
CANADA AND FRANCE: BUSINESS PARTNERS

Trade

More than ever, the Canadian government wishes to establish special relations with France focused mainly on the common objective of achieving greater economic, trade and technological interchange.

These Canadian objectives and interests correspond with those of France, whose economic interests are also taking the form of a global strategy of expansion, with a growing interest in Canada.

France was our eighth trading partner in 1986; third among our Western European partners. Trade with France increased yearly during the decade prior to 1980. After this, our exports declined gradually while our imports rose sharply. Since 1980, our exports to France were affected by the economic recession that hit most industrialized countries, with special impact on our exports of primary products. Construction and public works became stagnant in France, adversely affecting our exports of wood and forest products in general. Until the recent past, our dollar was stronger than the franc, resulting in an increase in our imports from France and a trade deficit since 1982.

Over the years the structure of our bilateral exchange has remained virtually unchanged. Most of our exports to France consist of raw or semi-finished products, while our imports are mainly consumer items, wines, automobiles, printed material, etc.

While Canada's foreign trade is dominated by interchange with the United States, France's is centred on the EEC, which accounts for 50 per cent of its imports. Our share of the French market is about 1 per cent. In 1986, our exports to France were about .8 per cent of our overall exports.

According to Statistics Canada, our trade with France in 1986 totalled C\$2.54 billion, a modest sum compared with our overall foreign trade of C\$233 billion and that of France, which was \$254.3 billion, in American dollars, in 1986.

Our exports to France rose by 34 per cent in 1986 to C\$961 million, mainly through an increase in our sales of aircraft engines and parts, inorganic chemicals, fish, wood pulp, lumber and softwood and telecommunications equipment.

In 1986 our imports from France rose 15.4 per cent over 1985, reaching a record level of C\$1.58 billion. This increase was largely attributable to imports of beverages, especially wines and spirits (up C\$41 million), machinery for special industries (up C\$37 million), household utensils (up C\$9 million) and medical and ophthalmic supplies (up C\$7 million). On the other hand, the passenger automobile sector declined sharply by C\$30 million. Among the major characteristics of French exports to Canada are their destination — more than 50 per cent go to Quebec — and the high percentage of consumer items such as automobiles, tires, wines and alcohol, books, etc.

We can expect to see another substantial rise in our imports from France in the coming years, mainly because of the recent purchase by the Canadian company Wardair of the European Airbus at a cost of nearly C\$950 million, and the plans to purchase some C\$1.25 billion worth of spare automobile parts over the next five years for Brampton, Ontario's new AMC-Renault auto plant.

The eventual take-over of AMC/Renault by Chrysler Corporation would not necessarily jeopardize the planned production of two Renault automobiles in Brampton.

However, the expansion of our trade and interchange with France is still largely dependent on the world economic situation and on economic conditions in France. For example, our exports are directly linked with the growth rate of the French economy, the development of our currencies, the level of consumer activity, and business investment.

While it cannot be predicted with certainty what the economic situation will be in 1987, in either Canada or France, most observers agree that France will experience an increase in its