

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

In the postwar period 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 isolate 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 other 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 1953-56. In the period covered by this table there was relatively little change in import prices; they remained at around the level of 1952 to which they fell from a sharp peak in 1951. Export prices, also at a record level in 1951, declined gradually during the following three years but turned upward in 1955. The role of somewhat lower prices in accentuating a volume decline of about the same magnitude is illustrated for exports in 1954. But in 1955 and 1956 it was higher volume that contributed most to the significant value gains of both exports and imports.

22.—Declared Values, and Value, Price and Physical Volume Indexes of Foreign Trade by Commodity Group 1953-56

Commodity Group ¹	1953	1954	1955	1956
	DECLARED VALUES			
	\$'000	\$'000	\$'000	\$'000
Declared Values of Imports	4,382,830	4,093,196	4,712,370	5,795,449
Agricultural and animal products.....	526,025	579,962	600,292	673,870
Fibres and textiles.....	387,115	333,324	381,613	416,390
Wood products and paper.....	154,445	158,912	188,431	220,279
Iron and steel and products.....	1,521,044	1,312,976	1,597,472	2,221,640
Non-ferrous metals and products.....	376,170	368,638	411,512	503,327
Non-metallic minerals and products.....	654,524	594,638	659,171	760,785
Chemicals and fertilizer.....	225,785	224,984	265,012	293,772
Miscellaneous.....	507,986	494,755	563,504	566,081
Totals, Adjusted Imports ²	4,353,094	4,068,190	4,667,007	5,656,145
Imports for use of U.K. and NATO Governments.....	29,736	25,006	45,363	49,304

For footnotes, see end of table, p. 1044.