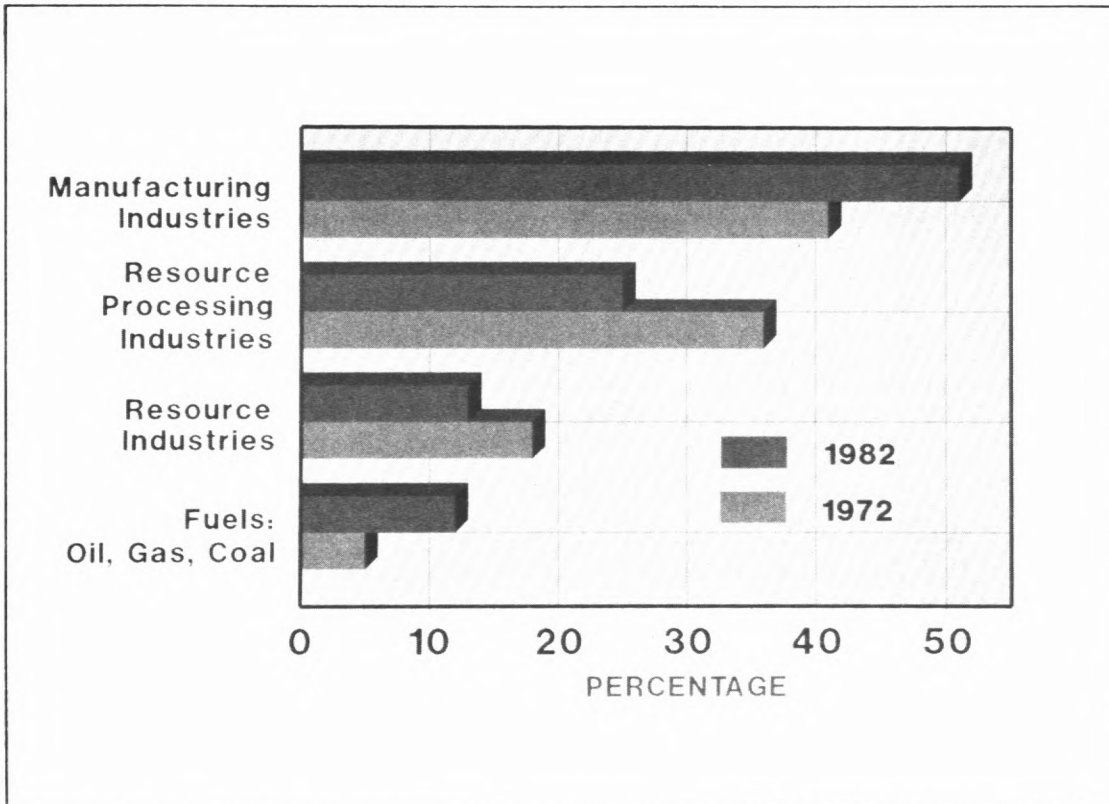


We were once assured of prosperity because of our privileged position as a world supplier of much sought-after raw materials. But today there is a global oversupply of many raw materials because of reduced demand in the industrialized countries, new production in developing countries and the advent of materials-saving technologies. So our “traditional” comparative advantage in natural resources can no longer be counted on to ensure our prosperity to the extent it once could be. At the same time, our reliance on manufactured exports is increasing steadily. (See Figure 6.)

*Our “traditional” comparative advantage in natural resources can no longer be counted on to ensure our prosperity to the extent it once could be.*

Figure 6: INDUSTRY SHARES (%) IN TOTAL CANADIAN EXPORTS, 1970–1982



Source: Department of Regional Industrial Expansion, Commodity Trade by Industrial Sector, Ottawa, 1984.

Between 1970 and 1982, however, our share of manufactured exports to other market economies declined from about 4.8% to 3.6%. The shares of the United States and of the larger European Community countries also declined, but proportionately less than ours, while those of Japan and the rest of the world, on average, increased. (See Figure 7.) For almost all of those years, we had a negative trade balance in manufactured products. The largest components of the deficit were trade in high and medium technology commodities. Although Canadian high technology firms are very export-oriented, the deficit in high technology products continues to widen.