

## Trends in Canada's international trade

Canada benefited in 1987 from the revival of markets in some of its main commodities, and from the general expansion in the world economy. As a result, its domestic exports increased 4.1 per cent in value, reaching \$125 billion. At the same time, imports rose 3.3 per cent in value, to reach \$116 billion. Adjusted for price changes, the volume of Canadian exports increased by 5.6 per cent, and the volume of imports by 9.0 per cent. Canada's surplus on merchandise trade in 1987 stood at \$9 011 million, up from \$7 817 million in 1986. The Canadian share of world exports increased slightly, from 4.2 per cent in 1986 to 4.4 in 1987.

Table 1 shows Canada's trade for 1987 by the main world geographical areas. Some of the trends in the distribution of trade may be explicable by exchange rates and market growth in the countries concerned. The United States remained Canada's principal trade partner, with imports and exports both growing in line with the rates of income growth in the respective markets. The Canadian dollar strengthened in terms of the U.S. dollar in the latter part of 1987, contributing somewhat to the attractiveness of the U.S. as a marketing source. Despite some market uncertainties, U.S. domestic demand remained positive in 1987, growing at 1.8 per cent, and the prospects of improved bilateral trade access gave every incentive for

Canadian exporters to consolidate their position in this market.

Canadian exports to the Asia-Pacific region increased sharply, reflecting the dynamic growth of the region and the alterations in competitiveness resulting from exchange rate changes. Exports to Japan were particularly significant, rising by 18.5 per cent to \$7 billion and leaving Canada's trade with Japan very close to being balanced. Canadian imports from Japan actually declined very slightly. Exports to other market economies in Asia also increased at a similar rate, helping to narrow Canada's trade deficit with the region. The marked increase in exports to China was more than matched by increased imports from that country.

Western Europe was another growing export market for Canada in 1987. Here again Canadian products were rendered more competitive by exchange rate changes, but often had to compete against even more advantageously priced American products. Exports increased over a broad range of countries and commodities, and Canada's trade deficit with the region diminished by over a billion dollars.

Canada's exports to Eastern Europe were down somewhat compared to 1986, owing to the highly competitive situation in international grains markets and the favourable harvest in the U.S.S.R. Imports from Eastern Europe continued their pattern of secular incremental growth.

**Table 1**  
**CANADA'S PRINCIPAL TRADING REGIONS**  
**MERCHANDISE EXPORTS, IMPORTS AND TRADE BALANCES**

(Customs Basis)

(millions of Canadian dollars)

Merchandise Trade With:	Exports 1987	Yr-Over-Yr Per Cent Change 87/86	Imports 1987	Yr-Over-yr Per Cent Change 87/86	Trade Balance 1986	Trade Balance 1987
WORLD	125 086.7	3.7	116 075.7	3.3	7 816.9	9 011.0
UNITED STATES	94 505.7	1.4	78 894.6	2.5	15 815.3	15 611.1
EUROPE	11 801.6	8.6	16 190.9	6.6	(4 341.8)	(4 389.3)
Western Europe	10 788.5	16.6	15 804.1	6.4	(5 608.1)	(5 015.6)
of which EEC (12)	9 551.0	16.7	13 512.8	5.4	(4 650.7)	(3 961.8)
Eastern Europe and U.S.S.R.	1 013.1	-37.2	386.8	15.2	1 266.3	626.3
ASIA-PACIFIC	13 262.5	18.4	15 356.6	5.5	(3 438.1)	(2 094.1)
Asia	12 406.7	19.6	14 571.2	5.1	(3 585.3)	(2 164.5)
of which Japan	7 073.9	18.5	7 550.3	-1.1	(1 692.4)	(476.4)
China	1 437.7	27.9	770.9	36.2	541.7	666.8
Pacific	855.8	2.7	785.4	14.4	147.2	70.4
LATIN AMERICA	3 352.0	-0.1	4 149.4	4.1	(638.5)	(797.4)
South America	1 718.9	-4.1	2 142.7	12.6	(112.7)	(423.5)
Central America and Caribbean	1 633.1	4.4	2 006.7	-3.6	(525.8)	(373.6)
AFRICA-MIDDLE EAST	2 126.8	6.0	1 464.8	-12.1	361.0	662.0
Middle East	1 274.7	14.4	704.6	7.5	484.2	570.1
Africa	852.1	4.6	760.1	-24.8	(123.2)	92.0