

Trade Is Vital To Security

Trade in military equipment and matériel is, of course, essential to a country's defence capabilities. Access to reliable sources of energy is a vital component of security as well.

A Reliable Energy Supplier

Canada and the U.S. share the world's greatest two-way energy trade. In 1989 it totalled more than \$10.7 billion.

Canada is the largest foreign supplier of energy to the U.S., providing crude oil and petroleum products, natural gas and electricity. Canada buys almost \$1.8 billion worth of energy from the U.S., including \$577 million worth of coal.

The Free Trade Agreement, which eliminates virtually all restrictions on energy shipments (except in situations involving national security or short supply), ensures security of market and supply for both countries.

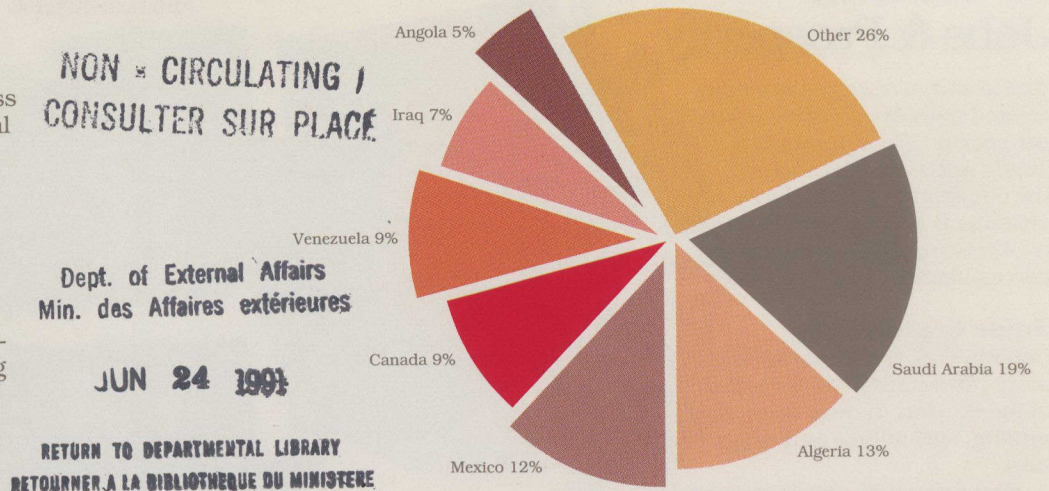
An Ally and Partner

Canada and the United States have a common commitment to the defence of North America, and they share in the production of the necessary equipment and matériel. Defence trade has strengthened military security and provided economic benefits to both countries.

The U.S. Canada-Defence Production Sharing Arrangement and the Defence Development Sharing Arrangement were negotiated over 30 years ago to harmonize the two countries' defence industrial bases and promote production efficiency. In exchange for allowing Canadian companies to compete for U.S. military equipment purchases, Canada agreed to purchase its major weapon systems from the U.S.

Canada is one of the United States' best defence customers and suppliers. Canada provides critical military components to the U.S., and many Canadian companies are registered "planned producers" on the Defence Department's Industrial Preparedness Planning List for defence mobilization requirements.

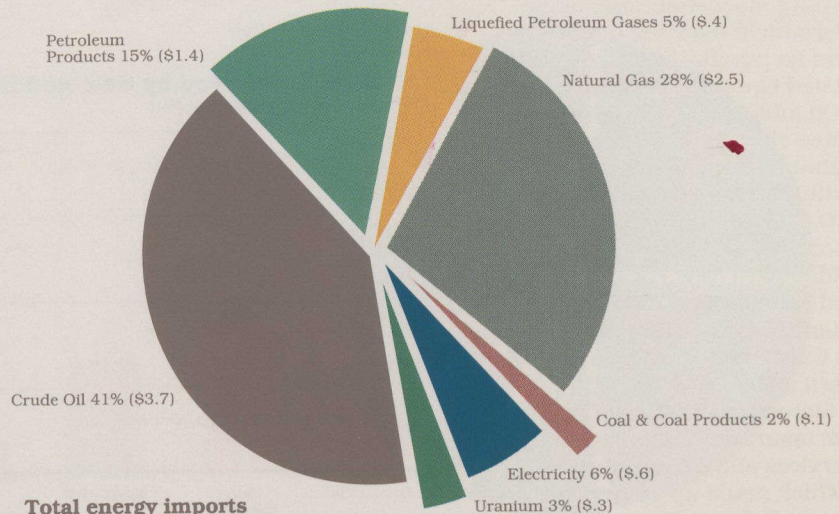
U.S. Imports of Crude Petroleum by Country
1989, As Percentage of Total Imports



Source: Bureau of the Census, U.S. Department of Commerce

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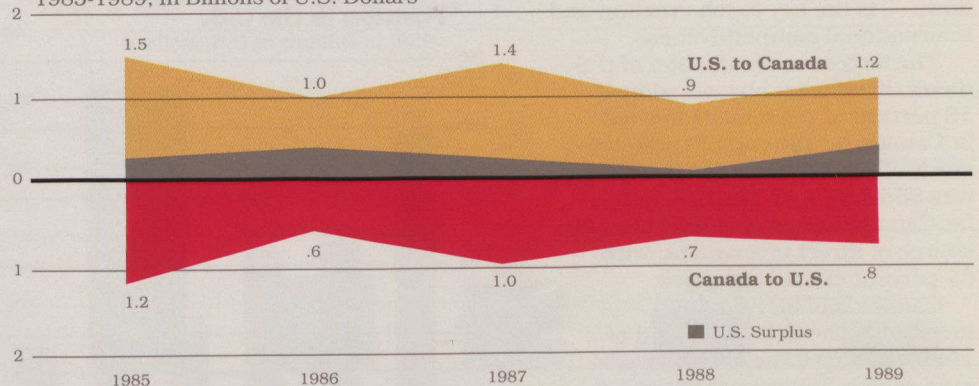
U.S. Energy Imports from Canada
1989, As Percentage of Total, In Billions of U.S. Dollars



Source: Statistics Canada

Total energy imports from Canada: \$8.9 billion

U.S. Canada Defence Production Sharing Procurement*
1985-1989, In Billions of U.S. Dollars



*Does not include subcontracts.

Source: External Affairs and International Trade Canada

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