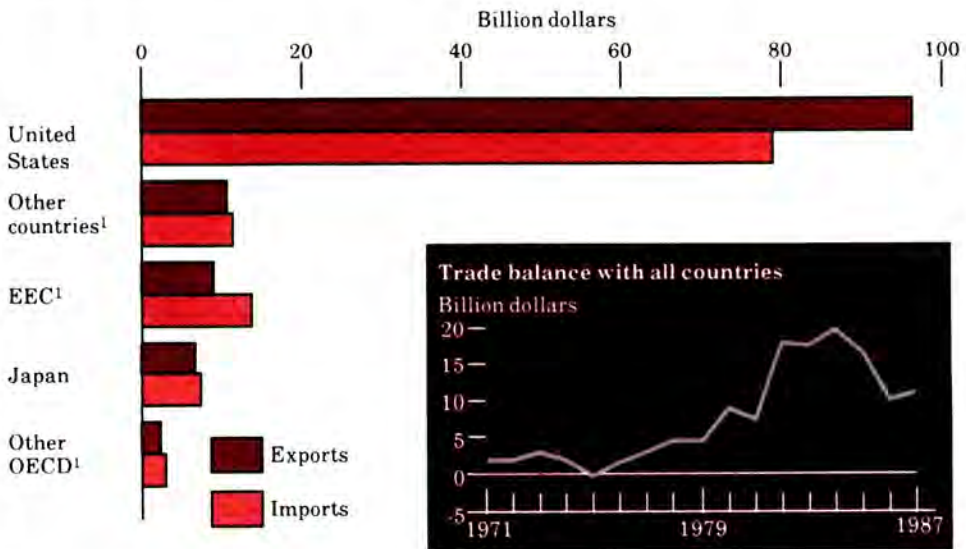


Chart 21.3

**Canadian merchandise trade with other countries, 1987**

<sup>1</sup> See footnotes, Table 21.5.

for 1987, compared with \$9.8 billion for the preceding year. The balance, in 1987, was much lower than that of 1983 (\$17.5 billion) and 1984 (\$19.8 billion) due to a strong surge in imports which was not matched by exports. Much of this increased expenditure occurred in automotive products with substantial increases which also occurred for imports of machinery and equipment.

Price changes have a significant impact on trade values. The Paasche or current-weighted price index is calculated from price relatives with 1981 as a base year (1981 = 100) and current values as weights.

The Paasche import price index at the total level decreased 3.3% in 1987 (Table 21.8), following a smaller decrease of 0.6% in 1986. The Paasche export price index at the total level was 100.1 for 1987, marginally higher than it was for the base year 1981, the result of decreases in the index of 1.4% in 1987 and 3.0% in the previous year. Much of the decrease for both imports and exports was attributable to lower prices for crude petroleum and associated products. Revisions were made to the price index of end products, inedible for both imports and exports, reflecting a change in the methodology used for computing the price

index of electronic computers and other data processing equipment.

The fixed-weight or Laspeyres volume index (1981 = 100), a measure of changes in trade values in real physical terms, is calculated by dividing a value index by the corresponding Paasche price index.

The import fixed-weight volume index was up 8.2% to 142.4 in 1987, preceded by increases of 7.9% in 1986 and 10.0% in 1985. Export volume rose 6.7% to 149.2, which followed a smaller increase of 3.8% in 1986 (Table 21.8).

### 21.5.3 Trade by commodity group, 1983-87

**Imports.** Table 21.3 shows the value of import commodity groups from 1983 to 1987. The largest commodity group belonged to machinery and equipment which accounted for 28.9% of total imports in 1987. The share of automotive products was 28.4% of the total. Trailing these groups were industrial goods and materials (18.0%), other consumer goods (11.0%), agricultural and fishing products (6.4%) and energy products (5.1%). Imports of automotive products showed a 74.7% growth in the 1983-87 period, and imports of machinery and equipment, 59.8%. Imports of energy products posted the smallest increase with 14.6%.