

processing of our exports increases. Thus, the U.S.A. imports 48% of Canada's exports of raw materials, 63% of our semi-processed exports, and 76% of our processed exports. Looked at positively, this indicates that Canada has managed to increase the value of her processed exports to the country that has been most receptive to them. Examined negatively this trend describes a sizeable dependency. Nevertheless, Canada has begun to diversify her markets in all stages of fabrication but that of unprocessed goods, and it can be argued that while raw exports are a sign of our reliance on the US market, they are also a sign of American reliance on Canadian sources.

Japan:

Japan is the nation which imports the second highest value of Canadian goods. In 1980 Japan imported \$4.4 billion worth of Canadian products, which amounted to 5.9% of Canada's total exports. Of our major trading partners Japan has shown the most growth in all categories over the previous decade. In that period Japan surpassed the U.K. as Canada's second most important single export market. While Japan was our fastest growing major market it continued to purchase largely unprocessed goods, and practically ignored processed Canadian exports.

Japan presents a pattern of trade which is diametrically opposed to that of the USA. As the degree of processing of Canadian exports increases, the percentage of the total which Japan imports decreases. In 1980 Japan imported 12.6% of Canada's unprocessed exports, 5.4% of Canada's semi-processed exports, and 0.5% of Canada's processed exports. Even in terms of Japanese imports alone, processed goods were unimportant. Japan imported 60.2% of her Canadian imports in raw form, 37.2% in semi-processed form, and 2.6% in processed form (see Appendix B). Thus, the Japanese case illustrates a failure of the Canadian value added efforts. Although one would expect Japan to import a great deal of raw materials, the degree to which the Japanese market is closed to Canadian processed goods, and therefore to which our policy has failed in our relations with Japan, is surprising.

European countries:

The UK and W. Germany are Canada's third and fourth most important export markets. Although the tendency is to believe the fifth to be France, both the USSR and the Netherlands are more important to Canada. The Netherlands imports approximately 45% more Canadian goods than does France although this difference can be partially accounted