

Subsection 3.—Comparison of the Volume of Imports and Exports

The statistics of the external trade of Canada are analysed in this subsection to reveal changes in the physical volume of external trade as well as in the dollar value of that trade. Since value figures alone may be somewhat misleading when used to show the physical growth of production and external trade it is desirable to secure a record of the fluctuations in the volume of the country's trade as distinguished from the value thereof. A description of the method used in ascertaining such fluctuations is given at p. 462 of the 1941 Year Book.

In Table 18 the imports and exports for 1938, 1939 and 1940, are first shown at the values at which the trade was recorded; the same imports and exports are then shown at the value they would have had if the average price or unit value had been the same in each year as it was over the average of the years 1935-39. In other words, the figures on the basis of the average values over the base period enable a comparison to be made of the imports or exports for the given years on the basis of variations in quantity only, variations due to different prices having been eliminated. Index numbers of declared values, that is, the total declared values of the imports or exports in each year expressed as percentages of 1935-39 are then given. These are followed by the index numbers of average values, which show the prices at which goods were imported or exported in each year expressed as percentages of the prices in 1935-39. Finally, the index numbers of physical volume show the relative quantity of merchandise imported or exported in each year expressed as a percentage of the quantity of the same merchandise in 1935-39.

The declared value of imports showed a sharp increase from \$751,056,000 in 1939 to \$1,081,951,000 in 1940, a rise of 44.1 p.c. However, if the price level of 1935-39 had prevailed in both of these years, imports would have amounted to \$737,858,000 in 1939 and \$982,475,000 in 1940. This would represent a gain of 33.2 p.c., which, although somewhat less than the increase actually shown, indicates that the rising level of prices was far less a factor in the upswing than was the greatly increased quantities of materials flowing into Canada to meet war-time production needs.

It will be noted that all the main groups of imports showed increases in declared values in 1940 over 1939. However, two groups, namely, animal and animal products, and wood and paper products, registered minor declines in quantity. All groups, with the exception of iron and iron products, and non-ferrous metals, showed advances in unit values or prices.

Exports also increased in 1940, both in value and in volume. On the basis of price levels prevailing during the period 1935-39, exports would have been valued at \$1,069,145,000 in 1940 as compared with \$943,352,000 in 1939. This represents an increase of 13.3 p.c., as against the actual increase, on the basis of declared values, of 27.5 p.c., indicating a sizeable advance both in quantity and in the unit value of total exports in 1940. The only decline in unit value was noted in the non-metallic minerals group, the index number of value falling slightly from 106.7 to 105.2. On the other hand, the index for iron and iron products jumped from 104.9 to 151.5.

The index numbers of unit values of total imports increased from 101.6 in 1939 to 109.9 in 1940, while the index of unit values of exports showed an even greater increase from 97.0 to 109.1. This would indicate a more favourable position