

## Discussion paper on export markets

Minister for International Trade James Kelleher has released a new federal government discussion paper on trade, *How to Secure and Enhance Canadian Access to Export Markets*.

This consultative document was prepared because of the importance of trade in the Canadian economy and the need to assess the most effective means to promote it. Exports now account for almost one-third of Canada's gross domestic product and more than three million jobs. Every \$1 billion of additional exports means 16 000 jobs in Canada.

### For growth in economy

The discussion paper, which is one of the consultation initiatives being undertaken by the government to promote economic growth, addresses the issue of access to export markets. It is intended to provide a focus for consultations with the private sector and the provinces and is meant to elicit views on the principal market access problems facing Canadian exporters, and on matters relating to access to the Canadian market.

The document is divided into three sections. Part I discusses the importance of trade to Canada's economic growth and the international trade environment in terms of market opportunities and challenges facing Canadian exporters. Part II considers the implications of a new round of multilateral trade negotiations, with a view to establishing Canadian objectives and priorities for such negotiations. And, Part III addresses possible bilateral approaches with the US, reflecting the importance of that market and the associated vulnerability of Canadian exports to protectionist threats.

In the first section, Mr. Kelleher said that the general international conditions affect the specific interests of Canadian producers in world markets and at home and the government wants "to learn more about what those

interests are and how they are affected: what specific market access problems hinder Canadian producers and how the government can best assist in overcoming them".

Province	Domestic exports (per cent of total)	Exports to the US (per cent of total)	Principal exports to the US (per cent of total)
Newfoundland	12.4	53.4	fish (72)
Prince Edward Island	8.5	61.3	fish (43) vegetables (30)
Nova Scotia	12.6	59.5	fish (34) transportation (29) wood and paper (25)
New Brunswick	24.3	62.5	wood and paper (40) energy (37)
Quebec	17.8	62.7	wood and paper (40) energy (37)
Ontario	26.7	90.3	transportation (59)
Manitoba	7.7	82.5	transportation (16) energy (14) wood and paper (11)
Saskatchewan	11.5	95.0	energy (57) chemicals (26)
Alberta	14.4	87.8	energy (81)
British Columbia	26.7	36.1	wood and paper (58) energy (15)

Source: Statistics Canada

With respect to multilateral trade negotiations, the paper is designed to obtain input from the provinces and the private sector to prepare for the next round of multilateral trade negotiations under the General Agreement on Tariffs and Trade (GATT). Mr. Kelleher stated that Canada remains committed to the GATT but also wishes to examine possible bilateral arrangements with the United States which could complement and reinforce efforts being sought through multilateral trade negotiations.

### Largest market

"Canadians need to explore urgently and with the greatest care how best to secure and enhance access to the United States, our single biggest market which represents three-quarters of our exports," said Mr. Kelleher.

The discussion paper sets out four possible options for Canada-US trade relations:

- We could continue as we have in the past;
- Canada and the United States could initiate negotiations toward either sectoral or non-tariff arrangements;
- Canada and the United States could initiate negotiations aimed to achieve a comprehensive bilateral trade arrangement; or
- Canada and the United States could establish a framework agreement.

"The choice for Canada is not between multilateral and bilateral approaches to trade, but how both avenues can be pursued in a mutually reinforcing manner," Mr. Kelleher said. "The objectives of our government are to secure and improve access for Canadian exporters, promote increased competitiveness in our domestic market and ensure a positive climate for investment and access to technology," he added.

### Record trade surplus

Statistics Canada reports that Canada exported a record \$20.8 billion more in goods than it imported in 1984. This is up from the 1983 surplus of \$17.7 billion and \$3 billion higher than the record set in 1982. Merchandise exports totalled \$112.5 billion, compared with \$91.7 billion in imports.

Chief contributors to the surplus were forest products, with a positive trade balance of \$14.7 billion, and energy-related products, with a positive balance of \$8.7 billion.

Trade surpluses were also shown by industrial goods and materials (\$4.8 billion), agricultural products (\$5.1 billion), and automotive products (\$3.7 billion).

The US remains Canada's most important trading partner with purchases of \$85.9 billion or 76.3 per cent of Canadian exports and imports of \$66 billion or 72 per cent.

YEAR	Exports		Imports		Balance
	\$ billion	per cent of total	\$ billion	per cent of total	\$ billion
1980	48.2	63.3	48.6	70.2	-0.4
1981	55.5	66.2	54.5	68.6	+1.0
1982	57.7	68.2	47.9	70.5	+9.8
1983	66.3	72.9	54.1	71.6	+12.2
1984 (Jan-Sept.)	63.2	75.6	51.6	71.8	+11.6

Source: Statistics Canada