

The European Union

In Western Europe, economic growth improved throughout 2000. In the Euro-15 area, real GDP growth picked up substantially, averaging 3.4 percent for the year as a whole. Growth in the U.K. also accelerated by 3 percent. Largely as a result of this income growth, Canada's exports of goods and services to the EU increased by 13.8 percent in 2000, led by the growth in merchandise exports, even though the average value of the euro weakened by 13.5 percent in 2000, relative to the Canadian dollar, to \$1.37 per euro.

In the case of merchandise (for which country information is available), Canada's exports to key EU countries have increased over the last decade in all cases (Table 5A). However, these increases were smaller than the growth in Canada's overall exports. As a result, the EU's share of Canada's merchandise exports fell from 8.3 percent between 1989 and 1992 to 4.6 percent in 2000. This decline in export share is widespread among all principal EU members.

Table 5A: Canada's Merchandise Exports to the EU Economies, 1989-2000

Economies	Average 1989-1992	Average 1993-1996	1997	1998	1999	2000
Level in \$ billions						
Germany	2.2	2.9	2.7	2.7	2.4	3.1
France	1.4	1.6	1.7	1.7	1.9	1.9
United Kingdom	3.3	3.6	3.9	4.4	4.8	5.7
Italy	1.1	1.4	1.5	1.5	1.4	1.7
Other EU	4.4	4.7	5.6	5.9	6.0	6.4
EU-15	12.4	14.1	15.4	16.2	16.5	18.9
As percent of total exports						
Germany	1.5	1.2	0.9	0.9	0.7	0.8
France	0.9	0.7	0.6	0.5	0.5	0.5
United Kingdom	2.2	1.5	1.3	1.4	1.4	1.4
Italy	0.8	0.6	0.5	0.5	0.4	0.4
Other EU	2.9	2.0	1.9	1.8	1.7	1.6
EU-15	8.3	5.9	5.2	5.1	4.7	4.6

Source: Statistics Canada, *Canadian International Merchandise Trade 2000*. Catalogue no. 65-001-XPB, December 2000.

Given regional developments in both Europe and North America in the past decade or so, which have favoured intensified intra-regional trade at the expense of trade with the rest of the world, it is interesting to consider the evolution of Canada's market share in Europe. Table 5B provides an overview of the share of imports of the 15-member European Union obtained from each other (intra-EU) and from the rest of the world.