



Bulletin

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CANADA'S FOREIGN TRADE IN 1971

Canada's merchandise trade surplus was \$2,096 million in 1971, the second highest surplus recorded and \$772 million less than the record \$2,868 million in 1970. The drop resulted from an increase of \$1,656 million or 11.9 per cent in imports (to \$15,608 million) outweighing the smaller increase of \$884 million or 5.3 per cent in exports (to \$17,704 million).

These figures include downward revisions to previously published values of automotive exports to the United States, amounting to \$90 million for 1970 and \$143 million for 1971. The revisions adjust for recently discovered differences in accounting procedures among international automotive firms.

Higher prices were responsible for about 2 per cent of the increase in the value of Canada's imports in 1971, but for virtually no part of the rise in exports value. In 1970, Canada's total foreign trade (exports and imports) grew about 3.3 per cent in real terms (excluding price increases), the same rate of growth as domestic output. In 1971, however, foreign trade

grew about 7.3 per cent, exceeding the expected growth of about 6 per cent in real output, and reflecting the acceleration in imports that accompanied a sharp increase in Canadian industrial production, housing starts and consumer spending.

CANADA-U.S. TRADE

The United States received 68 per cent of all Canadian exports in 1971, compared to 65 per cent in 1970, and provided 70 per cent of Canada's imports, compared to 71 per cent in 1970. Exports to the U.S. increased 10 per cent to \$12,006 million in 1971 mainly on the increased demand for Canadian goods that resulted from a recovery in U.S. industrial production and consumer spending for automobiles, housing and other durables. End products accounted for about 48.5 per cent of these exports — up from 47.5 per cent in 1970, and almost reaching the record 49 per cent set in 1969. Imports rose 10.4 per cent to \$10,949 million so that the trade balance widened to \$1,057 million from \$999 million. Impact of the 10 percent surcharge on about one-quarter of Canadian exports from mid-August to mid-December was softened by the catching-up of vehicle exports following the strike the previous year. Exports of automotive products to the U.S. gained by \$680 million in 1971, but imports increased by \$720 million. It is of some interest to note that if the two-way flow of automotive products were removed from the comparison, Canada's total trade balance with the U.S. would have dropped to \$900 million (from \$1,057 million) for 1971, and to \$818 million (from \$999 million) for 1970.

The year 1970 was characterized by buoyant demand from the European Economic Community, Japan and Britain, and by catching-up of metal

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