved strong sales growth in other areas of high Chinese demand, such as natural resources. Exporting enterprises in niche resource industries are benefiting the most.

The leading sources of growth in Chinese imports from Canada have been raw materials, where growth was driven by rising sales of wood pulp, metals and fertilizer.

Chinese imports of Canadian crude materials have more than tripled since 1998, accounting for nearly one-third of total growth in Canadian exports to China.

Growing demand in China for raw materials to fuel its export industries and satisfy rising domestic consumption has raised global commodity prices. This has increased revenue in Canadian resource industries such as metals by not only increasing the value of

#### Note to readers

Most of the data used in this study come from the United Nations (UN) Comtrade database, and only includes trade with the People's Republic of China (excluding Hong Kong and Macao). The UN compiles and standardizes trade data from many countries, including Canada, to facilitate international comparisons.

This database allows for a calculation of Canada's share of Chinese imports, and comparison with the shares of other countries. Since the data are compiled by the UN according to its own standards, Statistics Canada cannot verify whether our standards our met.

Statistics Canada also calculates the value of Canadian exports to China based on Canadian customs data. Joint reconciliation studies conducted by Statistics Canada and the Customs General Administration of China found that reported Chinese imports from Canada were on average 30% higher than Canadian exports to China between 1998 and 2003.

A reconciliation study found that indirect trade, mostly through Hong Kong, was the largest single cause of discrepancies between Canadian export and Chinese import data.

exports to China, but also to major customers such as the United States.

The study found that the fastest growth of all commodities exported to China has been in exports of organic chemicals, used in China to make polyester.

At the same time, Canadian firms have profited from rising Chinese imports of iron ore and nickel, key ingredients in steel production. Also, our wheat exports to China rebounded in 2004 after a long period of decline.

### China now Canada's fourth largest export market

Canada's economy relies heavily on trade; our exports alone equal more than one-third of our gross domestic product.

While over four-fifths of our exports head south to the United States each year, China has become the fourth largest market for Canadian exports behind the United States, Japan and the United Kingdom.

In total, Chinese imports from Canada have more than tripled since 1998, rising at an average annual rate of 21%. Nevertheless, in 2004, China's total imports of Canadian goods, worth US \$7 billion, accounted for only 1.3% of China's total imports. To put that into perspective, China imported more than US \$94 billion from Japan alone in 2004.

### Feeding the dragon: A huge demand for imports

China's scorching economic growth during the past decade has helped to shore up other economies by sparking a huge demand for commodities, thereby driving up prices. According to Chinese authorities,

real gross domestic product increased 9.6% a year on average over the last 25 years.

Chinese exports nearly tripled from US \$63 billion in 1990 to US \$184 billion in 1998. By 2004, they had tripled again, hitting US \$593 billion.

Given its competitive advantage in manufactured goods, China has scoured the world for raw materials, parts and factory machinery. As a result, its imports quadrupled from US \$140 billion in 1998 to US \$561 billion in 2004.

The biggest winners have been China's neighbours. Japan continues to be the leading supplier of goods to China, accounting for US \$94 billion, or about 17% of Chinese imports in 2004. However, it is South Korea and the countries of Southeast Asia that have benefited the most from China's growth. South Korea has surpassed the United States to become the third largest source of Chinese imports in 2004.

### **Some Canadian exporters seizing the opportunity**

China's rapid growth presented an opportunity for Canadian exporters to help supply expanding Chinese industries in areas of Canadian expertise, and the evidence shows Canadian businesses are benefiting.

Between 1998 and 2004, Canadian exports to China more than tripled to over US \$7 billion, with annual growth since 1998 averaging 21%.

Given that Canada's exports to the world (in US dollars) grew by less than 7% a year on average over the same period, China has emerged as an important source of growth for Canadian exporters.

Organic chemicals have been the fastest growing Canadian export commodity to China, responsible for 17% of total export growth since 1998. By 2004, Canadian exports of these chemicals had grown to 30 times the levels in 1998.

Most of these exports consisted of ethylene glycol, a key industrial chemical used, among other things, to produce polyester in the apparel industry. Chinese factories have more than doubled their exports of apparel since 1998. One factor in recent years has been the phasing out of international quotas on apparel from China in accordance with an agreement under the World Trade Organization (WTO).

China's imports of ethylene glycol have grown to nearly 23 times their levels in 1998. Canada has emerged as the leader in this market in China,

quadrupling its share of Chinese ethylene glycol imports from 0.9% in 1998 to 3.8% in 2004, an impressive achievement given the rapid growth in Chinese imports.

While chemicals have been Canada's fastest-growing export commodity to China, wood pulp is our leading export product. Wood pulp exports have soared on the strength of increasing demand in China, centred in this case in the burgeoning Chinese paper industry.

The elimination of tariffs on wood pulp imports, in compliance with China's WTO commitments, has helped spark a dramatic increase in pulp imports, which have nearly quadrupled since 1998, with Canadian exports also rising sharply.

Canadian pulp exports have shot up from US \$251 million in 1998 to US \$965 million in 2004. They accounted for nearly 13% of our total exports to China in 2004. China has now become Canada's number two export market for wood pulp behind the United States.

