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

The Daily

Statistics Canada

Monday, March 26, 2007
Released at 8:30 a.m. Eastern time

Releases

New products

Releases

Study: GDP per capita and productivity in Canada and the United States

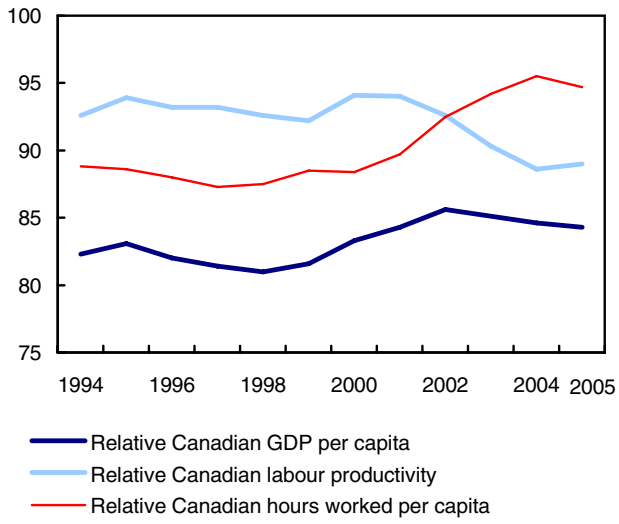
1994 to 2005

Canada's economic output per person is lower than it is in the United States, but the gap has narrowed since the turn of the millennium, according to a new study.

Canada's gross domestic product (GDP) per capita stood at 84.3% of GDP per capita in the United States in 2005, an improvement from the low of 81.0% in 1998. This was also slightly above the average of 83.2% for the 12-year period between 1994 and 2005.

The gap in GDP per capita between Canada and the United States is driven by two factors. These are the differences in labour productivity, which are measured as GDP per hour worked, and the differences in the number of hours worked per capita between the two countries.

Canadian GDP per capita relative to the United States, 1994 to 2005



The relative importance of these factors has been changing over time. Prior to 2000, both components were relatively constant. However, since 2000, relative productivity in Canada has declined, while relative hours worked per capita variable has gone up dramatically.

The study found that in the 1990s, over two-thirds of the gap in GDP per capita between the two countries was due to differences in hours worked per capita and about one-third due to differences in labour productivity. By 2005, on the contrary, differences in labour productivity between the two countries accounted for two-thirds of this gap.

Since 2000, hours worked per capita in Canada have improved because the Canadian economy has been generating new jobs at a much faster rate than the American economy. This has led to the recent improvements in Canada's relative GDP per capita.

Note to readers

This study is the third in a series on the project initiated in the fall of 2003 by the Canadian Productivity Accounts at Statistics Canada to compare the level of productivity between Canada and the United States.

In this study, the output gap between the two countries is measured using relative nominal gross domestic product (GDP) per capita, which is expressed in a common currency, using purchasing power parity indices.

Relative GDP per capita may be broken down into three components: relative labour productivity, that is, GDP per hour worked; effort (relative hours worked per job) and the relative employment rate per capita (ratio of number of jobs to total population). This study describes the methods used to estimate each of these factors.

A large part of this study is devoted to developing and illustrating the conceptual and methodological framework required to make Canada-United States estimates of labour and population comparable in terms of levels. It also attempts to quantify the "statistical error" that arises from using inadequate statistics, or statistics not designed for this type of international comparison.

To obtain the dataset containing the GDP, hours worked and population estimates used in this study, send an email to (productivity.measures@statcan.ca).

Large gains in Canada's hours worked per capita relative to the United States

Starting in 2001, Canada has experienced large gains in hours worked per capita relative to the United States. From the mid- to late-1990s, the number of hours worked per capita in Canada represented only about 88% of the level in the United States.

However, since 2000, this proportion has increased sharply. By 2005, the number of hours worked per capita in Canada reached 94.7% of the US level.

These recent increases in the relative number of hours worked per capita in Canada have been driven by stronger job growth in Canada than in the United States.

These strong gains have narrowed the gap between Canada and the United States in terms of the ratio of jobs to the working age population.

In 1999, the ratio of jobs to the population aged 15 years and over in Canada was 90.6% of that in the United States. Since 2003, this ratio has stabilized around 97%.

Decline in relative labour productivity partially offsets gain in relative hours worked per capita

Recent gains in the relative number of hours worked per capita in Canada have been partially offset by reductions in Canada's relative labour productivity.

