

## Canada-U.S. Trade and Bilateral Relations

- Canada and the United States enjoy the most comprehensive and mutually beneficial relationship of any two countries in the world. Our ties — political, economic, military and cultural — are longstanding, numerous and close. It is a business relationship between close allies, where specific irritants do not threaten our broader co-operation or our respective national interests. Canada and the U.S. also have the world's largest trading partnership.
  - In 1994, merchandise trade between Canada and the United States totalled \$331 billion, up 22.1 per cent from \$271 billion in 1993.
  - Canada's 1994 merchandise exports to the U.S. were worth 179.5 billion, up 23.5 per cent from 1993. Merchandise imports from the U.S. were worth \$151.2 billion, up 20.2 per cent.
  - Canada's 1994 merchandise trade surplus with the U.S. is the largest on record at \$28.4 billion, up 44.2 per cent from 1993.
  - Trade in goods and services between the two countries supports more than 1.5 million jobs in Canada and directly generated 25 per cent of Canada's gross domestic product.
- While the vast majority of trade takes place without problems, in such an extensive relationship the spotlight is often on the few issues that are contentious. The Canada-U.S. Free Trade Agreement and the North American Free Trade Agreement have provided the mechanisms for dealing with trade disputes co-operatively. For example:
  - The dispute over softwood lumber was resolved Dec. 15, 1994, with U.S. agreement to refund duties and to consult with Canada on forestry issues.
  - In August 1994, a one-year agreement was reached on grain exports; the Joint Commission on Grains is working to develop further recommendations by June 15, 1995.