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Releases

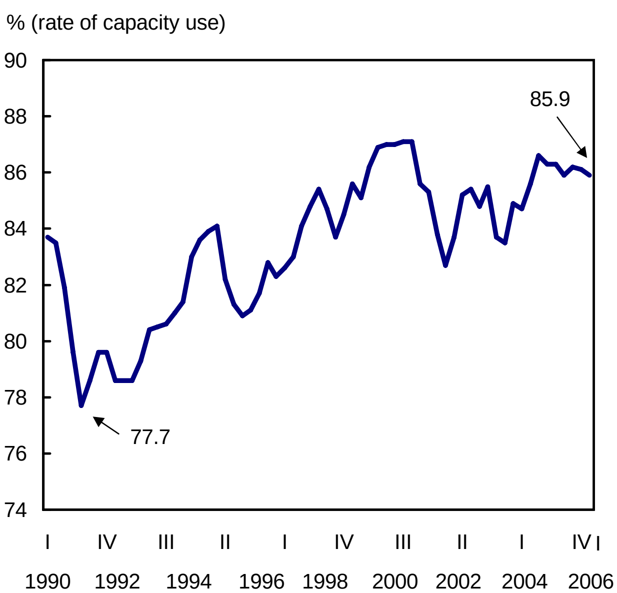
Industrial capacity utilization rates
First quarter of 2006

Capacity use among Canadian industries edged down in the first three months of 2006 in the wake of the rising loonie and a decline in foreign demand for some manufactured goods.

Industries operated at 85.9% of their capacity between January and March, compared with 86.1% in the fourth quarter of 2005.

Still, rates have remained relatively stable over the past two years, and are holding at near-record levels of capacity use. The first-quarter dip put the rate 1.7 percentage points below the peak of 87.6% reached in the first quarter of 1988.

Capacity use edges down



The industrial capacity utilization rate is the ratio of an industry's actual output to its estimated potential output. With this release rates have been revised back to the first quarter of 2004 to reflect the revised source data.

Despite this high capacity utilization, inflation has remained modest. The Consumer Price Index (excluding the eight volatile components identified by the Bank of Canada) rose 1.6% between April 2005 and April 2006.

A decline in foreign demand for transportation equipment and non-durable goods had a negative impact on capacity utilization in the manufacturing sector. The stronger dollar and rising foreign competition created a climate of uncertainty for manufacturers. According to the April 2006 Business Conditions Survey, manufacturers expected to reduce production in the second quarter.

Rates fell in the electric power sector and the mining and oil and gas extraction sector. However, growth in capacity use in the forestry and logging and construction sectors softened the first-quarter decline.

Reduced foreign demand curtails manufacturing

Capacity use among manufacturers in the first quarter slipped from 84.3% to 84.1%.

Of the 21 industry groups comprising the manufacturing sector, 13 reduced their capacity use. However, strong results posted by the majority of durable goods industries moderated the decline in this sector.

Four sectors – transportation equipment, paper, chemicals, and furniture and related products manufacturing – were particularly instrumental in driving down the rate in the manufacturing sector. On the other hand, machinery, non-metallic mineral products and wood products manufacturing posted higher rates in the first quarter.

In the transportation equipment manufacturing sector, the rate fell from 90.4% to 88.4%. Production fell by 1.9% in this industry, as motor vehicle manufacturers sharply cut back production because of the decrease in US demand.

Paper manufacturers reduced their capacity utilization for a fifth consecutive quarter. The rate fell from 89.0% to 85.9%. Lower production levels for the majority of components in this group accounted for this situation.

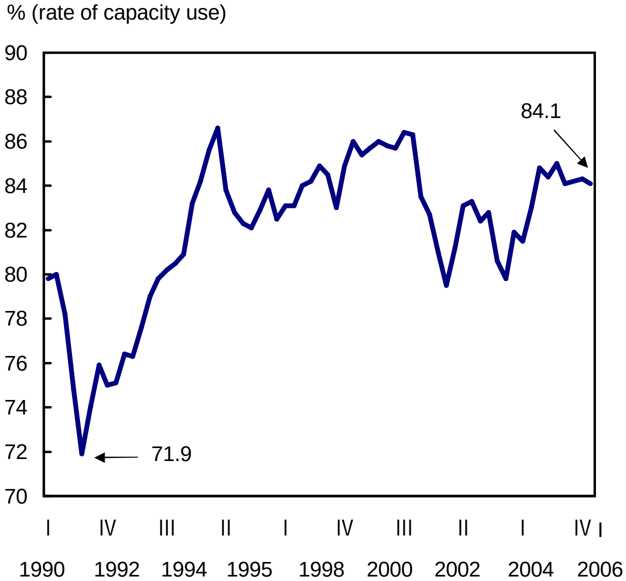
Chemical product manufacturers operated at 77.8% of their capacity, down 1.5 points from the previous quarter. This was the lowest rate posted by this industry since the third quarter of 2003, when it was at 76.9%. Production cutbacks by the majority of main components in this group resulted in a 1.3% decline in production.

