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Statistics Canada

Thursday, November 13, 2008

Released at 8:30 a.m. Eastern time

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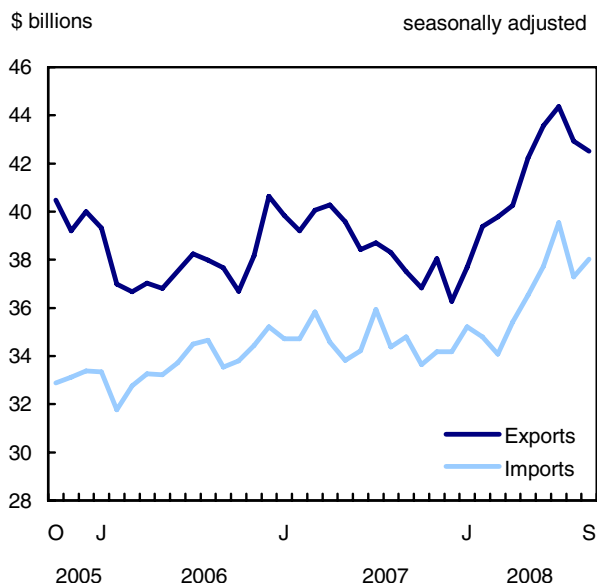
Releases

Canadian international merchandise trade

September 2008

Canada's trade surplus with the world decreased to \$4.5 billion in September from \$5.6 billion in August, as exports declined and imports rose. This marks the lowest trade surplus since January 2008.

Exports and imports



Canadian exports declined for the second consecutive month, dropping 1.0% to \$42.5 billion. The movement was isolated to a drop in prices as volumes remained flat. The retreat was led by industrial goods and materials, automotive products, and energy products.

Canada's imports increased 1.9% in September to \$38.0 billion, as both prices and volumes increased. September's gain marked the fifth increase in six months following a 5.7% decline in August.

Note to readers

Merchandise trade is one component of the current account of Canada's balance of payments, which also includes trade in services, investment income and transfers.

International merchandise trade data by country are available on both a balance of payments and a customs basis for the United States, Japan and the United Kingdom. Trade data for all other individual countries are available on a customs basis only. Balance of payments data are derived from customs data by making adjustments for characteristics such as valuation, coverage, timing and residency. These adjustments are made to conform to the concepts and definitions of the Canadian System of National Accounts.

Constant dollars referred to in the text are calculated using the Laspeyres volume formula, which is current dollars divided by Paasche indexes.

Revisions

In general, merchandise trade data are revised on an ongoing basis for each month of the current year. Current year revisions are reflected in both the customs and balance of payments based data. Revisions to customs based data for the previous year are released on a quarterly basis. Revisions to balance of payments based data for the three previous years are released annually in June.

Factors influencing revisions include late receipt of import and export documentation, incorrect information on customs forms, replacement of estimates with actual figures, changes in classification of merchandise based on more current information, and changes to seasonal adjustment factors.

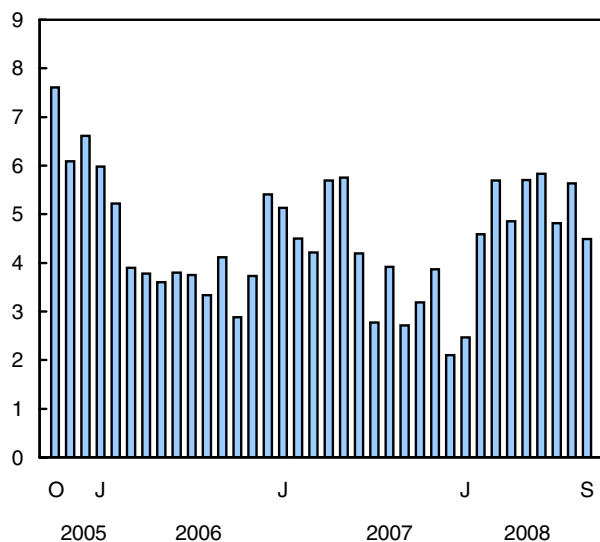
Revised data are available in the appropriate CANSIM tables.

Exports to the United States declined for the second consecutive month as imports remained relatively unchanged at \$23.7 billion. Exports fell 1.3% to \$32.1 billion, largely due to energy products and automotive products. As a result, the trade surplus with the United States contracted to \$8.3 billion in September from \$8.7 billion in August.

