

as low as \$3.70, and the actual value of imports from the United Kingdom was thereby greatly exaggerated. More recently, when the exchange value of the £ has been above par, imports from the United Kingdom have been undervalued. Similar inaccuracies have resulted from disturbances in exchange levels with other countries, and the placing of arbitrary valuations upon their currencies, as in the case of imports from Japan.

A further discrepancy in valuation of imports from the United Kingdom existed from 1920 to Mar. 31, 1935, in connection with distilled spirits, an important item in our imports from that country. The valuation of Canadian imports of spirits from the United Kingdom included, during this period, the excise duty in addition to the British export valuation, an excess valuation aggregating over \$200,000,000 for the period 1920-34. The excise duty has been excluded from the valuation of such imports since April 1, 1935.

(2) Even where the statistics cover the same period of time, there are quantities of goods on their way from the exporting to the importing country at the beginning and end of the period.

(3) By far the greatest discrepancies occur from the impossibility of determining the country of final destination for exports or the actual country of origin for imports. A considerable proportion of Canada's exports to overseas countries (16.5 p.c. in 1937) is shipped *via* the United States. Some of this is credited by importing countries to the United States. Canadian grain exports, for example, are frequently routed through the United States in bond. Most of this grain leaves Canada with the United Kingdom as the stated destination, but large quantities are later diverted to other European or overseas countries and some is taken out of bond for consumption in the United States. Thus the Canadian record of exports to the United Kingdom may be \$100,000,000 or more in excess of Canadian products actually received by the United Kingdom, while stated exports to other overseas countries are short this amount. Again, United States grain is routed through Canada and shipped from Montreal and is therefore frequently shown by other countries as imported from Canada, while it is included in United States statistics as an export to Canada. As mentioned above, purchases in bonded markets in England, Germany, Belgium, and France are included in Canadian imports from those countries but are not included by those countries in exports to Canada.

For more detailed discussion of this subject see the article and tables on "Discrepancies in Trade Statistics" on pp. 778-781 of the Annual Report on the Trade of Canada, 1928, and pp. 21 and 24 of the Condensed Preliminary Report on the Trade of Canada, 1937, both published by the Dominion Bureau of Statistics.

Exports of Gold in Trade Statistics.—Beginning in the tables of the 1937 Year Book, gold bullion exported from Canada as merchandise was included as a part of the total commodity exports and the statistics were revised accordingly back to 1926. Refined gold exported is considered merchandise when the export does not reduce domestic monetary reserves. When the Royal Mint in Ottawa began to refine gold, exports formerly shipped as gold-bearing quartz, dust, etc., began to be exported in the form of bullion and until 1935 were recorded under coin and bullion as distinct from merchandise. In order to maintain comparability with the statistics of previous years, and also since Canada is a large gold-producing country and exports of gold are as much a part of national production as any other item, it was considered expedient to make the change indicated above. The gold exports have been valued since June 1, 1931, at the monthly average current market price. Since February, 1936, the Bank of Canada has been holding gold under