exports would be a more accurate portrayal of the contribution of trade to national income than would be the French figure.[3]

Table 2.1
G7 Merchandise Exports as a Share of Gross Domestic Product, 1993[4]

Country	Share (%)
Canada	26
Germany	21
United Kingdom	19
France	17
Italy	16 (1992)
Japan	9
United States	7

Given the distortions that can occur in the trade statistics of internationally integrated economies, the question for Canada is how accurate is the 26% figure in demonstrating the importance of trade to the Canadian economy. Some Canadian industries, such as motor vehicles, are very much integrated with U.S. industries. A recent study by the OECD which examined the international sourcing of manufacturing industries in six countries found that Canadian manufacturers rely more on imported inputs than manufacturers in France, Germany, Japan, the U.K. and the U.S..[5] In addition to motor vehicles, a number of other industries, including petroleum refining,

[3] The point can also be made by considering the simple GDP identity C + I + G + X - M = GDP. Imports (M) are consumed (C), invested (I), purchased by government (G) and used in exports (X). The ratio of X/GDP will overstate the share of exports in national income to the extent that the appropriate portion of M has not been subtracted from X, but has been subtracted from GDP.

[4] Source: IMF, *International Financial Statistics*, Washington, D.C., August 1994, various tables.

[5] See OECD, *Globalization of Industrial Activities: Background Report*, COM/DSTI/TD(93(109/REV1, Paris, January 1994, pp. 16-7.