Capacity use fell 3.9 percentage points to 74.1% among furniture manufacturers during the first quarter. Production in this sector fell 3.8% between January and March.

The rate for machinery manufacturers rose 3.0 points to an unprecedented high of 91.8%.

Construction and mining machinery manufacturers made a significant contribution to the strong results posted by this industry, as their production increased 7.8%.

Lower rate in the manufacturing sector



Among manufacturers of non-metallic mineral products, capacity utilization jumped 6.1 percentage points to 94.9%. This marked the first time that the rate for this industry exceeded 90%. The increase in production by manufacturers of cement and concrete products contributed significantly to a 6.9% gain in the production of non-metallic mineral products.

Manufacturers of wood products ended four consecutive quarterly declines, as their capacity utilization rose from 84.7% to 87.3%. All main components of this group contributed to the increased production.

Mixed trends in the other sectors

In the mining sector, the rate fell 5.2 percentage points to 88.4%. Production fell significantly among manufacturers of potassium, and in the mining sector, where first-quarter production fell 4.6%.

In the oil and gas extraction sector, the rate slipped from 84.9% to 84.8%. The slight rise in production could not offset the increase in production capacity.

Production in the electric power sector fell 2.1%, as demand for electricity fell because of milder weather last winter. Consequently, capacity use fell from 88.0% to 85.8%.

In the forestry and logging sector, capacity utilization rose 3.9 points to 87.7%. First-quarter production in this sector was up 5.8%.

In the construction sector, the rate settled at 90.9%, up from 89.6% in the previous quarter. This was the highest rate since the first quarter of 2002, when it hit 91.2%. Residential construction, which was marked by strong growth, contributed significantly to the first-quarter growth in this sector.

Available on CANSIM: table 028-0002.

Definitions, data sources and methods: survey number 2821.

Data on industrial capacity utilization rates for the second quarter of 2006 will be released on September 11.

For more information or to enquire about the concepts, methods and data quality in this release, contact Mychèle Gagnon (613-951-0994) or Richard Landry (613-951-2579), Investment and Capital Stock Division.

□

Industrial capacity utilization rates

	First quarter 2005[r]	Fourth quarter 2005[r]	First quarter 2006	First quarter 2005 to first quarter 2006	Fourth quarter 2005 to first quarter 2006
				percentage point change	
Total industrial	**86.3**	**86.1**	**85.9**	**-0.4**	**-0.2**
Forestry and logging	86.5	83.8	87.7	1.2	3.9
Mining and oil and gas extraction	87.2	88.4	86.3	-0.9	-2.1
Oil and gas extraction	82.8	84.9	84.8	2.0	-0.1
Mining	93.9	93.6	88.4	-5.5	-5.2
Electric power generation, transmission and distribution	88.7	88.0	85.8	-2.9	-2.2
Construction	89.1	89.6	90.9	1.8	1.3
Manufacturing	85.0	84.3	84.1	-0.9	-0.2
Food	80.8	80.3	80.1	-0.7	-0.2
Beverage and tobacco products	75.7	75.9	74.1	-1.6	-1.8
Beverage	78.9	80.4	78.4	-0.5	-2.0
Tobacco	66.2	62.1	60.1	-6.1	-2.0
Textile mills	77.5	76.3	74.6	-2.9	-1.7
Textile product mills	82.2	76.5	74.3	-7.9	-2.2
Clothing	75.7	76.5	74.2	-1.5	-2.3
Leather and allied products	71.3	68.0	73.1	1.8	5.1
Wood products	93.7	84.7	87.3	-6.4	2.6
Paper	91.3	89.0	85.9	-5.4	-3.1
Printing and related support activities	73.7	76.2	74.8	1.1	-1.4
Petroleum and coal products	94.8	89.6	89.3	-5.5	-0.3
Chemical	81.7	79.3	77.8	-3.9	-1.5
Plastics and rubber products	89.4	89.5	89.4	0.0	-0.1
Plastic products	89.1	89.3	89.4	0.3	0.1
Rubber products	90.5	90.1	89.6	-0.9	-0.5
Non-metallic mineral products	88.9	88.8	94.9	6.0	6.1
Primary metal	88.4	93.1	93.4	5.0	0.3
Fabricated metal products	84.0	80.6	82.0	-2.0	1.4
Machinery	84.7	88.8	91.8	7.1	3.0
Computer and electronic products	85.4	84.9	86.8	1.4	1.9
Electrical equipment, appliance and component	77.9	73.4	70.7	-7.2	-2.7
Transportation equipment	87.6	90.4	88.4	0.8	-2.0
Furniture and related products	83.6	78.0	74.1	-9.5	-3.9
Miscellaneous manufacturing	82.4	77.8	78.5	-3.9	0.7

