

North American Steel Trade Committee

On October 6, 2003, the NAFTA partner governments announced the creation of the North American Steel Trade Committee, which met for the first time in Mexico City on November 21. Composed of officials of the three NAFTA governments and representatives of the North American steel industry, the committee offers a useful forum within which to discuss multilateral, trilateral and bilateral trade issues related to steel and steel trade. As well, it provides a consultative mechanism through which the circumstances that may give rise to trade frictions within North America can be defused. The next meeting will be held in Ottawa in May 2004.

Standards-related Measures

Canada continues to engage in a constructive dialogue with the United States, principally in the NAFTA Committee on Standards-related Measures. Canada's position is that national regulatory burdens on industry should be minimized while industry is allowed to self-regulate in the context of an increasingly integrated North American market.

The four NAFTA sectoral subcommittees (automotive, land transportation, telecommunications and textile labelling) also provide excellent forums for trilateral cooperation in the area of standards and regulations. The land transportation and textile labelling subcommittees are pursuing a work program intended to harmonize standards and facilitate trade; they have achieved substantial progress in the area of driver/vehicle compliance for trucks and the care labelling of textile goods, respectively. In the telecommunications and automotive sectors, where standards measures have been generally complementary, the subcommittees are pursuing further bilateral cooperation, along with increased coordination of activities in international forums.

Canada is seeking more complete implementation by the United States of its NAFTA and World Trade Organization (WTO) sub-federal commitments, with a view to upgrading or modernizing U.S. sub-federal standards measures to better accommodate the volume and variety of our trade in manufactured goods. Canada is also working to enhance bilateral dialogue at the provincial and state level in order to increase cooperative activities in the area of standards and regulations development.

Canada will continue to encourage and foster, through collaborative efforts with the United States and Mexico, compatible standards-related measures, including the development and use of voluntary consensus standards for the North American market as a substitute for national regulatory requirements. Success in these efforts would positively affect existing trilateral trade.

The United States

Overview

Canada and the United States remain each other's largest trading partners, moving approximately \$1.8 billion worth of goods and services across the border each day. Between 1993 and 2003, two-way trade in goods has increased approximately 7.2% compounded annually. In 2003, Canada exported \$328 billion in goods to the United States and imported \$203 billion in return. Fully 86% of Canadian merchandise exports are destined for the United States. Services exports to the United States totalled \$33.4 billion in 2003, with corresponding imports of \$40.7 billion. Since the implementation of the Free Trade Agreement (FTA) in 1989, two-way trade has more than doubled.

U.S. direct investment in Canada has increased from approximately \$85 billion in 1991 to \$224 billion in 2002, while Canadian direct investment in the United States has grown from \$63 billion to a total of \$202 billion in the same period.

It is difficult to overstate the importance of our trade relationship with the United States. Opportunities exist for Canadian business in virtually every sector. To realize these opportunities, the Department of Foreign Affairs and International Trade introduces small and medium-sized enterprises to the market, with a particular focus on helping women, young entrepreneurs and Aboriginal firms begin business relationships in the United States. The ExportUSA initiative, which consists of the New Exporters to Border States (NEBS), Reverse NEBS and Exporters to the United States (EXTUS) programs, has been highly successful in this regard, having helped more than 19,000 companies make their entrance into