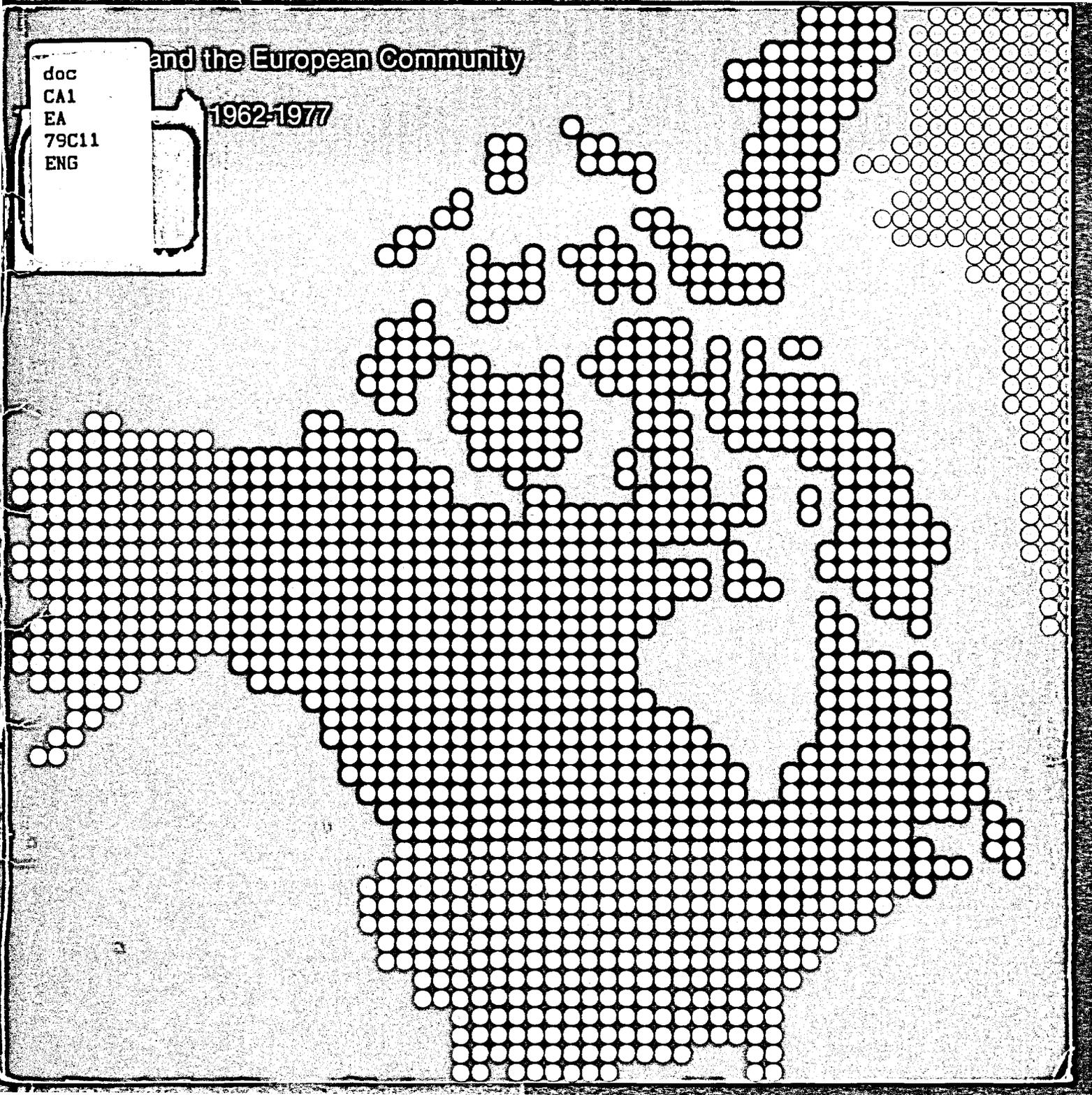
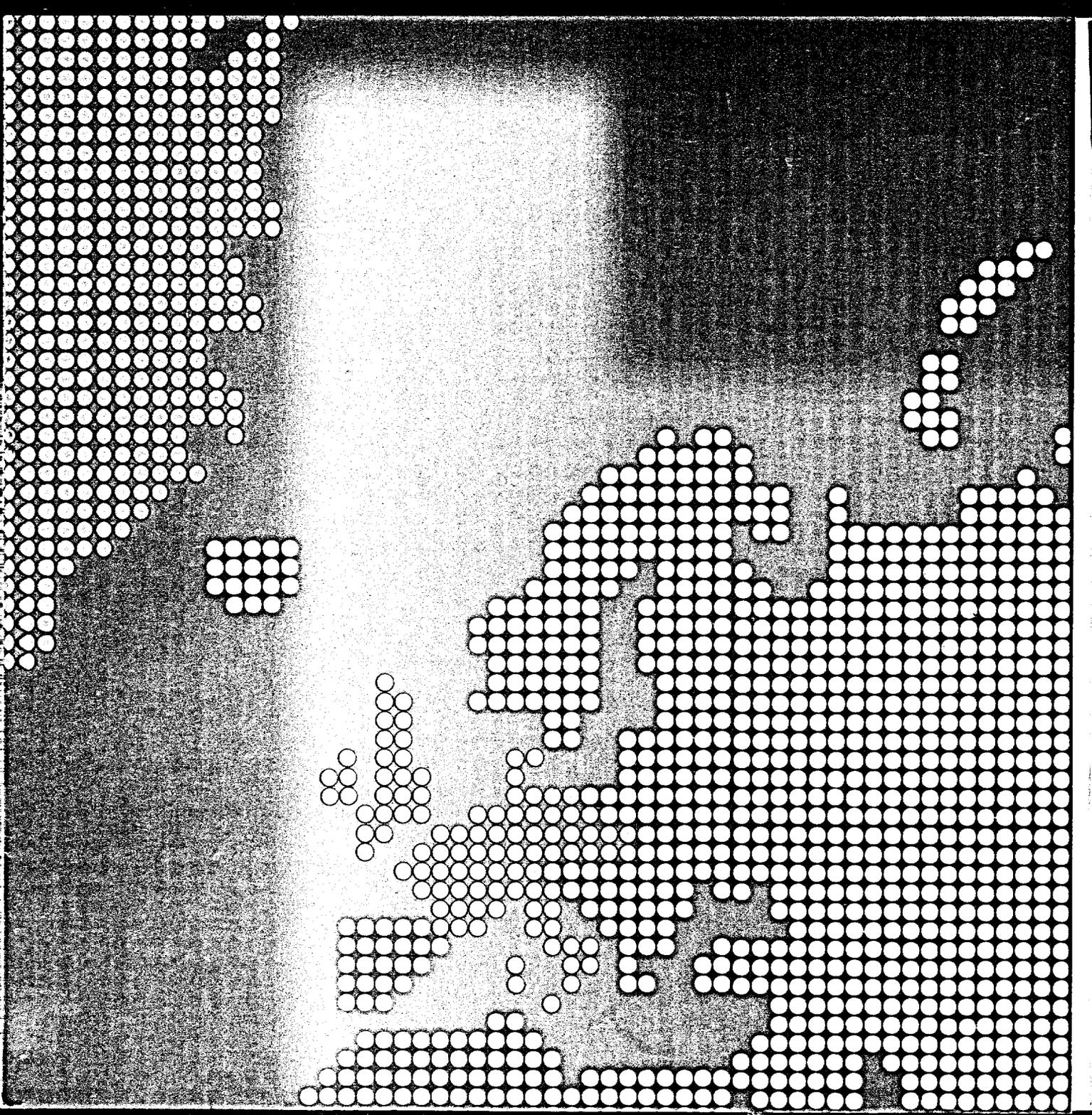


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# Contents

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Foreword	2
Introduction	3
Canada and the European Community in world trade	4
Structure and development of trade between Canada and the European Community	5
Overview	5
Canadian Exports	5
European Community Exports	7
Factors which have influenced the development of trade between Canada and the European Community	9
Looking towards the future	12

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## Foreword

Shortly after the entry into force of the Framework Agreement for Commercial and Economic Cooperation in October, 1976, Canada and the European Community agreed that to enhance future cooperation, they should take a closer look at the state of the existing commercial and economic ties. For this purpose, they decided to undertake joint analyses of such subjects as trade and investment flows. The study of trade flows between the two entities was chosen as the first such project. The main objectives of the analysis were to look at how this trade has developed over the last 10 to 15 years, and to identify the factors that have affected its development or may do so in the future.

A substantial amount of statistical data was gathered for the purpose of this study. The present paper includes only some of the results of this work, those that were considered particularly significant in providing an overview of the state of the trade, and the following study should therefore not be considered to attempt exhaustive treatment of the subject.

