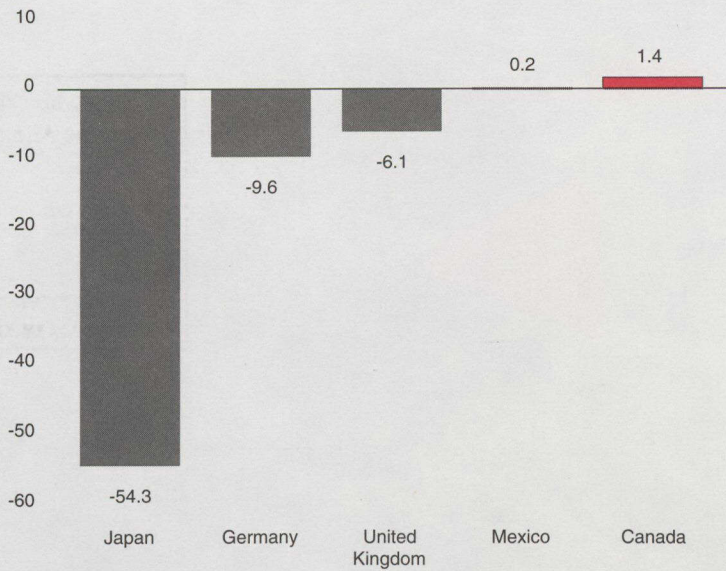


### U.S. Current Account Balances With Leading Trading Partners 1993, in billions of U.S. dollars

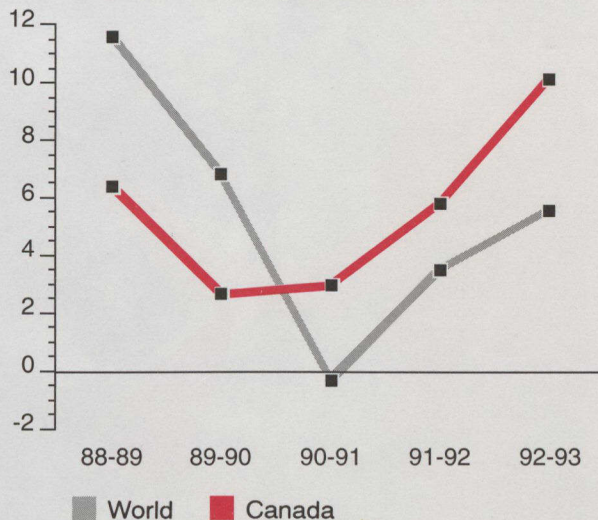


Source: U.S. Department of Commerce

### The Current Account Is Nearly in Balance

Over the decades, the current account between Canada and the United States, the balance of trade in goods, services and income flows, has shifted back and forth. In every year since 1987, the U.S. has had a small surplus in its current account with Canada, ranging from \$1.4 billion in 1993 to \$4.9 billion in 1989, because of its edge in services trade and investment income. This is in marked contrast to the U.S. current account on all its international transactions, which showed a negative balance of \$103.9 billion in 1993.

### Growth in U.S. Trade\* With the World and with Canada 1988-1993, by percentage growth



\* Merchandise and non-merchandise

Source: U.S. Department of Commerce

### Canada-U.S. Trade Has Boomed Under the FTA and NAFTA

The Free Trade Agreement (FTA) liberalizing trade between Canada and the United States went into effect on January 1, 1989. Between 1988 and 1993, two-way trade in goods, services and income increased by 31 per cent. The expansion has continued in 1994, the first year of the North American Free Trade Agreement (NAFTA), which brought Mexico into the partnership. After three quarters, U.S. two-way merchandise trade with Canada was up by 12 per cent over the same period in 1993.