

carried back for varying periods. An effort has been made to preserve continuity with statistics of former editions in spite of slight lack of comparability involved in the change from a fiscal-year to a calendar-year basis. Exports of non-monetary gold, formerly included, have been excluded from all export statistics, as explained in greater detail at pp. 451-452.

The outbreak of the War, in September, did not greatly affect the trade figures for 1939 as a whole, although its influence should be kept in mind in any analysis of trade with European countries involved. The statistics in the present edition of the Year Book, which bring the analyses down to the end of 1942, reflect the changing conditions in the trade economy of Canada, as exemplified by the increase in exports of foodstuffs to the United Kingdom and the importation of machine tools, followed later by the export of munitions and transport vehicles to the United Nations.

**General Explanations Regarding Canadian Trade Statistics.**—External trade statistics are derived by recording the physical movement of goods outwards or inwards across the frontiers or through ocean ports and the valuations placed upon them at the time of movement. Such statistics cannot take cognizance of the complex financial transactions involved in this physical movement of goods, which transactions may take place prior to or subsequent to the actual shipment (although in investigating the balance of international payments, as in Part III of this chapter, such financial transactions are the sole consideration). Certain problems of procedure arise in recording trade statistics and it is necessary to explain these.

For the correct interpretation of the statistics of external trade, it is necessary that the following definitions and explanations of terms used, as well as certain features of the statistics that necessitate adjustments to the external trade figures, be carefully kept in mind, if the true position of trade in relation to the total of Canada's international transactions is to be understood.

*Quantities and Values.*—In all tables of imports and exports, the quantities and values are based upon the declarations of importers (import entries) and exporters (export entries), as subsequently checked by customs officials.

*Imports: Valuation.*—"Imports" means imports entered for consumption. "Entered for consumption" does not necessarily imply that the goods have been actually consumed in Canada, but that they have passed into the possession of the importer and that duty has been paid on that portion liable for duty.

Under the main provisions of the law, the value of merchandise imported into Canada is the fair market value or price thereof when sold for home consumption in the principal markets of the country from which, and at the time when, said merchandise was exported directly to Canada; but the value shall not be less than the price to jobbers and wholesalers generally, nor less than the actual cost of production at the time of shipment plus a reasonable advance for cost of selling and profit. (See Sects. 35 to 45 of the Customs Act.) Under these provisions and amendments thereto, some imports are given arbitrary valuations differing from those upon which actual payments for the imports are made.

For Customs entry purposes, the value of the currency of the country of export is converted to Canadian currency at exchange ratios as authorized by law and Orders in Council. (See Sect. 55 of the Customs Act and Orders in Council respecting currency valuations.) Differences arising from fluctuations in the exchange rates of foreign currencies are treated more fully below under the heading "Discrepancies in Trade Statistics between Canada and Other Countries".

*Canadian Exports: Valuation.*—"Canadian produce" exported includes Canadian products or manufactures, also exports of commodities of foreign origin that have been changed in form or enhanced in value by further manufacture in Canada, such as sugar refined in Canada from imported raw sugar, aluminium extracted from imported ore, and articles constructed or manufactured from imported materials. The value of exports of Canadian merchandise is the actual cost or the value at the time of exportation at the points in Canada whence consigned for export.

*Foreign Exports: Valuation.*—"Foreign produce" exported consists of foreign merchandise that had previously been imported (entered for home consumption). The value of such commodities is the actual cost.