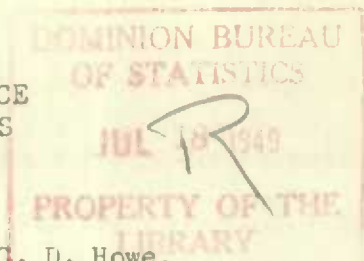


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VALUE AND VOLUME OF CANADIAN FOREIGN TRADE, 1948.

On the basis of constant 1938 dollars the physical volume of Canadian exports rose from \$849 million in 1938 to \$1,464 million in 1948, an increase of nearly 73 p.c. The physical volume of imports rose from \$678 million in 1938 to \$1,223 million in 1948, an increase of 81 p.c. The Dominion Bureau of Statistics just recently has completed the construction of indexes of the quantum and prices of exports and imports, hence the influence of price trends can be eliminated from the value figures in which trade statistics are usually shown and an estimate of physical volume shown in addition.

Total Value of Trade

In spite of increasing difficulties in international trade, Canadian trade, due to high levels of production, consumption and prices, made some new records insofar as total values are concerned. In comparison with 1938 total trade turn-over (exports and imports) increased 3.8 times (imports 3.9 and exports 3.7 times). In value the level of imports reached an all-time high. For exports the high occurred for the years 1944-45 due to heavy movements of war materials, but 1948 was the highest peace-time year in the value of exports. For the first time in peace years Canada ranked first in both the exports and imports of the United States and first in the imports of the United Kingdom.

Volume of Trade

Total value of trade, however, must be deflated by a price index to reveal the physical volume of trade. In 1948 as compared with 1938 the prices of exports had risen 112.4 p.c. and the prices of imports 115.6 p.c. The total value (price by quantity) had risen for exports 267.2 p.c. and for imports by 290.3 p.c. After

the value of trade has been deflated for price changes it is found that the physical volume for imports had increased over 1938 by 99.5 p.c. in 1947, and in 1948 was 81 p.c. The physical volume of exports was 71.4 p.c. greater in 1947 and 72.9 p.c. greater in 1948 than in 1938.

Canadian Trade, 1938 and 1948 (Million Dollars)

	Imports	Exports	Total
1938 .....	678	848	1,526
1948 .....	2,637	3,110	5,747
Increase in total value .....	3.9	3.7	3.8
Increase in physical volume ..	1.8	1.7	1.76

By applying the index of volume to the trade value figures an estimate can be made of what the trade figures would have been if prices had remained constant from 1938 to date.

Foreign Trade in Actual and Constant 1938 Dollars

Year	Foreign Trade (Million Dollars)		Volume Indexes (1938 = 100)		Estimate of Foreign Trade in Constant Dollars (1938) (Million Dollars)	
	Exports	Imports	Exports	Imports	Exports	Imports
1938 .....	849	678	100	100	848	678
1946 .....	2,339	1,927	162.2	172.0	1,378	1,164
1947 .....	2,812	2,574	171.4	199.5	1,455	1,348
1948 .....	3,110	2,637	172.9	181.0	1,464	1,223

Salient Features of 1948 Trade

Prices of exports and imports, because of the general rise in price levels, showed strong upward tendencies. Special indexes computed to measure these indicate

different rates of increase for exports as against imports. In 1948 the prices of imported goods rose, on the average, 13 p.c., whereas those for exports rose 10 p.c.

#### Terms of Trade

With the price levels of export goods rising less than those for imports, the terms of trade were less favourable in contrast to years immediately preceding. If the assumption is made that on the price basis of 1938 for every 100 units of exports Canada received 100 units of imports then the terms of trade in 1946 were more favourable, since for 100 units of exports Canada obtained 102.5 units of imports. In 1947 the latter figure dropped to 101.3 and in 1948 it was 100 units of exports for 97.5 units of imports. This general relationship, of course, varied with groups and items.

#### Influences Molding the Pattern of Foreign Trade

Canada took an active part in the Geneva Conference, as a result of which tariff reductions were made by participating countries. These reductions, especially from the Canadian point of view, those of the United States, had a favourable effect on the development of exports.

Along with the contraction of trade with Europe and the countries of the sterling area accompanying newly-introduced restrictions in many overseas countries, the major influence on foreign trade was exerted by two important policy measures:

(a) The emergency exchange conservation program of the Canadian Government restricted imports. Its prohibitions and quotas affected some 300 items and were instrumental in curtailing imports or changing the source of supply in such a way as to conserve and build up the reserves of U.S. dollars. (b) The embargoes were lifted on exports of cattle, meat and coarse grains to the United States. The combination of these measures induced important changes in the position and direction of trade.

Another important influence was the Marshall Plan. This enabled Western Europe to maintain a level of consumption and imports which would otherwise have





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been impossible, and this affected Canadian trade. Canadian credits to overseas countries, of course, were also a factor. Even with this financial assistance overseas countries purchases from Canada were reduced.

#### Changes in the Direction of Trade

An outstanding feature of trade in 1948 was the unprecedented increase in that with the United States. Whereas imports were reduced from their proportion of 76.7 p.c. to 68.5 p.c., exports to the United States were 48.9 p.c. of all exports, an all-time high. This concentration of trade with one single country has rare counterparts in world trade. While expansion occurred in this direction, exports to the sterling area and European countries declined. Another outstanding feature was the increase in imports from the United Kingdom. These rose from \$189 million in 1947 to nearly \$300 million in 1949. There was an increase in imports from Latin America. This was not large in absolute figures but proportionately these imports in 1948 were fourteen times those of 1938.

A comprehensive Review of Foreign Trade in 1948 is now being printed and will contain an analysis in detail of the aspects of Canadian trade discussed in this press release together with much additional data.