

trading partner, taking 73.3 per cent of the country's total exports, and it is the source of two-thirds (65.2 per cent) of the country's imports. Exports to the United States amounted to \$101 billion, which constituted a 6.9 per cent increase. Imports totaled \$88.1 billion, a rise of 12.8 per cent, and resulted in a trade surplus for Canada of \$13.3 billion, a 6.3 per cent decrease from the previous year, the lowest surplus since 1981. This decrease can be attributed to strong import demand in Canada and a strengthened Canadian dollar.

Canadian exports to the Asia-Pacific region decreased slightly in 1989 by 3.9 per cent to \$16.9 billion while imports rose by just under \$1 billion to \$19.6 billion. As a result, the trade deficit with the Asia-Pacific region deteriorated by \$1.6 billion to \$2.8 billion. Exports to Japan continued to increase, up 1.2 per cent, to reach \$8.9 billion, with imports up 3.2 per cent to \$9.6 billion. Canada's trade balance with Japan continued to decline in 1989, registering a deficit of \$721 million. While imports from the People's Republic of China climbed 23.8 per cent to \$1.2 billion, exports fell 56.1 per cent to \$1.1 billion, leaving Canada with a small deficit of \$37 million.

The large decline in exports to China was attributable to a \$1.2 billion fall in wheat exports in 1989. With exports to the Pacific region growing strongly by 23.4 per cent to \$1.3 billion and a small decline in imports, the trade surplus with the Pacific increased by over \$300 million in 1989.

Canadian exports to Europe recorded above average growth and, combined with a decline in imports, resulted in a \$1.4 billion improvement in the trade deficit to \$3.8 billion. Canadian exports to the European Community (EC) grew 7.1 per cent to \$11.8 billion, while imports declined by 7.1 per cent to \$14.9 billion. The deficit accordingly fell 38.4 per cent to \$3.1 billion. Canadian exports to Eastern Europe and the U.S.S.R. showed larger declines from a smaller base, due mainly to a fall in wheat exports of \$0.5 billion to the U.S.S.R.

There was a decline of roughly 12 per cent in Canadian exports to Latin America and a 14.7 per cent increase in imports which resulted in a deterioration in the trade deficit of \$1 billion in 1989. Trade with Africa and the Middle East showed a strong increase in exports of 11.5 per cent, due mainly to increased commodity sales, while