Exports to countries other than the United States remained flat at \$10.4 billion, while imports from these countries collectively increased 5.5%. Consequently, Canada's trade deficit with countries other than the United States expanded to \$3.8 billion in September from \$3.1 billion in August.

Trade balance

\$ billions

**Widespread price declines push export values down**

Exports of industrial goods and materials fell for the second consecutive month, decreasing 1.9% to \$9.9 billion, as a result of declining prices as volumes edged up. This was the first export price drop in 2008 for a sector that has experienced high commodity prices. Reduced exports to Japan and the United States pushed copper down.

Exports of automotive products fell 3.4% to \$5.1 billion, the eighth decline in 12 months. The fall in exports was driven by volume as prices have been on the rise since March 2008. A production plant shutdown and low vehicle sales in the United States were two of the main factors leading to lower exports of trucks and passenger autos in September.

Energy products posted a third consecutive decline, falling 1.4% to \$11.3 billion. This decrease is attributed to falling prices as volumes increased. This was also the case for crude petroleum and natural gas, which posted their second monthly price decline since 2007.

Forestry products provided the largest offsetting movement, gaining 7.2% to \$2.3 billion, the largest value increase since March 2007, primarily on the strength of newsprint. The volume of newsprint recorded its largest increase since February 2004 as prices rose. Newsprint demand has been growing, particularly in Asia and Latin America.

Growth in energy products leads the rise in imports

On the strength of crude petroleum, energy products led the increase in imports, gaining 10.3% to \$4.7 billion in September, after falling 23.1% in August. Increased crude petroleum imports were observed from Norway, Denmark, and Algeria, reflecting a growth in volumes as prices declined for the second consecutive month.

Automotive products increased 2.0% to \$6.2 billion, resulting from increases in both prices and volumes. Passenger autos was the largest contributor to the sector's growth, rising 4.1%, reflecting increased imports from Japan and Germany. This was the seventh increase in nine months, as sales of passenger cars have grown over the first three quarters of 2008. Imports of trucks and other motor vehicles increased 4.5%.

The largest offsetting movement came from imports of industrial goods and materials, which fell 1.4% to \$7.9 billion due to falling volumes. However, import prices for the sector continued their climb that began in November 2007. The decline was partially attributed to plastic materials, which experienced the first decrease since March, as hurricanes disrupted transportation networks and production along the Gulf of Mexico.

Available on CANSIM: tables 228-0001 to 228-0003, 228-0033, 228-0034, 228-0041 to 228-0043 and 228-0047 to 228-0055.

Definitions, data sources and methods: survey numbers, including related surveys, 2201, 2202 and 2203.

The September 2008 issue of *Canadian International Merchandise Trade*, Vol. 62, no. 9 (65-001-XIB, free), is now available from the *Publications* module of our website. The publication includes tables by commodity and country on a customs basis. Current account data (which incorporate merchandise trade statistics, service transactions, investment income and transfers) are available quarterly in *Canada's Balance of International Payments* (67-001-XWE, free).

For more information on products and services, contact Sharon Nevins (toll-free 1-800-294-5583; 613-951-9798). To enquire about the concepts, methods or data quality of this release, contact Anne Couillard (613-951-6867), International Trade Division.

