



Statements and Speeches

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CANADA-US TRADE RELATIONS

Notes for an Address by the Honourable James Kelleher, Minister for International Trade, to the United States Council for International Business, New York City, December 11, 1985.

...Canadians and Americans are kindred spirits and friends — so much so that it's sometimes difficult to tell who's who. The relationship between our two countries is unique in the world. Canada is your closest partner — and you are ours — in almost everything either of us does.

We work together in the National Aeronautics and Space Administration's space program, we work together in the North Atlantic Treaty Organisation and the North American Aerospace Defence Command. Our business practices are similar. You have more money invested in Canada than anywhere else in the world. We have more invested in the States than anywhere else. New York's new World Financial Center, for example, is Canadian-owned. On a *per capita* basis, our investment in the US averages out to about \$1 000 for every Canadian man, woman and child.

Our close relationships obviously include trade. We do far more business with each other than do any other two countries in the world. The volume of our cross-border trade last year was US \$120 billion — or roughly one fifteenth of all world trade.

Rumours to the contrary notwithstanding, Canada is your biggest customer in the world. You sell more to 25 million Canadians than you do to the 280 million Europeans in the Common Market. You sell us twice as much as you do Japan. Indeed, the province of Ontario alone takes more American exports than does Japan. Not only is Canada your largest market, it's also your fastest growing market. Your exports to us climbed 20 per cent last year, and they're growing again this year.

What all of this means is that we, the only two nations between the Rio Grande and the Arctic, are interdependent. This would be a far different continent were we not. Trade between us is not a zero-sum activity. We both gain by it. It fuels growth in both our countries. And it provides a great many jobs. In point of fact, the jobs of more than two million Canadians — and of more than two million Americans as well depend on our mutual trade.

And yet, we insist on impeding it. We continue to maintain barriers of all kinds — tariff and non-tariff — to the movement of goods and services between us. We still have a trade wall, and it is a very effective deterrent to achieving the full potential of which the Canadian and American people are capable.

It is true that, through successive multilateral trade negotiations, this wall has been gradually lowered. By the time the final tariff cuts from the Tokyo Round take effect in 1987, up to 70 per cent of our trade will be free of duty. But that figure is somewhat deceptive. It is 70 per cent of the products we actually trade. It doesn't count the ones we would like to trade — but can't, because the tariffs are too high. You have a 42 per cent duty on men's suits, for example, and tariffs of from 15 to 23 per cent on our petrochemicals.
