

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

In recent years 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 in 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, the changes being desirable to simplify the pricing problem. The chief differences are 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 declared values of domestic exports and imports have been revised to cover the adjustment for "Special Transactions—Non-Trade". An explanation of that adjustment is contained in Part II of this Chapter, p. 967. Table 20 shows the revised values of trade adjusted for pricing purposes and the value, price and volume indexes of Canadian trade for 1957-60.

In the period covered by the table, the indexes of exports, for both value and volume, showed a steady rise. The domestic export price indexes dropped fractionally between 1957 and 1958 but recovered sufficiently between 1958 and 1959 to more than offset the previous decline. A fractional increase was also noticeable in 1960. The over-all import picture showed little change over the period under review except for the considerable decline of approximately 8 p.c. in both value and volume between 1957 and 1958. The index of import prices as a whole did not fluctuate significantly; a drop of 1.8 p.c. between 1958 and 1959 was almost compensated by a 1.5-p.c. rise in 1960.

20.—Declared Values, and Value, Price and Physical Volume Indexes of Foreign Trade, by Commodity Group, 1957-60

Commodity Group ¹	1957	1958	1959	1960
	DECLARED VALUES			
	\$'000	\$'000	\$'000	\$'000
Domestic Exports	4,788,880	4,791,436	5,021,672	5,264,052
Agricultural and animal products.....	1,124,543	1,275,150	1,212,381	1,142,428
Fibres and textiles.....	27,162	20,660	26,803	40,518
Wood products and paper.....	1,456,125	1,413,989	1,515,962	1,591,919
Iron and steel and products.....	549,641	450,572	574,453	605,990
Non-ferrous metals and products.....	981,742	1,023,607	1,114,784	1,222,476
Non-metallic minerals and products.....	357,287	250,351	294,235	339,569
Chemicals and fertilizer.....	195,303	197,051	201,729	237,687
Miscellaneous.....	97,077	160,056	81,324	83,495
Imports	5,473,346	5,050,492	5,508,921	5,492,348
Agricultural and animal products.....	705,432	716,314	733,062	737,710
Fibres and textiles.....	408,651	387,357	425,470	438,536
Wood products and paper.....	217,722	226,912	263,203	256,701
Iron and steel and products.....	2,122,967	1,844,480	2,086,064	2,046,248
Non-ferrous metals and products.....	495,540	442,795	479,231	476,633
Non-metallic minerals and products.....	771,763	676,000	698,138	663,860
Chemicals and fertilizer.....	299,718	297,212	334,455	346,972
Miscellaneous.....	451,552	459,423	489,299	525,698

¹For footnote, see end of table.