[r] *revised*

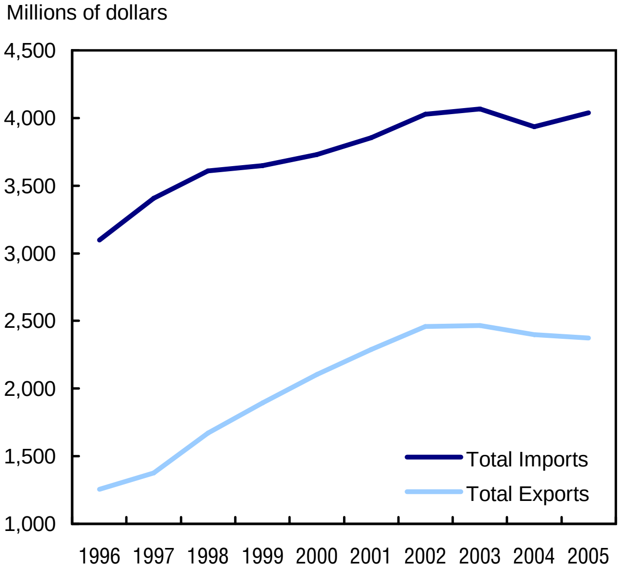
■

International trade in culture goods

2005

Canada's trade deficit in culture goods grew by 8.4% in 2005, the largest increase in six years, as exports fell for the second year, and imports rebounded to 2003 levels.

The trade deficit in culture goods grew in 2005



Imports of culture goods rose 2.7% to just over $4.0 billion, recovering from a 3.2% decline the year before. At the same time, exports decreased 1.0% to $2.4 billion on the heels of a 2.7% decline in 2004.

As a result, the nation's trade deficit in culture goods rose from $1.5 billion to nearly $1.7 billion, the largest deficit since 1999.

Trade in writing and published works were the largest contributors to the deficit. Last year, Canada imported $2.8 billion in writing and published works, and exported just under $900 million worth. Books and periodicals represented the largest proportion of trade in this category.

Visuals arts, the second largest contributor, accounted for about $247 million of the trade deficit in culture goods, despite the sector's strong export performance. The deficit in visual arts nearly doubled as a 35.3% surge in imports outpaced a 22.6% gain in exports.

The United States was still Canada's biggest trading partner by far, accounting for three-quarters of our imports as well as the vast majority (90%) of exports.

Note to readers

These estimates include culture goods such as books, compact discs, films and paintings. Culture services, intangibles such as performances and broadcasts, are not included in these estimates. Royalty payments associated with the final sale of certain shipments of culture products are included in the valuations.

Valuations are on a customs basis in current dollars. Customs measure the change in the stock of material resources of the country that result from the physical movement of merchandise into or out of Canada. When goods are imported to, or exported from Canada, declarations giving information such as the description and value of goods, origin and port of clearance of shipments, and mode of transport must be filed with Canada Customs and Revenue Agency.

Exports from Canada do not necessarily represent "Canadian content." Data limitations do not allow for this characteristic to be measured. Similarly, imports are not necessarily "foreign content." The country of origin of mass-produced goods is an indication of where manufacturing occurs, and not necessarily of the creation or production of "masters".

China solidified its hold on second place in terms of imports, accounting for 7% of the total. Most of Canada's imports from China were in the form of books and other visual art products, such as plastic statuettes.