□

Merchandise trade

| | August 2008 ^r | September 2008 | August to September 2008 | September 2007 to September 2008 |
|---|-----------------------------|-------------------|-----------------------------------|--|
| Seasonally adjusted, \$ current | | | | |
| | \$ millions | | % change | |
| Principal trading partners | | | | |
| Exports | | | | |
| United States | 32,489 | 32,070 | -1.3 | 10.0 |
| Japan | 1,101 | 1,058 | -3.9 | 43.2 |
| European Union ¹ | 3,419 | 3,275 | -4.2 | 21.6 |
| Other OECD countries ² | 1,801 | 2,051 | 13.9 | 30.1 |
| All other countries | 4,117 | 4,058 | -1.4 | 21.1 |
| Total | 42,927 | 42,512 | -1.0 | 13.4 |
| Imports | | | | |
| United States | 23,771 | 23,744 | -0.1 | 4.9 |
| Japan | 932 | 1,010 | 8.4 | 10.3 |
| European Union ¹ | 4,393 | 4,477 | 1.9 | 28.5 |
| Other OECD countries ² | 2,050 | 2,259 | 10.2 | 3.9 |
| All other countries | 6,150 | 6,528 | 6.1 | 16.9 |
| Total | 37,296 | 38,018 | 1.9 | 9.3 |
| Balance | | | | |
| United States | 8,718 | 8,326 | ... | ... |
| Japan | 169 | 48 | ... | ... |
| European Union ¹ | -974 | -1,202 | ... | ... |
| Other OECD countries ² | -249 | -208 | ... | ... |
| All other countries | -2,033 | -2,470 | ... | ... |
| Total | 5,631 | 4,494 | ... | ... |
| Principal commodity groupings | | | | |
| Exports | | | | |
| Agricultural and fishing products | 3,424 | 3,404 | -0.6 | 17.1 |
| Energy products | 11,505 | 11,340 | -1.4 | 49.2 |
| Forestry products | 2,115 | 2,267 | 7.2 | 0.5 |
| Industrial goods and materials | 10,096 | 9,905 | -1.9 | 17.6 |
| Machinery and equipment | 7,766 | 7,803 | 0.5 | 5.0 |
| Automotive products | 5,249 | 5,070 | -3.4 | -18.8 |
| Other consumer goods | 1,540 | 1,493 | -3.1 | -0.9 |
| Special transactions trade ³ | 770 | 724 | -6.0 | 14.0 |
| Other balance of payments adjustments | 462 | 507 | 9.7 | 1.0 |
| Imports | | | | |
| Agricultural and fishing products | 2,440 | 2,462 | 0.9 | 14.1 |
| Energy products | 4,291 | 4,734 | 10.3 | 45.1 |
| Forestry products | 242 | 238 | -1.7 | -4.0 |
| Industrial goods and materials | 7,994 | 7,884 | -1.4 | 9.9 |
| Machinery and equipment | 10,081 | 10,163 | 0.8 | 5.3 |
| Automotive products | 6,066 | 6,190 | 2.0 | -6.6 |
| Other consumer goods | 4,895 | 4,892 | -0.1 | 6.9 |
| Special transactions trade ³ | 549 | 736 | 34.1 | 82.6 |
| Other balance of payments adjustments | 740 | 719 | -2.8 | 4.4 |

^r revised

... not applicable

1. Includes Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and the United Kingdom.

2. Other countries in the Organisation for Economic Co-operation and Development (OECD) include Australia, Canada, Iceland, Mexico, New Zealand, Norway, South Korea, Switzerland and Turkey.

3. These are mainly low valued transactions, value of repairs to equipment, and goods returned to country of origin.

Study: The role of natural resources in Canada's economy

November 2008

The seven-year-old boom in commodity prices has had a large impact on key sectors of Canada's economy, buttressing export earnings and profits.

In response, companies substantially increased fixed investment in the resource sector, although they have had a surprisingly small impact on the recent growth of output and employment.

Resources were also the leading factor in lifting the stock market to record heights, while attracting direct foreign investment flows into Canada. However, these increases have been partly reversed as commodity prices fell in response to the recent turmoil in global financial markets.

Not all resources have participated equally in the commodity-price boom. Energy recorded the largest and most sustained increases, led by crude oil. Metal prices took the lead in 2006 and 2007, but more recently have pulled back.

Grain prices jumped in 2007 and early 2008, but have eased on the prospect of a good harvest. The boom bypassed the forestry sector in recent years, due to falling demand for lumber and newsprint.

Exports and business investment

The commodity-price boom has had a large impact on both the structure and growth of exports. So far in 2008, nominal exports of natural resources have accounted for nearly 65% of all goods exports, up from 45% in 2002. The increase was especially pronounced in 2008, reflecting record energy prices.

The trade surplus in energy products alone has been equal to all of Canada's merchandise trade surplus since the second quarter of 2006. Canada also runs surpluses in trade for all other resource products.

Since 2004, natural resources have accounted for all of the growth in Canada's export earnings. Resource exports increased by one-third from about \$20 billion in 2003 to \$31 billion (at annual rates) so far this year through August. Over the same period, non-resource exports fell 17%, notably for automotive products.

Since 2002, business investment in structures and equipment by the resource sector has increased faster than in the rest of the economy. This raised the share of natural resource industries from 36% to nearly 44%, the highest on record. Energy consistently led this increase, driven by the oil sands, although more recently metal mines saw rapid gains.

