

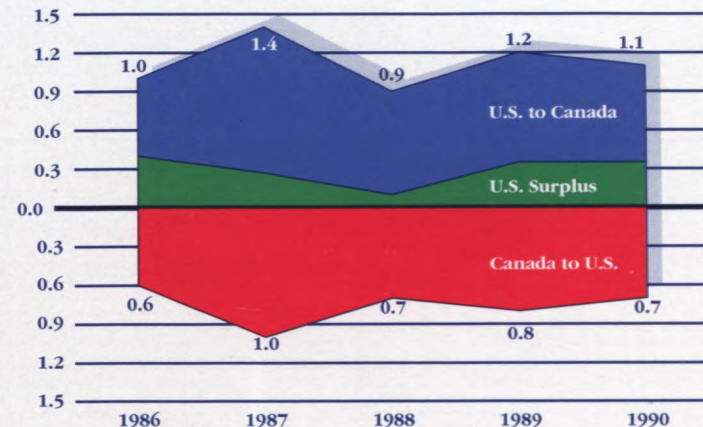
Based upon the principle of free and open market access under clearly defined terms, the FTA greatly expands opportunities for both countries to increase volume of trade, create new jobs and facilitate investment.

As a logical development of the Free Trade Agreement, Canada, the United States and Mexico are negotiating a broader North American economic partnership. The goal is a comprehensive agreement to promote and encourage sustained growth in all three countries by liberalizing trade and investment to the maximum extent possible. Negotiations are expected to be concluded in the near future. The Canada-U.S. Free Trade Agreement serves as a model for the trilateral accord.

A North American Free Trade Agreement would expand the free trade area of 270 million people into a market of 360 million – larger than the population of the twelve countries of the European Community – with a combined output of \$6 trillion.

Sharing Procurement*

1986 to 1990 – In Billions of U.S. Dollars

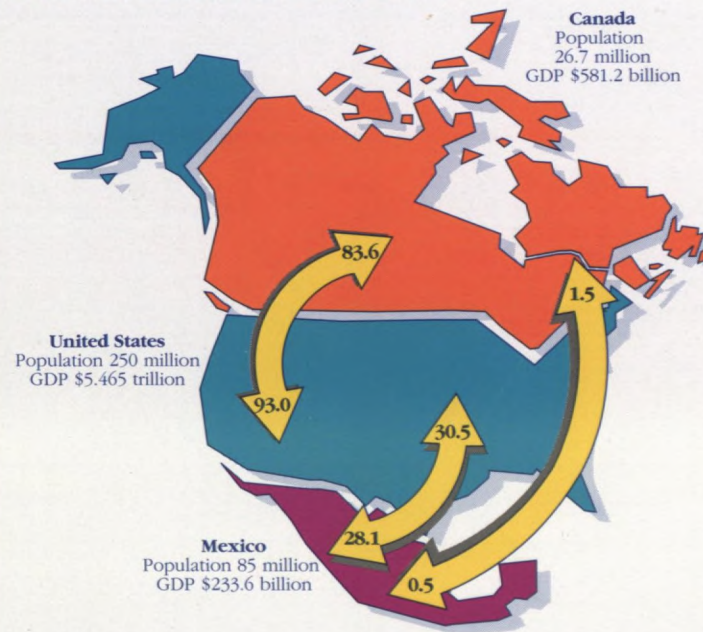


* Does not include subcontracts

External Affairs and International Trade Canada

North American Merchandise Trade Flows

1990 – In Billions of U.S. Dollars



Statistics Canada, U.S. Department of Commerce, IMF

It would build upon a solid base: Mexico is already the third largest merchandise trading partner for the United States, after Canada and Japan, and it is Canada's most important Latin American trading partner. The trade agreement would strengthen the economies of all three partners and allow them to compete more effectively in the world market.

The objective is not an exclusive trading bloc but rather a building block for further international co-operation. The three countries recognize the interdependence of modern economies, and are committed to further reductions in trade barriers around the globe. We can all look ahead, with energy and confidence, to a more prosperous and secure future.



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