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Releases

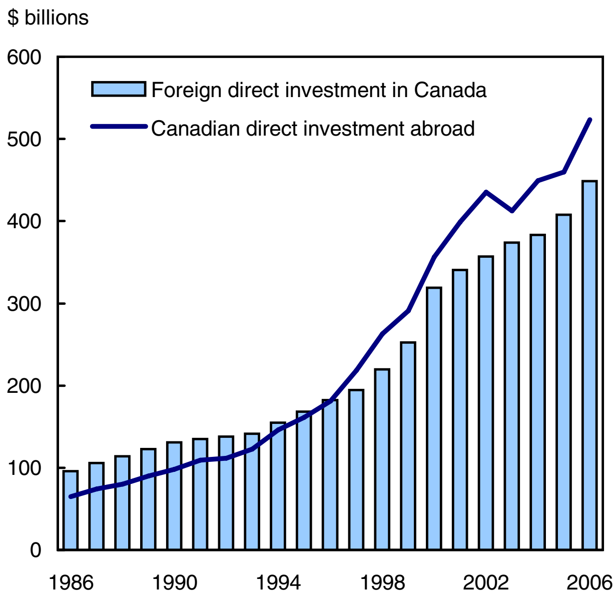
Releases

Foreign direct investment

2006

As a result of a wave of acquisitions of Canadian firms by foreign investors and a weaker Canadian dollar compared to European currencies, both Canadian direct investment abroad and foreign direct investment in Canada recorded the highest percentage increase in six years at the end of 2006.

Foreign direct investment position



Canadian direct investors had foreign assets worth more than half a trillion dollars. Direct investment abroad hit $523.3 billion, a gain of $63.7 billion or 13.8% from the end of 2005, the fastest percentage increase since the technology boom of 2000.

The value of capital transactions during the year accounted for about three-quarters of the increase. The depreciation of the Canadian dollar against foreign currencies increased the position by another $18.0 billion, as Canadian direct investments abroad are denominated in foreign currencies.

Meanwhile, foreign direct investment in Canada hit $448.9 billion at the end of 2006, up $41.3 billion, or 10.1%, from the end of 2005. This was also the fastest percentage gain since 2000. The increase was mostly the result of acquisitions of major Canadian firms by foreign investors, which was also the case in 2000.

Note to readers

Direct investment *is a category 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. This report presents the cumulative year-end positions for direct investment.

In the Canadian statistics, direct investment is measured as the total value of equity, net long-term claims and net short-term claims held by the enterprise across the border.

Direct investment is often channelled through intermediate holding companies or other legal entities before reaching its ultimate destination. Since these entities are generally in the financial sector, this sector accounts for a larger share on an immediate investor basis than if the ultimate destination were known.

Industry and geographic details

There has been a significant improvement to the data available on a detailed industrial basis combined with a geographical breakdown for Canadian Direct Investment Abroad (CDIA) and Foreign Direct Investment in Canada (FDIC). CANSIM table 376-0052 has been modified and expanded, with both CDIA and FDIC presented on a North American Industry Classification System (NAICS) basis for up to 40 industry groupings and 5 countries or regions, namely the United States, America, Europe, Asia/Oceania and the rest of the world. These revised data are available for the years 1999 to 2006.

As a result, the net direct investment position (the difference between Canadian direct investment abroad and foreign direct investment in Canada) increased to $74.4 billion at the end of 2006, up from $52.0 billion a year earlier.

In 2006, the Canadian dollar lost ground against European currencies. It depreciated by 12.4% against the pound sterling, 10.4% against the euro and 7.4% against the Swiss franc. The dollar remained stable compared to the US dollar (+0.2%) and gained 0.7% on the Japanese yen.

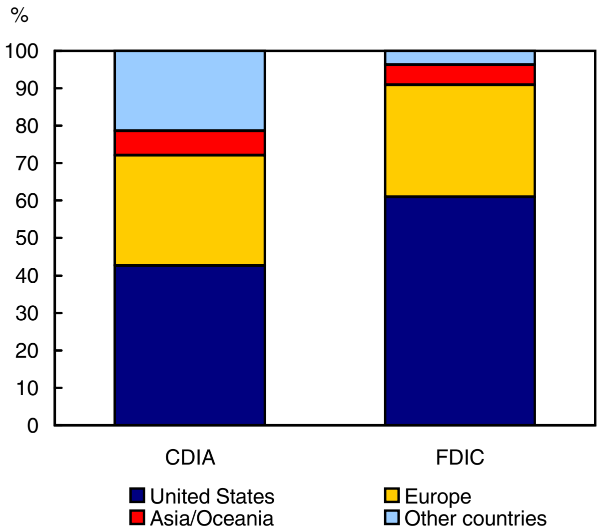
Canadian direct investment abroad increased in most countries

Holdings of Canadian direct investment abroad were up in all major destinations. Direct investments in the United States rose by $19.0 billion to $223.6 billion. This was mostly as the result of capital outflows of Canadian firms to existing operations in their US affiliates.

