

Canada oriented itself towards Europe, and particularly towards 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 U.S. took well over one-third of Canada's exports each; the U.S. 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 largest 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 1978 Canada was selling some 70 per cent of its exports to the United States, 6 per cent to Japan, 4 per cent

to Britain, 6 per cent to other EEC countries and the remaining 14 per cent to other countries.

In recent years, in part because of poor crops in their territories, the Soviet Union, Eastern Europe and mainland China became large buyers of Canadian wheat. In 1968 some 7.6 per cent of Canadian exports went to these countries but, with improved crops since then, the share has fallen below 3 per cent. Japan, the European Economic Community and Latin America are also significant markets for Canada. At the same time, the developing countries (to be discussed later) are receiving considerable attention from Canada as potential markets for its goods and services.

The United States continued as the most important single source of imports, supplying 71 per cent of Canada's needs in 1978 compared with 6 per cent for EEC countries other than Britain. Britain supplied 4.5 per cent of Canadian imports, as did Japan.

In 1978, a year of generally strong growth in world trade and production, Canada's exports increased substantially to the U.S. and at a somewhat slower, but still significant, pace to the traditional overseas markets.

The nature and extent of the geographical shifts in Canadian trading patterns over the years is shown in the tables on the following page.