China's share of Canada's exports was a marginal 0.5%, putting it at a distant fifth behind the United States, the United Kingdom, France and Germany.

Imports: A strong dollar boosts imports

Canada's imports of culture goods increased by $105 million in 2005, spurred on by a relatively strong Canadian dollar. Imports of culture goods have shown an overall increase since 1996, peaking at $4.07 billion in 2003.

An increased domestic demand for visual arts materials, particularly for original paintings, contributed the most to the overall increase in culture imports.

Imports of visual arts rose a significant $89.9 million last year, pushing up the category's total imports to $344.4 million. As a result, it accounted for 8.5% of imports last year, up from 6.5% in 2004.

Canadian companies imported $2.8 billion in writing and published works last year, the highest value of any sector. This category has historically dominated the import market in Canada, although in recent years its growth has slowed compared to other culture categories.

In 2005, imports of writing and published works represented about 70% of total culture goods imports, down from about 77% in 1997.

Exports: Strong dollar, high gas prices dampen demand overseas

Canada's export market for culture goods fell for the second consecutive year in 2005. Factors weakening demand included soaring gas prices and the strong loonie.

Gains in the export of film, visual art, and architecture were not strong enough to offset declines in writing and published works, sound recording and music publishing, as well as advertising.

Film and video producers reported a record high $675.2 million in export sales last year, up 4.7% from 2004. In 2005, exports of film and video products represented 28% of total exports.

Meanwhile, the writing and published works sector has been gradually losing ground to other culture categories, as the value of exports declined for three consecutive years. Exports peaked in 2002, at $969.6 million, representing about 39% of the total.

Trading partners: US still dominates import trade, but the share is shrinking

Canada's four top trading partners in culture goods, last year, were the United States, China, France and the United Kingdom.

The United States dominated Canada's import trade in culture goods. Imports from south of the border represented 76% of all culture goods imported into the country last year. However, this was a noticeable drop from 1996 when the United States accounted for 85% of total culture goods imports.

Last year, Canada imported $3.1 billion in culture goods from the United States, up 0.2%, while it exported $2.1 billion south of the border, a 3.8% decline. As a result, Canada's trade deficit with the United States widened slightly to $941.6 million.

Imports of books, newspapers and periodicals represented 75% of Canada's total culture imports from the United States, whereas film, advertising and books accounted for just over one-half (52%) of exports.

Exports of film and video to the United States have posted strong gains in the recent years compared to other culture products. The share of total exports of film and video increased to 28% in 2005, more than twice the share of 12% posted in 1998. This was offset, however, by a fall of 9 percentage points in the share of writing and published works exports over the same period.

China has made inroads into the Canadian market in recent years. Canadian companies imported nearly $278.0 million in culture goods from China in 2005, predominantly books and postcards.

Imports from France and the United Kingdom outpaced China in 2005, at annual growth rates of 21.9% and 6.2% respectively. Canadian imports from France surged to $231.3 million, while imports from the United Kingdom rose to $150.3 million.

In contrast, exports of culture goods to China fell for the first time in five years. In 2005, Canadian companies exported only $13.0 million worth of culture goods to China, down 15.7% from the record high of $15.5 million exported in 2004.

Definitions, data sources and methods: survey number 5088.

Detailed and summary data tables for culture goods trade, by culture category and sub-categories, along with cross-tabulations of trade between Canada and selected countries in table format (87-007-XIE, free) are now available on our website from the *Our products and services* page. Researchers can also request custom tabulations on a cost-recovery basis.

For more information or to enquire about the concepts, methods and data quality of this release, contact Client Services (1-800-307-3382; fax: 613-951-9040; *cult.tourstats@statcan.ca*), Culture, Tourism and the Centre for Education Statistics. ■

Study: Culture sector employment in rural Canada

1996 to 2003

Proportionately fewer people are employed in the culture sector in rural Canada compared to the nation as a whole, according to a new study.

In 2003, less than 3% of Canada's rural workforce was employed in the culture sector. In comparison, just under 4% of the country's total workforce was employed in the culture sector.

The study, which uses Statistics Canada's Canadian Framework for Culture Statistics and Labour Force Survey data, examines culture employment in rural and urban Canada between 1996 and 2003.

