Part II

Canada-EC Economic Links in Minerals and Metals

Canada and certain EC Member States have a long economic history, frequently linked to ancestral ties. The economic linkages can be grouped into three broad categories - trade, investment, and technology and know how (including the movement of labour). This part dwells on trade and investment in recent times, insofar as they relate to the minerals and metals sector.

Trade

Canada's mineral and metal exports to the EC in 1988 amounted to $3.0 billion representing about 12 percent of this country's total mineral and metal exports. Canada's imports from the EC were $1.7 billion (see Table 1).

In the post-war years, EC Member States, in particular the United Kingdom, were Canada's second largest market for minerals and metals, after the United States. In absolute terms, Canada's exports to the EC have not declined, but in relative terms, they have fallen from the 30 percent range to 12 percent as markets in the Pacific Rim have opened up. Japan is now Canada's second largest market for minerals and metals.

Despite its high dependency on raw material imports, Canada is not a particularly large player in EC mineral and metal markets (see Table 2). If diamonds, gold and steel products are included, Canada ranks as the fourth most important supplier of minerals and metals to the EC, after the United States, Australia and South Africa. As a group, the EFTA countries supply almost as much minerals and metals to the EC as Canada, albeit some of the nickel from Norway has its origin in this country. Canada's share of the EC's mineral and metal imports is estimated to be 8 percent.

As illustrated in Table 1, Canada's major mineral and metal exports to the EC are: asbestos, iron ore, titanium slag, gold, copper, nickel, aluminum, lead, zinc and uranium. (See Appendix I for detail). For most minerals and metals, the level of Canada's exports to the EC rose quite sharply in the 1960s and early 1970s but then remained fairly constant over the past 15 years; exceptions are asbestos and aluminum which have dropped steadily, and gold which rose sharply in 1987\88.