

TABLE 2

Canadian Trade Balance: Industrial Products and Services Industry, 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	17 687		5 978		(11 709)
<u>Subsectors</u>					
1. Resource Industries	3 625	20.5	1 030	17.2	(2 595)
2. Material Handling and Construction	408	2.3	227	3.8	(181)
3. (a) Engines and Turbines	372	2.1	365	6.1	(7)
(b) Electric Generators and Motors	376	2.1	141	2.4	(235)
4. Agricultural Machinery	1 658	9.4	551	9.2	(1 106)
5. Other Industrial Machinery	11 249	63.6	3 664	61.3	(7 585)

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

growing export trend for industrial products has been largely due to the tremendous worldwide increase in demand for industrial equipment in the past few years. In this sense, there is a great potential for Canadian companies to capture part of the new markets that have been created.

The industrial M&E subsectors in which Canadian companies enjoy the most export success are mainly resource industries such as forest harvesting equipment and mining equipment. Most of the export figures result from transactions with U.S. companies; the number of transactions with the EC is

very low. Since most primary resources are exported to the United States, this helps to export the handling equipment developed domestically.

1.2 European Context

European purchases of M&E have increased tremendously in the past four years. With the European economy growing at a faster rate than in previous years, European companies have seen the demand for their products increase to an annual GNP growth rate of 8 per cent; many economic analysts expect this trend to continue for at least two to three more years.