

TABLE 4

Level of Production in Europe
(millions 1980 ECU)
(Constant Value)

	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
Industrial Equipment	190 585	183 136	180 074	175 964	185 308
Electrical and Electronic Engineering Equipment	71 064	69 849	69 705	70 126	74 488
Mechanical Engineering Equipment	119 521	113 287	110 369	105 838	110 820
	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	
Industrial Equipment	196 690	195 331	197 473	202 990	
Electrical and Electronic Engineering Equipment	78 756	79 903	80 505	83 000	
Mechanical Engineering Equipment	117 934	115 428	116 968	119 990	

Intra-EC Trade

The weakening U.S. dollar has reduced exports to the U.S. and substantially increased intra-community trade. With the creation of the Single Market, this trend is likely to intensify over the next few years. The reduction of non-tariff barriers would create a positive income effect for companies, which will lower their indirect costs of exporting within the Community (due to reduction of customs controls and harmonization of taxes). It is also likely to supplant some trade that was previously external to the EC.

1.3 Trade Relations between Canada and the European Community

Industry, Science and Technology Canada (ISTC) estimates that 250 Canadian companies (including subsidiaries of foreign-owned companies) export to the EC in the industrial sector. Of these, only 20 Canadian-owned companies have operating subsidiaries in the EC, with

approximately 13 having a manufacturing plant or warehouse in Europe. As shown in Figure 5, the sector trade balance between Canada and the EC is largely in favour of the Europeans. From 1978 to 1987, Canadians have had, with the EC, a \$13.8 billion cumulative deficit in this sector.

The EC is not a major trading partner with Canada. In fact, Canada ships only 1.7 per cent of all imports entering Europe, while European products represent 15 per cent of Canadian imports (Figures 6 (c) and 7 (c)). In 1987, Canada exported products worth \$389 million to the EC while there were imports worth \$2.9 billion from the EC (Figure 5).

The largest trading partners in the common market are the U.K. and Germany, as shown in Figures 8 and 9. This reflects their status as the most industrialized entities in the common market.

As shown in Figures 10 and 11, the more active subsectors are "resource industries