To facilitate comparisons, the European Community has been treated throughout as though it were a community of nine even though Britain, Ireland and Denmark became members only in 1973. Some account has, however, been taken of differences in trends of Canadian trade with the original community of six and with Britain.<sup>(1)</sup>

Hopefully this brief study will contribute to a better understanding of the importance of the trade between Canada and the European Community and the potential for developing it. It is hoped that it will help individual businessmen reflect on ways and means of furthering cooperation between Canada and the European Community and will encourage more in-depth studies on the subject by universities, research institutions and business associations at large.

<sup>(1)</sup> In most cases, the statistical data are in current dollars and therefore reflect the substantial increases in prices which have taken place over the period examined. There is no readily available way of deflating the basic data to constant dollar figures, because of such problems as the wide variations in the movement of prices in individual Member States of the Community and the differences in price trends between specific commodities in a given sector. However, an attempt has been made to indicate in approximate terms the real growth in the total trade.

# 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.

## Canada and the European Community in World Trade

The Community is the world's largest trading entity, while Canada ranks fourth (following the USA and Japan). On a per capita basis, however, Canada's exports are almost three times larger than those of the Community. As the following illustrates, the structure of their respective trade as well as its distribution among their various trading partners are also different.

The Community's total exports (excluding intra-Community trade) reached about 187 billion dollars in 1977.<sup>(1)</sup> More than 70 percent of its sales abroad were in the field of fully manufactured goods. Machinery and transport equipment were the main component in this sector. The remainder of its exports were mainly in the semi-fabricated sector (e.g. chemicals, plastic materials, textiles, iron and steel). Agricultural products accounted for less than 10 percent of the total (see Annex 2). The Community's major customer by far is the United States. Its other important markets are found particularly in Western Europe (e.g. Switzerland, Sweden, Austria, Spain, Norway), and to a lesser extent in Eastern Europe and the Mideast and Africa.

The European Community's total imports reached 194 billion dollars in 1977. Almost 30 percent of these imports are concentrated in energy products and more than one-quarter of them in food products (mainly cereals) and raw materials (forest products, metals and minerals). The remainder of the imports are mainly in the semi-fabricated and machinery and transport equipment sectors. The Community is a major market for a number of countries; its main supplier is the United States, while other major suppliers are in the Middle-East (e.g. Saudi Arabia, Iran), in Western Europe (e.g. Sweden, Switzerland), in the Pacific area (e.g. Japan) and in Eastern Europe (e.g. Soviet Union). These countries supply about 45 percent of the Community's total imports.

Canada's total exports reached over 41 billion dollars in 1977. They consist largely of semi-fabricated products (metals, lumber, woodpulp, newsprint paper, chemicals) and end products (mainly transportation equipment and machinery) each accounting for one-third of the total. Crude materials (mainly minerals) make up over 20 percent of Canada's total exports while food and agricultural products (mainly cereals and fisheries products)

account for about 10 percent (see Annex 3). Canada's major export market, the United States, absorbs over two-thirds of all Canadian exports. It is followed by the European Community and Japan which respectively take 12 percent and 6 percent of total Canadian exports.

Canada's total imports reached over 39 billion dollars in 1977. About 60 percent of them were in the end products sector (mainly machinery and transportation equipment). The semi-fabricated and crude materials sectors account respectively for 18 percent and 14 percent of total Canadian imports, while food and agricultural products make up only about 7 percent of the total. On the import side, the USA — again followed by the European Community and Japan — is also Canada's most important trading partner with between 67 percent and 70 percent of Canadian imports in recent years. Of course, the relative importance of the major commodities in total Canadian imports varies from one country to another.

(1) For comparison purposes, all values in the present study are expressed in U.S. dollars, except when indicated otherwise.

# Structure and Development of Trade between Canada and the European Community

## Overview

In 1962, bilateral trade between Canada and the nine countries that now make up the European Community amounted to a little over 2 billion dollars. By 1977 this trade had recorded almost a four-fold increase to reach some 7.8 billion dollars. (In real terms, this is estimated to represent almost a doubling of bilateral trade over the sixteen-year period.) During this period Canadian exports to the Nine increased from 1.3 billion dollars to over 4.3 billion dollars. The Nine's exports to Canada rose from 850 million dollars to 3.5 billion dollars. Today the European Community is, by a wide margin, Canada's largest trading partner after the United States. Over the years Canada has had a merchandise trade surplus with the EC — almost \$1 billion in 1977.

The aggregate figures, while impressive in volume terms, camouflage important trends in each partner's overall trade profile. While in 1962 twenty-two percent of total Canadian exports went to the Nine, by 1971 this share had dropped to 14 percent and today is less than 11 percent.<sup>(1)</sup> Conversely, Canada's share of the import market of those European

countries which now comprise the EC (intra-Community trade excluded) has fallen from 4.7 percent in 1962 to 2.6 percent in 1977. Canada's share of imports into the original member countries of the Community has decreased very little over the 15-year period, while its share of imports into the United Kingdom has dropped off significantly.

Similarly, the share of the European Community's total exports going to Canada declined to 1.9 percent in 1977 from 3.2 percent in 1962. In terms of imports into Canada, the Community countries had just under 8.7 percent of the Canadian import market in 1977, down from 14.5 percent in 1962 (see Annex 4). As in the case of Canadian exports to the Community, the slower rise in Canada's imports from that area is primarily a reflection of the trend in trade with the United Kingdom. The original six members of the Community have slightly increased their share of Canadian imports (see graphs in annex).

The pattern of bilateral trade between Canada and the European Community is broadly similar to that of their trade with the world at large. The bulk of Canadian exports to the Community consists of agricultural products and industrial materials, while the major part of the Community's exports to Canada is in the end-products sector.

## Canada's Exports to the European Community

### Structure

A major characteristic of Canadian exports to the European Community is that over 80 percent, in dollar value, can be classified under three broad categories: food products, raw materials (other than mineral fuels) and semi-fabricated products. In recent years, chemicals, machinery and transportation equipment and manufactured articles together have varied between 12 to 18 percent of total Canadian exports to the Community.

Another salient feature of Canada's exports to the Community is that a small number of products or groups of products (not more than a dozen) make up about half of the trade. These products are in the food and agricultural sector (e.g. wheat, barley and fisheries products), the forest products sector (e.g. lumber, wood-pulp and paper) and the metals and minerals sector (e.g. iron ores, zinc ores, nickel ores, copper metal and asbestos); (see Annex 5).

(1) If energy materials which have been affected by rapid price increases and automotive goods which are subject to a special arrangement between Canada and the United States are excluded, Canadian exports to the Community represented 23 percent of total Canadian exports in 1962 compared to 17 percent in 1976.

A number of Canadian producers sell the bulk of their exports to the European Community. For example, in 1977, the Community purchased the following proportions of Canadian exports: 85 percent of unmanufactured tobacco; 38 percent of vegetables and vegetable preparations; 60 percent of zinc ores and concentrates; 46 percent of copper metal; and 51 percent of nickel ores and concentrate. Almost one-third of total Canadian export sales of barley, woodpulp and asbestos, and one-fifth of iron ore, wheat and medicinal and pharmaceutical products also went to the Community.

#### *Trends and Market Shares*

A quick look at the trends in Canadian exports to the European Community over the last few years demonstrates clearly that this pattern of trade has not been static. While its structure or composition has not changed drastically, certain developments are worth noting.

The most significant growth has been registered by woodpulp, sales of which, for example, were more than three times higher in 1977 than in 1970. Greatly increased markets have also been developed in the ores and metals sectors, e.g. iron,

nickel, zinc, copper and asbestos. In the food sector, exports of vegetables and vegetable preparations as well as fish and fish preparations have increased substantially. (See Annex 5)

Significant progress has been registered in the field of manufactured goods. The value of Canadian end-product exports to the European Community increased by three times since 1970, reaching almost half a billion dollars in 1977 (their value was 157 million dollars in 1970).<sup>(1)</sup> Some of the increases registered since 1970 are: ships and boats from almost nil to 56 million dollars; office machines from 26 to 59 million dollars; telecommunications equipment from 15 to 34 million dollars. These few examples demonstrate that Canadian exporters have developed and continue to develop new markets in the Community. The increasing importance of exports in the manufactured goods sector reflects both the fact that Canadian industrial products are gaining wider world recognition and the fact that

<sup>(1)</sup> In real terms, Canadian exports of end products to the European Community are estimated to have more than doubled during the last decade.

Community industries are becoming more aware of Canadian capabilities in a number of fields such as those mentioned above. However, Canadian exports to the Community in the end products sector have been increasing, particularly since 1970, at a much slower rate than total Community imports of these products.