However, the share of investment in the United States remained little changed from a year earlier. Canadian direct investment abroad has become more diversified across other countries. The share of direct investment in the United States was just 43% of the total, down from 52% 10 years ago and 69% 20 years ago.

The depreciation of the Canadian dollar against the euro and the pound sterling had a positive impact on direct investment assets in European countries. About 29% of investment was in European countries at the end of 2006, up from 28% in 2005.

Canadian direct investment abroad (CDIA) and foreign direct investment in Canada (FDIC), geographical distribution, 2006



Canadian direct investment in the United Kingdom rose by $10.1 billion to $59.0 billion and represented the second most popular destination for Canadian direct investment abroad. Canadian direct investment was also important in other European countries at the end of 2006. Among the top 10 countries for holdings of investment abroad were Ireland, with investments totalling $24.7 billion; France with $16.9 billion; the Netherlands, $12.1 billion; Hungary, $9.9 billion, and Germany, $9.4 billion.

Canadian direct investments in Caribbean countries were still high at the end of 2006. Direct investment in Barbados increased to $38.4 billion while direct investment in Bermuda hit $15.6. In the past few years, Canadian investors have invested growing amounts in these countries.

Australia, a new country on the top-10 list, had $9.6 billion in direct investments at the end of 2006. Brazil was close behind with a significant increase.

Acquisitions drove foreign direct investment in Canada

Foreign direct investment in Canada was still led by American investors at the end of 2006. They held $273.7 billion in the form of direct investment, up $14.7 billion from 2005. They were still by far the most important direct investor in Canada, holding 61% of the total, but down from 64% in 2005.

Direct investment from the United Kingdom rose by 30% to $39.0 billion, the gain coming mainly from acquisitions. Four other European countries were on the list of top nations with foreign direct investment in Canada. They were France with $29.5 billion; the Netherlands at $22.6 billion; Switzerland with $14.1 billion; and Germany at $9.9 billion.

Holdings of foreign direct investment from Brazil surged to $9.4 billion, more than triple the total a year earlier. Acquisitions of Canadian interests explained almost all of the change. Brazil is the investor country with the highest percentage increase over a four-year period.

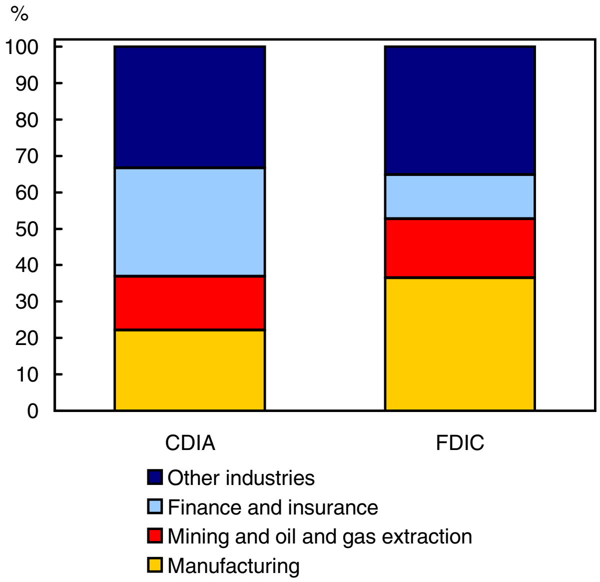
Outward investments in services, inward investments in goods industries

Canadian direct investment abroad was mostly oriented to service industries as opposed to goods. At the end of 2006, the share of services industries totalled 61%, compared with 55% in 2000. Increased investment in holding companies or other management companies contributed to this change.

Specifically, most Canadian direct investment assets were in the finance and insurance industry and in the manufacturing industry at the end of 2006.

At the same time, 55% of foreign direct investments in Canada were in goods industries at the end of the year. This share was down slightly from 59% in 2000.

