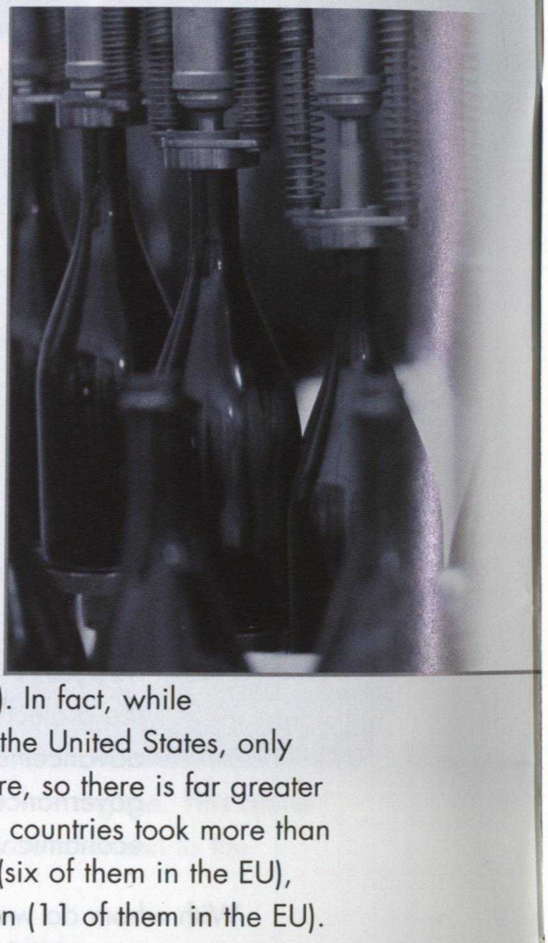
relationship with the United States, supplemented by a panoply of agreements covering shared border management interests and more. This subject is explored in greater detail below.

Canada's other principal merchandise export markets are the European Union (also a very important investment partner) at over 4 percent, Japan (2 percent), China (1 percent) and Mexico, South Korea, Australia and Hong Kong (all less than 1 percent). Together, the six major developed and developing markets targeted by our international business development program (the EU, Japan, China, Mexico, Brazil and India) account for about two thirds of our non-U.S. trade (imports and exports alike). On the import side, Asia-Pacific suppliers again share the non-U.S. honours with the EU, but there are also significant imports from oil producers (Norway, Algeria, Venezuela) and from some leading developing economies in other regions (Brazil, India). In fact, while 87 percent of our 2002 exports went to the United States, only 63 percent of our imports came from there, so there is far greater variety in our sources of supply. Only 14 countries took more than $1 billion in our goods exports in 2002 (six of them in the EU), while fully 28 sold us more than $1 billion (11 of them in the EU). Our bilateral trade surplus with the United States was more than enough to cover the deficits we run with almost all other partners, leaving Canada with a merchandise trade surplus of $47.8 billion in 2002 (on a customs basis).



One might well conclude that Canada's export interests are confined to the developed world. Indeed, developing countries as a whole are not significant export markets for Canada. However, we have economic, political and values-based interests in seeing them develop sustainably using trade and other appropriate means:

- **economic**, because they become better trade and investment partners;