

Discrepancies in Trade Statistics between Canada and Other Countries.—Canadian statistics of exports are rarely in exact agreement with the import figures of her customers and similar differences occur with Canadian imports. Many factors contribute to these discrepancies, among which are the following:—

1. Differences in the basis of the Canadian valuations and those of the valuations of other countries.

Disturbed currency relations between countries introduces an additional element of difference in valuations. Thus imports from the United Kingdom have been valued all along at \$4.86½ to the £, although for two years after Sept. 21, 1931, the actual value of the £ was below that figure, dropping 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 £ was above par, imports from the United Kingdom were under-valued. Similar difficulties have resulted from disturbances in exchange levels with other countries, and the placing of arbitrary valuations upon their currencies.

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 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 Apr. 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 the 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 (30.7 p.c. in 1944) 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.

Treatment of Gold in Trade Statistics.—The fact that gold is a money metal gives it peculiar attributes that distinguish it from other commodities in trade. In particular, the movement of gold in international trade is determined, almost exclusively, by monetary factors. The amount of exports may fluctuate widely from month to month owing to other than ordinary trade or commercial considerations. In addition, gold is generally acceptable. It does not have to surmount tariff barriers and is normally assured a market at a relatively fixed price. It should also be noted that gold does not move in international trade in any direct or normal relation to sales and purchases. Changes in the Bank of Canada's stock of gold under earmark do not enter, therefore, into the trade statistics.

The publication of statistics showing the *gross* imports and exports of gold has been temporarily suspended as from September, 1939. Trade statistics for periods prior to that time have been revised accordingly, to exclude all gold formerly included in the total of merchandise exports.

In previous years a historical table was published showing the movement of coin and bullion in each year since 1868. In the 1940 Year Book this table appears at p. 528. During the war years, 1939-45, the information was not released but the table will be made available as soon as possible.