Labour productivity is measured as the nominal GDP per hour worked for the overall economy.

In 2000, productivity in Canada was 94.1% of that in the United States. By 2005, this proportion had declined to 89.0%. In recent years, the Canadian economy has experienced several shocks, including the severe acute respiratory syndrome crisis, the outbreak of bovine spongiform encephalopathy, the power blackout in Ontario, and the sharp appreciation of the Canadian dollar.

From 1994 to 2005, Canada's annual labour productivity was, on average, 92.2% of labour productivity in the United States.

The research paper "The comparative level of GDP per capita in Canada and the United States: A decomposition into labour productivity and work intensity differences" (15-206-XWE2007008, free) is now available as part of *The Canadian Productivity Review* series from the *Publications* module of our website.

More studies related to productivity are available free of charge at (*http://www.statcan.ca/english/studies/economic.htm*).

For more information, or to enquire about the concepts, methods or data quality of this release, contact Jean-Pierre Maynard (613-951-3654), Income and Expenditures Accounts Division.

Decomposition of gross domestic product per capita, Canada relative to the United States (US=100)[1]

Years	GDP per capita	Labour productivity	Hours worked per capita	Hours worked per capita		
				Hours worked per job	Ratio of jobs to population aged 15 years and over	Ratio of population aged 15 years and over total population
1994	82.3	92.6	88.8	96.0	90.7	101.9
1995	83.1	93.9	88.6	96.3	90.1	102.0
1996	82.0	93.2	88.0	96.2	89.5	102.1
1997	81.4	93.2	87.3	95.6	89.3	102.3
1998	81.0	92.6	87.5	95.3	89.7	102.4
1999	81.6	92.2	88.5	95.2	90.6	102.7
2000	83.3	94.1	88.4	94.5	91.0	102.9
2001	84.3	94.0	89.7	94.7	91.9	103.1
2002	85.6	92.6	92.5	94.3	95.0	103.2
2003	85.1	90.3	94.2	94.0	96.9	103.4
2004	84.6	88.6	95.5	94.6	97.4	103.6
2005	84.3	89.0	94.7	93.9	97.0	104.0
Average sub-period						
1994 to 1999	81.9	93.0	88.1	95.8	90.0	102.2
2000 to 2005	84.5	91.4	92.5	94.3	94.9	103.4
1994 to 2005	83.2	92.2	90.3	95.1	92.4	102.8

1. Canada as a percentage of United States (United States=100).

Sources: Statistics Canada, Canadian Productivity Accounts, Bureau of Labor Statistics, Bureau of Economic Analysis and Bureau of the Census.

■

Farm Product Price Index

January 2007

Prices farmers received for their commodities rose 2.6% in January from the same month a year earlier, as strong gains in crop prices more than compensated for lower livestock prices.

Overall, producers received prices for crops that were 12.3% above levels in January 2006, continuing the upward trend in year-over-year price changes since the fall of 2006, according to the Farm Product Price Index (FPPI). Farmers received higher prices for all crops except potatoes and vegetables.

Prices for livestock and animal products fell 3.1% from the January 2006 level, the fifth consecutive decline. Hog prices, which had been on a continued slide since May 2005, increased in January. Cattle and calf prices, however, registered their fourth consecutive year-over-year decrease, pulling down the overall livestock and animal product index.

On a monthly basis, prices farmers received for their commodities were up 0.7% in January compared with a month earlier, as the crops index increased and the livestock and animal products index was slightly higher.

The FPPI (1997=100) stood at 97.8 in January, up from the revised December 2006 index of 97.1.

The overall crops index was up 2.4% in January compared to the revised December index, mainly because of higher grain prices.

Grain and oilseed prices have been trending up since the fall of 2006, as supplies tighten with increasing demand from the biofuel sector.

The overall livestock and animal products index was virtually unchanged, up 0.4% between December and January.

Cattle and calf prices were up 1.4% in January, the first increase in three months. The hog index was up 0.6% from December, the second consecutive monthly increase since it started a steady slide in July 2006.

The livestock industry has been affected by the rising Canadian dollar and more recently, rising feed grain prices. However, the value of the Canadian dollar against the US dollar has been declining since October 2006, with a 1.6% drop in January. The growing demand from the bio-fuel industry is competing for supply of feed grains, driving-up feed grain prices.

Available on CANSIM: tables 002-0021 and 002-0022.