While the dollar value of Canadian exports to the European Community of most of the leading items has increased substantially over the last 10 to 15 years, their individual importance in total Canadian exports to the Community has varied considerably. For example, wheat, a major component of Canadian exports, accounted for one-fifth of total exports to the European Community in 1962, but its share was only 8 percent in 1977. On the other hand, woodpulp, another major component of Canadian exports, made up 3% of total exports to the European Community in 1962, but had reached over 13% of the total in 1977. The trend is similar in the case of ores and concentrates: during the sixties they accounted for a relatively small proportion of total Canadian exports to the Community, while in 1977, iron, nickel and zinc ores alone accounted for almost 14 percent of the total (see Annex 7).

The importance of these major Canadian exports as a proportion of Community imports has also varied.

While again the dollar value of most of the major Canadian exports has increased substantially, Canada's share of the Community market for these commodities has not always increased or even been maintained. In certain cases it has dropped substantially between 1970 and 1977. For example, the dollar value of Canadian barley exports to the Community more than doubled during the period but Canada's share of the Community's total imports of barley fell from 58 percent to 27 percent. Another example is nickel ores where Canada's share of the market dropped from 80 percent to 62 percent during the same period. Reductions in market shares also occurred for zinc ores, lumber, tobacco, paper and paperboard, copper metal, electrical equipment, telecommunications apparatus and aircraft. For a number of commodities, on the other hand, Canada increased substantially its share of the Community import market from 1970 to 1977. Examples include wheat (from 37 percent to 62 percent), woodpulp (from 15 percent to 24 percent) and

asbestos (from 57 percent to 60 percent). The Canadian share of the Community market has also risen for a number of commodities in the end products sector in the first half of the seventies, e.g. aircraft engines, office machines, construction and mining machinery, ships and boats: however, more recent trends are less positive (See Annex 8).

#### **European Community's Exports to Canada**

##### *Structure:*

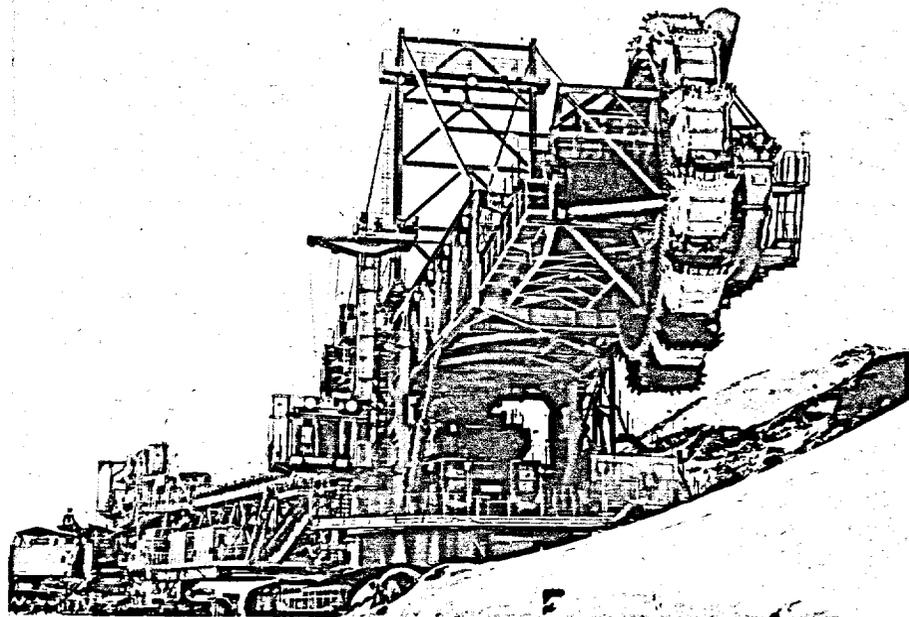
In contrast to the relative concentration of the principal Canadian exports to the European Community, exports from the Community to Canada are much more diversified. The following export profile reflects not only the Community's productive capacity but also the import requirements of Canada.

The most important category of the Community's export trade with Canada is machinery and transport equipment. Machinery other than electric, transport equipment and electrical machinery apparatus and appliances rank first, second and third respectively. However, electrical machinery and transport equipment are less important in Community exports to Canada than in its

exports to industrialized countries as a whole. Beverages rank fifth in Community exports to Canada. Other important items include clothing, professional, scientific and controlling instruments, photographic and optical goods, watches and clocks and miscellaneous manufactured articles, not elsewhere specified. Together, these items account for 12.3 percent of the Community's exports to Canada, higher than the comparable shares of the European Community exports to the U.S.A. and to the industrialized countries at large. Manufactured goods classified chiefly by materials; textile yarn, fabrics, made-up articles and related products; non metallic mineral manufactures, not elsewhere specified; and iron and steel account for 16 percent of Community exports to Canada. This is also higher than the respective U.S.A. or industrialized countries' share. However, iron and steel is fourth in order of export values to the U.S.A. as well as for industrialized countries generally, whilst this division takes only seventh place for Canada. Chemical elements and compounds amount to 3.9 percent of European Community exports to Canada, i.e. in ninth place, compared to third place in Community exports to the U.S.A.

### *Trends and market shares*

In general, Community exports to Canada seem to have shared proportionately in the increasing importance of industrial products in Canada's total imports. "Finished manufactured goods" representing 54% of all E.C. exports to Canada, remains the dominant export category. However, across the spectrum of the Community's exports trade with Canada there is no uniformity of performance. In the machinery and transport equipment sector, where Canadian industrial imports have increased particularly sharply, the Community's share has been reduced from 14 percent in 1962 to 6 percent in 1977. Iron and steel and manufactures of metals not elsewhere shown are examples of sectors with low growth rates and low shares. By contrast, some areas have shown rapid increases. The very high growth rate in beverages — Canada now takes 7.6 percent of the Community's beverages exports — is particularly outstanding. In addition, the rapid increase of Community's exports of clothing and miscellaneous manufactured articles to Canada (from 1968 to 1977 — 198%) is also noteworthy.



## Factors which have influenced the development of trade between Canada and the European Community

While detailed examination, involving consultations with both producers and consumers, would be needed to determine precisely the reasons for the trade performance of individual products, a number of general factors have clearly influenced the development of Canada/European Community trade.

An important influence has, of course, been the very process of European economic integration — a development which parallels the time frame of this analysis. In this general context, certain aspects merit emphasis. The relative deterioration in the Canada/United Kingdom trade account has been largely uninterrupted throughout the 1962-1977 period (a trend beginning well before the U.K. became a member of the Community in 1973). Secondly, this deterioration is responsible for virtually the entire relative decline of Community-Canada trade. In contrast to the dramatic decline over the past seventeen years in the relative significance of Canada-U.K. trade, there has been very little change in the relative importance of other Community countries as a source for Canadian imports. There was a slight decline in the comparative share of the "other EC" market as a destination for Canadian exports.

The establishment of the Community of Six in 1958 involved changes in access terms for many Canadian products including the creation of reverse preferences. However European integration has particularly affected Canada's trading relationship with Britain, first indirectly through the establishment of EFTA and later through British entry into the Community. These developments have resulted in the elimination of the tariff preferences which benefitted about one-third of Canadian exports to that country and the loss of free entry and creation of reverse preferences on about half of Canada's shipments to Britain. Association arrangements with the Community enjoyed by some non-member countries have also adversely affected Canada's competitive situation vis-à-vis these countries. On the other hand, to the extent that European economic integration has accelerated economic growth of member countries, this has no doubt increased demand for products of third countries including Canada.

For Canada, geographical contiguity with the U.S.A. has led to greater concentration of its trade towards that country. In addition the Canada-U.S. Automotive Products Agreement has transformed not only Canada's trading relationships with the United States but also the composition of Canada's trade statistics. Joint defence-purchasing agreements assisted in a similar rationalization of production in certain industries such as parts of the aircraft manufacturing industry.

At the same time, various factors have made for a diversification of suppliers to both the Canadian and the Community's markets. Certain countries have emerged as highly competitive suppliers for a variety of products in both the industrial materials and manufactured goods sectors. In addition, the establishment of a generalized preference scheme by industrialized countries has improved the terms of access to their markets for beneficiary countries. These factors, together with the presence of rising costs of production or slow productivity growth have affected the international competitive position of certain manufacturers in both the Community and Canada, and thus the trade flows between them.

