

The Value Added Content of Canada's Exports A Brief Analysis

Introduction

The purpose of this paper is to demonstrate the usefulness to policy makers of the data obtained in the appended study. The results are equally applicable to an examination of the success of Canada's trade policy, or to an examination of a specific bilateral relationship. Rather than attempt to be comprehensive this paper is intended solely to highlight the major patterns of Canadian exports. Any more specific inquiry is best answered through an examination of the study itself.

The World

During the ten year period from 1971 to 1980 Canada's exports increased from a value of over \$17 billion to one of over \$74 billion. The crude growth rate inferred from this change must, however, be adjusted to account for the fact that inflation and currency fluctuations distort any such longitudinal study. Subtracting for these distortions lowers the increase to 146%. While this figure is substantially lower than the first estimate it still shows a healthy rate of growth over the ten year period. This represents a real annual growth rate of over 10%. Nonetheless, it seems that Canada's export growth rate has not been as great as that of many of the other developed nations. Closer examination of the situation yields additional cause for concern. While in current dollars the last three years have seen the decade's largest percentage increases in exports, with annual increases exceeding 20%, in constant dollars one finds the pattern reversed. In constant dollars there is less than a 2% difference between export levels in 1978, 1979, and 1980 and there is a net decrease from 1979 to 1980. This indicates that the volume of exports has not increased. Thus, while Canada is benefitting by the increases in the prices of the goods we export, there is some cause for concern in the stalled level of exports evident over the last 3 years.

Having examined the total value and volume figures it is worth focussing upon the mix of goods which Canada exports. For the purposes of this paper, the categories referred to in the study as crude, fabricated, and processed, will be referred to as unprocessed (or raw), semi-processed, and processed.

In 1980, 28.2% of Canada's exports were in raw form, 40.6% were semi-processed, and 31.2% were processed. In comparison with 1971 (27.1% raw, 34.7% semi-processed,