

equipment" and "other industrial machinery." These subsectors respectively include products such as forest harvesting equipment and plastic and rubber working machinery. They are enjoying some export success on the basis of their ability to serve "specific" market segments on an international basis.

Table 5 presents the Canadian trade balance with the EC by subsectors. Overseas trade in subsectors such as material handling and construction equipment are characterized by few technological developments (mature technology). Competing products and transport costs are not very important.

In the electrical equipment subsector (engines and turbines, and electrical generators and motors), factors such as standards, cultural preferences and currency exchange make it difficult for Canadian firms to export their products to the EC. In the larger custom-built electrical products, the major buyers are state supported and controlled electrical utilities. Historically, they have been supporting local manufacturers either by subsidies and tax breaks or by direction of the controlling governments. Government purchasing policies have, therefore, had a direct impact on the way Canadian companies market their products in the EC.

TABLE 5
Canadian Trade Balance: Industrial Products and Services Industry
with the European Community, 1987

(millions of dollars)

<u>Sectors</u>	<u>Imports</u>	<u>(%)*</u>	<u>Exports</u>	<u>(%)*</u>	<u>Trade Balance</u>
Industrial Products and Services	2 867		389		(2 478)
<u>Subsectors</u>					
1. Resource Industries	401	14.0	83	21.4	(318)
2. Material Handling and Construction	66	2.3	8	2.1	(58)
3. (a) Engines and Turbines	75	2.6	22	5.7	(52)
(b) Electric Generators and Motors	77	2.7	9	2.4	(68)
4. Agricultural Machinery	304	10.6	12	3.0	(292)
5. Other Industrial Machinery	1 944	67.8	255	65.4	(1 689)

* Columns with percentages indicate the subsector dollar value as a percentage of the total sector dollar value.