Output and employment

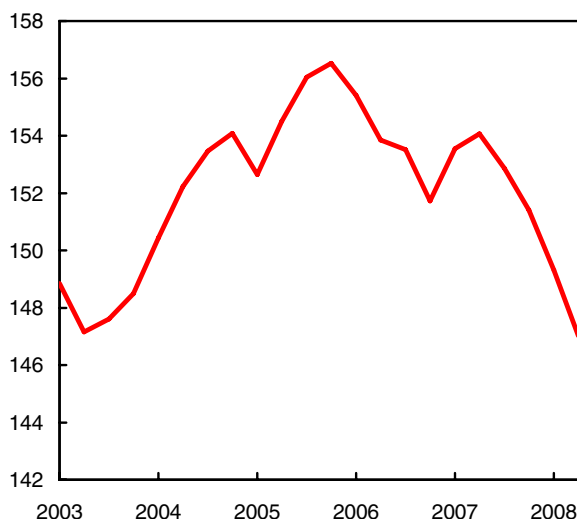
The resource boom since 2003 reflected primarily higher prices. Real gross domestic product (GDP) in the resource sector has fallen slightly since the fourth quarter of 2002.

Output in resources initially rose in response to higher prices, gaining 6% by the end of 2005. Since then it has fallen steadily, with mining output particularly weak over the past year.

The drop in resource output after 2005, despite record prices and profitability, reflects a number of factors. Some sectors cut output sharply due to weak prices, notably forestry where output fell by over a third.

Natural resources output

\$ billions



However, not even the energy and metal mining industries have been able to boost output. Partly, this is due to the depletion of the most productive sources.

Every dollar of output in the resource sector generates another 69 cents of GDP. The largest of these spin-off effects is within oil and gas, as most resource industries are energy-intensive. Other industries that see high spin-off effects are finance, trade, business services and transportation.

All told, the direct and indirect impact of resource output was equivalent to 22% of all GDP.

Natural resources have not been a large source of jobs for Canadians this decade. Partly this reflects their capital-intensive production process.

As a result, the share of employment in natural resources industries has hovered around 7%

since 2000. Still, this represents a levelling off after a rapid decline during the 1990s from near 10% in 1990. Of course, the importance of resources is much higher in some provinces.

Definitions, data sources and methods: survey numbers, including related surveys, 1401, 2198, 2202, 2203 and 2301.

The study, "The role of natural resources in Canada's economy," is included in the November 2008 Internet edition of the *Canadian Economic Observer*, Vol. 21, no. 11 (11-010-XWB,

free), now available from the *Publications* module of our website. The monthly paper version of the *Canadian Economic Observer*, Vol. 21, no. 11 (11-010-XPB, \$25/\$243), will be available on November 20.

For more information about the *Canadian Economic Observer*, click on our banner ad from the *Publications* module of our website.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Philip Cross (613-951-9162; ceo@statcan.gc.ca), Current Economic Analysis Division. ■

Local government business enterprise finance

2006

After provision for income tax, local government business enterprises had a net income of \$1 billion in 2006, up 17% from 2005.

The combined total income of all local government business enterprises increased 3.7% in 2006. Investment income and government subsidies accounted for most of the increase. Investment income rose 29% and subsidies by 5.6%. Sales of goods and services and other income increased 3.3%

The income of urban transit companies grew 6.9% and telephone companies' income increased 6.5%. Income of electricity distributors increased 2.7%, whereas the income of gas distributors declined 1.5%.

In 2006, total expenses of local government business enterprises increased 3.5%. Amortization expenses increased 18%, and materials and other purchases increased 3.1%. Debt charges declined 6.3% from 2005.

There was significant growth in amortization expenses of urban transit local government business enterprises (+65%). The increase in amortization expenses was mainly due to an accounting change in

which amortization expensed to equity is now reported in the income statement.

Note: Local government business enterprises are government-controlled, public corporations engaged in commercial operations involving the sale of goods and services to the public in the marketplace. Local government business enterprises comprise municipally-owned electricity distributors, urban transit companies, gas distributors and telephone companies. Data refer to the fiscal year ending December 31, 2006.

Available on CANSIM: table 385-0015.

Data tables are also available under the *National Economic Accounts* module of our website.

