

Strong gains in end-products are conspicuous; automotive goods, non-farm machinery, communications equipment and other highly-manufactured goods figured strongly in the increases.

This table also indicates, in broad terms, how Canadian industry has been adjusting rapidly to changes in demand in world markets, despite some substantial variations. Much of the change in the make-up of Canadian exports took place in the Sixties. In 1965, for example, end-products accounted for 16 per cent of Canadian exports, compared to 9 per cent in 1958. In the next six years, this share rose sharply, to reach 37 per cent in 1971.

When it is considered that exports of manufactured goods in world trade more than doubled in value between 1965 and 1971 compared to an increase of less than seven-eighths in the total value of world exports, it becomes clear that the content of Canadian exports is shifting toward commodity groups that have shown the most growth.

Food and crude materials, though still important in Canadian exports, accounted for only about 30 per cent of all shipments in 1971, approximating the proportion these products form of all world imports. But, if total trade in foods has moved slowly, this cannot be said of meat, fish, dairy products and alcoholic beverages, all of which are important Canadian exports.

Canada's specialization in mineral and forest products modifies the impact of sluggish markets for crude materials. In the energy sector, moreover, the further discoveries of oil and gas in Western Canada and their wider use throughout North America have notably improved Canada's trade position in fuels.

In the further-manufactured groups, Canada's exports have been conditioned, until recently, not only by specialization in resource-related industries but also by the general organization of end-products and semi-fabricated products within a protected domestic market.

Canada is famous for newsprint and non-ferrous metals, world demand for which has increased at a moderate pace. But world trade in semi-fabricated metals, paperboard, fine papers and chemicals has grown faster, as have exchanges in machinery and equipment, Canadian participation in which, once limited mainly to farm machinery and certain electrical lines, has in recent years broadened considerably.

Canada has recently improved its performance in these areas, in part because of special defence and aid programs but also through a wider realization of the possibilities in nationalizing secondary industries in relation to the international market. This is particularly so with respect to automobiles and parts, the export sales of which contributed greatly to the high rates of increase in Canadian exports since 1965.

The important factor here was the rationalization of the Canadian and United States automotive industries effected by the Automotive Agreement that was ratified by the two countries in 1965 -- a move designed to create, over