Regional Workshop on Country Practices in Compilation of
International Merchandise Trade Statistics, 7-11 May 2007, Lima

Agenda item No. 16: Calculation of Export and Import Price Indices (XMPI)
Presentation
Language: English

CANADIAN INTERNATIONAL TRADE
PRICE INDEXES

Presentation by

Statistics Canada
Canadian International Trade Price Indexes

Monthly price index (MPI)

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Canadian international trade

- In 2006
  - 80% of Canadian Exports were to the USA
    - Machinery, equipment and Automobile products accounted for 50% of Canadian exports
  - Energy accounted for 8%

  - 65% of Canadian Imports came from the USA
  - Machinery, equipment and Automobile products accounted for 58% of imports.
### Source of price relative

<table>
<thead>
<tr>
<th>Source of price</th>
<th>Export</th>
<th>Import</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Direct measure</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unit Value</td>
<td>45%</td>
<td>18%</td>
</tr>
<tr>
<td>By survey</td>
<td>21%</td>
<td>11%</td>
</tr>
<tr>
<td><strong>Indirect measure</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CDN Domestic index</td>
<td>33%</td>
<td></td>
</tr>
<tr>
<td>Foreign(USBLS)</td>
<td>1%</td>
<td>71%</td>
</tr>
</tbody>
</table>

### Advantages of current method

- Done with a very small number of people and resources.
- Modest response burden on Canadian companies.
Disadvantages of current method

– Partial measure of “real Canadian trade price” since a large portion of the trade is deflated with foreign indexes.
– No real measure of exchange rate effect.
– Unit Values are calculated using the definition of detail HS which are often heterogeneous.

The new economic picture

- Trade has gone from 25% of GDP in the seventies to around 40% presently.
- The absolute yearly change in the US Canada exchange rate went from 2.6% in the 1970’s to a current level of 6.2%.
- Significant change in the composition of goods traded.
Solution

- Implement a survey of Canadian importers to replace foreign indexes.
- Increase the number of export prices obtained by survey.
  - Due to budget limitation machinery and equipment goods will be targeted.

Issues

- It is much more costly in terms of:
  - Need a comprehensive list of importers and exporters
  - Infrastructure to collect the data
  - System to process the data
  - Need more analysts.
  - Increases the response burden on Canadian companies.
Strengths of the new survey

- Real measure of Canadian trade.
- Better measure of the effect of exchange on our trade.
- Improvement of GDP deflation.
- Stability of the goods description and possibility to make quality adjustments.

Summary

- In certain circumstances, unit value and foreign prices could represent an affordable and meaningful way to compile a trade index.
- However, direct surveys give a much better quality index.
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