Canadian direct investment abroad (CDIA) and foreign direct investment in Canada (FDIC), industry distribution, 2006



Manufacturing industries accounted for 37% of foreign direct investment in Canada at the end of 2006. This sector was still the most important, even though its share of foreign direct investment in Canada was down from 48% in 2000.

Mining and oil and gas extraction accounted for 16% of the total, double the proportion in 2000.

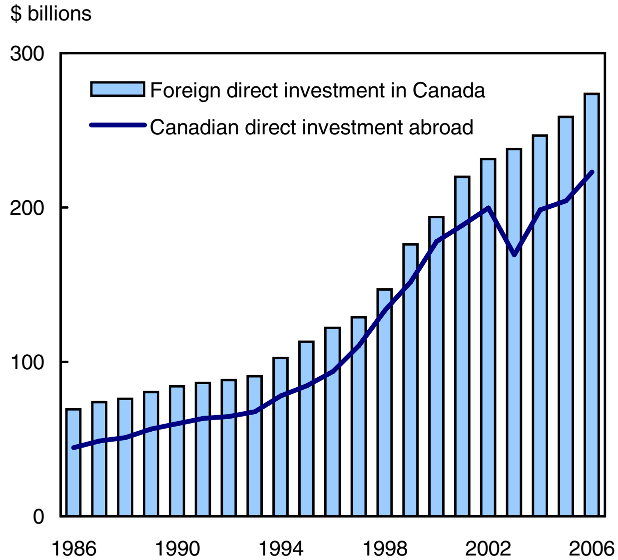
Increase in Canada's net direct investment position

Canada's net direct investment position increased $22.4 billion to $74.4 billion at the end of 2006. The increase was due to exchange rates and other valuation changes, as transactions for foreign direct investment into Canada were higher than outward transactions.

Canada had a positive net direct investment position with most of its partners including the United Kingdom and Caribbean countries.

However, at the end of 2006, Canada had a negative net direct investment position with important partners, such as the United States, France, the Netherlands, Switzerland and Japan. The net direct investment position of Canada with the United States was negative $50.5 billion.

Foreign direct investment position with the United States



Foreign direct investment positions at year-end

	2003	2004	2005	2006
	$ billions			
Canadian direct investment abroad				
United States	169.6	198.9	204.6	223.6
United Kingdom	43.9	44.3	48.9	59.0
Barbados	25.7	27.1	33.6	38.4
Ireland	19.6	19.7	19.9	24.7
France	11.8	14.6	14.5	16.9
Bermuda	10.9	12.4	12.8	15.6
Netherlands	11.0	12.4	10.6	12.1
Hungary	9.3	8.2	7.1	9.9
Australia	8.1	8.3	8.0	9.6
Germany	9.0	8.1	7.2	9.4
All other countries	93.3	95.0	92.3	104.0
Total	**412.2**	**449.0**	**459.6**	**523.3**
Foreign direct investment in Canada				
United States	238.1	246.8	259.0	273.7
United Kingdom	26.0	26.3	30.0	39.0
France	36.2	33.4	28.4	29.5
Netherlands	17.7	20.0	22.1	22.6
Switzerland	7.1	7.9	13.2	14.1
Japan	9.9	10.1	10.5	11.3
Germany	6.9	7.4	9.6	9.9
Brazil	1.1	1.9	3.1	9.4
All other countries	30.8	29.7	31.7	39.3
Total	**373.7**	**383.5**	**407.6**	**448.9**

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. ■

Stocks of grain

At March 31, 2007

Except for flaxseed and soybeans, total stocks of major grain and oilseeds, including commercial and on-farm inventories, had declined as of March 31, 2007, compared with the same date last year, according to a survey of grain farmers and commercial grain holders.

However, corn for grain, oilseeds and wheat excluding durum remained above the five-year average.

Total stocks of grain at March 31

Crop	2006	2007	2006 to 2007
	thousands of tonnes		% change
Total wheat	**18,727**	**15,831**	**-15.5**
Wheat excluding durum	13,520	12,712	-6.0
Corn for grain	5,789	5,541	-4.3
Barley	6,485	4,551	-29.8
Canola	5,116	4,277	-16.4
Durum wheat	5,207	3,119	-40.1
Soybeans	1,666	1,916	15.0
Oats	1,883	1,482	-21.3
Dry field peas	1,540	1,010	-34.4
Flaxseed	641	736	14.8

Stocks of wheat tumble

Total stocks of wheat excluding durum amounted to an estimated 12.7 million tonnes, down from 13.5 million tonnes in March 2006. On-farm stocks alone were down 9.2% to 9.1 million tonnes, because of a strong export program and higher domestic milling demand, even though 2006/2007 wheat supplies were ample.

