

▶ Commercial and Economic Relations between Canada and France

The General Agreement on Tariffs and Trade (GATT), in which France participates as a member of the EEC, governs the multilateral aspect of trade relations between Canada and France. In the early 1950s, closer trade ties were established between the two countries by the France-Canada Economic Commission (FCEC) which has, since its inception, given its members the opportunity to examine the state of their economic and trade relations and to find means of stimulating their trade.

In January 1987, Canada and France signed an economic and industrial agreement to promote joint ventures, direct investments, technology transfers, co-operation in research and development and marketing new products.

1 General Trends

According to Statistics Canada, in 1982 Canadian exports to France decreased by 27.6 per cent (to \$705.4 million) and by 15.6 per cent to the entire EEC. While the trade situation between Canada and France seemed precarious at that time, it has since improved. In fact, between 1983 and 1986, Canadian exports increased by 53 per cent, from \$626 to \$962 million. The sectors listed below experienced the largest increases:

- energy products (mainly coal) where export figures soared from \$1 million in 1983 to \$73 million in 1985;
- mineral ores, particularly non-ferrous ores, which increased to \$173 million (up 27 per cent);

- metals and their derivatives increased from \$146 million in 1983 to \$246 million in 1986, a jump of 68 per cent; and
- professional equipment, which totalled \$210 million (up 106 per cent). The best performing sectors are office equipment and professional electronic equipment (up 71 per cent since 1983), and aeronautics (up 258.9 per cent in 1986).

In 1986 Canadian exports to France rose to \$962 million, representing a 27 per cent increase over 1985. Imports rose to \$1.585 billion, an increase of only 13.1 per cent, producing a considerable decrease in the Canadian trade deficit — from \$381 to \$284 million. For the first time since January 1985, the balance of trade was slightly in Canada's favour during November and December 1986 (+ \$39 million and + \$57 million respectively). Among the sectors with significant export volumes, agriculture and food products rose to the top of the list (they increased by 50 per cent). Canadian exports of consumer goods increased by 43 per cent, thus making up for their poor performance in 1985 and they are currently slightly above their 1983 and 1984 levels. Canada's trade deficit for this sector is still very large (— \$270 million), even though the gap between the two countries is narrowing.

Canadian exports of raw materials, particularly wood, pulp and paper, sulphur, unprocessed iron pyrites, other raw minerals, iron ores and concentrates, and base-metal ores, occupy a favourable position in the French market. Figures for Canadian exports of chemical and related products are quite high, especially for hydrocarbons and their derivatives, radioactive material and associated products, and various products manufactured by chemical industries. As for semi-finished products, Canadian exports could gain market shares in the areas of iron or steel bars and profiles and copper.

Overall, Canada exports a greater percentage of goods to the EEC than to France. For certain products, promotional efforts can improve the position of Canadian exporters in the French market. These products include:

- all electrical and electronic products, specifically materials used in the production and transformation of electricity, electrical equipment, durable electrical consumer goods and medical and radiology equipment;
- all industrial equipment for general use, except maintenance equipment;
- all specialized equipment for specific industries, excluding materials for the food industries, but including materials for construction, civil engineering and the paper industry; and
- computer equipment (to a lesser degree).