

Trade in the '90s: An Overview of Canada's Performance

International trade is becoming an increasingly important part of the Canadian economy. The 1990s have recorded "banner" years for both Canadian exports and imports, and exports' share of Canada's gross domestic product has increased steadily. With the effects of trade liberalizing initiatives such as the North American Free Trade Agreement (NAFTA) coming into play in the 1990s, it is useful to gain some insight into the current importance of trade to the Canadian economy. This Commentary gives an overview of Canada's merchandise trade for the period 1990 to 1995. This will provide context and a statistical reference point to Statistics Canada's monthly release of merchandise trade statistics. A longer-term analysis of Canada's trade performance compared to that of other countries is planned as future work.

Measuring Trade

It is important to realize that, due to data collection problems, trade statistics cannot be considered a statement of fact.¹ They are, however, the best and most powerful tool for analysis when examining patterns and trends in international trade flows. There are several different measures of trade. The first distinction to be made is between merchandise and non-merchandise trade.² This Commentary focusses on international *merchandise* trade, which accounts for the bulk of Canada's international trade. As of 1995, merchandise trade accounted for 76 per cent of Canada's total international trade, with merchandise exports accounting for 82 per cent of total exports and merchandise imports, 70 per cent of total imports.³

¹For a discussion of methodological problems relating to trade statistics see, A. Kester, ed., *Behind the Numbers: U.S. Trade in the World Economy*, 1992.

²Non-merchandise trade includes trade in services, investment income and transfers. The total value of Canada's non-merchandise trade was \$153 billion in 1995, about one-third the value of merchandise trade.

³Statistics Canada, *Canada's Balance of International Payments*, Catalogue no. 67-001.