



INTERNATIONAL TRADE OF CANADA

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TRADE



- Trade has always been central to Canada's economy. Canada's economic development historically depended on the export of large volumes of raw materials, especially fish, fur, grain, and timber. However, raw materials have declined as a percentage of Canada's exports, while processed, fabricated, and manufactured goods have increased. By 1990 roughly four-fifths of Canada's exports were processed to some degree.
- Since about the mid-1970s the leading Canadian exports have been automobiles (which account for about one-fourth of the total value of exports), automobile parts, and other types of machinery and equipment, particularly such high-technology products as computerized communication systems. Fabricated metals and other materials and forestry products, including wood pulp and newsprint, are other important exports.



Manufactured goods have always been Canada's primary imported goods. Automobiles and automobile parts are the leading imports, followed by industrial machinery. Other significant imports are chemical products, textiles, petroleum, and such foods as vegetables in the winter season and tropical and subtropical fruits and nuts.



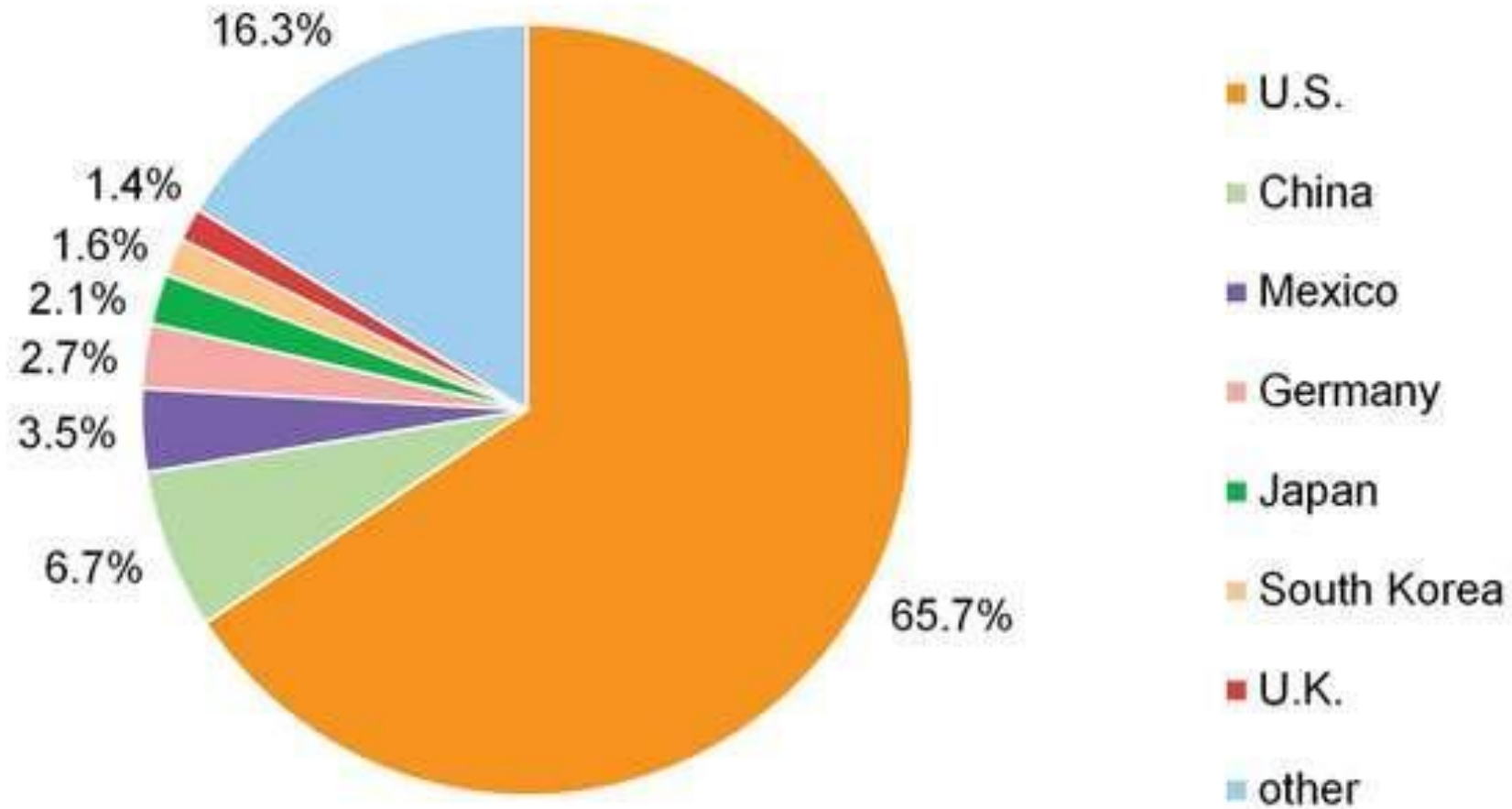


The United States is Canada's chief trading partner, constituting more than two-thirds of all Canadian trade; exports account for a larger share of trade than imports. The dependence on U.S. trade is not just a technical matter of market shares in imports and exports. Because exports are so important, business trends in the United States feed back directly and quickly into the Canadian business sector. Changes in consumer tastes in the United States may have disproportionate effects on Canadian producers.

