

## Section 6.—Comparison of Value, Price and Volume of Foreign Trade

Since the end of World War II there has been a substantial increase in the value of Canada's exports and imports. Changes in the value of trade however are the joint product of changes in the volume of goods traded and of the prices at which transactions are conducted. To assess the significance of value changes it is desirable to eliminate the contributions made to them by the price and volume factors.

Special indexes of export and import prices have been developed to provide this information. These indexes are based chiefly on unit values (average prices) calculated from the trade statistics, supplemented by information on wholesale and retail prices. Price relatives are calculated for a sample of commodities representing the greater part of export and import trade, and these relatives are weighted by the percentage of 1948 trade represented by each commodity in the sample in obtaining group and total indexes. By dividing these price indexes into the trade values the effects of price change are removed from the values, or by dividing the price index into an index of values on the same time-base an index is obtained showing changes in the volume of trade from year to year.

The grouping of commodities used in these calculations differs slightly from that of the regular trade statistics, changes being desirable to simplify the pricing problem. The chief difference is that the first two main groups of the trade statistics have been combined into one group, "agricultural and animal products", and that the sub-group "rubber and its products" has been transferred from this group to the "miscellaneous group".

The import totals differ from those usually published by the exclusion of certain goods brought into Canada by the governments of the United Kingdom and NATO countries for the use of their defence forces. Table 22 shows the value of trade adjusted for pricing purposes, and the value, price and volume indexes of Canadian trade for 1952-55.

There has been comparatively little change in export or import prices in the period covered by Table 22 and as a result the year-to-year change shown by the volume indexes closely resembles that shown by the corresponding value indexes. However even in this period the part played by falling prices in accentuating the relatively moderate decline in export volume from 1952 to 1954 stands out clearly. In periods of rapid and widespread price change such as 1950-52, value statistics diverged appreciably from the movements shown by the volume series.

**22.—Declared Values and Value, Price and Physical Volume Indexes of Foreign Trade by Commodity Group 1952-55**

Commodity Group <sup>1</sup>	1952	1953	1954	1955
	DECLARED VALUES			
	\$'000	\$'000	\$'000	\$'000
<b>Declared Values of Imports</b> .....	<b>4,030,468</b>	<b>4,282,830</b>	<b>4,093,196</b>	<b>4,712,370</b>
Agricultural and animal products.....	522,597	526,025	579,962	600,292
Fibres and textiles.....	359,440	387,115	333,324	381,613
Wood products and paper.....	129,411	154,445	158,912	188,431
Iron and steel and products.....	1,402,232	1,521,044	1,312,976	1,597,472
Non-ferrous metals and products.....	304,218	378,170	368,638	411,512
Non-metallic minerals and products.....	638,754	654,524	594,638	659,171
Chemicals and fertilizer.....	190,843	225,786	224,984	265,012
Miscellaneous.....	404,059	507,986	494,755	563,504
Totals, Adjusted Imports <sup>2</sup> .....	4,011,555	4,353,094	4,068,190	4,667,007
Imports for use of U.K. and NATO Governments.....	18,913	29,736	25,006	45,363
<b>Declared Values of Exports<sup>3</sup></b> .....	<b>4,301,080</b>	<b>4,117,406</b>	<b>3,881,272</b>	<b>4,281,784</b>
Agricultural and animal products.....	1,403,747	1,339,348	1,062,206	1,006,146
Fibres and textiles.....	27,697	24,333	20,969	22,816
Wood products and paper.....	1,366,787	1,295,396	1,378,354	1,520,921
Iron and steel and products.....	417,538	376,891	307,537	402,967
Non-ferrous metals and products.....	706,732	682,183	709,017	826,380
Non-metallic minerals and products.....	143,474	147,393	145,573	206,200
Chemicals and fertilizer.....	124,565	137,885	161,293	210,040
Miscellaneous.....	110,540	113,977	96,323	86,314

For footnotes, see end of table, p. 1007.