

(3) A continuing (though relatively small) flow of trade between Canada and the other Commonwealth countries.

(4) Fluidity in trade exchanges with the rest of the world.

Thus, in the last decade or so, there has been a significant shift in Canadian trading patterns, by markets and suppliers, and by commodities and products, when compared with the years prior to the Second World War. The shift is even more pronounced when the development of Canada as a world trader is traced back to the years before the First World War.

Before 1914, Canada was basically a producer of food and raw materials and as such benefited greatly from a well-recognized pattern of world trade. This pattern saw a preponderant flow of primary products of all kinds from all parts of the world to Europe, with Britain as its centre of gravity. From Europe, in return, came a preponderant outflow of capital and services.

Canada oriented itself to Europe, and particularly to Britain, as a source of capital equipment to develop its economy and as a ready market for its raw materials. At the same time, while Britain was also a major source of the goods Canada needed to import, it was overshadowed by the United States as the principal supplier of foreign goods.

After the First World War, the United States also became the major source of development capital (and remains so today). In the depressed 1930s, preferential tariffs raised the share of Britain and other Commonwealth countries in Canada's external trade. As a result, the predominant triangular pattern of Canadian trade was maintained. Britain and the United States each took well over one-third of Canada's exports; the United States supplied nearly two-thirds of Canada's import needs, and Britain nearly one-fifth.

In the years since the Second World War, slow growth in Britain has been paralleled by slow development in its trade with Canada, while the United States has become significantly more important to Canada. At the same time, Canada is the biggest customer and supplier of the United States, though American dependence on trade in general, or on its next-door neighbour in particular, is much less than Canada's.

In its centennial year, Canada was selling some 64 per cent of its exports to the United States, over 10 per cent to Britain, nearly 6 per cent to other Commonwealth countries and the remaining fifth to other countries.

In recent years, because of crop failures in their territories, the Soviet Union, Eastern Europe and mainland China became large buyers of Canadian wheat. In 1964 some 7.6 per cent of Canadian exports went to these countries but with improved crops the share fell to about 3 per cent in 1967. Japan, the European Economic Community and Latin America are also significant markets for Canada. At the same time, the developing countries (as will be discussed later) are receiving considerable attention from Canada as potential markets for its goods and services.

In imports, the United States continued as the most important single source of supply, to the extent of 73 per cent of Canada's needs in 1967. Britain,