1. INTRODUCTION

The pattern of Canada's economic relationships with the rest of the world has shifted significantly over the past ten years. The rapid industrialization of East Asia, the growth of Japan's economic presence abroad, renewed economic vitality in Latin America and the opening of Eastern Europe to the West are all issues that have occupied the attention of policy makers in Canada and elsewhere. These changes have reshaped Canada's trade, investment and technology relations with the world. This Paper identifies the strongest and most persistent currents of change in Canada's international economic relations. It looks at these trends using the available statistics on Canadian international economic activity, while considering, where possible, weaknesses in these data. A more detailed discussion of problems with the statistics is included in an annex.

2. THE SHIFTING TIDE: CHANGING EXPORT MARKETS

Canadian exporters have maintained a fairly steady share of world exports over the past twenty years.[1] However, the importance of different regions as markets for Canadian exports has changed significantly. Two strong, long-term trends are clear from Canadian merchandise trade statistics.[2] The Asia-Pacific region and the United States are becoming increasingly important as export markets for Canadian companies. Europe, particularly the United Kingdom, is declining in relative importance. These changes reflect the rapid growth of Canadian exports to the Asia-Pacific region and the United States and the comparatively stagnant level of exports to Europe.

Exports to Latin America have recently grown faster than exports to Europe, although at a rate slower than exports to the Asia-Pacific region and the United States. As a result, Canadian exports to Latin America have a relatively small share of the total. Canadian merchandise exports to the Middle East and Africa take the smallest share of any region. Within this region, shipments to the oil-producing nations of the Persian Gulf have grown substantially, although the dollar value of these exports remains comparatively small.

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[1] Canada's share of total world exports was 4.6% in 1973, 3.9% in 1987 and 4.7% in 1992. GATT Secretariat, **International Trade Statistics** Vol. II (Geneva 1988), p. 7. GATT Secretariat, **International Trade Statistics** (Geneva 1993), p. 5.

[2] All export statistics in this paper, unless otherwise specified, are drawn from Statistics Canada, **StatCan: Cansim Disc 1994-2**, Matrix 3687 - Exports to Individual Countries.