The general economic environment has also had important effects on the trade and economic links between Canada and the Community. Rapid economic growth both in Canada and the Community stimulated industrial production and international trade. The 1970s have witnessed major developments both in Canada and the Community as economic development and adaptation took place. In Canada, there have been major projects relating to energy development and resource extraction and transformation. These resulted in very large imports of machinery and equipment, although the participation of Community exporters has not been as great as that of other partners. In the Community, important investments in new production facilities and in the extensive modernization of existing facilities, coupled with the consumer impacts of substantially higher standards of living, have generated a significantly greater demand not only for industrial raw materials but also for industrial and other manufactured articles. Canadian exporters have increased their sales substantially in the field of industrial raw materials (metals and minerals, forest products) but they have failed to keep pace with the expansion of total Community imports in the fields of machinery and other manufactured articles.

Evidently some of the sectors mentioned above are examples of longer term high growth sectors in which, despite the growth of imports on one side and the apparent existence of significant production capacity on the other side, the expansion of trade has fallen short of what might have been expected if greater attention had been paid to the market potential of such high growth sectors, and greater export efforts had been made.

The recent world-wide economic recession had had, of course, a significant short term impact on trade between the Community and Canada. In addition, price movements of internationally traded commodities have affected trade in value terms even in the absence of much change in volume. This is for example true of wheat, certain metals and minerals and energy products. (The biggest single example of this is the enormous increase in the Community's "oil bill" since 1973 which despite some success by the Community in restricting its need for oil imports has strongly influenced the Community's present trading pattern and structure. To a certain extent, the same is true for Canada).

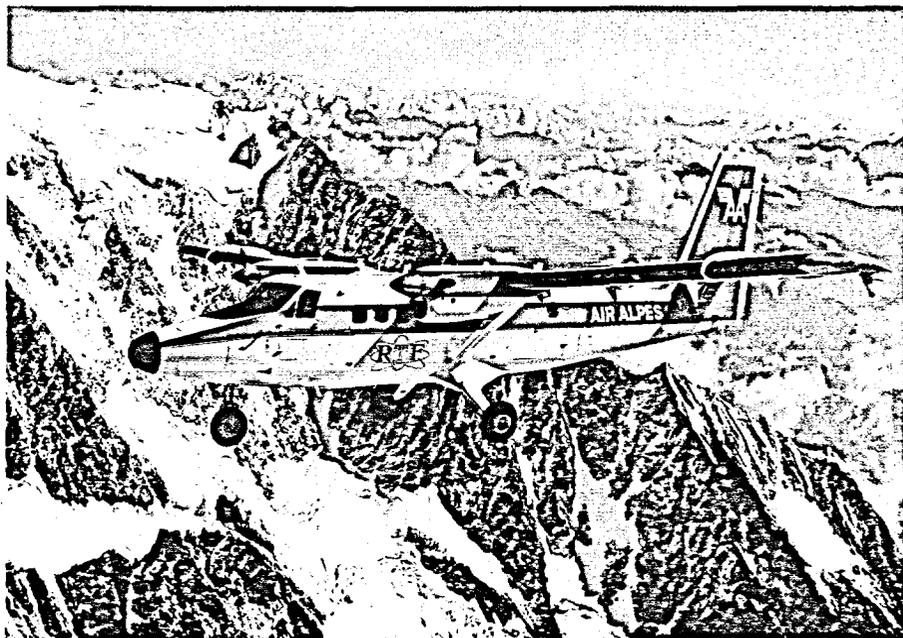
There have also been changes in the terms of access for Canadian and Community goods to one another's market. Major improvements in the terms of access for both sides have resulted from the past rounds of the multilateral trade negotiations.

Changing tastes have also influenced trade. Increased consumption of wines in Canada and the growth of a substantial market for European cultural material and for certain specialty foodstuffs, partly as a result of postwar European immigration, have stimulated Community exports of these items to Canada. The shift in Western Europe from grains to other foods is another example of changing consumer preferences influencing trade.

Social and cultural ties, some of long standing and others of more recent origin, have influenced economic links and are likely to continue to do so. The ties of history and language which link Canada on the one hand and the United Kingdom and France on the other are well recognized. But it is not so well recognized how the ethnic composition of the Canadian population has been fundamentally altered in the last quarter-century as a result of

immigration not least from other Community countries. This has provided a natural community of cultural interests between Canada and the European Community not totally dissimilar from that within the Community itself. This will continue to result in an intensification of contacts, communications and a broadening in the range of goods traded. Even the adoption by Canada of the metric system should help facilitate the exchange of goods.

Developments in transportation and communication over the last couple of decades have meant that the geographic barrier which the North Atlantic Ocean poses to economic inter-change between the two markets has been greatly reduced. Rapid and less expensive air travel, more efficient methods of transporting final consumer and producer goods, new sophisticated methods of data communication facilitating centralized management control over long distances, all have brought about a revolution in the consequences of geography for the relations between Canada and the European Community.



## Looking Towards the Future

The past seventeen years have witnessed a substantial growth and diversification in Canada-EC trade although, when measured against the growth of the two economies and the expansion of their foreign trade generally, it is clear that the full potential has not been realized. Of course, bilateral trends have in significant measure been overshadowed by major changes in the global economic environment such as those relating to energy supplies and prices. Moreover, during the period under review, the process of Community economic integration and the development of Canada-U.S. trade flows have been predominant influences. Nevertheless, the growth and diversification which has taken place in Canada-EC trade has provided a broader economic base and made for a more informed partnership for the future. What steps are needed to realize this potential? What factors, both domestic and international, can now be identified as likely to bear upon the future development of this important bilateral relationship?

The role of governments appears to be three-fold: firstly to pursue policies creating a climate which encourages growth and development; secondly, to assist in identifying and making known specific opportunities for cooperation between Canadian and Community firms; and thirdly, to seek to remove constraints or impediments to such cooperation which are identified by the private sector. It is precisely in these ways that the Canada-European Community Framework Agreement for Commercial and Economic Cooperation can stimulate and facilitate entrepreneurial activities leading to increased trade and investments. Small and medium-sized companies in particular may find this action helpful.

Turning to the general economic setting, it is apparent that both the European Community and Canada have reached a state of economic development conducive to a strengthening of economic ties across The North Atlantic. For the last two decades, both market areas have been involved in a rationalization of economic activity on a regional basis. In Canada, corporate and other economic ties with the

United States are extensive and likely to continue to be so. In the Community, moves towards integration and enlargement will continue. However, the specialization and economies of scale achieved on the basis of continental markets have also facilitated a more vigorous penetration of overseas markets generally.

Canada has not moved as far as the Community in this regard because of its much smaller domestic market and because its integration of production on a continental basis has covered a more limited range of industries. Yet Canada has already attained a substantial growth in worldwide exports of certain capital goods indicating a maturing of its industrial base. The need to strengthen further Canada's secondary industry (and overcome small domestic market structural problems) will undoubtedly lead to continuing emphasis on expanding export markets. It will involve greater specialization in sectors in which Canada enjoys increasing competitive advantage.

The European Community, in turn, can look for major increases in exports of industrial goods to Eastern Europe and the Middle East. In Europe, as in the rest of the developed world, industrial adjustment will undoubtedly shift the mix of production in the decade ahead.

These trends suggest that firms in Canada and the Community will find increasing scope to do business with one another and to cooperate in developing opportunities in third markets.

Government industrial policies will have an important influence on the development and performance of Canadian and Community industries. In both the Community and Canada these policies are undergoing change — in part because of internal developments, and in part in response to changing global economic circumstances, including energy price changes. Within the Community, some sectoral strategies have been developed to deal with problems of excess capacity and restructuring. For the long term, the Community is developing sectoral policies in key growth areas, such as microprocessing and aerospace, and monitoring change and promoting innovation through research in these and other sectors.

A similar process is underway in Canada, currently focusing on a major review of twenty-three sectors of Canadian industry. The purpose of these studies, which involve the active participation of the private sector and of provincial governments, is to identify more sharply the prospects for a more self-sustaining and internationally-competitive industrial base and the policies most likely to achieve this objective. The results of these exercises should enable both Governments and the business communities to identify with more precision those sectors which offer the greatest scope for joint ventures and other forms of mutually advantageous business links.

Generally, there is a closer relationship than ever before between production, international investment flows, and international trade. This basic phenomenon is illustrated by the high percentages of Canada-USA and EC-USA trade accounted for by intra-corporate activities. This suggests that the major determinant of future Canada-Community economic relations will be the extent to which the respective private sectors perceive it to be in their commercial

interest to develop increased ties with each other. Indeed the success of the framework agreement will depend on the extent to which the essentially private sector initiatives are facilitated by the activities conducted under it.

It would appear that the greatest immediate potential lies in industrial cooperation in sectors in which a natural economic complementarity can be built upon and in certain high technology sectors. Under the framework agreement working groups involving the private sectors of Canada and the Community are conducting a variety of activities in the areas of forest products, metals and minerals, aerospace, telecommunications, computer software and in the nuclear field.

