

During the last few months of 1946, the proportion of non-commercial imports declined considerably and dropped to negligible proportions in 1947. When comparing 1946 figures with those of the war years, a more correct picture is presented by the use of commercial import figures as a basis for comparison.

**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.

Since 1939, the statistics of movement of coin and bullion have been compiled by the Bank of Canada and the basis has been considerably changed from that previously shown in the Canada Year Book (see p. 528 of the 1940 edition). The following statement of net exports of non-monetary gold for the years 1940-47 on a monthly basis is obtained from the Bank of Canada and these are the only data given publicity.

Statistics showing the *net* exports of non-monetary gold, including changes in stocks held under earmark, which supplement the trade figures, are given below.

#### II.—NET EXPORTS OF NON-MONETARY GOLD, 1940-47

Month	1940	1941	1942	1943	1944	1945	1946	1947
	\$'000,000	\$'000,000	\$'000,000	\$'000,000	\$'000,000	\$'000,000	\$'000,000	\$'000,000
January.....	21.6	19.2	15.1	13.9	9.4	8.7	9.3	9.0
February.....	12.4	14.7	16.6	12.8	8.1	8.4	9.5	6.9
March.....	16.2	19.7	16.1	12.8	12.9	10.2	10.0	6.8
April.....	18.0	14.3	14.1	13.5	9.3	6.8	7.2	6.4
May.....	16.9	16.1	15.5	12.5	9.4	10.2	10.0	8.2
June.....	15.1	18.4	16.8	12.2	10.9	4.7	7.7	8.6
July.....	15.9	17.3	16.3	10.0	6.6	8.0	6.6	10.1
August.....	17.6	12.6	13.1	10.2	10.0	8.5	7.5	7.5
September.....	16.5	21.2	15.0	11.8	8.7	6.8	6.8	8.4
October.....	18.9	17.4	19.3	11.3	8.4	7.7	8.5	9.2
November.....	16.6	15.4	12.6	8.8	10.1	9.8	6.0	7.2
December.....	17.3	17.4	13.9	12.2	5.9	6.2	6.7	11.0
TOTALS.....	203.0	203.7	184.4	142.0	109.7	96.0	95.8	99.3

## Section 2.—Distribution and Composition of Canadian Foreign Trade

### Subsection 1.—Historical Development of Canadian Trade

Since 1867 when the provinces of Canada were federated, two countries, the United States and the United Kingdom, have played a dominant role in Canadian trade. The United Kingdom supplied the original Canadian provinces with the bulk of their requirements and British goods held first place in the markets of the new Dominion for some years. Throughout the period the reverse flow of Canadian exports to the United Kingdom consisted mainly of lumber, cattle, cheese, furs and fish with the volume of trade showing a slow but gradual increase over the period 1868-90.