

Against this background, you will understand why I will use Canadian statistics in my comments today on our bilateral trade.

Now, let me get on with my dissection of myth number two.

In the first three quarters of 1986, the most recent period for which statistics are available for both goods and services, Canada had a merchandise trade surplus with the United States of under 8 billion dollars. That in itself is not a large figure, given the size of our bilateral trade in goods. But during the same period the United States ran a surplus of 5.6 billion dollars with Canada in trade in services.

The real deficit, taking into account both merchandise and services together, was 2.3 billion dollars in our favour. That imbalance is only two percent of our total two-way trade of some 114 billion dollars in both goods and services for the first three quarters of 1986. That is the figure on which we ought to focus, because it is the real index of our overall trade. It shows that our two-way trade is roughly in balance. Yet there is great difficulty in building an