

and parts 26.5%, up from 24.0% in 1975, industrial machinery 8.6%, crude petroleum 7.0%, down in proportion from 9.5% in 1975, chemicals 5.2%, agricultural machinery 3.0% and communications equipment 3.0%.

End products, although only half as important for exports as for imports, accounted for slightly more than one-third of total export value in 1978, 36.2% compared with 32.2% in 1975 (Table 19.28). Fabricated materials also accounted for just over one-third of exports, 36.4% in 1978 up from 30.3% in 1975. Crude materials accounted for 17.0% and food, feed, beverages and tobacco for 9.8%.

In 1978 the most important export commodities were motor vehicles and parts 23.9%, up from 21.9% in 1975, forest products (lumber, wood pulp and newsprint) 16.0%, crude and fabricated metals including ores and concentrates 13.6%, natural gas 4.2%, up from 3.4% in 1975, crude petroleum 3.0%, down from 6.2% in 1975 and wheat 3.7%, down from 6.2% in 1975.

19.3.2 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 70.6% in 1978, and from 65.1% of exports in 1975 to 70.4% in 1978. Imports from the United States increased 15.6% in 1977 and 18.2% in 1978 (Table 19.31) compared with 12.9% and 18.0% respectively for global imports. Exports to the United States increased 20.1% in 1977 and 19.5% in 1978, compared with 15.8% and 18.6% for exports to all countries.

After adjusting for conceptual differences, which normally add to the balance calculated from Canadian data, the reconciled trade surplus with the United States measured US\$1.6 billion in 1977 compared with a 1975 deficit of US\$1.3 billion (Table 19.32).

Integration of the automotive industry following the Canada-US automotive products trade agreement of 1965 resulted in large flows of automotive products across the Canada-US border, accounting for 31.3% of domestic exports to the United States in 1978, and 34.1% of imports from the United States.

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, the term

The United States has long been Canada's best trading partner and in 1978 provided 70.6% of Canada's imports at more than \$35 billion and bought 70.4% of Canada's exports valued at more than \$37 billion.

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 63% of automotive imports in 1978 compared with 37% of exports.

In 1978 exports of automotive products grew more rapidly than imports, as in both 1976 and 1977. Exports of parts, including engines, were 22% higher in 1978, and shipments of all vehicles expanded 17% with exports of trucks up 31%. Imports of parts increased by 14.5% and of vehicles by 9%.

Imports of all end products from the United States grew 17% in 1978, with notable increases for other equipment and tools, (up 23%) and machinery (up 18%). Imports of fabricated materials were 23% higher and crude materials imports expanded 29%, as shipments of crude petroleum from the United States nearly doubled in value.

Other Canadian exports to the United States were strong in 1978, with the exception of crude materials. Fabricated materials exports expanded 30%, with lumber shipments up 40% and newsprint up 25%. As well, exports of chemicals, iron and steel, aluminum and precious metals increased substantially. Large increases for industrial machinery (up 25%) and other equipment and tools (up 45%), in addition to shipments of automotive products, contributed to a 23% increase in exports of end products to the United States.