

overseas production of components for North American vehicles.

1.2 Canadian Trade, Technology and Investment Flows with the EC

a) Trade Overview

Canada's automotive trade with the European Community, as with Japan, runs a chronic deficit. In 1988, \$242 million worth of automotive products were exported from Canada to the European Community, while imports were valued at \$1.35 billion, yielding a negative balance of \$1.1 billion (see Table 1).

b) Assembled Vehicles Trade

The fundamental reason for the continuing automotive trade deficit is the significant level of European passenger

car imports into Canada (though the once-dominant position of EC manufacturers in the Canadian import market was lost to the Japanese during the 1970s). Because of Canada's close integration into the U.S. automotive market, exports of Canadian-built cars and trucks to the EC countries have been minimal. Canada exported \$154 million worth of assembled vehicles to nine EC countries (excluding Greece, Spain and Portugal) in 1988 while drawing in imports valued at \$709 million, yielding a deficit of \$555 million.

Canada actually registered a surplus of \$57 million in trucks with exports of \$70 million versus imports of \$13 million. However, passenger car exports of \$56 million were dwarfed by imports of \$671 million, which yielded a deficit of \$615 million.

TABLE 1

Canada-EC* Automotive Trade, 1988
(in thousands of dollars)

	Exports	Imports	Balance
Engines and engine parts	7 745	167 501	- 159 756
Other parts	80 711	479 045	- 398 334
Total parts	88 456	646 546	- 558 090
Passenger cars	56 349	671 059	- 614 710
Trucks	69 799	12 972	+ 56 827
Other vehicles	27 428	24 602	+ 2 826
Total vehicles	153 526	708 633	- 555 257
Grand Total	242 032	1 355 179	-1 113 147

Source: Statistics Canada.

* Excludes Greece, Spain, and Portugal.