

The Daily

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Foreign acquisitions of Canadian-controlled firms, particularly in mining, manufacturing, retail and accommodation and food services industries, drove the 13.7% increase in assets under foreign control in 2006, the fastest rate of growth since 1999. Canadian assets under Canadian control rose 8.2%.

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Portrait of Official-language Communities in Canada: A useful analytical tool

2006

A statistical portrait of English and French communities, defined by either mother tongue or first official language spoken, is now available on DVD-ROM. For each province and territory, for census divisions and their constituent municipalities, for census metropolitan areas and census agglomerations, using 2006 Census data, users can draw a profile of the official-language communities, by gender and age based on selected demographic, cultural, education, labour force and income characteristics.

The DVD-ROM *Portrait of Official-language Communities in Canada: 2006 Census* (92-592-XVB, \$65) is now available.

For more information about this product, contact Statistics Canada's National Contact Centre.



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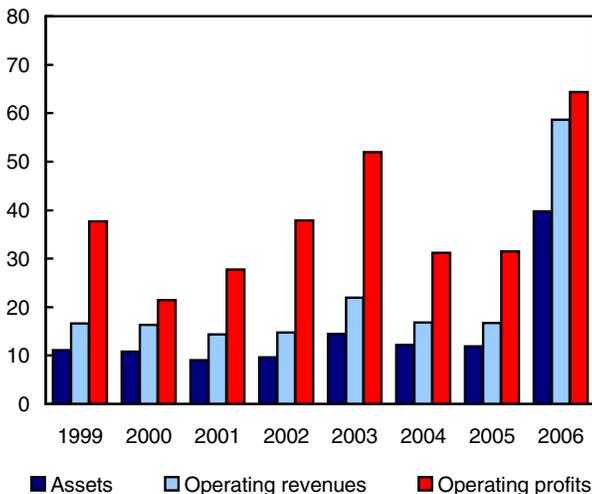
Foreign control in the Canadian economy

2006

Foreign acquisitions of Canadian-controlled firms, particularly in mining, manufacturing, retail and accommodation and food services industries, drove the 13.7% increase in assets under foreign control in 2006, the fastest rate of growth since 1999. Canadian assets under Canadian control rose 8.2%.

Over half of mining operating revenues and profits were foreign-controlled in 2006

share under foreign control



At the same time, Canadian-controlled firms led the way in terms of economic performance in 2006, as measured by operating profits. This was especially the case for oil and gas, construction and depository credit intermediaries, as well as the "other financial industries" category, which includes securities and commodity contracts. Operating profits of firms under Canadian control increased 14.7% from 2005, four times the growth rate of 3.7% among those under foreign control.

As a result of these movements, foreign-controlled firms accounted for 20.9% of corporate assets in 2006, up from 20.1% the year before. But their share of operating profits declined from 28.7% to 26.6%.

In terms of operating revenues, foreign-controlled firms represented 29.8% of the total in 2006, virtually unchanged from the year before.

Note to readers

The Corporations Returns Act, administered by Statistics Canada under the authority of the Minister of Industry, collects financial and ownership information on corporations conducting business in Canada and uses this information to evaluate the extent and effect of non-resident control of the Canadian corporate economy.

The Corporations Returns Act requires that an annual report be submitted to Parliament summarizing the extent to which foreign control is prevalent in Canada. The document being released today is that report for the reference year 2006.

Three components are used to measure foreign control: assets, operating revenues and operating profits.

Asset-based measures of foreign control provide a longer term perspective. Assets are a stock item, reflecting economic decisions and market conditions that evolve more slowly over time.

Revenue-based measures, on the other hand, represent a flow item and are closely tied to the business cycle. Revenues tend to reflect current business conditions, causing them to be more volatile than asset-based measures.

Profits are a measure of the financial health and well-being of an economy and can be used to assess its performance and sustainability.

All three measures are of interest and have been included in this report.

Acquisitions drive double-digit growth in foreign-controlled assets

The double-digit growth in foreign-controlled assets in 2006 was driven by acquisitions in non-financial industries, particularly in mining, accommodation and food services, manufacturing and retail, as well as by asset growth in the finance industries, especially in the insurance sector and depository credit intermediation sector, which includes institutions such as banks and trust companies.

In the mining industries, foreign-controlled firms accounted for 39.7% of total assets and 58.7% of total operating revenue in 2006, over three times their relative proportions of a year earlier. In addition, foreign-controlled mining firms accounted for more than double the operating profits they did in 2005, reaching 64.3% in 2006.

Meanwhile, foreign control of assets in the accommodation and food services sector rose from 13.9% to 24.8%, while in manufacturing, foreign control went from 43.8% to 47.3% and in retail from 21.3% to 22.4%.

Foreign-controlled assets predominantly under US control, but their share decreased

Of all assets under foreign control in Canada, the United States continued to be the dominant player, although its share slipped. In 2006, US control accounted for 55.2% of all assets under foreign control, down from 57.6% the year before. This was the largest decline among the major foreign nations operating in Canada.

The share of German-controlled firms declined 1.1 percentage points, while the share of firms controlled in the United Kingdom dropped 0.4 percentage points.

Countries showing an increase in their share of foreign-controlled assets included the Netherlands (+1.2 percentage points) and France (+0.3 percentage points), while "other foreign countries" accounted for the remainder.

