Canadian International Trade Statistics

Customs Basis versus Balance of Payments Basis

Readers will note that two different trade data concepts are used in the attached tables. Care must be exercised in this regard. The following note explains the differences and recommends when each concept should be used.

Statistics Canada reports merchandise trade statistics on two different bases: customs basis and balance of payments (BOP). Customs based trade statistics reflect information compiled from declarations filed with Revenue Canada - Customs and Excise when goods are imported into or exported from Canada. It is required to file these declarations with Customs, giving detailed information such as the description and value of the goods, origin and port of clearance of commodities and the mode of transport.

The principle difference between these two trade concepts is that Customs based merchandise trade statistics cover the physical movement of goods as they are reflected on customs documents, while Balance of Payments trade data are intended to cover all economic transactions between residents and non-residents which involve merchandise trade. Balance of Payments trade data are important components in the calculation of Canadian GDP estimates and Canada's balance of international payments, that is, current account and capital account balances. BOP trade data are available on an aggregate basis for the U.S., the U.K., the E.E.C. excluding the U.K., Japan and "other" countries. In addition, BOP trade data are the internationally accepted basis for the analysis of trade performances and are utilized by such organizations as the OECD, IMF and World Bank.

Balance of Payments trade data are compiled from Customs based trade data, adjusted to be consistent with National Accounts concepts and definitions. Balance of Payments based trade data:

- include progress or interim payments for large military goods;
- provide for adjustments for selected commodities (gold, uranium) to reflect ownership changes between residents of Canada and all other countries;
- include mail order purchases;
- exclude freight charges to the border;
- adopt more precise Statistics Canada information on the value for Canadian exports of natural gas and crude petroleum as opposed to U.S.import data for the same products;
- take into account timing and discount/handling charges; and,
- make other miscellaneous adjustments for timing, coverage and technical valuation differences, as required.

For consistency purposes, CPE advises and strongly prefers that BOP (rather than Customs based) trade data be used for speeches, press releases and other public information documents, especially when GDP and trade balance data are also cited and comparisons made. However, when trade data analysis on a commodity or sector basis or on a country-by-country comparison (apart from the Quad members) is being cited, then customs based data are appropriate, as BOP data are not available in such detail. When using this trade data, the end-user should always indicate whether BOP or customs based data are quoted.