Nickel is a key ingredient in the production of stainless steel, and rapid growth in Chinese nickel imports have made it the third largest importer of nickel, behind the United States and Germany.

Canada has taken advantage of this growth, and has overtaken Russia to become the leading exporter of nickel to China. Our exports, which quadrupled between 2002 and 2004 to US \$326 million, now account for 28% of total Chinese nickel imports. However, rising nickel prices have triggered a much larger gain in revenue from Canadian nickel exports to other customers, such as the United States.

China has re-emerged as a top export market for Canadian wheat. This rebound was a welcome turnaround from a long period of decline in Canadian wheat exports to China, which until 2004 had fallen almost every year since 1995.

### **Definitions, data sources and methods: survey number 2201.**

The analytical article "Feeding the dragon: Canadian exporters and a booming China" (11-621-MIE2006037, free) is now available online in the *Analysis in Brief* series.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Steve Grunau (613-951-0712), International Trade Division. ■

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## Annual Survey of Commercial and Industrial Machinery and Equipment Rental and Leasing

2004

Canada's economic growth in 2004 was increasingly driven by its capital-intensive resource base, especially energy exports. And a healthy increase in corporate profits led to more investment, boosting demand for machinery and equipment. This helped to bolster the commercial and industrial equipment rental and leasing industry group, which consists of businesses that rent and lease out capital and investment-type equipment such as bulldozers, earth moving equipment, mining machinery and oil field equipment.

For 2004, the commercial and industrial equipment rental and leasing industries reported \$6.2 billion in operating revenue, an increase of 9% from 2003. Despite this expansion, the industry's operating profit margin declined slightly to 12.2% as a sharp increase in the industry's salaries, wages and benefits caused operating expenses to grow more rapidly than operating revenues. A shortage of skilled labour continues to affect the industry into 2005, particularly resource development in the West.

Results from the 2004 Annual Survey of Commercial and Industrial Machinery and Equipment Rental and Leasing (and revised 2000, 2001, 2002, and 2003 data) are now available. These data provide information on the industry group's revenue, expenditures, salaries and wages, and operating profit margin. The financing arm of the commercial and industrial machinery and equipment rental and leasing industry is excluded from this survey.

**Available on CANSIM: table 352-0009.**

**Definitions, data sources and methods: survey number 2441.**

For more information, or to enquire about the concepts, methods or data quality of this release, contact Candace Brookbank (613-951-5239; fax: 613-951-6696; [candace.brookbank@statcan.ca](mailto:candace.brookbank@statcan.ca)), Service Industries Division. ■

## Primary iron and steel

January 2006

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

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

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

The January 2006 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](mailto:manufact@statcan.ca)), Manufacturing, Construction and Energy Division. ■

## Canadian Business Patterns

December 2005

The CD-ROM *Canadian Business Patterns*, released today, provides counts of active establishments by geography, industry and employment size.

*Canadian Business Patterns* is compiled from the Business Register, which is a repository of information reflecting the Canadian business population.

Nationally, there were 2,285,090 active establishments in Canada in December 2005. Data from the Canadian Business Patterns product are now available on CD-ROM and are presented by the 2001 Standard Geographical Classification, the North American Industry Classification System (NAICS 2002), and by employment categories.

Please note that the Standard Industrial Classification is no longer available in *Canadian Business Patterns* tables.

**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; [BRDinfoDRE@statcan.ca](mailto:BRDinfoDRE@statcan.ca)) or Joanne Proulx (613-951-9006), Business Register Division. The cost varies between \$150 and \$2,000 depending on the number of tables or cells. ■

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**Farm operating revenues and expenses**  
2004

Data for farm operating revenues and expenses for 2004 (final estimates) are now available.

The survey was conducted to produce estimates for agricultural expenses and was based on taxation records.

**Definitions, data sources and methods: survey number 3447.**

For custom data requests, or to enquire about the concepts, methods or data quality of this release, contact Client Services (1-800-465-1991; [agriculture@statcan.ca](mailto:agriculture@statcan.ca)), Agriculture Division. ■



## New products

**Analysis in Brief: "Feeding the dragon: Canadian exporters and a booming China", 1998 to 2004, no. 37**  
**Catalogue number 11-621-MIE2006037**  
(free).

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

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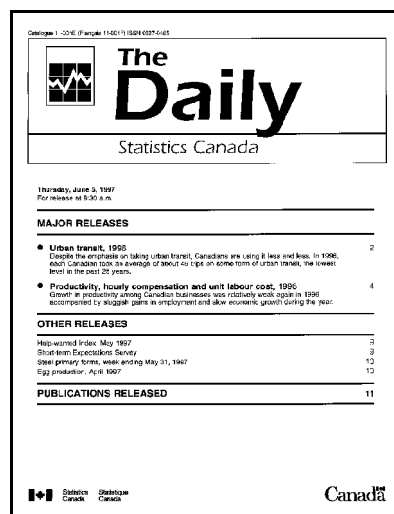
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