

Foreword

Shortly after the entry into force of the Framework Agreement for Commercial and Economic Cooperation in October, 1976, Canada and the European Community agreed that to enhance future cooperation, they should take a closer look at the state of the existing commercial and economic ties. For this purpose, they decided to undertake joint analyses of such subjects as trade and investment flows. The study of trade flows between the two entities was chosen as the first such project. The main objectives of the analysis were to look at how this trade has developed over the last 10 to 15 years, and to identify the factors that have affected its development or may do so in the future.

A substantial amount of statistical data was gathered for the purpose of this study. The present paper includes only some of the results of this work, those that were considered particularly significant in providing an overview of the state of the trade, and the following study should therefore not be considered to attempt exhaustive treatment of the subject.

To facilitate comparisons, the European Community has been treated throughout as though it were a community of nine even though Britain, Ireland and Denmark became members only in 1973. Some account has, however, been taken of differences in trends of Canadian trade with the original community of six and with Britain.⁽¹⁾

Hopefully this brief study will contribute to a better understanding of the importance of the trade between Canada and the European Community and the potential for developing it. It is hoped that it will help individual businessmen reflect on ways and means of furthering cooperation between Canada and the European Community and will encourage more in-depth studies on the subject by universities, research institutions and business associations at large.

⁽¹⁾ In most cases, the statistical data are in current dollars and therefore reflect the substantial increases in prices which have taken place over the period examined. There is no readily available way of deflating the basic data to constant dollar figures, because of such problems as the wide variations in the movement of prices in individual Member States of the Community and the differences in price trends between specific commodities in a given sector. However, an attempt has been made to indicate in approximate terms the real growth in the total trade.