



Statements and Speeches

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CANADA-UNITED STATES TRADE ISSUES AND CONCERNS

An Address by the Honourable Edward Lumley, Minister of State for International Trade, to the National Foreign Trade Council, New York, July 22, 1982

...Canada relies heavily on trade for its livelihood; our exports account for almost one-third of our total gross national product (GNP). Of the major industrialized countries represented at the annual economic summits — most recently at Versailles — none is more dependent than Canada on the trade dimension for economic growth. Just to illustrate, it is estimated that more than two million Canadians are directly involved in the production of goods for export; that is 20 per cent of our total work force. Two-thirds of our exports are destined for the United States. In 1981, two-way trade between our countries exceeded \$107 billion (Cdn), this is larger than your trade with Japan and almost as much as your trade with all the countries of the European Economic Community (EEC). Not only are these figures impressive but so is the broadness of this trade, extending as it does from basic resources to the most advanced technologies, from basic services to the complexities of international financing.

In the area of direct foreign investment, almost 80 per cent of the estimated \$62 billion in Canadian funds invested in Canada comes from the United States, while Canada, which traditionally accounted for about 15 per cent of the direct foreign investment in your country, last year became the second largest foreign investor in the United States accounting for more than 25 per cent of the \$19.2 billion in US funds of foreign investment that took place. The estimated cumulative total of Canadian direct investment in the USA, to the end of 1981, is \$16 billion (Cdn).

While these figures certainly point to the significant role that the US plays in Canada's domestic and international growth and development, they also reflect the increasingly important role that Canada is assuming as not only a market for US goods, services and investment capital but as a supplier to and investor in the United States.

We know that any economic recovery that takes place in the US will pay immediate dividends to our economy and that, given the amount of trade we carry on with your country, that is in terms of trade that such dividends will be most visible. However, it should also be borne in mind that any ensuing recovery that takes place in Canada can increase both export and investment opportunities for the United States and assist in further stimulating your recovery.

In the meantime, however, there is room for concern over some of the protectionist pressures that are becoming apparent in both countries. At a time like this, with domestic industries facing prolonged recession, unemployment, high interest rates

**Concern over
protectionist
pressures**