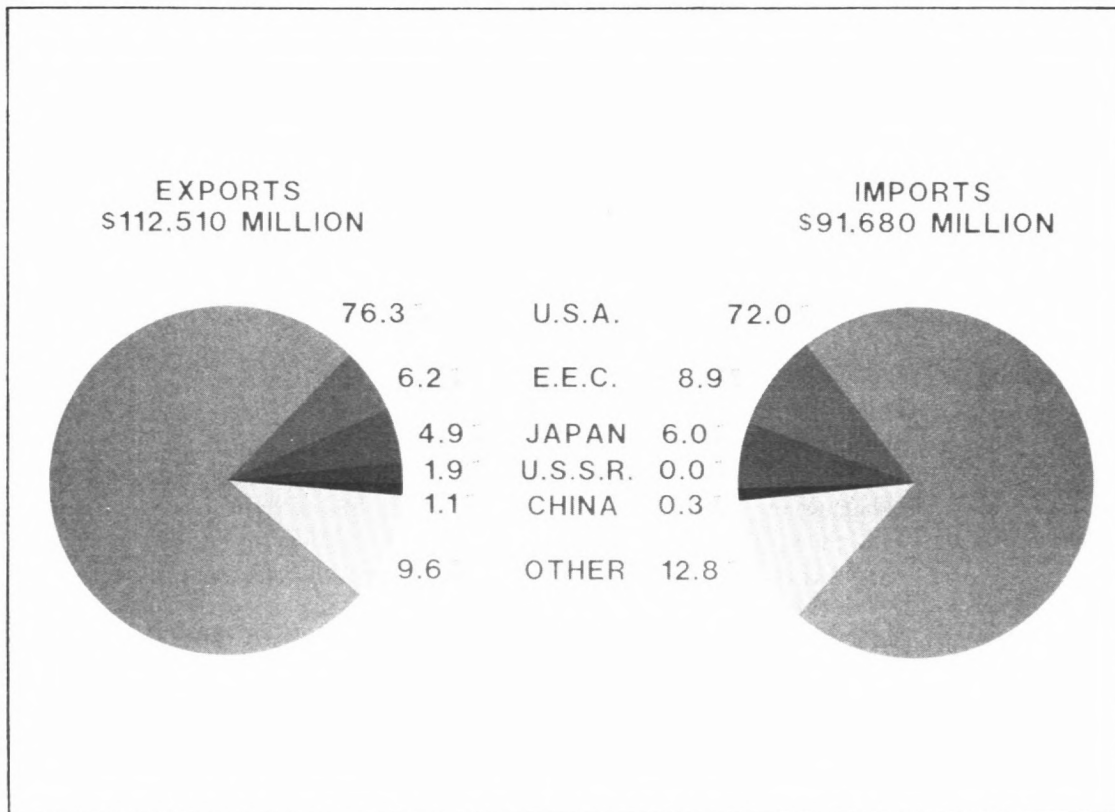


Figure 16: CANADA'S MERCHANDISE EXPORTS AND IMPORTS BY COUNTRY GROUPINGS, 1984
BALANCE OF PAYMENTS BASIS



Source: Statistics Canada, Summary of external trade, January, 1985.

multilateral approach by negotiating a special, bilateral trade arrangement with the United States.

A new Canada-U.S. trade regime, incorporating expanded mutual trade obligations, could provide a stable, long-term solution to Canada's vital objectives of secure export market access and enhanced international competitiveness. The arguments for secure and enhanced trade with the U.S. derive from: calculations of economic efficiency and competitiveness; practical experience in post-war economic development, where freer trade has made an indisputable contribution to economic growth; and informed judgement not only on the dangers to Canada of protectionism and intense competition from new sources, but also on the opportunities presented to Canadian exporters by a large market.

A new Canada-U.S. trade regime, incorporating expanded mutual trade obligations, could provide a stable, long term solution to Canada's vital objectives.

There are four broad options for securing and enhancing our trade access to the United States:

- 1) The Current Approach
- 2) A Framework Agreement
- 3) Sectoral or Functional Agreements
- 4) A Comprehensive Trade Agreement

The current approach entails Canada defending itself from U.S. protectionism by successful lobbying efforts in the U.S., coupled with full exploitation of our GATT rights. This strategy has worked reasonably well to date, although it has given rise to substantial costs to Canadian exporters for legal fees,