



The Daily

Statistics Canada

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Study: Competition, firm turnover and productivity growth
 1989 to 1999

The competitive process that shifts market share towards more productive firms accounted for about two thirds of aggregate labour productivity growth in Canadian manufacturing from 1989 to 1999, according to a new study that examines firm turnover and productivity growth.

The study investigates the extent to which productivity growth is the result of firm turnover as output is shifted from one firm to another, driven by the competitive process.

Turnover occurs as some firms gain market share and others lose it. Some of the resulting turnover is due to entry and exit. Another part arises from growth and decline in incumbent continuing firms.

There is large-scale firm turnover in the Canadian manufacturing sector. From 1989 to 1999, 58% of market share was transferred from firms that either contracted or closed to new firms or firms that expanded.

Most of the shift is a result of firm entry and exit. From 1989 to 1999, new firms captured 33.6 percentage points in market share and closing firms lost 45.7 percentage points. Among established firms, those that were growing gained 24.7 percentage points in market share over the period while those that were declining lost 12.6 percentage points.

The study finds that firms that gained market share tended to be more productive than firms that lost market share. The firms that entered the manufacturing sector by building new plants or acquiring new plants are more productive than those firms that exit by closing down plants or divesting existing plants. These results suggest that firm turnover should make a positive contribution to overall labour productivity growth of the manufacturing sector.

The study concludes that firm turnover associated with the competitive process accounted for about 70% of aggregate labour productivity growth in Canadian manufacturing. The remaining 30% was mostly attributable to productivity growth of the continuing firms that expanded their market share.

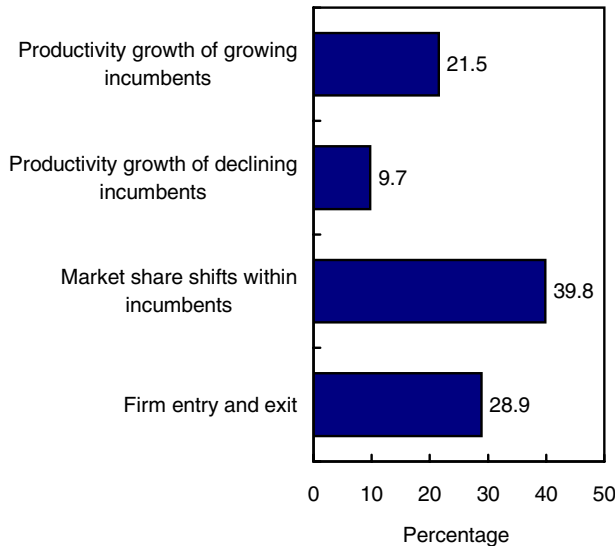
Of the 70% contribution from firm turnover from 1989 to 1999, 40 percentage points came from the reallocation of market share across continuing firms, and 29 percentage points came from firm entry and firm exit.

The research paper *Competition, Firm Turnover and Productivity Growth* (11F0027MIE2006042, free) is now available from the *Publications* module of our website.

More studies related to productivity and industrial competition dynamics are available in the analytical series *Update on Economic Analysis* (11-623-XIE, free) from the *Publications* module of our website.

For more information, or to enquire about the concepts, methods or data quality of this release, contact John Baldwin (613-951-8588) or Wulong Gu (613-951-0754), Micro-economic Analysis Division. ■

The percentage of contribution to manufacturing labour productivity growth, 1989 to 1999



Natural gas sales
 July 2006 (preliminary)

Warmer than normal temperatures in most regions of the country led to a decline in natural gas sales in the residential sector in July.

However, the 3.9% decline in the residential sales was more than offset by an 8.1% gain in the commercial sector and a 4.3% increase in the industrial (including direct sales).

Natural gas sales totalled 3 887 million cubic metres, up 3.7% from July 2005.

On a year-to-date basis, sales at the end of July were down 6.2% from the same seven-month period last year, in the wake of across-the-board declines in all sectors.

Use of natural gas by the industrial sector (including direct sales) has fallen 5.4% so far this year, while sales were down 7.0% in the residential sector and 7.8% in the commercial.

