

# Introduction

The economies of the European Community and Canada are similar in a number of ways: both are based primarily on the principle of the free play of market forces; both are also, by world standards, developed industrial societies; both economies are increasingly based on modern and efficient industry with a growing emphasis on advanced technology.

Though Canada and the European Community have reached broadly similar stages of industrial development, there are great contrasts in the nature of their respective economies.

The Canadian landmass, one of the world's largest, is over six and a half times that of the European Community; but its population of 23 million is only one-eleventh that of the Community (260 million). The European Community's GNP is second only to that of the United States while that of Canada follows the U.S.A., the Community, the USSR, Japan and China (sixth rank). On a per capita basis, however, Canada's GNP is one of the highest in the world and is slightly higher than that of the European Community. As a proportion of GNP, trade is important to both entities though considerably more so in the case of

Canada than that of the Community: exports account for 20% of Canada's GNP and over 10% of that of the Community.<sup>(1)</sup> In the case of imports, the respective percentages are similar.

A major contrast between the economies of the European Community and Canada is that the latter, unlike the Community, has extensive natural resources such as natural gas, petroleum, metals and minerals and forest products. On the whole, therefore, Canada is able to supply many of its own needs while the European Community depends heavily on imports of a number of raw materials (including energy products).

Another contrast between the European Community and Canada is to be found in the field of agriculture. With its extensive agricultural resources and mechanized and large-scale production methods, Canada has become the world's second largest exporter of cereals.

<sup>(1)</sup> percentage based on extra-Community exports

The Community practises more intensive methods of production and although it is the world's largest wheat producer, it remains a net importer of cereals and cereal preparations.

In addition, while secondary industry is of major importance to both the Community and Canada, each has developed its own areas of specialization.

Contrasts such as these have greatly influenced the pattern of trade between the two economies and represent an important element of complementarity.