Definitions, data sources and methods: survey number 5040.

The January 2007 issue of *Farm Product Price Index*, Vol. 7, no. 1 (21-007-XWE, free) is now available. From the *Publications* module of our website under *Free internet publications*, choose *Agriculture*.

For general information or to order data, call (toll-free 1-800-465-1991). To enquire about the concepts, methods or data quality of this release, contact Robert Waugh (613-951-2701: fax: 613-951-3868; *robert.waugh@statcan.ca*), Agriculture Division.

Farm Product Price Index

	January 2006[r]	December 2006[r]	January 2007[p]	January 2006 to January 2007	December 2006 to January 2007
	(1997=100)			% change	
Farm Product Price Index	**95.3**	**97.1**	**97.8**	**2.6**	**0.7**
Crops	**86.3**	**94.6**	**96.9**	**12.3**	**2.4**
Grains	75.6	79.8	82.7	9.4	3.6
Oilseeds	69.1	85.2	85.7	24.0	0.6
Specialty crops	73.4	96.2	96.6	31.6	0.4
Fruit	109.8	114.7	125.1	13.9	9.1
Vegetables	116.0	115.7	114.8	-1.0	-0.8
Potatoes	144.3	153.9	136.1	-5.7	-11.6
Livestock and animal products	**103.0**	**99.4**	**99.8**	**-3.1**	**0.4**
Cattle and calves	111.8	96.9	98.3	-12.1	1.4
Hogs	68.7	70.4	70.8	3.1	0.6
Poultry	92.0	92.2	92.0	0.0	-0.2
Eggs	96.5	97.9	98.3	1.9	0.4
Dairy	128.3	135.1	132.4	3.2	-2.0

[r] *revised*
[p] *preliminary*

■

Engineering services industry
2005

Growing at a faster pace than the economy, the engineering services industry posted a double-digit revenue growth rate in 2005, building on a rebound that started in 2004 after a couple of sluggish years. Business investments, particularly in Western Canada due to the surging resource sector, were a major factor contributing to this strong expansion.

Engineering firms recorded operating revenues of $13.8 billion in 2005. This translates to year-over-year growth of 13.6% compared to 10.0% the previous year. Part of the industry's revenue growth can be attributed to higher fees, as reflected in the consulting engineering services price index which rose by 3.9% in 2005.

The continuing upturn boosted the industry's operating profit margin to 13.6%, compared with 11.6% in 2004.

In recent years, the industry's activities have shifted somewhat from Ontario to Alberta. The industry's revenues grew by 21% in Alberta. Meanwhile, firms in Ontario, unable to sustain their growth of 2004, reverted to their lacklustre performance seen in recent years by recording a modest revenue gain of 2%. Alberta was not the only Western province in which engineering service firms expanded rapidly. Firms in Saskatchewan (+38%) and British Columbia (+27%) far outpaced the national average in 2005.

Despite small growth, engineering service firms operating in Ontario earned 30% of the industry's 2005 revenues in Canada. Other significant market shares were recorded in Alberta (26%), Quebec (22%) and British Columbia (14%).

The engineering services industry is somewhat concentrated, with the 20 largest firms generating 35% of operating revenues. Nonetheless, the significance of small and medium enterprises in this industry should not be underestimated.

Although large firms (work force of 250 or more) earned 40% of the industry's operating revenues, small firms (work force of less than 50) and medium firms (work force of 50 to 249) accounted for 37% and 23% of the industry's revenues respectively.

In 2005, while operating revenues earned by the large firms grew at about the same rate as the overall industry, the growth rate of medium firms (22%) exceeded that of small firms (9%).

In terms of engineering revenues by type of project, the largest revenue source was petroleum and petrochemicals (18%), followed by buildings and structures (14%), transportation (9%), and municipal utilities (7%). Engineering services accounted for 79% of industry operating revenues, with the remainder mostly generated in related fields such as construction services, project management, and environmental consulting services.

Nearly 57% of industry revenues were earned from business sector contracts (6% of which were subcontracts from other engineering firms) with another 25% coming from public sector clients. Spending by households and individuals accounted for only 2% of the industry's revenues.

Continued growth of foreign fee income along with growth in the domestic market, allowed the export intensity of the industry to hold steady at 15% of operating revenues. The United States remained the largest foreign market, absorbing half of the industry's total exports.

