

Following the breakdown of negotiations for a European free trade area, which was to comprise all members of the OEEC including the Common Market, a convention for the establishment of the European Free Trade Area (EFTA) was initiated on Nov. 20, 1959, by the governments of Austria, Denmark, Norway, Portugal, Sweden, Switzerland and the United Kingdom. The objective of the EFTA is to create a new European trading group which will eventually result in a free trade area for the participating countries each of whom will, however, retain its own external tariff structure. But unlike the EEC, the EFTA is not aiming at becoming a fully integrated single economic unit. In the case of both these regional groupings, the elimination of internal tariffs is restricted to industrial goods only, with special arrangements for agricultural products, which, in the case of the EEC, would apply internally as well as vis-à-vis the outside world.

From the Canadian point of view, the main question posed by the formation of these two regional groupings is how this new situation will affect Canada's agricultural and other exports to the various member countries. In particular, the common external EEC tariffs on a number of important Canadian exports, such as lumber, wood pulp, synthetic rubber and aluminum, are to be fixed through negotiation among the Common Market countries. Also, with regard to the EFTA, there is the problem of the effect of the gradual disappearance of the preferential tariffs which Canadian exports have traditionally enjoyed in the United Kingdom market.

## 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 (domestic exports) 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 (re-exports) consists of foreign merchandise that has previously been imported (entered for home consumption) and is exported from Canada unchanged in form. 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.