

CANADA-U.S.-MEXICO TRADE RELATIONS

Getting it right

Nearly \$2 billion worth of trade crosses the Canada-U.S. border every day, and Canada-Mexico trade is worth \$15 billion a year. Getting the North American trading relationship right is a necessity, not an option.

In December 2002, the House of Commons Standing Committee on Foreign Affairs and International Trade issued a report entitled *Partners in North America: Advancing Canada's Relations with the United States and Mexico*. The report stated, "Canada is a North American nation. Getting North American relations right is the key policy imperative for Canada."

Confirming that view is Len Edwards, Deputy Minister for International Trade. He says, "Canada's trade and economic interests span the globe, so the cornerstone of our trade policy continues to be the multilateral trading system. However, North America—and, in particular, the United States—is by far our most important market and increasingly critical to our prosperity and security."

Since the North American Free Trade Agreement (NAFTA) came into force on January 1, 1994, Canada has consolidated its position as the largest trading partner of the United States. Canadian purchases of U.S. goods equal purchases by all the European Union countries combined—almost 19 percent of American exports. Thirty-eight U.S. states have Canada as their largest market; that adds up to roughly \$1.2 billion in trade, every day of the year.

One of Canada's priorities is to expand its advocacy program in the United States. Len Edwards explains: "Growing economic integration means that an increasing number and range of U.S. federal, state and municipal

issues and actions have a direct and powerful impact on Canada. The Department of Foreign Affairs and International Trade is working to improve its capacity to engage Americans at the local, regional and state levels, where the interests that drive Congressional and Administration policy are developed and articulated."

NAFTA has proven to be a resounding success for all three partners. Since its implementation, total merchandise trade between Canada, Mexico and the United States has increased by about 150 percent (from \$374 billion in 1993 to \$944 billion in 2002). Total two-way trade between Canada and Mexico has risen by 233 percent since 1993—despite a 13-percent fall in Canadian exports to Mexico in 2002.

"The NAFTA was a first because it linked two developed countries—Canada and the United States—with Mexico, a developing country," says Deputy Minister Edwards. "The ongoing success of the agreement demonstrates that freer trade and investment between developed and developing countries are beneficial for all parties, especially developing ones."

Mexico is now Canada's sixth-largest export destination and its fourth-largest source of imports. Two-way merchandise trade stood at \$15.1 billion in 2002. And Canadian direct investment in Mexico continues to grow, reaching \$4 billion in 2001.

Clearly NAFTA works—for all of North America. 🍁

NAFTA OPENS DOORS

Baultar floors Mexico City's transit system

Baultar Inc. of Windsor, Quebec, is taking a beating from Mexican subway riders—and wouldn't have it any other way.

Xavier Garcia, Baultar's international marketing coordinator, says the company has been competing successfully for contracts in Mexico City's heavily used metro system since NAFTA came into force.

"We identified a real need for our resilient floor coverings in Mexico, and once NAFTA was implemented, our work there multiplied by five," says Garcia.

Gerth makes inroads south of the border

Think of trade and what comes to mind? Typically, merchandise. But equally important are the freight carriers that move the goods across borders—firms such as Gerth Transport of Kitchener, Ontario.

Although Gerth had been dealing with Mexico for years, business literally took off once NAFTA was implemented. Since 1994, the company has tripled in size.

"NAFTA enabled us to move ahead in Mexico at a much faster pace than we ever expected," says Wayne Hadath, vice-president of sales and marketing.

Testori skyrockets to U.S. success

Based in Summerside, Prince Edward Island, Testori Americas Corporation started selling its aircraft and related components south of the border—mainly through Bombardier—just before NAFTA's implementation.

President Lindo Lapegna recalls the pre-NAFTA difficulties of doing business with the United States. The agreement, he says, opened doors for Testori: "Transportation and border logistics were real headaches," he recalls. "NAFTA has brought these issues within our control, so they no longer inhibit our ability to compete."

