

# The Partners Move Ahead

Canada and the United States are moving toward a two-way trade without barriers.

It is a process solidly based on the economic realities of the late 20th century. Canada and the United States are vital components of the world economy as well as each other's best customers. They are both active, innovative members of the General Agreement on Tariffs and Trade (GATT).

Their Free Trade Agreement, now before Canada's Parliament and the U.S. Congress, complements GATT and reflects the commitment of the Canadian and the U.S. governments to liberalized, global trade. It sets the pace for other trading nations.

The agreement is complex—the text and annexes cover 1,400 pages—but its underlying principles can be stated simply. **Free trade means more trade.** Protectionism stifles trade, costs jobs and damages everyone, even those it is designed to protect.

## GATT

The General Agreement on Tariffs and Trade was signed by 23 countries, including the United States and Canada, in October 1947. The GATT now has 95 members and 30 others apply its rules on a *de facto* basis. The GATT rounds of negotiations have resulted in a significant liberalization of international trade relations. As part of the current round of trade talks, which began in Uruguay in 1986, GATT members will meet in Montreal, Quebec, in December 1988 to consider possible changes in agriculture, services, tariffs and non-tariff barriers.

## The Partnership

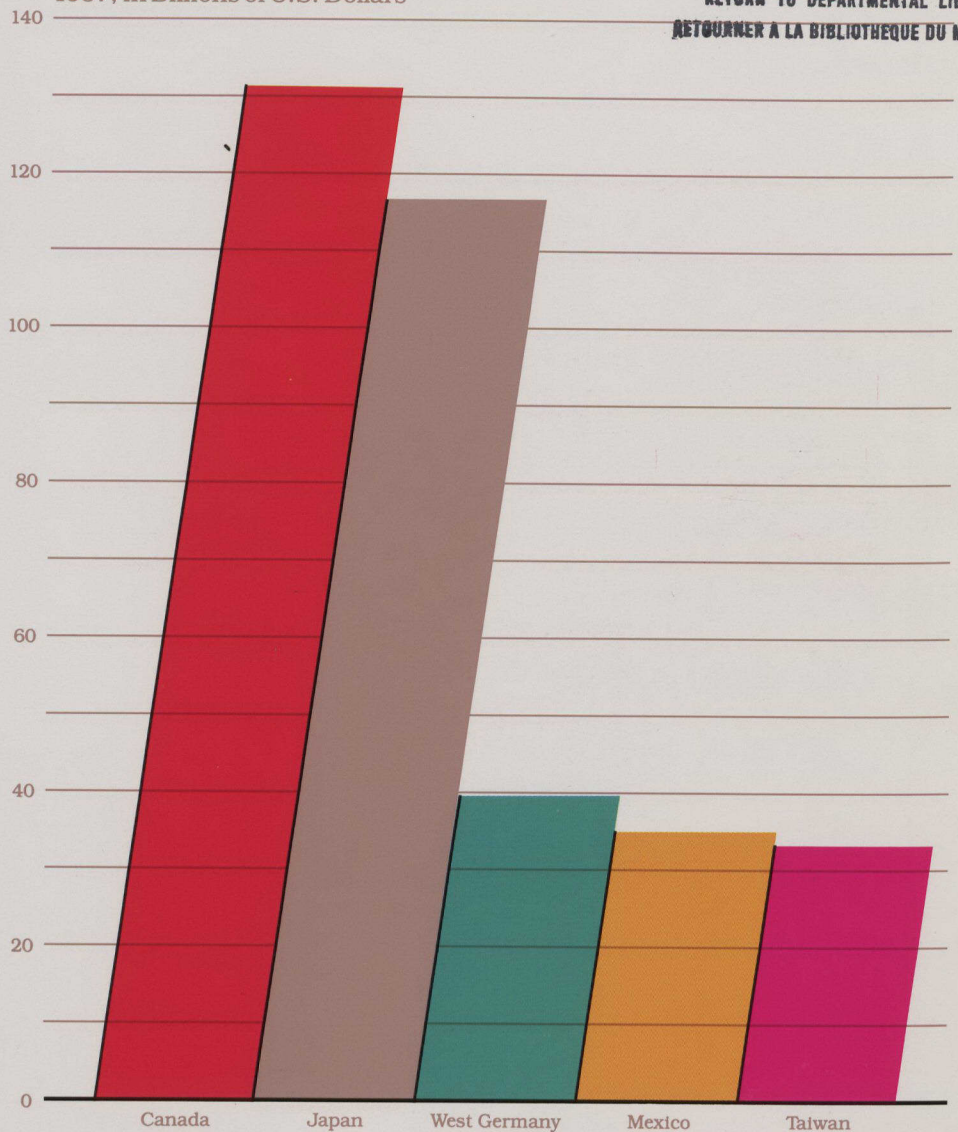
The Canada-U.S. trading exchange is the largest in the world.

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## U.S. MERCHANDISE TRADE

1987, In Billions of U.S. Dollars

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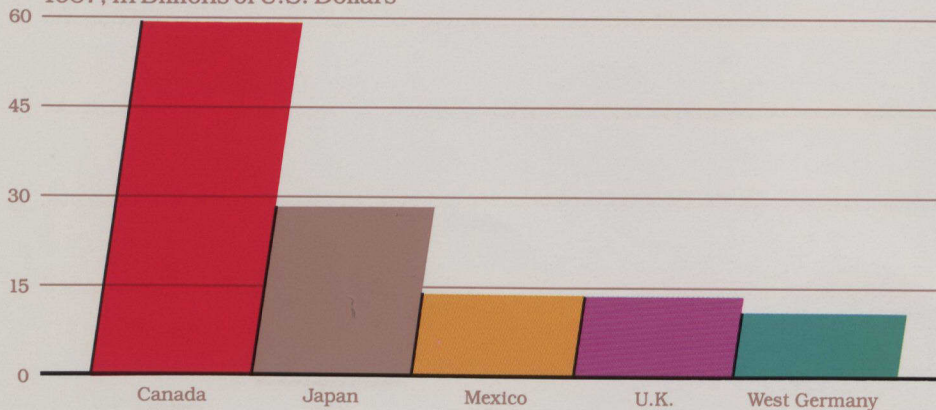
Source: U.S. Department of Commerce

## U.S. Markets

More than 23 percent of U.S. exports go to Canada. The United States exports to Canada more than twice the amount it sells to Japan, its next largest export market.

## U.S. MERCHANDISE EXPORTS

1987, In Billions of U.S. Dollars



Source: U.S. Department of Commerce

## DEFENCE PRODUCTION AND DEFENCE DEVELOPMENT SHARING

The Canada-U.S. Defence Production and Defence Development Sharing Arrangements are based on a 1941 agreement between President Roosevelt and Prime Minister Mackenzie King. In recognition of the fact that North America is a single, integrated defence industrial base, they promote free trade in defence matériel and equipment.