The culture sector is broadly defined as creative artistic activity and the preservation of human heritage. It encompasses the associated activities of creation, production, manufacturing, distribution and support services.

While a strong culture sector can improve the economic prosperity of a community through job creation, it also has peculiar advantages. Cultural vitality raises the quality of life and thus increases the attractiveness of a locality to potential new residents, tourists and investors.

The culture sector is of growing economic importance to Canada, and culture sector employment is expanding faster than total employment both in rural areas and at the national level.

The study found that culture sector employment grew more quickly than overall employment in rural areas between 1996 and 2003. Rural cultural employment rose at about 2.6% per year, whereas overall rural employment increased at an annual average rate of 1.5%.

Rural areas have a higher share of jobs in some culture sub-sectors than in others. Between 1996 and 2003, about one-quarter of all jobs in the heritage sub-sector were held by rural residents, while a little over one-fifth of all jobs in the visual arts sub-sector were held by rural residents.

Meanwhile, less than one-tenth of all jobs in the architecture, advertising and performing arts sub-sectors were held by rural residents.

Compared to both the average rural worker and the average culture worker, rural culture workers were more likely to be employed part-time. Between 1996 and 2003 for Canada as a whole, less than 20% of total workers and about 22% of culture sector workers were employed part-time.

In comparison, 37% of rural culture sector workers were employed part-time.

Nearly one-half of rural workers in Canada's film industry culture sub-sector were employed part-time. This high figure resulted from much of the work being performed on a project or contract basis.

More than one-third of the rural workforce was employed part-time in the advertising, performing arts, photography and visual arts culture sub-sectors.

Within Canada's provinces, rural areas of Newfoundland and Labrador reported the strongest growth in culture sector employment, with an average increase of 8% a year from 1996 to 2003. Alberta's rural areas also reported a strong culture sector employment growth of 6% a year on average during the same period.

Definitions, data sources and methods: survey number 3701.

The *Rural and Small Town Canada Analysis Bulletin: Rural employment in the culture sector*, Vol. 6, no. 8 (21-006-XIE, free) is now available on our website from the *Our products and services* page.

For more information or to enquire about the concepts, methods or data quality of this release, contact Neil Rothwell (613-951-3719, *neil.rothwell@statcan.ca*), Agriculture Division. ■

Diamonds: An update

2005

The value of diamond exports from the Northwest Territories has surged to almost three times what it was during 1999, the first year of production, according to a new report.

Diamond exports from the Northwest Territories were worth more than $1.7 billion in 2005, almost twice the value exported in 2002 and nearly three times the value exported during 1999.

The report examines the overall impact of diamonds on the Northwest Territories since 1999 and provides data on production values from 2002 to 2005.

Since 1999, the value of exports has risen at an annual average rate of 29%. In addition to the sharp increase in value, the growth in the actual volume of diamond exports has risen as well.

Companies exported 12 million carats from the Northwest Territories in 2005, compared with 5 million carats in 2002 and only about 2 million carats in 1999.

The main destinations for Canada's diamonds are the United Kingdom and Belgium. More than 90% of the value of its diamond exports has gone to these two countries every year since 1999.

In 2004, Canada was third in the world in terms of production value and sixth in terms of volume. It trailed only Botswana and Russia in terms of value.

The discovery of diamonds and the ancillary economic benefits has had a huge impact on the economy of the Northwest Territories.

Between 1999 and 2004, per capita gross domestic product in the Northwest Territories rose at an annual average rate of almost 13%. This was nearly three times the increase of 4.2% reported in the rest of Canada.

Definitions, data sources and methods: survey number 2201.

The article "Diamonds: Still shining brightly for Canada's North" is now available online in the publication *Canadian Trade Review* (65-507-MIE2006007, free). From the *Our products and services* page, under *Browse our free internet publications* choose *Trade*.

For more information or to enquire about the concepts, methods or data quality of this release, contact the Marketing and Client Services Section (613-951-9647), International Trade Division. ■

Focus on Culture

Statistics Canada's quarterly publication on culture statistics, *Focus on Culture*, released today, features the article "The rise of the dragon: The growing importance of China to Canada's culture goods trade". It examines Canada's trade in culture goods with China.

China has emerged as one of Canada's significant trading partners in culture goods. In 2000, China became the second largest exporter of culture goods to Canada, displacing the United Kingdom and France, according to the article.

