

down 20%, and again in crude materials, down 12.5%. Crude material volume was affected by controls on crude petroleum and natural gas exports. Growth in end products export volume was less than 1% in 1974 and in 1975 (Table 18.36).

The rapid rise in prices has been greater for exports than imports and started sooner. As a result, the terms of trade have moved substantially in Canada's favour since 1971. Export prices increased 14% in 1973, 33% in 1974 and 11% in 1975. The large spurt in 1974 was caused by increases of 73% for crude materials, crude petroleum being again a major factor, 50% for food, feed, beverages and tobacco and 31% for fabricated materials. In 1975 the main contributors to the 11% increase in export prices were crude materials, up 17%, fabricated materials, up 14%, and end products, up 11%. The food, feed, beverages and tobacco price index increased only 1% (Table 18.36).

18.2.2 Trade with the United States

About two thirds of Canada's external trade is with the United States. In 1975, imports totalled \$23.6 billion, up 10.3% from 1974, while exports rose only 1.2% to \$21.7 billion (compared to increases of 29.4% and 24.9% respectively for 1974 over 1973) (Table 18.34). After adjusting for conceptual differences which normally add to the balance calculated from Canadian data, the reconciled trade deficit with the United States measured US\$1.3 billion compared to a surplus of US\$0.9 billion in 1974 (Table 18.35).

Much of the decline in exports in 1975 occurred in the fabricated materials section, particularly exports of lumber (\$740 million, down 18% in 1975 and 30% in 1974), copper (\$128 million, down 49%), and wood pulp (\$996 million, down 6%). Exports to the United States of newsprint (\$1,358 million) and petroleum and coal products (\$499 million) increased only slightly from 1974 (Table 18.33).

Imports of industrial machinery rose 14.5% in 1975 to \$2,457 million while imports of chemicals and related products dropped marginally to \$1,162 million (after an increase of 45% in 1974). Rolling mill products and non-ferrous metals dropped to \$208 million and \$279 million respectively, returning to 1973 levels after reaching \$436 million and \$425 million respectively in 1974 (Table 18.32).

A unique and important part of Canada's trade with the United States is the free passage of automotive products. In 1975 the value of motor vehicles and parts imported was \$7,475 million (up 16.8%) and exported was \$5,781 million (up 7.6%). In this instance "parts" refers to components designed for motor vehicles or motor vehicle engines. Excluded are some general purpose components which may be used elsewhere than in a motor vehicle, such as tires, radios, batteries and generators. The ratio of exports to imports has fallen steadily from a high of 112.5% in 1970 to 77.3% in 1975. The ratio of completed vehicles to parts is much higher for exports (1.94 in 1975) than for imports (0.75), because a high volume of parts are imported into Canada, assembled into complete vehicles and exported.

Lower supply quotas to the United States of crude petroleum (volume declined 21% in 1975) offset increases in price (up 13%) for a net reduction of export value by 10.8% to \$3,052 million. However, price adjustments to natural gas more than doubled the value of exports to \$1,092 million despite a marginal decline in volume.

18.2.3 Trade with other countries

In 1975 imports to Canada from the United Kingdom increased by 8.5% to \$1,222 million (Table 18.32). The United Kingdom thus regained its position as the second largest source of imports, Japan having held this position in 1973 and 1974. Imports from the United Kingdom consisted of a wide variety of manufactured goods including industrial and agricultural machinery (\$266 million, up 35%), passenger automobiles (\$39 million, up 25%), distilled alcoholic beverages (\$35 million, up 16%) and various personal and household goods (\$124 million).