



The United States:

Gateway to World Markets for Small-and Medium-Size Business

The well-established and dynamic trade relations between Canada and the United States were strengthened with the coming into effect of the Canada-U.S. Free Trade Agreement (FTA) in 1989 and the North American Free Trade Agreement (NAFTA) in 1992. The liberalization of trade under these agreements and continuing favourable exchange rates have created — especially for Canadian small- and medium-size enterprises (SMEs) — conditions conducive to the exploitation of numerous new market opportunities.

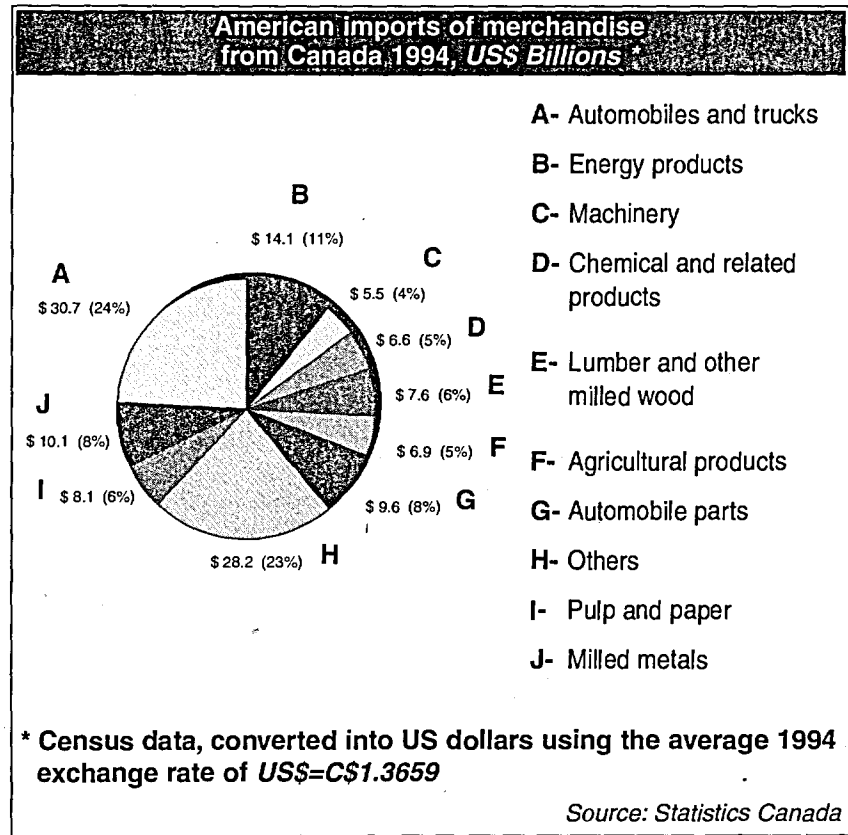
Positive Factors for Trade

Many factors make the United States an attractive market for Canadian SMEs and new exporters.

Geographic proximity is an obvious advantage in terms of accessibility. Moreover, due to the extensive economic, political and cultural similarities between the two countries, the U.S. market is easier for Canadians to enter and offers a multitude of potential outlets for Canadian businesses, including SMEs.

The U.S. market also offers Canadian companies an opportunity to familiarize themselves with the various facets of exporting in a market which resembles their domestic market. This is a considerable advantage. It not only opens the way for the Canadian company to expand its activities but also allows it to acquire exporting experience which is vital for tackling other, much more complex international markets.

In this sense, success in the U.S. marketplace is incontestably a major plus for a Canadian business which is thinking of tackling other markets elsewhere in the world.



EXPORT OVERVIEW

The U.S. market is the leading destination for Canadian exports. In 1994, nearly 82 per cent of all Canadian foreign sales were to the United States.

Valued at \$178 billion, this

was a year-over-year increase of 22.8 per cent.

Canada's \$33 billion increase in exports was barely Cdn \$7 billion

Continued on page IV — United