

21.5 International trade

21.5.1 Summary

The value of imports decreased 14.6% in 1982 (Table 21.2), the first decrease since 1970 when imports declined 1.3%, but rose 11.4% in 1983 to \$76.0 billion, according to statistical data compiled from customs documents (customs basis). In the period between 1979 and 1983, the value of imports increased an average of 9.4% annually. The pace of growth of the value of exports slowed from an increase of 23.4% in 1979 to one of 0.9% in 1982, and increased 7.6% in 1983 to \$91.0 billion (customs basis). In the period 1979-83, the value of exports increased an average of 11.6% annually.

Canada was among the few OECD countries which had a favourable merchandise trade balance. This arises when a country's merchandise exports exceed its merchandise imports. In the period between 1979 and 1983, Canada's favourable merchandise trade balance rose from \$2.8 billion to \$15.4 billion (customs basis). Trade balances are also available on a balance-of-payments basis, reflecting adjustments for valuation, coverage and timing applied to customs data to make them consistent with the concepts and definitions used in the system of national accounts.

A significant part of the increases in the value of imports and of exports was attributable to price inflation. The import price index at the total level, current-weighted, showed increases which averaged 14.0% annually in 1979, 1980 and 1981 (Table 21.8). Prices further increased 1.7% in 1982 and then decreased 3.6% in 1983. Domestic export prices, at the total level, current-weighted, increased strongly in the early part of the review period when prices rose 20.9% in 1979 and 17.2% in 1980. Domestic export prices rose 0.5% in 1982 and decreased 1.3% in 1983.

A measure that indicates changes in imports and exports in real physical terms with the impact of price changes removed is the fixed-weight volume index (Table 21.8). The index of the volume of imports in 1983 was 5.6% lower than its peak in 1979 when it registered an increase of 10.8%. The index of the volume of domestic exports increased an average of 2.6% annually in the period 1979-83 with most of the increase occurring in 1983.

21.5.2 Trade by commodity groups, 1979-83

Imports. End products, inedible (such as commodities commonly regarded as articles, for example automobiles) were the leading imports, accounting for 64.0% in value of total imports in 1983 (Table 21.3), followed with a share of 18.5% by fabricated materials, inedible (such as commodities which have undergone preliminary stages of processing, but which will be subjected to further processing, for example metal ingots). Crude materials, inedible had a 9.5% share in value of total imports and food, feed, beverages and tobacco had a 6.4% share. Automotive

products formed the single most important imports group with a share ranging from a low of 19.5% in 1980 to a high of 25.6% in 1983 of the value of total imports. Imports of industrial machinery and of agricultural machinery both decreased, while office machinery and communications equipment imports rose in the 1979-83 period. The value of imports of fabricated materials was 16.5% higher in 1983 than in 1979, with chemicals and petroleum products making substantial gains. Imports of crude petroleum reached a record in 1980 and in 1981 when they accounted each year for 10.0% of the total import bill, but had declined to about 4.0% of the total value of imports by 1983.

Exports of automotive products totalled \$21.4 billion or 24.2% of domestic exports in 1983, up from \$11.9 billion or 18.5% of the total value of domestic exports in 1979 (Table 21.4). Agricultural machinery recorded a significant drop with exports in 1983 lower than in 1979. Exports of industrial machinery increased and peaked in 1981. Lumber, wood pulp as well as iron and steel products registered slow growth. Exports of petroleum products, chemicals and non-ferrous metals increased an average of 13.0% or more a year in this period. Both crude petroleum and natural gas showed increases, but exports of metal ores and concentrates declined. The value of wheat exports posted gains, as a result of improved export prices, mainly in 1979 and in 1980, and of higher export volume which rose an average of 11.1% annually in the period 1979-83.

Principal trading areas. The principal trading areas shown in some tables include groupings which are defined as follows: other EEC — Belgium, Denmark, France, Federal Republic of Germany, Ireland, Italy, Luxembourg, the Netherlands and Greece (the UK is also a member of the EEC but is shown separately because of the importance of its trade with Canada); other OECD — Austria, Finland, Iceland, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, Australia and New Zealand (the EEC countries, United States, Japan and Canada are also members of OECD); other America — defined as all countries and territories of North and South America (other than the United States and Canada) including Greenland, Bermuda and Puerto Rico.

21.5.3 Imports and exports by country

Imports from all countries increased by 11.4% or \$7.7 billion in 1983 over 1982 (Table 21.5). Imports from the United States rose \$6.2 billion in 1983 over 1982. Imports from Japan, other EEC countries and other countries were up while imports from the United Kingdom decreased. The United States was the source of 71.6% or \$54.1 billion of Canada's imports in 1983. The US share fluctuated from a high of 72.5% in 1979 to a low of 68.6% in 1981 of total imports. The UK share and that of the other EEC countries decreased in the 1979-83 period.