Both Canada and the Community are facilitating the development of high technology industries, believing that growth in these industries will be a major factor in the continuing strength of their industrial sectors. The cost and complexity of developing high technology processes frequently make it advantageous for companies in more than one country to cooperate.

Several other factors are likely to influence future prospects for bilateral cooperation.

The environment for doing business will be improved by the implementation of the results of the multi-lateral trade negotiations. The resultant reduction of tariff and non-tariff barriers will open up increased trading opportunities between Canada and the EEC, offer greater access to other markets, and provide an impetus to greater industrial specialization.

Demographic factors could also prove significant as they affect the labour force and employment directly, and income, capital investment and market growth indirectly. Demographic trends within the Community and Canada appear to be moving along somewhat different lines.

The Community labour force of just over 100 million persons has grown by only .2% per annum since 1960. However, a period of expansion has now begun which will carry through at least the next five years, with annual labour force growth rates forecast in the order of 1% and more with all of the macro-economic implications this shift will have.

After 1985, an almost stable situation is predicted within the Community of Nine, though in the "candidate" countries it is at this point in time that sharp labour force increases will begin.

By contrast, in Canada, as the "baby boom" generation emerged from the education system and sought jobs, labour force growth was phenomenal — averaging 3.4% a year during the 1965-75 period. Now, however, Canada faces significantly declining labour force growth. It has been estimated that in the 1980s the Canadian economy will have to provide only 75 percent of the employment created in the 1970s to absorb entrants to the labour market. This basic demographic trend will similarly have implications for economic policy, investment patterns, supply/demand trends and Canada's future trade profile. For example, preliminary analysis foresees continued employment creation within the services sub-sector of the economy relative to resources and manufacturing, albeit at a reduced pace. The outlook within manufacturing is mixed although in terms of

both employment creation and export performance continued buoyancy is forecast for the chemical, iron and steel and related sectors.

Longer-term trends are more difficult to quantify. There have been many projections as to the evaluation of the world economy. One of these, the recent U.N. study entitled "The Future of the World Economy", offers a number of possibilities with respect to the year 2,000 compared to 1970. Among many forecasts in that study, the following are illustrative:

agricultural and mineral production, in relation to total domestic output, is currently more important in Western Europe than in North America. This situation is expected to be progressively reversed;

manufacturing production in Western Europe is currently about one-quarter of total world manufacturing output and that of North America about one-third; although both would decline in relative global significance, they would tend to equalize at about one-fifth of world output;

total world trade would increase more than five-fold between 1970 and the year 2,000; similarly the percentage of world gross product crossing national borders would rise about 10 to almost 15 percent;

shifts in world trade would be more complex: North America is expected to improve its net agricultural surplus and to turn a small surplus on manufactures into a substantial one. Western Europe (and Japan) would see a negative agricultural balance only slightly improved, an already significant mineral deficit turn sharply down, and an important manufacturing surplus sky-rocket.

Both the developing countries and, especially, the state-trading countries would take on greater roles in world trade according to the UN forecast, but trade among developed countries would remain preponderant. Developed country exports in relation to total world exports would not change much for agricultural products; would decline by only a few percentage points for manufactures and materials, but significantly, would decline sharply for minerals.

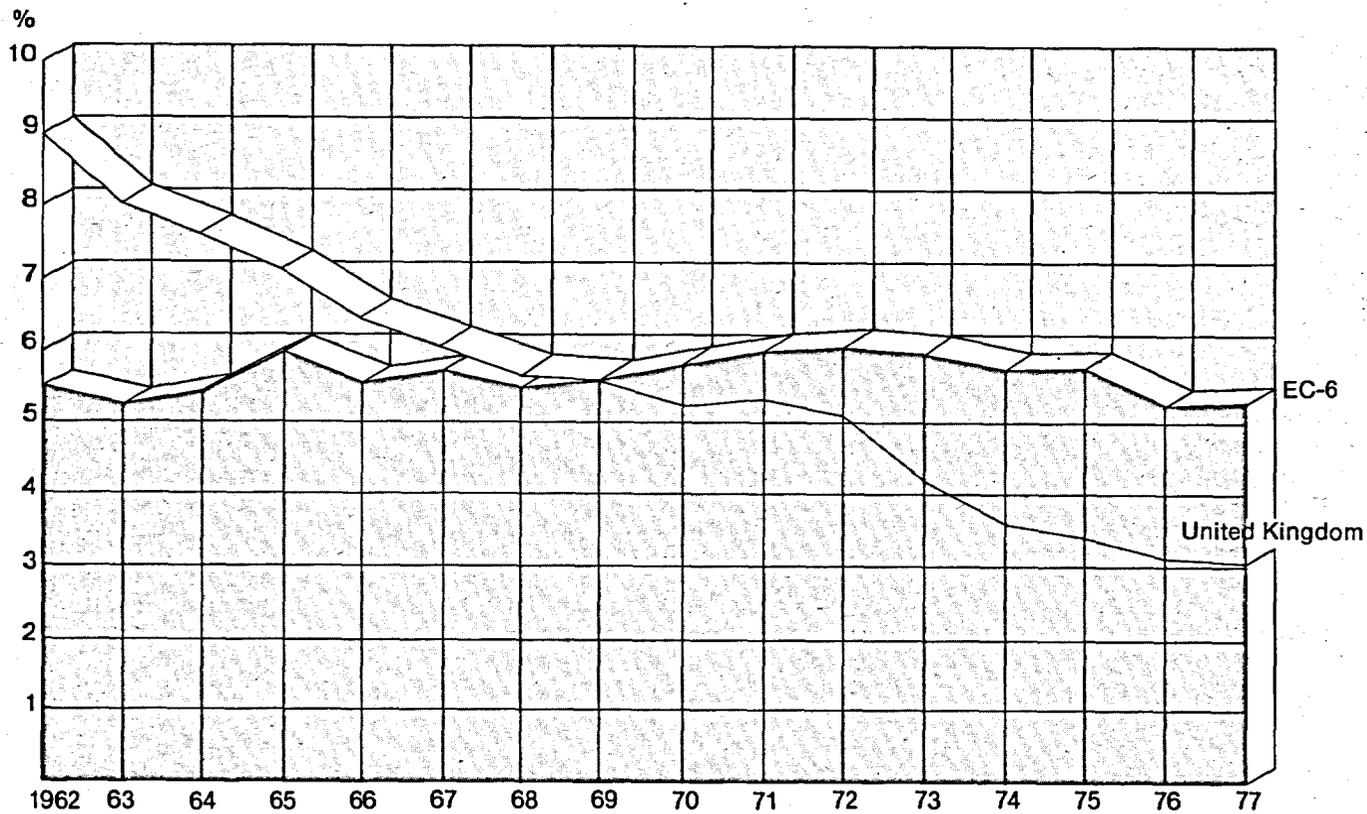
Comparative price trends will of course also be important. For example, the U.N. study notes that, while trade in manufactures is forecast to increase most in volume, on the price side by the year 2,000 mineral resources are estimated to be 2.9 times and agricultural commodities 1.2 times as expensive as manufactured goods compared with current price relationships.

The analysis in the U.N. study has been carried further, in terms of implications for Canada, in a recent study by the Economic Council of Canada. With respect to future trends in the resource-based sectors, the Council concludes that the net effect on Canada will be relatively small. For example, the terms of trade move in favour of such Canadian exports as grain, copper, zinc and primary-metal processing, and they deteriorate only slightly for wood and paper products. On the other hand, the terms of trade shift very much in favour of crude and refined petroleum, which together are forecast to account for 16.5 percent of Canadian imports in the year 2,000 (measured in current prices). Canada would remain a major net importer of highly manufactured goods (such as machinery and electrical products) and services, where world prices are expected to fall relative to resource prices.

These and similar projections, though general in nature, are indicative of the future environment within which trade and economic ties between Canada and the European Community must be pursued. Whatever the limitations of long-term forecasting, the speed and scale of recent change is likely to accelerate; this will place a premium on the careful identification and pursuit of new opportunities. Such an effort appears particularly propitious at this time, given the conclusion of the multilateral trade negotiations and the emphasis now being given both in the Community and Canada to appropriate industrial policies and trade strategies for the future. Realization of these opportunities will clearly depend on timely, effective and innovative action by the public sectors — and over more importantly by the private sectors — in Canada and the European Community, acting both separately and in cooperation with one another.

