

Canada's import price index reached its peak in June 1951 and declined steadily thereafter until, in August 1952, import prices were 18 p.c. below their peak. Export prices rose more slowly and less extremely. They did not reach their peak until November 1951 and proved to be less vulnerable to readjustment. In December 1952 they were only 6 p.c. below their peak. Contrasting movements in export and import prices from June to November 1951, and the more rapid decline of import prices than export prices thereafter, resulted in a steady improvement in the terms of trade throughout most of 1952. This made the chief contribution to the large export balance on commodity trade achieved in that year.

Besides tending to inflate the value of external trade from 1946 to 1951 and to reduce it thereafter, these movements in export and import prices had an important influence on the domestic price level. They helped to cause the steady increase in domestic prices after the War and were also important in facilitating the decline of prices in Canada in 1952. So large a proportion of the goods consumed in Canada is obtained from abroad, or is saleable abroad, or is produced by resources that have alternative uses in export industries, that movements in world prices have a strong tendency to produce similar movements in domestic prices in this country.

PART II.—FOREIGN TRADE STATISTICS*

Section 1.—Explanations *re* Canadian Trade Statistics

Certain problems of procedure arise in recording trade statistics and require explanation. For the correct interpretation of the statistics of foreign trade, it is necessary that the following definitions and explanations of terms used be kept in mind:—

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 said merchandise was exported. (See Sects. 35 to 45 and 55 of the Customs Act.)

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, aluminum extracted from imported ore, and articles constructed or manufactured from imported materials. The value of exports of Canadian merchandise is the actual amount received in Canadian dollars exclusive of freight, insurance and other handling charges.

Foreign Exports: Valuation.—“Foreign produce” exported consists of foreign merchandise that has previously been imported (entered for home consumption). The value of such commodities is the actual amount received in Canadian dollars exclusive of freight, insurance and other handling charges.

Countries to which Trade is Credited.—Imports are classified as received from the countries whence they were consigned to Canada. These countries are not necessarily the countries of actual origin of the goods, since goods produced in one country may be imported by a firm in another country and later re-sold to Canada. In such cases the second country would be the country of consignment to which the goods would be credited.

* Based on statistics taken from reports published by the External Trade Section, International Trade Division, Dominion Bureau of Statistics.