

trade from Canada. Prime Minister Mulroney's official visit to Asia, including China, in May 1986 highlighted Canada's special relationship with the People's Republic of China which dates back to 1970 and is characterized by numerous exchanges across the cultural, scientific, technological and academic spectrum.

Canada-Korea relations have continued to develop along with the increasing trade links between the two countries, highlighted by the Prime Minister's visit to Korea in May 1986. Business and government representatives meet regularly to discuss areas of mutual interest.

Canada's bilateral relations with the individual countries of South East Asia feature both development assistance and commercial interest. A further dimension has been added in the evolution of Canada's relationship with the Association of South East Asian Nations (ASEAN). Indonesia, Singapore, Malaysia, Thailand, the Philippines and recently Brunei have, through their participation in ASEAN, indicated an increased willingness to co-operate for their mutual benefit. In formal meetings with ASEAN representatives since 1976 Canada has continued to express interest and support for this organization in its efforts to promote broad regional development and increase stability in the area. Canada has assisted the ASEAN countries in coping with the Indochinese refugee burden by accepting over 100,000 refugees since 1975.

Relations with Australia and New Zealand are deeply rooted in similar institutional, legislative and judicial experience. Canada co-operates extensively with both countries in multilateral economic and political fora, particularly in the area of trade in agricultural products and disarmament. The bilateral relationship is solidly based on substantial two-way trade, with both Australia and New Zealand representing important and growing markets for semi- and fully-manufactured products. Canada is also beginning to establish more concrete linkages with the island nations of the South Pacific.

India's gathering economic strength and geopolitical significance, underlined in the June 1986 Report of the Special Joint Committee on Canada's International Relations, are factors in the formulation of Canadian foreign policy in Asia. Pakistan, Bangladesh and Sri Lanka have received substantial Canadian support in aid and developmental projects. Fundamental to the pursuit of specific Canadian policy concerns is the continuing political dialogue with countries in the area. The formation, in 1985, of the South

Asian Association for Regional Co-operation (SAARC), composed of Bangladesh, Bhutan, India, the Maldives, Nepal, Pakistan and Sri Lanka, should serve to enhance regional co-operation and lessen tensions among member countries.

21.5 International trade

21.5.1 International trade statistics

Importers or exporters, or their agents, are required to declare, on specified forms and at the nearest customs ports, the particulars of goods entering or leaving Canada. Copies of these declarations are sent via the Department of Customs and Excise to the International Trade Division of Statistics Canada where the data from these declarations are tabulated to produce statistics on merchandise trade.

Merchandise trade is defined as movements of goods into or out of Canada which add to or subtract from the stock of material resources in Canada. Thus goods which enter or leave Canada on a temporary basis are excluded from trade data.

Goods are valued at the transaction price, i.e., the actual selling price or transfer price. Exports values normally reflect the FOB (free on board) value at the point at which they are put aboard a carrier either at the port of clearance or at the place of lading. Import values are the FOB transaction value at the foreign port of export, and should exclude freight, insurance and other costs required to bring the goods to Canada. In practice, both imports and exports may include transportation costs which cannot be identified.

Merchandise trade data, as compiled from customs entries, are on a "customs basis". Adjustments are made to render them suitable for use in the balance of payments. These adjustments are made for reason of coverage or valuation or timing. Coverage or valuation adjustments include deductions made from exports and imports of automotive parts for retroactive value adjustments and for special tooling and other charges. The timing adjustments are made to account for a time lag in the reporting of data covering trade in electrical energy; exports of crude petroleum and natural gas; and imports of "swap oil" from the United States. Other adjustments include the results of the United States/Canada trade reconciliation exercise (Table 21.7) and the sale to non-residents of goods (particularly gold) which do not leave the country. Merchandise trade data including the required adjustments are on