# Graph 1

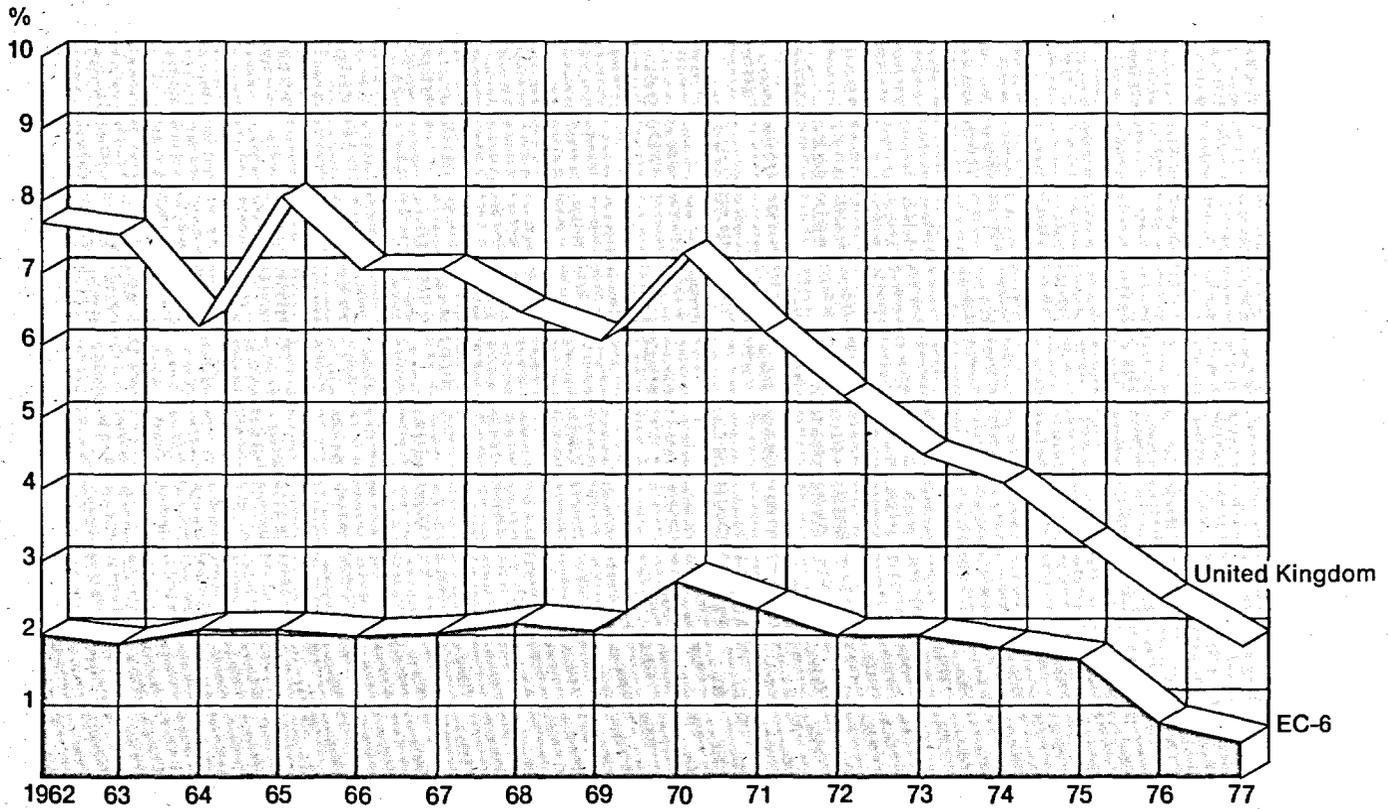
EC and UK proportion in Canada's imports  
(as a percentage of total Canadian imports)



Source: International Trade Data Bank

## Graph 2

Canada's proportion in EC-6 and U.K. exports  
(as a percentage of total EC-6 and U.K. exports)



Source: International Trade Data Bank

# Annex I

## Comparative Economic Data for the European Economic Community and Canada (1977)

	European Economic Community	Canada
Area	1.525 thousands of Sq. Kms	9.976 thousands of Sq. kms
Population	259.1 million	23.3 million
Gross Domestic Product	1.766 billion U.S.\$	174.6 billion U.S.\$
Civilian Labour Force	107.6 million	10.3 million
Employed in Agriculture	8.4 million	0.5 million
Balance of Payments Current Account	+ 2.5 billion U.S.\$	-4.1 billion U.S.\$
Imports (1)	197.6 billion U.S.\$	39.5 billion U.S.\$
Exports (2)	189.9 billion U.S.\$	41.3 billion U.S.\$
Balance of Trade	-7.7 billion U.S.\$	1.8 billion U.S.\$
Production: Wheat	38.2 million Tons	19.8 million Tons
Steel	126.1 million Tons	13.6 million Tons
Passenger cars	10.5 million	1.2 million
Energy: Coal production	240.4 million Tons	23.2 million Tons
Oil production (crude)	47.2 million Tons	64.9 million Tons
Oil imports	485.1 million Tons	17 million Tons (3)
Electricity	1.134.4 billion KWh	316.8 billion KWh

(1) F.O.B.

(2) EC - C.I.F. Canada - F.O.B.

(3) No. of Exports

## Annex 2

### The European Community's External Trade (1977)

(in millions of U.S. dollars)

Major Groupings	Exports	(% of total)	Imports	(% of total)
Foods, beverages and tobacco	11,921	(6.4%)	27,996	(14.4%)
Raw materials	4,714	(2.5%)	26,283	(13.5%)
Fuel products	7,998	(4.3%)	56,254	(28.9%)
Chemicals	21,810	(11.7%)	9,038	(4.6%)
Machinery and transport equipment	80,951	(43.2%)	28,142	(14.4%)
Other Manufactured products	59,890	(32.0%)	42,222	(21.7%)
<b>Total</b>	<b>187,284</b>	<b>(100.0%)</b>	<b>189,935</b>	<b>(97.5%)</b>

Source: International Trade Data Bank

# Annex 3

## Canada's External Trade (1977)

(in millions of U.S. dollars)

Major Groupings	Exports	(% of total)	Imports	(% of total)
Food and live animals	3,918	(9.5%)	2,834	(7.2%)
Beverages and tobacco	356	( .9%)	233	( .6%)
Crude materials, inedible	8,557	(20.7%)	1,579	(4.0%)
Mineral fuels	5,171	(12.5%)	3,920	(9.9%)
Animal and vegetable oils and fats	123	( .3%)	96	( .2%)
Chemicals	1,696	(4.1%)	2,347	(5.9%)
Manufactured goods	7,197	(17.4%)	4,846	(12.3%)
Machinery and transport equipment	13,522	(32.7%)	19,243	(48.7%)
Miscellaneous manufactured articles	753	(1.8%)	4,087	(10.4%)
<b>Total</b>	<b>41,293</b>	<b>(100%)</b>	<b>39,185</b>	<b>(99.2%)</b>

Source: International Trade Data Bank

# Annex 4

## Canada/EC Trade (1)

(in millions of U.S. dollars)

Year	Canadian exports to EC	Canadian exports to EC as % of total Canadian exports	Canadian exports to EC as % of total EC imports	EC exports to Canada	EC exports to Canada as % of total Canadian imports	EC exports to Canada as % of total EC exports
1962	1,306	22%	4.7%	852	14.5%	3.2%
1966	1,668	17.5%	N/A	1,159	N/A	3.1%
1970	2,626	16.2%	4.3%	1,433	5.8%	2.6%
1971	2,473	14%	3.8%	1,826	6.0%	2.9%
1972	2,512	12.6%	3.2%	2,101	6.1%	2.8%
1973	3,154	12.5%	3.4%	2,397	10.6%	2.4%
1974	4,117	12.6%	3.1%	3,014	9.6%	2.2%
1975	4,031	12.5%	2.8%	3,128	9.5%	2.1%
1976	4,565	11.9%	2.8%	3,095	8.5%	2%
1977	4,331	10.5%	2.6%	3,474	8.7%	1.9%

(1) EC: European Community of Nine

Source: International Trade Data Bank

# Annex 5

## Trends in Canadian exports to EC (major exports and selected commodity groupings)

(in millions of US dollars)