The article discusses the dramatic rise in Chinese imports. Canada imported approximately $278 million worth of culture goods from China in 2005, up 255% from 1996. Although it remains a distant second behind the United States, China's share of imports into Canada has more than doubled in just nine years.

It also found that China ranked fourth out of Canada's top 20 trading partners in terms of growth in Canada's imports of culture goods from 1996 to 2005. Excluding 2005, the percentage increases in imports from China surpassed those of Canada's other trading partners, including its top trading partner, the United States.

According to the article, China accounted for a lower proportion of Canadian exports compared to imports; its share of Canada's culture exports rose slightly from 0.3% to 0.5% over this period. Nevertheless, by 2005, China had become the fifth top export destination of Canadian culture goods, compared to tenth in 1996.

This issue also contains an article on changes to Statistics Canada's Culture Statistics Program, to provincial data on movie theatres and to data on sound recording.

The publication *Focus on Culture*, Vol. 15, no. 3 (87-004-XIE, free) is available on our website from the *Our products and services* page. A printed copy (87-004-XPB, $10) is also available. See *How to order products*.

For more information or to enquire about the concepts, methods or data quality of this release, contact Client Services (1-800-307-3382; fax: 613-951-9040; *cult.tourstats@statcan.ca*) or Alice Peters (613-951-4086; fax: 613-951-1333; *alice.peters@statcan.ca*), Culture, Tourism and the Centre for Education Statistics. ■

Farm product prices

April 2006

Prices received by farmers in April for grains, oilseeds, specialty crops, potatoes, cattle, hogs, poultry, eggs and dairy products are now available.

The Quebec grain corn price in April was $120.00 per metric tonne, down 2% from one month earlier but up 10% from April 2005 when the price was $108.78.

The April feeder cattle price in Manitoba was $101.51 per hundredweight, down 2% from one month earlier but up 16% from the April 2005 price of $87.31.

Farm commodity prices are now available on CANSIM. Over 35 commodities are available by province, some series going back 20 years.

Available on CANSIM: table 002-0043.

Definitions, data sources and methods: survey number 3436.

For more information or to enquire about the concepts, methods or data quality of this release, contact Gail-Ann Breese (204-983-3445; fax: 204-983-7543; *gail-ann.breese@statcan.ca*), Agriculture Division. ■

Commercial Software Price Index

April 2006

The Commercial Software Price Index (CSPI) is a monthly series measuring the change in the purchase price of pre-packaged software typically bought by businesses and governments. The CSPI (2001=100) for April was 68.7, down 0.4% from March.

This index is available at the Canada level only.

Available on CANSIM: table 331-0003.

Definitions, data sources and methods: survey number 5068.

For more information on these indexes, contact Client Services (1-866-230-2248; 613-951-9606; *infounit@statcan.ca*). To enquire about the concepts, methods or data quality of this release, contact Fred Barzyk (613-951-2493; *fred.barzyk@statcan.ca*), Prices Division. ■

New products

Rural and Small Town Canada Analysis Bulletin: Rural Employment in the Culture Sector, 1996 to 2003, Vol. 6, no. 8
Catalogue number 21-006-XIE
(free).

Canadian Trade Review : Diamonds: Still Shining Brightly for Canada's North, no. 7
Catalogue number 65-507-MIE2006007
(free).

Focus on Culture, Vol. 15, no. 3
Catalogue number 87-004-XIE
(free).

Focus on Culture, Vol. 15, no. 3
Catalogue number 87-004-XPB ($10/$29).

Culture Goods Trade: Data Tables, 1997 to 2005
Catalogue number 87-007-XIE
(free).

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

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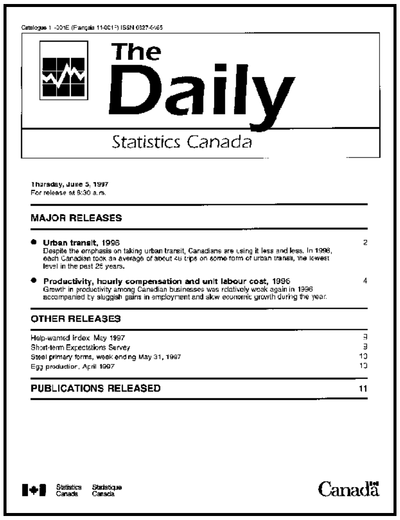

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The Daily

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

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Egg production, April 1997	10

PUBLICATIONS RELEASED 11

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