

origin which have not been materially transformed in Canada (including goods withdrawn for export from bonded customs warehouses).

Coverage. Merchandise trade includes only goods which add to or subtract from the stock of material resources in Canada as a result of their movement across the Canadian border.

Valuation. Exports are recorded at values which usually reflect the actual selling price. Most exports are valued at the place in Canada where they are loaded aboard a carrier for export (a mine, farm or factory) but a significant proportion of exports by water or air reflect values which include transportation charges to the port of export. Some overland shipments to the United States are recorded at a value which includes transportation charges to the ultimate destination.

Imports are generally recorded at the values established for customs duty purposes. Customs values are identical to selling prices for most arms-length transactions. However, customs values exceed company transfer prices for most transactions between affiliated firms. Import documents are required to show values which exclude all transportation charges. Some imports from the US are, however, purchased on a delivered basis and their prices reflect an allowance for transportation costs.

Trading partner attribution. Imports are attributed to the country from which the goods were first consigned directly to Canada, whether or not this is the country of origin. An exception is made in the case of goods of Central or South American origin consigned to Canada from the United States; such imports are credited to the country of origin.

Exports are attributed to the country which is the last known destination of the goods at the time of export. (Many primary products are shipped to entrepôt points, particularly in Europe, for re-export to the ultimate destination which is unknown when the goods leave Canada.) The country classification employed by Statistics Canada is designed for purposes of economic geography and therefore does not reflect the views or intentions of the federal government on international issues of recognition, sovereignty or jurisdiction.

Reconciliation. Canadian trade statistics rarely agree with the counterpart statistics of its trading partners. The major factors contributing to the discrepancies are differences in concepts and collection procedures. Conceptual differences are most common in statistical treatment of special categories of trade such as military supplies, government-financed gifts of commodities, postal and express shipments, tourist purchases, bunker and warehouse trade, in the definition of territorial areas, and in the system of crediting trade by countries. Differences in collection procedures lead to discrepancies in valuation, since the value of trade can be based on customs value, transaction value, or fair market value with or without the inclusion of transportation charges; in timing, since the definition of a statistical month or year can differ; and in the capture of trade data, since the documentation of export trade tends to be less closely monitored than import trade. The United States and Canada have agreed on concepts and definitions describing a framework within which it has been possible to reconcile differences in trade statistics published by the two countries.

Indexes of price and volume. The price indexes in Table 18.37 are current-weighted and are calculated from price relatives based on 1971 = 100. The weights are trade quantities for the month, quarter or year to which the index refers and hence change from period to period. The volume index is derived by dividing a value index by the corresponding current-weighted price index. The resulting volume index is, therefore, weighted with fixed 1971 price weights. The price indicators selected are either commodity unit values calculated directly from the trade statistics or, particularly in the case of end products, price indexes obtained from other Canadian or foreign statistics.

An explanation of the methodology used to construct the indexes is contained in a reference paper entitled *The 1971-based price and volume indexes of Canada's external trade*, published in December 1976 as a supplement to *Summary of external trade* (Statistics Canada Catalogue 65-001).