On-farm stocks were down in Saskatchewan and Alberta, but in Manitoba they rebounded from the very low level reported in 2006. In all three provinces, stock levels were above the five-year average.

Total stocks of durum wheat tumbled 40.1% from the record set March 31, 2006. The decline was the result of a drop in production in 2006 and increases in grain exported that occurred despite logistical difficulties. The five-year average is 3.7 million tonnes.

On-farm durum stock amounts in the Prairie provinces tumbled to levels not seen since 2003. Over 80% of durum farm stocks are held in Saskatchewan, where an estimated 1.7 million tonnes of stocks were reported, a drop of 1.6 million tonnes.

Stocks of canola, barley, oats all on the decline

Total stocks of canola eased back from last year's record to 4.3 million tonnes, which was a 16.4% decline from the March 2006 level, the equivalent of 839,000 tonnes. Commercial stocks fell by 10.6% to 922,000 tonnes, and farm stocks were down 17.9% to 3.4 million tonnes. The five-year average for farm stocks is 2.5 million tonnes.

Note to readers

The March Farm Survey of 16,800 farm operators was conducted by telephone interviews during the last two weeks of March. Farmers were asked to report the amounts of grain, oilseeds and specialty crops in on-farm storage.

Commercial stocks of western major crops originate from the Canadian Grain Commission. Commercial stocks of corn and soybeans are estimated by a Statistics Canada sample survey of grain elevators in Eastern Canada. Commercial stocks of specialty crops originate from a survey of handlers and agents of specialty crops.

Production fell in 2006 from the record 2005 crop but still remained robust. Strong exports and crushings were responsible for the decline in March 31 stocks over the same period in 2006. Despite the decline, all on-farm stock levels for the three Prairie provinces remained well above the five-year average.

Total stocks of barley dropped 29.8% from 6.5 million tonnes to 4.6 million tonnes as of March 31. The five-year average is 5.7 million tonnes.

In the three Prairie provinces, total on-farm stocks of barley fell by 2.0 million tonnes. Stocks of barley were below the five-year average for each province. The largest percentage decline was in Saskatchewan, where stocks fell 46.4% to 1.3 million tonnes.

Total stocks of oats fell 21.3% to the five-year average of 1.5 million tonnes, the result of stable supply and increased exports. All three Prairie provinces reported decreases, ranging from 22.7% in Manitoba to 28.3% in Alberta.

Record stocks of grain corn in Ontario

In Ontario, on-farm stocks of corn for grain edged up 50,000 tonnes to a record 2.5 million tonnes, surpassing the record set in March 2006.

On the other hand, Quebec farmers reported that they had less stocks of corn for grain at 1.4 million tonnes, a 25.3% decline from 2006.

Commercial stocks were up 4.8% to an estimated 1.4 million tonnes, well above the five-year average of 1.2 million tonnes.

Total stocks of soybeans a record

Total stocks of soybeans were a record 1.9 million tonnes, 15.0% above the 1.7 million tonnes in storage on March 31, 2006 and the third consecutive record. The five-year average is 1.2 million tonnes.

The record March 31 stocks were a direct result of record 2006/2007 supplies, as export demand has been strong and domestic crushings have been stable compared to last year.

On-farm stock levels in Ontario and Quebec edged downward. Soybean stocks were down 5.0% in Quebec to 190,000 tonnes and in Ontario, they were down 7.7% to 720,000 tonnes. These declines were offset by commercial stocks that hit a record 870,000 tonnes, up 33.8% from March 2006. The previous record was set in 1998 at 735,000 tonnes.

Flaxseed stocks highest in more than a decade

Total stocks of flaxseed were estimated at 736,000 tonnes, up 95,000 tonnes from March 2006. This is the largest volume of flaxseed reported in over 10 years. The five-year average is 407,000 tonnes, and the record of 881,000 tonnes was set in 1980. Commercial stocks were estimated at 186,000 tonnes, up 90,000 tonnes from the same period a year earlier.

A build-up of stocks that occurred in 2005/2006 continues to weigh on the market despite higher exports so far this crop year.

Farm stocks in Saskatchewan, where most flaxseed is grown, reached 390,000 tonnes, a decline of 11.4% or 50,000 tonnes from March 2006.

