

emerged despite an increase in the share of end-products in total imports from 61.6% in 1968 to about 86.6% in 1995.

We can glean the following points from our discussion of Canada's merchandise exports and imports:

- The share of primary products in Canada's overall exports has declined steadily from 43% in 1963 to about 18% in 1995, while semi-manufactured and end-products rose from 57% to over 81% during the same period.
- The share of primary products in Canada's overall imports has declined steadily from 26% in 1963 to 11% in 1995, while fabricated and end-product imports totalled about 87% of the overall Canadian imports in 1995.
- The fall in the share of primary exports and imports, and the increase in trade of end-products reflects the success of the Canadian economy in restructuring and diversifying to create a larger manufacturing base that can absorb more advanced technology.
- Contrary to the predictions of the Heckscher-Ohlin trade model, the lowering and removal of tariffs under the FTA and NAFTA has not pushed Canada to export more primary resource products. Rather, the theory of **intra-industry trade** seems better at explaining the increase in the share of non-resource products in Canada's exports.
- Exports and imports of auto and auto-parts are significant in sustaining the manufacturing base in Canada, but the relative share of this sector in overall exports of end-products has declined over the past few decades.
- This trend points to an increase in the share of new (and non-resource-based) lines of business in first establishing themselves in Canada and then successfully competing for international markets abroad.