Natural gas sales

	July 2006 ^P	July 2005	July 2005 to July 2006 % change
	thousands of cubic metres		
Natural gas sales	3 887 207	3 748 664	3.7
Residential	417 923	435 026	-3.9
Commercial	376 886	348 513	8.1
Industrial	1 547 554	1 394 509	4.3
Direct	1 544 844	1 570 616	
Year-to-date			
	2006 ^P	2005	2005 to 2006 % change
	thousands of cubic metres		
Natural gas sales	40 989 680	43 720 809	-6.2
Residential	10 279 591	11 049 787	-7.0
Commercial	7 447 839	8 079 985	-7.8
Industrial	11 202 415	11 448 855	-5.4
Direct	12 059 835	13 142 182	

^P preliminary

Definitions, data sources and methods: survey number 2149.

For more information, to order data, or to enquire about the concepts, methods or data quality of this release, contact the dissemination officer (toll-free 1-866-873-8789; 613-951-9497; energ@statcan.ca), Manufacturing, Construction and Energy Division. ■

Canadian Vehicle Survey

January to March 2006

Vehicles covered in the Canadian Vehicle Survey travelled an estimated 70.6 billion kilometres in the first quarter of 2006. Vehicles weighing less than 4 500 kilograms travelled 63.5 billion kilometres, or 90% of the total for the quarter.

The survey measures the activity of all on-road vehicles registered in Canada with the exception of some vehicles such as buses, motorcycles, construction equipment and road maintenance equipment.

Estimates of total vehicle-kilometres are available by province and territory. Estimates of passenger-kilometres are available by province only.

Available on CANSIM: tables 405-0005 to 405-0020, 405-0026 to 405-0036, 405-0039 to 405-0042, 405-0044 to 405-0046, 405-0053, 405-0054, 405-0099 and 405-0101 to 405-0110.

Definitions, data sources and methods: survey number 2749.

The January to March 2006 issue of *The Canadian Vehicle Survey* (53F0004XIE, free) is now available from the *Publications* module of our website.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Ed Hamilton (613-951-6153; ed.hamilton@statcan.ca) or Client Services (toll-free 1-866-500-8400; transportationstatistics@statcan.ca), Transportation Division. ■

Sawmills and planing mills

July 2006

Data on sawmills and planing mills are now available for July.

In the past, revised data for the monthly Sawmills and Planing Mills Survey have been published with the July reference month.

These revisions reflect adjustments to the monthly series for undercoverage. The adjustments are based on the most recent year of commodity data from the Annual Survey of Manufactures, which will not be available until 2007.

Available on CANSIM: table 303-0009.

Definitions, data sources and methods: survey number 2134.

The July 2006 issue of *Sawmills and Planing Mills*, Vol. 60, no. 7 (35-003-XIB, free) is now available from the *Publications* module of our website.

For more information, or to enquire about the concepts, methods or data quality of this release, contact the dissemination officer (toll-free 1-866-873-8789; 613-951-9497; manufact@statcan.ca), Manufacturing, Construction and Energy Division. ■

New products

**Economic Analysis Research Paper Series:
Competition, Firm Turnover and Productivity
Growth**, no. 42
Catalogue number 11F0027MIE2006042
(free).

Update on Economic Analysis
Catalogue number 11-623-XIE
(free).

Sawmills and Planing Mills, July 2006, Vol. 60, no. 7
Catalogue number 35-003-XIB
(free).

Canadian Vehicle Survey: Quarterly, January to
March 2006
Catalogue number 53F0004XIE
(free).

**Report on the Demographic Situation in
Canada, 1994**
Catalogue number 91-209-XIE
(free).

**Report on the Demographic Situation in
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**Report on the Demographic Situation in
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**Report on the Demographic Situation in
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Catalogue number 91-209-XIE
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**Report on the Demographic Situation in
Canada, 1998 and 1999**
Catalogue number 91-209-XIE
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**Report on the Demographic Situation in
Canada, 2000**
Catalogue number 91-209-XIE
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**Report on the Demographic Situation in
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Authorized agents and bookstores also carry Statistics Canada's catalogued publications.

Catalogue 11-001-XIE (F) (single) 11-001-XIE(11-001-0001-01-01)



Thursday, June 5, 1997
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MAJOR RELEASES



- **Urban transit, 1996** 2
Despite the emphasis on taking urban transit, Canadians are getting it less and less. In 1996, about 1.3 billion trips, an average of about 3.5 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** 3
- **Short-term Expectations Survey** 8
- **Steel primary forms, season ending May 31, 1997** 12
- **Egg production, April 1997** 12

PUBLICATIONS RELEASED

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