The general economic environment has also had important effects on the trade and economic links between Canada and the Community. Rapid economic growth both in Canada and the Community stimulated industrial production and international trade. The 1970s have witnessed major developments both in Canada and the Community as economic development and adaptation took place. In Canada, there have been major projects relating to energy development and resource extraction and transformation. These resulted in very large imports of machinery and equipment, although the participation of Community exporters has not been as great as that of other partners. In the Community, important investments in new production facilities and in the extensive modernization of existing facilities, coupled with the consumer impacts of substantially higher standards of living, have generated a significantly greater demand not only for industrial raw materials but also for machinery and other manufactured articles. Canadian exporters have increased their sales substantially in the field of industrial raw materials (metals and minerals, forest products) but they have failed to keep pace with the expansion of total Community imports in the fields of machinery and other manufactured articles.

Evidently some of the sectors mentioned above are examples of longer term high growth sectors in which, despite the growth of imports on one side and the apparent existence of significant production capacity on the other side, the expansion of trade has fallen short of what might have been expected if greater attention had been paid to the market potential of such high growth sectors, and greater export efforts had been made.

The recent world-wide economic recession had had, of course, a significant short term impact on trade between the Community and Canada. In addition, price movements of internationally traded commodities have affected trade in value terms even in the absence of much change in volume. This is for example true of wheat, certain metals and minerals and energy products. (The biggest single example of this is the enormous increase in the Community's "oil bill" since 1973 which despite some success by the Community in restricting its need for oil imports has strongly influenced the Community's present trading pattern and structure. To a certain extent, the same is true for Canada).

There have also been changes in the terms of access for Canadian and Community goods to one another's market. Major improvements in the terms of access for both sides have resulted from the past rounds of the multilateral trade negotiations.

Changing tastes have also influenced trade. Increased consumption of wines in Canada and the growth of a substantial market for European cultural material and for certain specialty foodstuffs, partly as a result of postwar European immigration, have stimulated Community exports of these items to Canada. The shift in Western Europe from grains to other foods is another example of changing consumer preferences influencing trade.

Social and cultural ties, some of long standing and others of more recent origin, have influenced economic links and are likely to continue to do so. The ties of history and language which link Canada on the one hand and the United Kingdom and France on the other are well recognized. But it is not so well recognized how the ethnic composition of the Canadian population has been fundamentally altered in the last quarter-century as a result of