

In summary, Canadian trade policy recognizes the growing economic importance, both to Canada and globally, of a range of countries in Latin America and Asia-Pacific. This does not mean that our trade policy relations with the Quadrilateral economies should be in any way ignored, but rather that Canadian trade policy partnerships are issue-specific and strategic, reflecting Canada's broadening economic relations with the world.

11. CONCLUSIONS

The broad trends of Canada's economic relations are reasonably clear. Merchandise trade continues to dominate Canada's private sector economic exchanges with other countries. Canadian exporters are maintaining their share of the world export market. Canadian exports are growing most in the Asia-Pacific region, the United States and, to a lesser extent and more recently, in Latin America and the countries of the Persian Gulf. Canadian merchandise trade with Europe has been steadily declining in relative importance.

Foreign investment in Canada has become increasingly concentrated in Canadian public sector portfolio debt, with Europeans and the Japanese holding more such debt paper than a decade ago, but still less than the share held by U.S. investors. Foreign direct investment is growing, but Canada's share of world foreign direct investment flows is falling. Although the United States is still by far the largest foreign investor in Canada, foreign investment from some European countries, Japan and Hong Kong has grown steadily over the past ten years.

Canada's sources of foreign technology reflect, with the exception of Japan, foreign investment patterns in Canada. Although European R and D activity in Canada has increased in recent years, Canada continues to rely predominantly on the United States as its primary source of foreign technology.

Canadian private sector investment abroad is beginning to reach levels comparable to foreign private sector investment in Canada. The largest share of this investment is in the United States, although Canadian investment is growing quickly in Europe, particularly the U.K., Asia-Pacific and, more recently, Latin America.

Business services exports are growing at a faster rate than merchandise exports but are still very small when compared to merchandise trade. The pattern of business services exports is much the same as Canadian merchandise exports. Canadian tourism revenues are comparable in size to business services exports. An increasing proportion of these revenues is due to tourists from Asia and Latin America.