Commodity	1962	1966	1970	1971	1972
Fish & fish preparations	17.7	31.5	31.2	45.9	56.4
Wheat	254.8	232.9	175.2	206.8	182.9
Barley	11.2	18.5	74.3	102.1	84.0
Vegetable & vegetable preparations	n/a	n/a	25.4	20.6	23.7
Tobacco, unmanufactured	28.8	32.7	47.5	49.7	48.4
Lumber	54.8	77.1	93.7	69.5	64.7
Woodpulp	41.2	67.9	161.8	191.6	222.0
Asbestos, unmanufactured	37.2	53.1	60.8	61.3	60.3
Iron ores & concentrates	25.4	45.7	132.8	100.0	77.7
Nickel ores & concentrates	n/a	n/a	141.3	168.4	163.1
Zinc ores & concentrates	2.7	28.2	53.2	70.4	73.6
Medicinal & pharmaceutical products	1.9	4.1	8.2	8.5	11.9
Paper & paperboard	82.3	96.3	126.2	121.0	163.9
Iron & steel	25.8	18.4	47.2	40.9	43.3
Copper metal	76.5	110.6	251.5	174.5	176.6
Nickel metal	18.8	36.6	116.9	81.6	32.9
Aircraft engines	13.8	6.5	9.2	14.8	19.1
Office machines	n/a	n/a	25.9	17.8	22.7
Construction & mining machinery	1.4	1.5	3.5	2.2	2.9
Mechanical handling equipment	n/a	n/a	4.5	8.3	4.1
Electric power machinery & switchgear	n/a	n/a	5.2	5.8	5.6
Telecommunications apparatus	4.4	3.3	15.6	8.6	9.9
Electrical measuring & controlling equipment & apparatus	n/a	n/a	22.1	18.2	18.3
Aircraft	17.1	7.2	74.3	32.2	74.2
Ships & boats	0.2	0.8	0.5	0.4	0.3

Source: International Trade Data Bank

Commodity	1973	1974	1975	1976	1977
Fish & fish preparations	96.3	72.3	76.5	95.8	154.0
Wheat	258.5	519.4	431.0	371.1	349.8
Barley	56.8	77.1	99.5	167.8	97.5
Vegetable & vegetable preparations	36.6	31.3	30.0	74.0	47.7
Tobacco, unmanufactured	49.5	67.8	59.6	55.6	51.1
Lumber	140.7	192.1	91.5	220.2	217.3
Woodpulp	258.1	482.5	537.1	688.1	584.6
Asbestos, unmanufactured	85.5	99.1	98.8	150.9	145.8
Iron ores & concentrates	118.5	151.5	185.9	237.8	216.1
Nickel ores & concentrates	153.7	166.0	276.5	225.7	255.0
Zinc ores & concentrates	108.1	167.4	163.9	158.9	112.9
Medicinal & pharmaceutical products	14.3	12.3	15.1	13.0	14.4
Paper & paperboard	165.2	252.0	223.5	269.2	278.3
Iron & steel	47.7	51.1	62.1	88.6	66.0
Copper metal	230.1	280.8	273.5	260.4	226.7
Nickel metal	51.7	54.4	76.5	66.1	4.3
Aircraft engines	19.4	20.1	31.2	38.1	24.7
Office machines	45.8	55.2	56.0	56.4	59.3
Construction & mining machinery	5.6	7.3	12.9	18.3	14.1
Mechanical handling equipment	3.9	8.6	6.9	6.5	5.2
Electric power machinery & switchgear	5.7	8.7	7.8	6.8	5.2
Telecommunications apparatus	15.2	24.4	23.5	30.2	34.2
Electrical measuring & controlling equipment & apparatus	23.9	24.7	25.2	26.9	19.8
Aircraft	24.3	26.8	27.3	23.0	21.8
Ships & boats	66.6	29.6	78.3	64.4	55.5

Source: International Trade Data Bank

## Annex 6

### Canadian Exports to EC (major exports and selected commodity groupings)

as % of total Canadian exports of each of these commodities

Commodity	1962	1966	1970	1971	1972
Fish and fish preparations	12.9%	16.4%	12.8%	16.8%	16.6%
Wheat	45.4%	23.7%	26.6	25.1	19.7
Barley	40.1%	44.4%	58.1	52.8	38.3
Vegetables and vegetable preparations	n/a	n/a	44.5	42.2	42.0
Tobacco, unmanufactured	89.0%	93.2%	93.4	92.8	90.0
Lumber	14.7%	17.2%	14.4	8.4	5.4
Wood pulp	11.8%	13.9%	21.3	24.1	26.6
Asbestos, unmanufactured	29.4%	31.5%	27.9	27.6	26.0
Iron ores and concentrates	12.4%	13.4%	29.1	24.4	21.8
Nickel ores and concentrates	n/a	n/a	41.5	43.5	43.4
Zinc ores and concentrates	14.8%	40.2%	47.4	54.4	57.1
Medicinal and pharmaceutical products	18.6%	23.3%	24.5	24.8	29.1
Paper and paper board	11.1%	9.9%	10.4	9.8	11.9
Iron and steel	18.4%	8.1%	11.5	10.4	10.6
Copper metal	49.9%	44.9%	55.4	46.3	44.7
Nickel metal	10.1%	17.3%	25.2	23.4	9.0
Aircraft engines	24.5%	6.8%	7.2	14.0	16.5
Office machines	33.6%	27.3%	20.5	10.6	10.4
Construction and mining machinery	7.1%	3.9%	6.1	3.6	6.4
Mechanical handling equipment	n/a	n/a	5.7	11.6	5.2
Electrical power machinery and switchgear	n/a	n/a	9.4	10.0	8.5
Telecommunications apparatus	8.8%	3.5%	7.4	4.4	5.2
Electrical measuring and controlling equipment and apparatus	n/a	n/a	19.5	19.9	19.5
Aircraft	14.8%	5.3%	26.2	12.4	18.6
Ships and boats	1.3%	16.1%	3.0	2.3	1.0

Source: International Trade Data Bank

Commodity	1973	1974	1975	1976	1977
Fish and fish preparations	19.8%	16.9	17.4	16.1	20.6%
Wheat	21.2	24.9	22.0	21.4	20.4%
Barley	20.5	23.3	23.1	30.5	33.2%
Vegetables and vegetable preparations	46.5	54.8	55.0	56.3	37.8%
Tobacco, unmanufactured	87.9	92.5	89.4	87.0	84.5%
Lumber	8.7	14.4	9.4	13.1	9.6%
Wood pulp	24.3	25.1	29.9	31.0	28.6%
Asbestos, unmanufactured	30.1	28.8	33.4	31.5	28.0%
Iron ores and concentrates	25.7	27.3	27.6	25.5	21.6%
Nickel ores and concentrates	35.1	37.6	55.3	43.1	51.2%
Zinc ores and concentrates	56.8	52.6	55.8	65.1	59.6%
Medicinal and pharmaceutical products	29.5	22.5	26.1	22.5	20.0%
Paper and paper board	10.6	11.6	11.2	11.4	10.5%
Iron and steel	9.7	6.4	8.3	10.3	6.6%
Copper metal	44.3	42.5	58.3	50.1	46.2%
Nickel metal	11.8	10.9	17.0	13.0	10.0%
Aircraft engines	14.7	12.3	12.2	14.9	9.7%
Office machines	18.7	19.2	18.0	14.7	15.2%
Construction and mining machinery	9.3	6.8	5.8	9.4	5.0%
Mechanical handling equipment	3.5	5.5	4.7	3.8	2.6%
Electrical power machinery and switchgear	7.7	7.9	6.4	5.0	4.1%
Telecommunications apparatus	6.1	7.8	7.2	8.0	9.4%
Electrical measuring and controlling equipment and apparatus	18.9	21.2	19.3	20.3	16.1%
Aircraft	7.5	7.8	11.7	8.4	7.2%
Ships and boats	42.5	37.3	43.4	44.9	41.8%

Source: International Trade Data Bank

# Annex 7

## Canadian Exports to EC (Major Exports and Selected Commodity Groupings)

as of % of Total Canadian Exports to EC

Commodity	1962	1966	1970	1971	1972
Fish and fish preparations	1.4%	1.9%	1.2%	1.9%	2.2%
Wheat	19.5	31.9	6.7	8.4	7.3
Barley	0.9	1.1	2.8	4.1	3.3
Vegetables and vegetable preparations	n/a	n/a	1.0	0.8	0.9
Tobacco, unmanufactured	2.2	2.0	1.8	2.0	1.9
Lumber	4.2	4.6	3.6	2.8	2.6
Wood pulp	3.2	4.1	6.2	7.7	8.8
Asbestos, unmanufactured	2.8	3.2	2.3	2.5	2.4
Iron ores and concentrates	1.9	2.7	5.1	4.0	3.1
Nickel ores and concentrates	n/a	n/a	5.4	6.8	6.5
Zinc ores and concentrates	n/a	n/a	2.0	2.8	2.9
Medicinal and pharmaceutical products	0.1	0.2	0.3	0.3	0.5
Paper and paper board	6.3	5.8	4.8	4.9	6.5
Iron and steel	2.0	1.1	1.8	1.7	1.7
Copper metal	5.9	6.6	9.6	7.1	7.0
Nickel metal	1.4	2.2	4.5	3.3	1.3
Aircraft engines	1.1	0.4	0.4	0.6	0.8
Office machines	0.9	0.7	1.0	0.7	0.9
Construction and mining machinery	0.1	0.1	0.1	0.1	0.1
Mechanical handling equipment	n/a	n/a	0.2	0.3	0.2
Electrical power machinery and switchgear	n/a	n/a	0.2	0.2	0.2
Telecommunications apparatus	0.3	0.2	0.6	0.3	0.4
Electrical measuring and controlling equipment and apparatus	n/a	n/a	0.8	0.7	0.7
Aircraft	0.01	0.04	0.01	0.01	0.01
Ships and boats	n/a	n/a	1.0	0.8	0.9

