

structural and policy differences in the main industrial countries. These imbalances contributed to a growth in protectionist pressures, particularly in the United States, which had a dampening effect on the growth of trade, both directly (through trade measures) and indirectly (through uncertainties over future market conditions).

Trends in Canada's international trade

Despite serious problems in some key sectors, Canada's total exports had a very slight growth in value in 1986, rising from \$119.5 billion in 1985 to \$120.5 billion in 1986, a growth of 0.9 per cent. The volume of Canadian exports, however, increased by 4.3 per cent. Imports rose to \$112.7 billion, or about 8 per cent over the preceding year, on an increase in volume of 6 per cent. Thus there was a moderate decline in Canada's terms of trade. Canada retained a favourable global merchandise trade balance of \$7.8 billion in 1986, down from \$15.1 billion

in 1985. Canada's share in world exports, measured in US dollars, is estimated to have been at 4.1 per cent in 1986, down from 4.5 per cent in 1985. Much of this decline could be accounted for by changes in the value of the United States and Canadian dollars. In 1986, about 24 per cent of Canada's gross domestic product was generated through merchandise exports, compared to 25 per cent in 1985 and 23.5 per cent in 1981. Demand for Canadian goods in 1986 was led by domestic spending, rather than by export sales.

Canada's regional trade patterns

The 1986 trade statistics (see Table 1) indicate a very slight erosion of the United States market as Canada's dominant export destination and source of imports, while exports to and imports from the Western European countries increased somewhat, and import growth was strong from Asia-Pacific countries. Canadian exports to

TABLE 1
CANADA'S PRINCIPAL TRADING REGIONS
MERCHANDISE EXPORTS, IMPORTS AND TRADE BALANCES
(Customs Basis)
(Millions of Canadian Dollars)

MERCHANDISE TRADE With:	Exports 1986	Yr-over-yr per cent change 86/85	Imports 1986	Yr-over-yr per cent change 86/85	Trade balance 1985	Trade balance 1986
WORLD*	120 494.4	0.9%	112 678.0	8.0%	15 119.3	7 816.9
UNITED STATES**	93 182.3	0.1%	77 367.0	4.8%	19 234.0	15 815.3
EUROPE	10 834.7	7.3%	15 176.5	18.1%	(2 748.1)	(4 341.8)
Western Europe	9 233.1	12.7%	14 841.1	18.2%	(4 362.2)	(5 608.1)
of which EEC(12)	8 161.0	15.2%	12 811.7	18.6%	(3 715.0)	(4 650.7)
Eastern Europe & USSR	1 601.6	-16.2%	355.4	13.2%	1 614.1	1 266.3
ASIA-PACIFIC	11 105.2	0.7%	14 543.3	23.0%	(799.9)	(3 438.1)
Asia	10 271.9	1.2%	13 857.2	23.5%	(1 072.9)	(3 585.3)
of which Japan	5 933.9	3.4%	7 626.3	24.7%	(377.7)	(1 692.4)
China	1 108.3	-14.5%	566.6	40.4%	893.3	541.7
Pacific	833.3	-5.1%	686.1	13.4%	273.1	147.2
LATIN AMERICA	3 340.9	14.5%	3 979.4	-10.7%	(1 540.3)	(638.5)
South America	1 782.0	23.2%	1 894.7	-20.9%	(949.0)	(112.7)
Central America & Caribbean	1 558.9	6.0%	2 084.7	1.1%	(591.2)	(525.8)
AFRICA-MIDDLE EAST	1 999.2	-14.5%	1 638.2	16.6%	933.6	361.0
Middle East	1 112.5	-11.7%	628.3	69.3%	888.1	484.2
Africa	886.7	-17.8%	1 009.9	-2.3%	45.5	(123.2)

SOURCE: Statistics Canada, CANSIM Database.

* World total includes Greenland, St. Pierre and Miquelon

** In June 1987 Statistics Canada and the US Department of Commerce published reconciled figures for Canada-US trade of \$77 288 for Canadian imports and \$95 723 for Canadian exports