Data are also available through custom and special tabulation. For more information on the products or services of the Public Institutions Division, contact Jo-Anne Thibault (613-951-0767; pid-info-dip@statcan.gc.ca), Public Institutions Division.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Aldo Diaz (613-951-8563; aldo.diaz@statcan.gc.ca) or Diana-Lynn Walters (613-951-1833; diana-lynn.walters@statcan.gc.ca), Public Institutions Division.

Local government business enterprises finance

Fiscal year ended nearest to December 31

| | 2002 | 2003 | 2004 | 2005 | 2006 |
|---|-------------|--------|--------|--------|--------|
| | \$ millions | | | | |
| Total income | 15,452 | 16,659 | 16,687 | 18,234 | 18,902 |
| Total expenses | 14,529 | 15,772 | 15,713 | 17,069 | 17,669 |
| Net income (loss) before provision for income tax | 923 | 887 | 974 | 1,165 | 1,233 |
| Provision for income tax | 81 | 80 | 168 | 277 | 193 |
| Net income (loss) after provision for income tax | 842 | 807 | 806 | 889 | 1,040 |

Note: Data may not add due to rounding.

Income and expenses of local government business enterprises by industry

2006

| | Total income | Total expenses | Net income (loss) after provision for income tax |
|---------------|---------------|----------------|--|
| | \$ millions | | |
| Total | 18,902 | 17,669 | 1,040 |
| Electricity | 13,496 | 12,478 | 825 |
| Urban transit | 4,888 | 4,778 | 110 |
| Gas | 376 | 299 | 78 |
| Telephone | 142 | 115 | 27 |

Note: Data may not add due to rounding.

Export and import price indexes

September 2008

Current- and fixed-weighted export and import price indexes (2002=100) on a balance of payments basis are now available. Price indexes are listed from January 2002 to September 2008 for the five commodity sections and the major commodity groups (62 exports and 61 imports).

Current- and fixed-weighted US price indexes (2002=100) are also available on a customs basis. Price indexes are listed from January 2002 to September 2008. Included with the US commodity indexes are the 10 all-countries and US-only Standard International Trade Classification section indexes.

Indexes on a customs basis for the five commodity sections and the major commodity groups are also available upon request.

Available on CANSIM: tables 228-0001 to 228-0003, 228-0033, 228-0034, 228-0041 to 228-0043 and 228-0047 to 228-0055.

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For more information, or to enquire about the concepts, methods or data quality of this release, contact the Marketing and Client Services Section (toll-free 1-800-294-5583), International Trade Division. ■

Chain Fisher real export and import values

September 2008

The monthly chain Fisher real dollar values (reference year 2002) for Canadian international merchandise trade are now available.

This series is not offered in CANSIM.

To order data, contact the Marketing and Client Services Section (toll-free 1-800-294-5583). To enquire about the concepts, methods or data quality of this release, contact Bernard Lupien (613-951-6872), International Trade Division. ■

New products

Canadian Economic Observer, November 2008,
Vol. 21, no. 11
Catalogue number 11-010-XWB
(free).

Canadian International Merchandise Trade,
September 2008, Vol. 62, no. 9
Catalogue number 65-001-XIB
(free).

National Graduates Survey: Public Use Microdata File, 2005 (Follow-up of Graduates Survey, Class of 2000)
Catalogue number 81M0011XCB (\$2,140).

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

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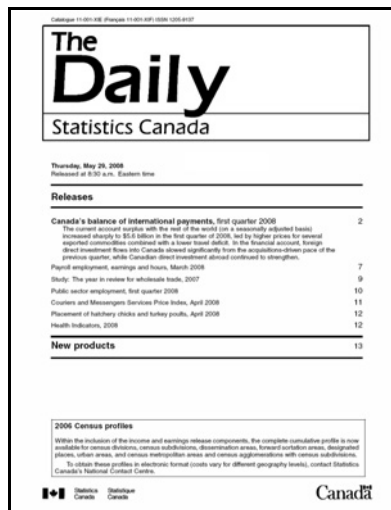
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Statistics Canada's official release bulletin

Catalogue 11-001-XIE.

Published each working day by the Communications and library Services Division, Statistics Canada, 10G, R.H. Coats Building, 100 Tunney's Pasture Driveway, Ottawa, Ontario K1A 0T6.

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