Source: International Trade Data Bank

Commodity	1973	1974	1975	1976	1977
Fish and fish preparations	3.1%	1.8%	1.9%	2.1%	3.5%
Wheat	8.2	12.6	10.7	8.1	8.1%
Barley	1.8	1.9	2.5	3.7	2.3%
Vegetables and vegetable preparations	1.2	0.8	0.7	1.6	1.1%
Tobacco, unmanufactured	1.6	1.6	1.5	1.2	1.2%
Lumber	4.5	4.7	2.3	4.8	5.0%
Wood pulp	8.2	11.7	13.3	15.1	13.5%
Asbestos, unmanufactured	2.7	2.4	2.5	3.3	3.4%
Iron ores and concentrates	3.8	3.7	4.6	5.2	5.0%
Nickel ores and concentrates	4.9	4.0	6.9	4.9	5.9%
Zinc ores and concentrates	3.4	4.1	4.1	3.5	2.6%
Medicinal and pharmaceutical products	0.5	0.3	0.4	0.3	.3%
Paper and paper board	5.2	6.1	5.5	5.9	6.4%
Iron and steel	1.5	1.2	1.5	1.9	1.5%
Copper metal	7.3	6.8	6.8	5.7	5.2%
Nickel metal	1.6	1.3	1.9	1.4	.1%
Aircraft engines	0.6	0.5	0.8	0.8	.6%
Office machines	1.5	1.3	1.4	1.2	1.4%
Construction and mining machinery	0.2	0.2	0.3	0.4	.3%
Mechanical handling equipment	0.1	0.2	0.2	0.1	.1%
Electrical power machinery and switchgear	0.2	0.2	0.2	0.1	.1%
Telecommunications apparatus	0.5	0.6	0.6	0.7	0.8%
Electrical measuring and controlling equipment and apparatus	0.8	0.6	0.6	0.6	.5%
Aircraft	2.1	0.7	0.7	0.5	.5%
Ships and boats	1.2	0.8	0.7	1.6	1.3%

Source: International Trade Data Bank

## Annex 8

### Canadian exports to EC (major exports and selected commodity groupings)

as % of total EC imports of each of these commodities

Commodity	1970	1971	1972	1973
Fish and fish preparations	7.7%	8.9%	9.2%	11.2%
Wheat	37.5	39.6	37.7	37.6
Barley	58.2	51.1	57.9	53.9
Vegetables and vegetable preparations	3.7	3.2	3.8	3.6
Tobacco, unmanufactured	7.0	7.7	7.3	5.8
Lumber	9.7	7.0	5.5	6.4
Wood pulp	14.9	17.7	19.3	16.7
Asbestos, unmanufactured	57.7	57.2	59.2	59.6
Iron ores and concentrates	14.1	12.0	8.7	11.2
Nickel ores and concentrates	79.9	84.6	80.2	71.4
Zinc ores and concentrates	46.0	47.1	48.5	47.8
Medicinal and pharmaceutical products	1.5	1.3	1.6	1.6
Paper and paper board	10.3	9.3	10.0	8.2
Iron and steel	2.4	2.0	2.4	1.9
Copper metal	9.4	9.7	9.3	8.5
Nickel metal	43.5	37.2	26.5	28.5
Aircraft engines	4.2	4.4	3.6	3.7
Office machines	2.6	2.2	2.0	2.9
Construction and mining machinery	0.8	1.7	0.9	1.1
Mechanical handling equipment	0.8	1.6	0.9	0.8
Electrical power machinery and switchgear	1.6	2.1	1.5	1.3
Telecommunications apparatus	2.8	1.0	0.7	0.7
Electrical measuring and controlling equipment and apparatus	2.2	3.5	2.1	1.6
Aircraft	8.2	6.5	3.3	1.6
Ships and boats	n/a	0.3	0.2	1.4

Source: International Trade Data Bank

Commodity	1974	1975	1976	1977
Fish and fish preparations	8.7%	8.4%	8.3%	11.5%
Wheat	57.3	44.5	48.1	62.3
Barley	56.5	45.2	38.7	27.0
Vegetables and vegetable preparations	2.9	3.0	4.7	2.9
Tobacco, unmanufactured	8.5	5.5	4.4	4.6
Lumber	9.4	5.5	8.0	8.9
Wood pulp	19.7	21.9	23.5	24.3
Asbestos, unmanufactured	63.4	51.6	61.4	60.1
Iron ores and concentrates	9.8	10.5	13.0	13.1
Nickel ores and concentrates	78.9	74.8	61.1	61.7
Zinc ores and concentrates	40.9	45.3	40.7	42.8
Medicinal and pharmaceutical products	1.3	1.1	1.1	.9
Paper and paper board	8.3	8.4	8.5	9.7
Iron and steel	1.7	1.8	2.5	2.1
Copper metal	8.3	8.3	9.1	7.8
Nickel metal	23.1	30.0	22.8	25.1
Aircraft engines	3.5	5.1	5.7	3.6
Offices machines	3.2	2.7	2.5	2.2
Construction and mining machinery	1.5	1.2	1.5	1.3
Mechanical handling equipment	1.2	0.7	1.1	.8
Electrical power machinery and switchgear	1.5	1.4	1.1	.9
Telecommunications apparatus	1.0	0.6	0.8	1.0
Electrical measuring and controlling equipment and apparatus	1.9	1.6	1.9	2.3
Aircraft	1.4	1.2	1.5	1.4
Ships and boats	5.4	1.4	6.8	.03

Source: International Trade Data Bank

# Annex 9

## European Community Exports to Canada (1977)

(in millions of U.S. dollars)

Commodity groupings	EC exports to Canada	(% of total)	EC exports to the world	(% of total)	EC exports to Canada as % of EC exports to the world
Machinery other than electric	663.7	19.1%	37,752	24.0%	1.8%
Transport equipment	396.9	11.4%	26,586	14.2%	1.5%
Miscellaneous manufactured articles not elsewhere showed	214.8	6.2%	6,299	3.4%	3.4%
Electrical machinery apparatus and equipment	245.3	7.1%	16,613	8.9%	1.5%
Textile yarn, fabrics, made-up articles and related products	162.1	4.7%	6,255	3.3%	2.6%
Beverages	178.5	5.1%	2,354	1.3%	7.6%
Non-metallic mineral manufactures not elsewhere showed	137.5	4.0%	7,166	3.8%	1.9%
Professional, scientific and controlling instruments, photographic and optical goods; clocks and watches	123.3	3.5%	4,309	2.3%	2.9%
Iron and steel	149.2	4.3%	10,998	5.9%	1.4%
Chemical elements and compounds	134.6	3.9%	7,210	3.8%	1.9%
Manufactures of metals, not elsewhere showed	104.8	3.0%	6,949	3.7%	1.5%
Clothing	88.9	2.6%	2,917	1.6%	3.0%
Total of Commodities listed above	2,599.7	74.8%	135,407	72.3%	1.9%
<b>Total</b>	<b>3,474</b>	<b>100.0%</b>	<b>187,284</b>	<b>100.0%</b>	<b>1.9%</b>

# Annex 10

## Canada/EC Trade 1976/77 (1)

(in thousands of US dollars)

To/From	Canada (Imports)		Canada (Exports)	
	1976	1977	1976	1977
World	37,933,676	39,484,752	38,370,432	41,293,072
EEC of 6	1,956,758	2,101,865	2,628,609	2,486,900
%	5.16	5.32	6.85	6.02
U.K.	1,169,382	1,204,183	1,872,044	1,768,517
%	3.08	3.05	4.88	4.28

To/From	EC of 6 (Imports)		EC of 6 (Exports)	
	1976	1977	1976	1977
World	269,206,656	303,299,920	267,391,424	307,413,392
Canada	2,734,456	2,754,035	1,861,118	2,128,882
%	1.02	.91	.70	.69

To/From	U.K. (Imports)		U.K. (Exports)	
	1976	1977	1976	1977
World	55,950,544	63,624,784	46,032,032	57,477,728
Canada	2,077,181	2,111,233	1,127,702	1,225,419
%	3.71	3.32	2.45	2.13

Source: ITC ITDB

(1) EC: European Community of Six



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