

It is apparent that Canadian export statistics do understate export trade with Mexico, China and South Korea. The problem, however, is more serious in the case of exports to Mexico where on average, from 1996 to 2001, almost two thirds of exports to Mexico were either allocated to another country or not reported at all.

Statistics Canada, together with the Canada Border Services Agency, has conducted a number of studies over the last several years in order to get a better understanding of the rate of undercoverage to non-U.S. export destinations at road, marine and air ports. In order to detect undercoverage, these studies compare the Canadian Customs documents with either transportation documents for goods directly from Canada to non-U.S. destinations, or U.S. Customs documents for goods shipped through the United States to a third country.

In 2002, the amount of undercoverage via marine ports was 18 per cent; by air it was 16 per cent. A brief, *ad hoc* study, conducted in 2003, indicated that almost 93 per cent of the non-U.S. exports via road were not reported; this compares to previously reported undercoverage via road of 71 per cent (1994), 75 per cent (1995) and 81 per cent (2000).

It is evident that the published export statistics do indeed understate the true value of Canada's exports. It follows that this will impact other statistics such as a partner countries' share of Canadian exports, as well as the merchandise trade balances of Canada with its trading partners.

Table C-2 compares the shares in Canada's total domestic exports of three partner countries from published data to those from reconciliation studies-based data. The reconciliation estimates are from recent studies with Mexico, China and South Korea.³ In order to account for export undercoverage in the estimation of the reconciliation studies based shares, the balance-of-payments statistics are used for total exports since they include an adjustment for undercoverage; the partner countries' reconciled imports (or Canadian reconciled exports) are used as Canadian exports to the partner countries.

Table C-2: Selected countries share of Canadian exports: published data vs. reconciled data

Year	Mexico		China*		South Korea*	
	<i>Reconciled</i>	<i>Published</i>	<i>Reconciled</i>	<i>Published</i>	<i>Reconciled</i>	<i>Published</i>
1996	0.94	0.47	<i>n.a.</i>	1.11	<i>n.a.</i>	1.07
1997	10.2	0.44	<i>n.a.</i>	0.84	<i>n.a.</i>	1.07
1998	1.14	0.47	0.93	0.83	<i>n.a.</i>	0.60
1999	1.25	0.45	0.84	0.76	<i>n.a.</i>	0.59
2000	1.48	0.50	1.17	0.85	0.64	0.60
2001	1.69	0.71	1.34	1.05	0.63	0.53
2002	<i>n.a.</i>	0.63	1.26	1.00	0.67	0.54

*The 2002 reconciliation data for China and all the South Korean figures are preliminary.

For each country, the reconciled data show considerable gains in terms of that country's share in Canada's total exports. This is particularly true for Mexico. Since 1996, the share of exports to Mexico as determined by the reconciled data has been more than double that of the share of exports as determined by the published data.

Table C-3 compares Canada's merchandise trade balance as reported in the published statistics with that of reconciliation studies-based data. For each of the selected countries and years, regardless of which data set was used, Canada experienced a merchandise trade deficit. However, in all cases, the merchandise trade deficit determined using the reconciliation based data was less than that determined using the published data.