

III Problems with Merchandise Trade Statistics

The global and growing extent of problems with trade statistics is perhaps best illustrated by an example from Jacob Ryten, the Assistant Chief Statistician at Statistics Canada. The sum of all countries' imports should equal the sum of all countries' exports. In 1970, total world imports were 10 percent greater than total world exports (this gap can be partly, perhaps mostly, explained by the difference between FOB and CIF-based data). However, by 1991, this difference had grown by 50 percent. These "imports from nowhere" are a significant proportion of world trade and point to a growing international problem with trade statistics. As the bulk of world trade is within the OECD, trade statistics problems are not restricted to countries with poorly developed administrative systems.

For Canada, these problems mean that our trading partners, except the United States, often have bilateral trade statistics that differ significantly from Canadian statistics for this trade. For example, in 1993 Chile reported imports of US\$203 million from Canada while Canada recorded exports of US\$152 million to Chile. These discrepancies arise from technical differences in methods of calculating trade statistics and from problems with the export data on which these statistics are based.

We do not have this problem in our trade statistics with the United States. Since 1990, we have agreed to use American import data to measure Canadian merchandise exports to the United States and the Americans have agreed to use our import statistics in the same way. Prior to this agreement, Canadian and American trade numbers showed large discrepancies. For example, in 1989 our Canadian statistics for imports from the U.S.A. were US\$16 billion higher than the matching American numbers for exports to Canada.

The Case of Japan

The problem is a significant one in measuring our trade with Japan. In 1991, Canada reported a merchandise trade deficit with Japan of \$3.1 billion, while the Japanese reported a merchandise trade deficit with Canada of \$534 million.

Recognizing that these different statistics can impede understanding of our bilateral economic relationship, Statistics Canada and the Japanese Ministry of Finance have worked together to reconcile our bilateral merchandise trade statistics. Reconciliations have been published for 1989, 1990 and 1991. The reconciliation for 1992 is being prepared now. This project was funded by the Asia and Pacific Branch. The reconciliation showed Canada had a merchandise trade deficit of \$2.13 billion with Japan for 1991. It should be noted that the reconciled numbers are not used in Statistics Canada's regularly published trade statistics.

The 1991 reconciliation estimated that Japan's exports to Canada were \$1.63 billion more than the figure published in Japan's trade statistics. Most of this increase, \$1.56 billion, was due to exports to Canada transhipped through the United States and recorded as exports to the United States. Data collected by Canadian Customs were used to calculate this number.