

adjustments applied to the customs total to make them consistent with the concepts and definitions used in the System of National Accounts.

Import and export price indexes showed almost no increase in 1976 compared with 1975 (Table 18.37). Import prices increased less than 1% compared with 16% in 1975 and export prices less than 3% compared with 11% in 1975. Both indexes accelerated in 1977 but at a more moderate pace than the peak years of 1974 and 1975 for imports, and 1973 and 1974 for exports. Import prices were up 12% in 1977 compared with 1976, the depreciated Canadian dollar being a significant factor. Export prices were up 6%. A major contributor to the lower export price index increases in 1976 and 1977 was the weakness of food, feed, beverage and tobacco prices which were down 5% from the previous year in 1976 and down 10% in 1977, a considerable factor being the weakness of wheat prices, down 14% in 1976 and 23% in 1977.

Import volume grew less than 1.0% in 1977 compared with a 9.0% increase for domestic exports. Import volume was down from the previous year for all sections apart from end products which increased only 2.0%. Export volume increased for all sections apart from crude materials, down 4.0%, affected by weakness in world demand for metal ores and a reduction in crude petroleum exports to half the peak level reached in 1974.

Of 1977 import value, 61.9% was accounted for by end products (Table 18.30). Fabricated materials accounted for 16.7%, crude materials for 12.6%, and food, feed, beverages and tobacco for 7.7%. Largest commodity import groups were motor vehicles and parts 27.0%, up from 24.0% in 1975, industrial machinery 8.3%, crude petroleum 7.7%, down from 9.5% in 1975, chemicals 4.8% and agricultural machinery 3.2%.

End products, although only half as important for exports as for imports, accounted for slightly more than one-third of total export value in 1977, 34.5% compared with 32.2% in 1975 (Table 18.31). Fabricated materials also accounted for just over one-third of exports, 34.4% in 1977 up from 30.3% in 1975. Crude materials accounted for 20.4% and food, feed, beverages and tobacco for 10.1%.

In 1977 the most important export commodities were motor vehicles and parts 23.4%, up from 21.9% in 1975, lumber, wood pulp and newsprint 16.0%, crude and fabricated metals including ores and concentrates 14.5%, natural gas 4.7%, up from 3.4% in 1975, crude petroleum 4.0%, down from 6.2% in 1975 and wheat 4.2%, down from 6.2% in 1975.

### 18.2.2 Trade with the United States

The United States increased its share of Canadian trade in both directions, from 68.1% of imports in 1975 to 70.2% in 1977, and from 65.3% of exports in 1975 to 69.9% in 1977. Imports from the US increased 9.0% in 1976 and 15.0% in 1977 (Table 18.34) compared with 8.0% and 12.0% respectively for total imports. Exports increased even faster, gaining 19.0% over the previous year in 1976 and 20.0% in 1977, compared with 15.0% and 16.0% respectively for total exports.

After adjusting for conceptual differences, which normally add to the balance calculated from Canadian data, the reconciled trade surplus with the US measured \$0.7 billion compared with a 1975 deficit of US\$1.3 billion (Table 18.35).

An important part of Canada's trade with the US is the free passage of automotive products. The ratio of exports divided by imports has fallen steadily from a high of 112.5% in 1970 to 77.2% in 1975. It recovered to 88.6% in 1976 and 89.9% in 1977.

Automotive parts account for a much larger proportion of imports of automotive products than of exports because a high volume of parts are imported into Canada, assembled and exported in the form of complete vehicles. 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. Parts accounted for 61% of automotive imports in 1977 compared with 37% of exports.

Exports of automotive goods have grown more rapidly than imports in both 1976 and 1977. Exports of vehicles were up 23% in 1976 and 25% in 1977 compared with increases of 6% and 19% respectively for imports. For automotive parts, exports were up 43% in 1976 and 22% in 1977 compared with gains of 19% and 24% respectively for