Salaries, wages and benefits increased by 12% and were the largest single expense item, accounting for almost half of operating expenses. This ratio has been consistent in recent years. Salaries and wages exclude the renumeration of owners of unincorporated businesses as well as the dividends of the working owners.

The number of salaried personnel employed by the industry increased by more than 8% to 88,500. It should be noted that non-salaried business-owners are not included in employment numbers. Close to three-quarters of the work force are professionals including engineers, technicians, technologists, and other professionals.

In 2005, the number of engineering establishments increased by 1,000 to 21,700. Small firms accounted for 95% of the establishment count. Three-quarters of the small firms were non-employer partnerships or sole proprietors.

The industry's contribution to Canada's gross domestic product in current dollars was just shy of $8 billion in 2005, accounting for 0.6% of the overall economy.

Available on CANSIM: table 360-0005.

Definitions, data sources and methods: survey number 2439.

Results from the 2005 Annual Survey of Engineering Services are now available.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Kyoomars Haghandish (613-951-6304; fax: 613-951-6696; *kyoomars.haghandish@statcan.ca*), or Lorraine St-Jean (613-951-5000; fax 613-951-6696; *lorraine.st-jean@statcan.ca*), Service Industries Division. ■

Mineral wool including fibrous glass insulation

February 2007

Data on mineral wool including fibrous glass insulation are now available for February.

Definitions, data sources and methods: survey number 2110.

Data are available upon request only. 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. ■

Production and disposition of tobacco products

February 2007

Canadian manufacturers sold 1.2 billion cigarettes in February, down 9.5% from a month earlier and down 52.6% compared with February 2006.

Cigarette production in February decreased 0.4% from January to 1.3 billion cigarettes, down 51.9% from February 2006.

At 1.7 billion cigarettes, the level of closing inventories for February increased 7.4% from January but was down 57.0% from February 2006.

Note: This survey collects data on the production of tobacco products in Canada by Canadian manufacturers and the disposition or sales of this production. It does not collect data on imported tobacco products. Therefore, sales information in this release is not a proxy for domestic consumption of tobacco products.

Available on CANSIM: table 303-0062.

Definitions, data sources and methods: survey number 2142.

The February 2007 issue of *Production and Disposition of Tobacco Products*, Vol. 36, no. 2 (32-022-XWE, free) is now available from the *Publications* module or our website.

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

New products

The Canadian Productivity Review: "The comparative level of GDP per capita in Canada and the United States: A decomposition into labour productivity and work intensity differences", no. 8
Catalogue number 15-206-XWE2007008
(free).

Farm Product Price Index, January 2007, Vol. 7, no. 1
Catalogue number 21-007-XWE
(free).

Production and Disposition of Tobacco Products, February 2007, Vol. 36, no. 2
Catalogue number 32-022-XWE
(free).

Steel, Tubular Products and Steel Wire, January 2007, Vol. 3, no. 1
Catalogue number 41-019-XWE
(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; -XCB or -XCE are electronic versions on compact disc; -XVB or -XVE are electronic versions on DVD and -XBB or -XBE a database.

How to order products

To order by phone, please refer to:

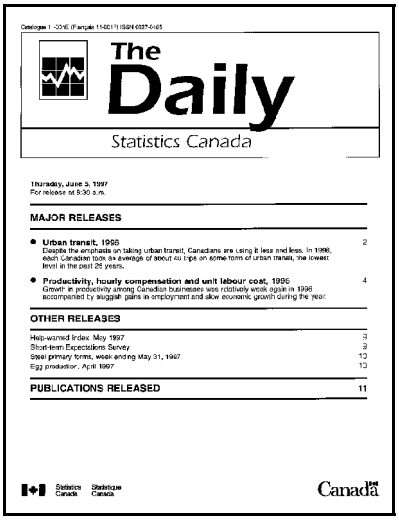
• The title • The catalogue number • The volume number • The issue number • Your credit card number.

From Canada and the United States, call:	**1-800-267-6677**
From other countries, call:	**1-613-951-2800**
To fax your order, call:	**1-877-287-4369**
For address changes or account inquiries, call:	**1-877-591-6963**

To order by mail, write to: Statistics Canada, Finance, 6th floor, R.H. Coats Bldg., Ottawa, K1A 0T6.
Include a cheque or money order payable to **Receiver General of Canada/Publications**. Canadian customers add 6% 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 1 -001E (Français 11-001F) ISSN 0837-0445

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 40 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 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-G, 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".