

Food and crude materials, though still important in Canadian exports, accounted for only about one-third of all shipment in 1973, approximating the proportion these products form of all world imports. But, if total trade in foods has moved slowly, this cannot be said of meat, fish, dairy products and alcoholic beverages, all of which are important Canadian exports.

Canada's specialization in mineral and forest products modifies the impact of sluggish markets for crude materials. In the energy sector, moreover, the continuing development of oil and gas supplies in Canada provided major economic benefits, particularly following the sharp rise in the cost of imported petroleum and petroleum products since late in 1973.

In the further-manufactured groups, Canada's exports have been conditioned, until recently, not only by specialization in resource-related industries but also by the general organization of end-products and semi-fabricated products within a protected domestic market.

Canada is famous for newsprint and non-ferrous metals, world demand for which has increased at a moderate rate. But world trade in semi-fabricated metals, paperboard, fine papers and chemicals has grown faster, as have exchanges in machinery and equipment, Canadian participation in which, once limited mainly to farm machinery and certain electrical lines, has in recent years broadened considerably.

Canada has recently improved its performance in these areas, in part because of special defence and aid programs but also through a wider realization of the possibilities in rationalizing secondary industries in relation to the international market. This is particularly so with respect to automobiles and parts, the export sales of which have contributed greatly to the high rates of increase in Canadian exports since 1965.

The important factor here has been the rationalization of the Canadian and United States automotive industries effected by the Automotive Agreement that was ratified by the two countries in 1965 -- a move designed to create, over a period, a common market in automotive products in North America. For Canada, this produced exports of about \$5,290 million in 1973, over 14 times the exports of automotive products in 1965, and up by over 50 per cent from 1970.

In all, recent gains have reflected encouraging progress by Canada in exports of all manufactured goods. Sales of machinery and
