

accounted for about 68.1 per cent of total merchandise imports from the US or \$148.1 billion.

As for exports, imports of iron and steel products saw the fastest increase in 2006, rising by 6.0 per cent whereas mineral fuel and oil (-6.0 per cent) and electrical machinery and equipment (-4.5 per cent) experienced the biggest decline.

The European Union

In 2006, Canadian merchandise exports to the EU-25 grew at a brisk pace of 16.3 per cent to \$28.8 billion, propelled by merchandise exports to the U.K. (mostly precious stones and metals). Exports of aircraft and spacecraft products more than doubled, rising by \$1.3 billion to \$2.6 billion. The top-10 products accounted for 70.0 per cent of all exports to the EU-25. Aircraft and spacecraft products (102.1 per cent), inorganic chemicals (45.1 per cent), precious stones (29.2 per cent) and articles of nickel (23.0 per cent) led the growth in exports to the EU-25, while wood pulp (-23.4 per cent) and mineral fuel and oil (-12.0 per cent) displayed the steepest decline in 2006.

Unlike the year before, Canadian merchandise imports from the EU grew at slower pace than Canadian exports to that trading partner, climbing by 7.2 per cent to \$48.9 billion in 2006. Mechanical machinery and equipment, mineral fuel and oil, pharmaceutical products, and motor vehicles accounted for 53.6 per cent of imports from the

EU. While increases in organic chemicals, pharmaceutical products, mineral fuel and oil, and motor vehicles accelerated with annual growth equal to 33.0, 19.5 per cent, 17.5 per cent and 12.3 per cent, respectively, iron and steel products declined by 7.9 per cent.

Japan

Canadian merchandise exports to Japan expanded by 2.7 per cent to \$9.4 billion in 2006. The ten most important products exported to Japan accounted for more than 75 per cent of total merchandise exports to that country. Five products alone – Wood, ores, mineral fuel and oil, grain seeds, and meat accounted for about 55 per cent of all exports. The products behind the growth of exports to Japan were ores, mineral fuel and oil, aluminum and aerospace products. On the other side, agri-food products steeply declined.

Canadian merchandise imports from Japan advanced 3.7 per cent to \$15.3 billion in 2006, up from \$14.8 billion in 2005. Imports from Japan were characterized by concentration in only a few sectors, with the top ten accounting for 92.3 per cent and the top three for over three quarters of total merchandise imports from Japan. The largest sectors included motor vehicles (43.5 per cent), machinery and equipment (19.6 per cent) and electrical machinery and equipment (13.4 per cent). Aircraft and spacecraft (22.8 per cent) and iron and steel

FIGURE 4-11A
Top-10 Merchandise Exports to the EU, 2006

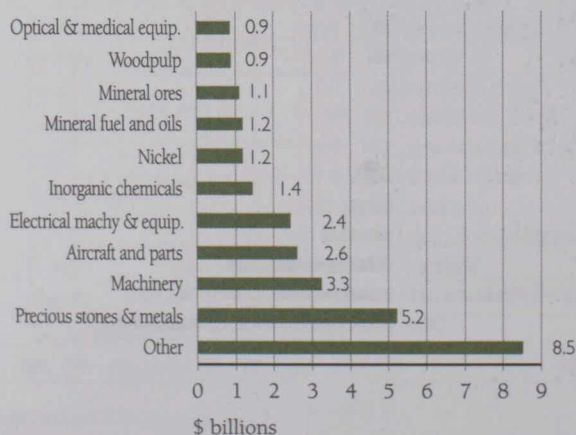


FIGURE 4-11B
Top-10 Merchandise Imports from the EU, 2006