EACH STATE'S BIGGEST EXPORT TRADING PARTNER



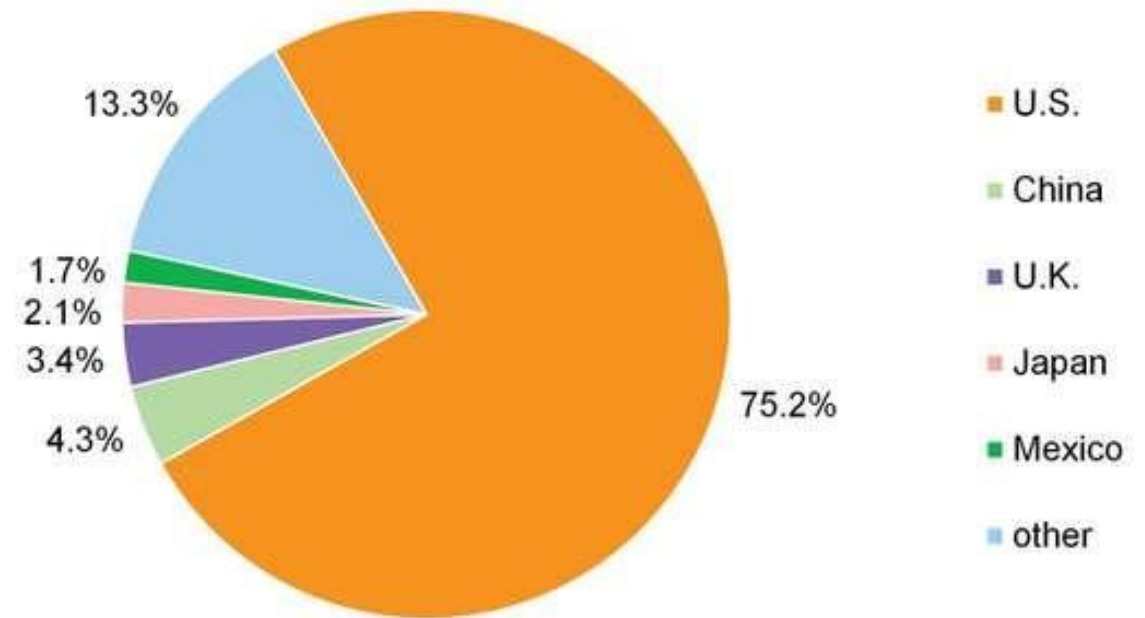
Canada major import sources (2016)



EXPORT

- Canada also retains strong ties with Europe, but newly emerging trade patterns may decrease somewhat Canada's dependence on its traditional pattern. China now ranks as Canada's second largest trading partner. Other important partners include the United Kingdom, Mexico, Japan, South Korea, and Germany.

Canada major export destinations (2016)





TRADE BARRIERS

- The most significant barriers Canada has to free trade are restrictions on the ownership of companies that are headquartered in the country. Foreign individuals and companies are limited to 25 percent ownership in Canadian airlines and 20 percent ownership of telecommunications companies. They are also restricted to 49 percent stakes in commercial fishing ventures. Furthermore, Prince Edward Island, Nova Scotia, and Saskatchewan limit real estate sales to people or companies from outside of the province.
- Because of the potential influence of American culture, Canada has taken steps to try to preserve its culture from being overwhelmed by the United States. For instance, the Canadian government exempted cultural industries such as movies, music, or literature from the provisions of NAFTA. In addition, Quebec requires that all products marketed in the province be labeled in French, and throughout Canada both French and English are used in packaging and labels.



- While 90 percent of all goods enter Canada without any form of tax or tariff, certain products face tariffs that range from 0.9 percent to 13 percent. The highest level of tariff is applied to goods such as vegetables, cut flowers, sugar, wine, textiles, clothing, footwear, and boats. These tariffs apply to 35 different countries. In addition, Canada uses 300 percent tariffs to protect the dairy and poultry industry from competition, although in 1999 the WTO agreed with the United States and New Zealand that such tariffs were in violation of WTO regulations.

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