

Imports include all goods that have crossed Canada's territorial boundary and exports include all goods grown, extracted or manufactured in Canada, including goods of foreign origin that have been materially transformed in Canada. Also included in exports are goods of foreign origin that have not been materially transformed (or consumed) in Canada but have been withdrawn from Customs warehouses to be shipped abroad. They are known as re-exports.

Customs based trade data are more accurate at measuring imports than they are at measuring exports, since Customs officials typically pay more attention to goods entering the country than to those exiting. Customs based export data can understate and/or incorrectly assign the destination of exports due to lack of proper documentation being filed by exporters, most notably when goods are routed through an intermediate country before continuing on to their final destination. It is thought that this is particularly problematic for Canadian exports to the U.S., an unknown portion of which is destined for third countries.

To derive Balance of Payments data, a number of adjustments are made to aggregated Customs based data so as to conform to National Accounts concepts and definitions. Balance of Payments data are intended to cover all transactions between residents and non-residents which involve merchandise trade. The national accounts recognize merchandise trade to have occurred when ownership of goods changes between residents and non-residents of Canada. This means that adjustments need to be made for timing and valuation, or in instances when there is a change of ownership but no cross-border flow of goods, or when there is a cross-border flow of goods but no change of ownership.

As comparatively good as Canadian trade data are, as they are reported they can not assist in an industrial analysis of the domestic and imported contents of Canadian exports. For that, it is necessary to combine a detailed industry analysis, including an examination of the relationships between industries, both domestic and foreign, with an analysis of their international trading patterns.

4. The Statistics Canada National Input-Output Model

For the purposes of this Paper, the 1990 version (the most recent version available) of the Statistics Canada National Input-Output model was run to capture the inter-industry effects of 1990 Canadian merchandise exports to several geographic regions. The I-O model is a detailed accounting framework of the Canadian production process and the I-O tables are fully integrated in the system of national