

the decreasing volume of their export in increasing their proportion of total exports. This fact merits consideration in any deliberations concerning the value added content of Canada's exports, for it indicates that success in further processing exports can be overshadowed by the increase in the price of Canada's raw materials. This in turn calls into question the notion of "success" in increasing value added content.

### Country Groupings

#### The EEC:

The EEC is Canada's second most important export destination after the USA. In 1980 Canada shipped \$9.6 billion worth of goods to the EEC, accounting for 12.9% of our total exports. While export levels to the EEC were fairly constant through the mid-70's, they almost doubled over the last three years of the decade. Nonetheless, exports to the EEC as a percentage of total Canadian exports have been declining throughout the decade. Although this was reversed in 1980, the change can largely be attributed to the significant drop in the US share.

In examining the makeup of Canadian exports to the EEC in 1980, it becomes evident that the percentage of exports shipped in processed form is quite low, the percentage shipped in raw form is quite high, and the percentage shipped in semi-processed form is also quite high. At the same time, while over 14% of Canada's total exports in the raw and semi-processed categories are sent to the EEC, only 6.8% of Canada's processed exports are destined for the EEC market. Nonetheless, the EEC accounts for a greater percent of Canadian exports in all categories, including raw materials, than does Japan, the second most important nation in terms of Canadian exports. This is especially true of semi-processed goods in which the EEC shows particular strength. Over 50% of the EEC's Canadian imports are purchased in semi-processed form.

The static 1980 situation does not, however, yield insight into the dynamics of a rapidly changing situation. Although the static picture is one favouring Canada's least processed exports, tracing trade patterns back over the decade reveals significant progress. In 1971 exports of raw goods accounted for over 45% of the EEC's imports from Canada, and these accounted for 24.3% of Canada's total raw material exports. In 1980 the corresponding figures had dropped to 31.9% and 14.6% respectively. There was a simultaneous improvement in our exports of processed goods. The