

by the Japanese. In addition to large imports of consumer electrical and electronic goods, Canadian imports from Japan included industrial goods, especially steel pipe and industrial machinery.

Canada's exports to the EEC countries totalled \$7.0 billion as compared to \$7.3 billion in 1984, and represented a negative growth rate of 4.4 per cent. Total imports from the EEC amounted to \$10.8 billion, thus providing a trade deficit for Canada of \$3.8 billion in 1985. Exports to the four European summit countries declined to \$4.9 billion in 1985 from \$5.1 billion in 1984. On the other hand, imports rose 28 per cent to \$8.7 billion, yielding a trade balance with Canada of \$3.8 billion in favour of the four European summit countries. To a large extent, relatively robust economic growth in Canada and a substantial appreciation of its currency *vis-à-vis* the European currencies in this period contributed to the adverse trade balance with these countries. However, since the last quarter of 1985, the Canadian dollar has depreciated considerably in relation to the European currencies, providing some added price competitiveness.

The average annual growth rates in the Asia-Pacific region over the last several years have surpassed the growth rates of most industrialized economies. Within the Asia-Pacific region, the highest growth rates have been those of the newly industrialized countries or NICs (South Korea, Taiwan, Hong Kong and Singapore). Canadian exports to these four NICs increased by 8.3 per cent in 1985 to \$1.7 billion and accounted for 1.4 per cent of our global sales. Of these, sales of coals, sulphur, wood pulp, copper, organic chemicals, fertilizers and telecommunication equipment constituted the main components of our exports. South Korea is Canada's largest trading partner in the NICs, and accounted for about 47 per cent of our exports to this group of emerging industrialized countries. Exports of coal and sulphur to South Korea increased by 20 per cent and 120 per cent respectively in 1985, with the growth of exports in organic chemicals sharing the lead. Canadian imports from the NICs as a whole grew by 12 per cent over 1984 to \$4 billion, accounting for 3.8 per cent

of our global imports, and creating a trade deficit for Canada of \$2.3 billion with the region.

Canadian exports to China amounted to \$1.3 billion in 1985, and represented a 2.8 per cent growth over the previous year. Sales of wheat to China accounted for \$446 million in export earnings but represented a drop of 26 per cent from the 1984 level. Although the export of wheat to China has been declining over the last two years, new opportunities to expand manufacturing exports have arisen because of the modernization program currently underway in that country.

Canadian exports to the rest of the Asia-Pacific region totalled a little over \$1.4 billion, reflecting a growth rate of 2.1 per cent over 1984. India, Pakistan, Indonesia, Malaysia, and Thailand were our other main export markets in the region. Exports to Australia and New Zealand increased to \$865 million in 1985. Imports from Australia and New Zealand totalled \$546 million, leaving a positive Canadian balance of trade of \$319 million.

Total exports from Canada to the Eastern European countries amounted to \$1.9 billion in 1985, a marked decline of about \$600 million from a year earlier. Since the Soviet Union absorbed 85 per cent of our exports to the region, reduced wheat purchases by the Soviets appear the single most important factor in lowering our export values in 1985. Total Canadian imports from Eastern Europe were valued at \$296 million, yielding a net trade surplus for Canada of \$1.6 billion.

Canada's total exports to all developing nations amounted to \$8.0 billion in 1985, as compared to \$8.5 billion in the previous year. Our exports to the Middle East declined to \$1.3 billion from \$1.7 billion in 1984; \$1.08 billion from \$1.14 billion in Africa; and \$1.4 billion from \$1.7 billion in South America. Most of these countries, affected by international debt or lower prices of their major exportable commodities in the international market, and sometimes also by natural calamities and political uncertainty, were compelled to reduce their level of imports in 1985 as compared to the previous year.