American firms continued to earn the majority of operating revenue (59.2%) and profits (54.9%) under foreign control in 2006, but these shares were below the 60% mark for the first time since 1999. The declines largely reflected weakness in the manufacturing sector.

Oil and gas leads double-digit growth in Canadian-controlled profits

Operating profits in 2006 reached \$285.6 billion, an 11.5% increase from 2005. While both foreign-controlled and Canadian-controlled firms contributed positively to this growth, Canadian-controlled firms led the way.

In the non-financial sector, profits for Canadian-controlled oil and gas firms increased 21.1% in 2006. However, this was a much slower rise than the year before.

Profits for oil and gas firms under foreign control fell 19.9% from 2005. This was largely as a result of declines for US-controlled enterprises, where higher expenses hurt profits as revenues stayed relatively flat.

On a proportional basis, foreign-controlled enterprises accounted for 51.4% of profits in manufacturing, which, along with mining, had the highest shares.

In the financial industries, much of the growth in profits was driven by Canadian-controlled "other financial industries," followed by banking and other depository credit intermediaries.

Available on CANSIM: tables 179-0004 and 179-0005.

Definitions, data sources and methods: survey number 2503.

The report *Corporations Returns Act, 2006* (61-220-XWE, free), is now available from the *Publications* module of our website.

For more information, or to order data, contact Client Services (613-951-2604; toll-free 1-888-811-6235; iofd-clientservicesunit@statcan.gc.ca). To enquire about the concepts, methods or data quality of this release, contact Andrea Farkas (613-951-6909; andrea.farkas@statcan.gc.ca), Industrial Organization and Finance Division.

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Assets, operating revenues and operating profits in Canada

	2005 to 2006		
	Assets	Operating revenues	Operating profits
	annual growth rate in %		
Under foreign control	13.7	5.9	3.7
Under Canadian control	8.2	5.5	14.7

Total assets, operating revenue, and operating profits by industry, and shares under foreign control

	2005	2006	2005	2006
	Total foreign and Canadian control		Under foreign control	
	\$ millions		%	
Assets				
Manufacturing	682,427	657,219	43.8	47.3
Mining and quarrying (except oil and gas)	84,298	97,628	11.9	39.7
Oil and gas extraction and support activities	331,180	385,649	38.2	36.2
Accommodation and food services	44,734	47,830	13.9	24.8
Retail trade	155,772	163,664	21.3	22.4
Other financial industries	285,384	309,580	11.6	13.4
Depository credit intermediation	1,751,355	1,952,875	7.7	8.0
Construction	130,660	148,491	4.5	4.6
Rest of finance and insurance industries	602,420	651,771	40.3	41.9
Rest of non-financial industries	1,199,337	1,343,804	13.8	14.0
Total all industries	5,267,565	5,758,511	20.1	20.9
Operating revenues				
Mining and quarrying (except oil and gas)	22,024	26,391	16.7	58.7
Manufacturing	715,352	707,192	51.4	51.5
Oil and gas extraction and support activities	139,018	156,196	51.7	48.7
Retail trade	411,708	425,890	15.1	17.0
Other financial industries	54,635	62,813	11.9	13.7
Accommodation and food services	52,634	54,449	11.0	13.6
Depository credit intermediation	96,356	112,022	6.5	7.7
Construction	178,170	198,471	4.8	4.8
Rest of finance and insurance industries	120,130	132,497	38.5	39.4
Rest of non-financial industries	1,065,972	1,139,307	25.2	24.8
Total all industries	2,855,998	3,015,229	29.7	29.8
Operating profits				
Mining and quarrying (except oil and gas)	3,826	4,927	31.5	64.3
Manufacturing	43,795	45,377	55.0	51.4
Oil and gas extraction and support activities	29,899	29,840	51.9	41.7
Accommodation and food services	2,328	3,152	17.6	27.3
Retail trade	16,567	18,847	18.3	17.2
Other financial industries	18,552	22,926	8.7	9.0
Depository credit intermediation	27,319	30,297	7.1	7.5
Construction	8,440	11,487	7.1	6.1
Rest of finance and insurance industries	24,376	28,092	50.9	51.5
Rest of non-financial industries	80,941	90,632	15.5	15.0
Total all industries	256,042	285,577	28.7	26.6

Residential construction investment

Fourth quarter 2008

Data on residential construction investment are now available for the fourth quarter of 2008.

Available on CANSIM: table 026-0013.

Definitions, data sources and methods: survey number 5016.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Nicole Charron (613-951-0087; bdp_information@statcan.gc.ca), Investment and Capital Stock Division. ■

Investment in non-residential building construction

Fourth quarter 2008 (revised)

Following the release of the "Canadian economic accounts" for the fourth quarter of 2008, revised data for investment in non-residential building construction for the year 2008 are now available.

Available on CANSIM: table 026-0016.

Definitions, data sources and methods: survey number 5014.

For more information, consult the *Canadian Economic Accounts Quarterly Review* (13-010-XWE, free), available from the *Publications* module of our website.

To enquire about the concepts, methods or data quality of this release, contact Bechir Oueriemmi (613-951-1165; bdp_information@statcan.gc.ca), Investment and Capital Stock Division. ■

New products

Corporations Returns Act, 2006
Catalogue number 61-220-XWE
 (free).

Architectural Services
Catalogue number 63-245-XWE
 (free).

Portrait of Official-language Communities in
Canada, 2006 Census, Census year 2006
Catalogue number 92-592-XVB (\$65).

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

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