

According to the most recent OECD S&T Policy Outlook (1994), an analysis of world trade of manufactured goods reveals a deepening process of specialization. Trade balances in high technology sectors show an increasing surplus by Japan vis-à-vis the United States and Europe and by the United States vis-à-vis Europe. Current reductions in R&D funding risk weakening the position of Canada and Europe and increasing the gap between the largest economies and others.<sup>10</sup>

## 2.2 Canada's Advanced Technology-Based Economy<sup>11</sup>

In 1994, advanced technology products constituted 10 percent of total Canadian merchandise trade (imports plus exports) or 8.5 percent of total Canadian exports. Table 1 presents Canadian trade in advanced technology industries for 1990-1994. During this period, advanced technology trade grew by 76 percent, compared with a 49 percent increase for merchandise trade as a whole.

Table 1 - Canada's Imports and Exports by ATP Category, 1990-94					
	Imports	Exports	Balance	Total	Total share of merchandise trade
	(millions of dollars)				(%)
1990	11 804	12 412	609	24 216	8.6
1991	15 224	13 429	-1 795	28 653	10.4
1992	17 043	12 336	-4 707	29 379	9.7
1993	19 122	15 276	-3 846	34 398	9.8
1994	24 216	18 368	-5 848	42 584	10.1
Change from 1990-1994 (%)	105	48	--	76	
Source: Industry Canada estimates.					

<sup>10</sup> See Science and Technology Policy: Review and Outlook 1994 (OECD )1994.

<sup>11</sup> This section is indebted to Industry Canada's chapter *Trade in Advanced Technology Products* in *The Resource Book for Science and Technology Consultations* (Vol. II), Secretariat for Science and Technology Review, Industry Canada (August 1994). To ensure equitable comparisons of the data, all Canadian import data were converted to 1986 constant dollars using the Bank of Canada import implicit price index. This report has since been updated and revised in a study undertaken for Industry Canada by Denzel J. Doyle and Paul Timmins, *Canada's Trade Performance in Advanced Technology Products* (September 1995). The analysis, which is incorporated in this Section, is based at the full 10-digit HS (Harmonized System) level for 10 ATP categories that are used by the U.S. Department of Commerce. This classification is based on the classification of products as opposed to industry sectors and refers only to products and not to services.