

2.3 Europe

Europe's importance as a market for Canadian business has been steadily declining for over thirty years.¹¹ In 1960, 29% of our exports went to Europe. This proportion had fallen to 7% in 1993. Canadian exports to Europe have grown very slowly in comparison to the growth of our exports to the world overall. During recent years, Canadian exports to Europe have been quite flat. The poor Canadian performance cannot be blamed on slow growth of European imports. European import growth has, in fact, been fairly strong. For example, the EC's total imports from outside the EC grew by 40% between 1988 and 1993,¹² while EC imports from Canada fell by 9% over the same period.^{13 14}

Any attempt to analyze Canada's bilateral trade with individual European countries is complicated by transshipment within the continent. This data problem has become particularly acute since the fuller establishment of the EU's unified market in 1992. Since goods are not now subject to Customs registration within the EU, it is difficult to judge if Canadian exports to one European country actually stay in that country. For example, the Canadian Embassy in Rome reports that goods destined for Italy are increasingly being unloaded in France because of overcrowding in Italian ports. Are these goods being recorded as exports to Italy or France? The onward shipment to other EU destinations from the Dutch port of Rotterdam, shipments no longer registered at internal EU borders, provides another example of the increasing problem of identifying the ultimate destination of Canadian and other non-EU exports to European markets. The statistical agencies of the EU are themselves grappling with the difficulty of measuring intra-EU trade. Statistics for Canadian bilateral trade with individual EU members must, therefore, be used with some caution.

These caveats aside, the trend of Canada's exports to the United Kingdom provides a dramatic example of how radically traditional trading patterns have changed. In 1973, 6% of our total exports and 39% of our European exports went to Britain. By 1993, only 2% of our total exports and 21% of our European exports went to the U.K.. Indeed, the value of our exports to the U.K. was 18% higher in 1988 than in 1993. Canadian exports to our other major trading partners

¹¹ Europe is defined in this context as all the countries of Western and Eastern Europe, including the Former Soviet Union.

¹² GATT Secretariat, *International Trade Statistics 1993* (Geneva 1993), p.85.

¹³ IMF, *Direction of Trade Statistics Yearbook 1993*, p. 57.

¹⁴ By comparison, EU imports from the U.S. grew by 30% between 1988 and 1993. EU imports from Japan grew by 23% during this same period. IMF, *Direction of Trade Statistics Yearbook 1994*, p. 72.