

46. Canada is by far the U.S.'s most important market, accounting, in 1983, for 19 per cent of its total exports. By comparison, U.S. exports to Japan, its next most important market, were C\$ 29.1 billion or 54 per cent of the value of exports to Canada; to the UK C\$ 14.1 billion (26 per cent); and to Mexico C\$ 12.1 billion (22 per cent). It is evident from these figures and the table below that the U.S. has major interests in trade relations with Canada.

Table 4  
1983

U.S.'s 5 Largest Export Markets		U.S.'s 5 Largest Suppliers	
1. Canada	C\$ 54.1 B	1. Canada	C\$ 66.3 B
2. Japan	C\$ 29.1 B	2. Japan	C\$ 54.8 B
3. UK	C\$ 14.1 B	3. Mexico	C\$ 22.3 B
4. Mexico	C\$ 12.1 B	4. FRG	C\$ 16.9 B
5. FRG	C\$ 11.6 B	5. UK	C\$ 16.6 B

Source: U.S. Department of Commerce

Canada-U.S. Trade Barriers

A) Tariffs

47. Both countries charge customs tariffs of varying amounts on a large variety of each other's products traded across the border. These duties are a form of taxation on trade and make imported goods more expensive, thus affording protection to domestic producers who can charge higher prices for competing goods.

48. Successive rounds of multilateral trade negotiations have substantially reduced the levels of tariffs applied by both countries so that some 80 per cent of Canadian exports to the U.S. and 65 per cent of U.S. exports to Canada will be free of customs duties by 1987. However, these estimates do not take into account trade which does not occur because tariffs are too high. Tariffs continue to apply, moreover, in virtually all sectors of trade and, in some cases, are quite high. For example, Canadian exports of most petrochemicals pay U.S. tariffs in the range of 15 per cent. Even where tariffs are low, they can reduce export growth. An example is the case of the 2 to 5 per cent duties charged on various copper alloy products. In Canada, tariffs charged on imports of such goods as leather, rubber and plastics and many other products are 10 per cent or higher and, for more sensitive products, such as clothing and footwear, can be as high as 25 per cent.