Dry field pea stocks drop

Total stocks of peas tumbled 34.4% to 1.0 million tonnes, down 530,000 tonnes from the 1.5 million tonnes reported in March 2006. Commercial stocks were also down, off 23.5% to 260,000 tonnes.

A decline in 2006 production, combined with an increase in domestic feeding, allowed stocks to decline despite slow export movement.

In Saskatchewan, where the majority of dry field peas are grown, on-farm stocks declined 41.2% to 520,000 tonnes. The five-year average is 683,000 tonnes.

Supply-demand tables containing the stock data are available on CANSIM by subscription (22F0002XFB) or in the March issue of *Cereals and Oilseeds Review* (22-007-XIB, free), which will soon be available.

Available on CANSIM: tables 001-0040 to 001-0042.

Definitions, data sources and methods: survey numbers, including related surveys, 3401, 3403, 3443, 3464 and 3476.

The publication *Field Crop Reporting Series: Stocks of Canadian Grain at March 31, 2007*, Vol. 86, no. 3 (22-002-XIB, free) is now available from the *Publication* module of our website.

For further information, or to enquire about the concepts, methods or data quality of this release, contact David Burroughs (613-951-5138; *dave.burroughs@statcan.ca*) or Dave Roeske (613-951-0572; *dave.roeske@statcan.ca*), Agriculture Division. ■

Production of eggs and poultry

March 2007 (preliminary)

Egg production was estimated at 50.3 million dozen in March, up 0.7% from March 2006.

Poultry meat production reached 97.2 million kilograms in March, up 1.4% from March 2006.

Definitions, data sources and methods: survey numbers, including related surveys, 3425 and 5039.

For further information, or to enquire about the concepts, methods or data quality of this release, contact Sandy Gielfeldt (613-951-2505; *sandy.gielfeldt@statcan.ca*) or Barbara Bowen (613-951-3716; *barbara.bowen@statcan.ca*), Agriculture Division. ■

Traveller Accommodation Survey

2005

Highlights of an analytical report based on the 2005 Traveller Accommodation Survey are now available. The data in the report are based on establishments representing the hotel and motor hotel group of industries, as well as motels (North American Industry Classification System category 721).

This report was prepared in collaboration with the Canadian Tourism Commission and the Ontario Ministry of Tourism. The report highlights the traveller accommodation industry for 2005.

Definitions, data sources and methods: survey number 2418.

The detailed analytical report will be posted at a later date on the Canada Tourism Commission website (*www.canadatourism.com*). For more information on the release of the report, contact Murielle Ballantyne, Canadian Tourism Commission (604-638-8328; *ballantyne.murielle@ctc-cct.ca*). To obtain the report highlights, or to enquire about the concepts, methods, or data quality for this release, contact Veronica Utovac (613-951-0813; *veronica.utovac@statcan.ca*), Service Industries Division, Statistics Canada. ■

Travel arrangement services

2005

Highlights of an analytical report based on the 2005 Travel Arrangement Survey are now available. The data in the report are based on establishments representing the travel agency and tour operators industries (North American Industry Classification System category 5615).

This report was prepared in collaboration with the Canadian Tourism Commission and the Ontario Ministry of Tourism. The report highlights the travel arrangements industry for 2005.

Definitions, data sources and methods: survey number 2423.

The detailed analytical report will be posted at a later date on the Canadian Tourism Commission website (*www.canadatourism.com*). For more information on the release of the report, contact Murielle Ballantyne, Canadian Tourism Commission (604-638-8328; *ballantyne.murielle@ctc-cct.ca*). To obtain the report highlights, or to enquire about the concepts, methods, or data quality for this release, contact Janine Stafford (613-951-3288; fax: 613-951-6696; *janine.stafford@statcan.ca*), Service Industries Division, Statistics Canada. ■

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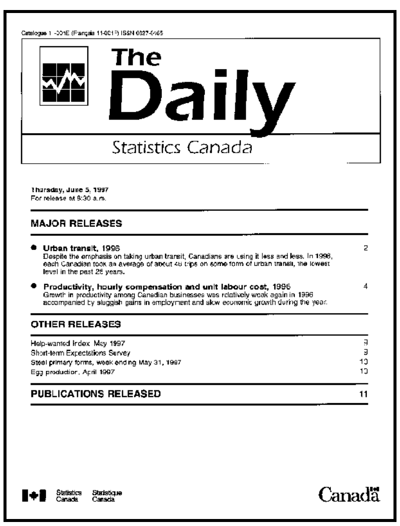
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