

# The Prosperous Future

## North American Merchandise Trade Flows

1989, In Billions of U.S. Dollars

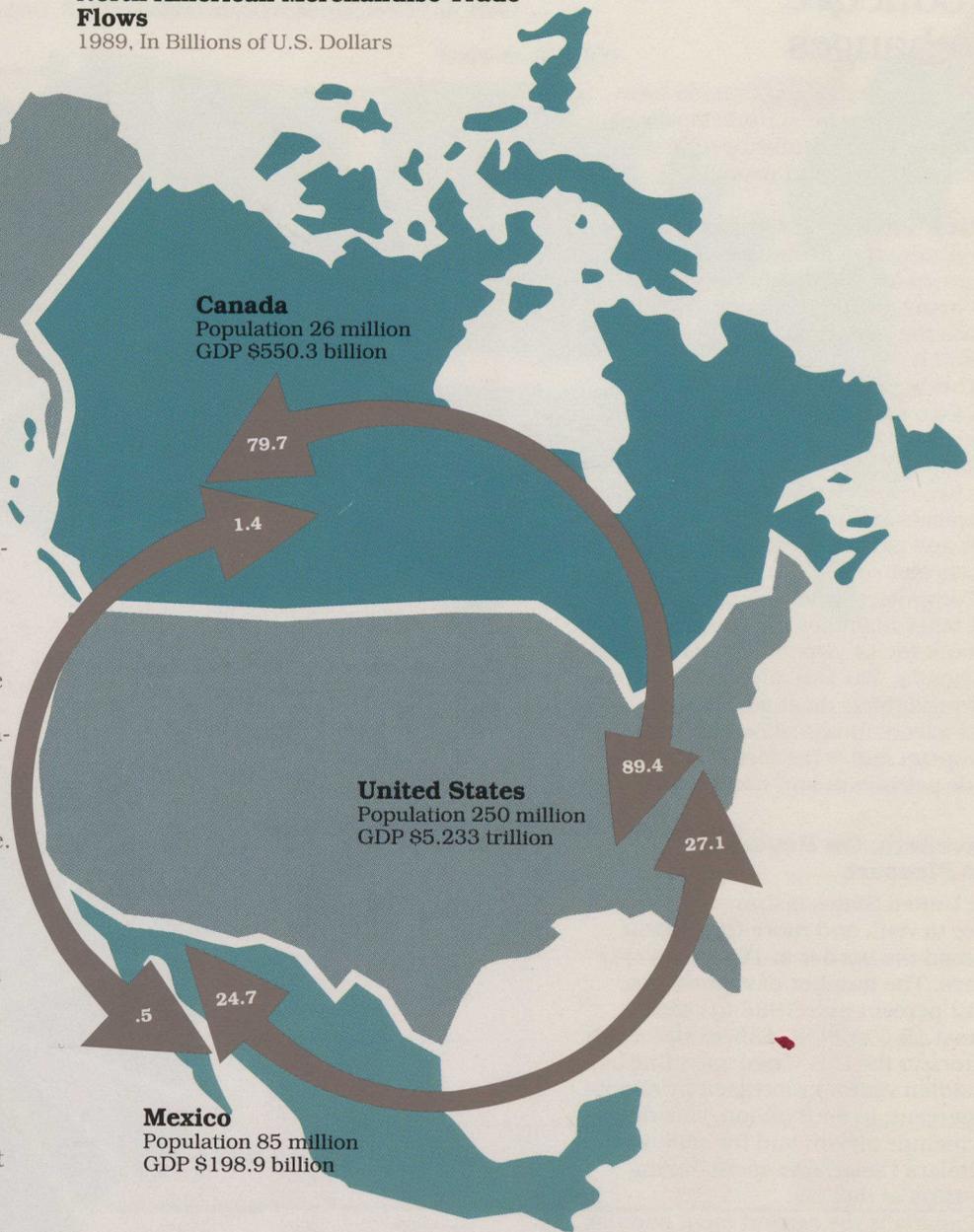
Canada and the United States have for years shared the most important commercial relationship in the world.

With the implementation of the Free Trade Agreement in 1989, the two countries embarked upon a bold new partnership governing an unprecedented range of economic activities. Based upon the principle of fair and open market access under the rule of law, the FTA greatly expands the opportunities for both countries to increase their volume of trade, create jobs and facilitate investment.

As a logical development of the Free Trade Agreement, Canada will join the United States and Mexico as a full partner in negotiations to create a broader North American economic partnership. The goal is a comprehensive agreement that would promote sustained growth in all three countries by liberalizing trade and investment to the maximum extent possible. Negotiations are expected to be concluded by the end of 1991. Although the Canada-U.S. Free Trade Agreement will serve as a model for a trilateral accord, there is no intention to renegotiate it.

A Canada-U.S.-Mexico accord would expand the free trade area of 270 million people into one of 360 million—larger than the population of the 12 countries of the European Community—with a combined output of \$6 trillion. It would build upon a solid base: Mexico is already the U.S.'s third largest trading partner, after Canada and Japan, and it is Canada's most important trading partner in Latin America. It would strengthen the economies of all three partners and enable them to compete more effectively in the world market.

The objective is not an exclusive trading bloc but rather a building block for further international cooperation. The three countries recognize the interdependence of modern economies, and they are committed to further reductions in trade barriers around the globe. They are looking ahead, with energy and confidence, towards a prosperous, more secure future.



Source: Statistics Canada, U.S. Department of Commerce, IMF



Canada

Canadian Embassy/Ambassade du Canada