

United States – Gateway to World Markets – Continued from page I

less than the total value of Canadian exports to all other countries — underscoring, in global market terms, the importance of the U.S. market to Canada.

During the same period, Canadian exports of services to the U.S. totalled \$17.8 billion.

Exports to the U.S. are the most important international factor in economic growth and job creation in Canada.

Over 1.5 million Canadian jobs depend on trade in goods and services between the two countries and 25 per cent of Canada's gross domestic product (GDP) is directly related to this trade.

In 1993, the value of goods and services exported to the U.S. by Ontario, Quebec and Alberta exceeded the total value of Canadian exports to Japan, Germany, the U.K. and South Korea combined.

Direct Investment

Direct investment is another very important element in this picture.

U.S. direct investment in Canada totalled \$96 billion or 65 per cent of all foreign investment (\$148 billion at the end of 1994) in Canada. Canadian direct investment in the U.S. totalled \$67 billion or 53 per cent of all Canadian direct foreign investment (\$125 billion at the end of 1994).

Tourism

The U.S. is the leading international player in Canada's tourism industry. In 1994, American travellers, for business or pleasure, made 34.8 million trips to Canada, a 6.9 per cent year-over-year increase. These trips generated a total of \$5.7 billion in receipts, up from \$5.1 billion in 1993.

Canada's tourism balance deficit with the U.S. shrank by about \$1.7 billion.

Profound Change A Business Constant

In recent years, the U.S. market has undergone profound change.

The continuous introduction of new technologies, the recession of the early 90s, the passage of the FTA and NAFTA, and the World Trade Organization agreement in January 1995, have led to a restructuring of the U.S. economy.

The U.S. market remains an important outlet for Canada's traditional manufactured goods, but growing numbers of Canadian suppliers of knowledge-based goods and services are also looking to the U.S. market to drive their growth (See sectors pp. VII-VIII).

FTA, NAFTA Improve Access, Opportunity

The progressive lowering of tariffs as a result of the FTA is continuing under NAFTA, rendering the U.S. market still more accessible to Canadian businesses in the natural resource, manufactured goods and consumer goods sectors. Tariffs for those sectors will be completely eliminated by January 1998.

NAFTA has extended the already-significant liberalization of trade under the FTA to strategic, high-value-added and high-tech industries such as the environment, service industries, information technologies, medical and health-related goods and services, biotechnology and others.

One of NAFTA's major effects has been to give Canadian businesses better access to U.S. federal government procurement contracts. Canadian companies now can bid on all large U.S. government construction projects and use Canadian-made building equipment and materials for the work.

Thanks to NAFTA, the U.S. market now offers Canadian entrepreneurs, suppliers and service companies more outlets.

The same applies to Canadian companies in the environmental sector, particularly for the clean-up or restoration of sites contaminated by U.S. government de-

Continued on page V — FTA