

Three working groups (Science Issues, Regulatory Issues and Trade and Marketing Issues) have agreed on draft programs of work, and work has begun on program items. Mexico has agreed to host the next meeting of NABI in May 2003.

## United States

### Overview

Canada and the United States remain each other's largest trading partners, moving about \$1.9 billion worth of goods and services across the border each day. In 2002, Canada exported \$346.5 billion in goods to the United States and imported \$218.2 billion in return. Services exports totalled \$34.4 billion in 2002, with corresponding imports at \$40.5 billion. Fully 87.4% of Canadian merchandise exports are destined for the United States. Since the implementation of the Free Trade Agreement (FTA) in 1989, two-way trade has more than doubled. Between 1992 and 2002, two way trade in goods increased approximately 13% per year.

U.S. direct investment in Canada has increased from approximately \$85 billion in 1991 to \$215 billion in 2001, while Canadian direct investment in the United States has grown from \$63 billion to \$198 billion in the same period.

Canada's trade relationship with the United States is paramount for Canada. Opportunities exist for Canadian business in virtually every sector. To realize these opportunities, the Department of Foreign Affairs and International Trade (DFAIT) introduces small and medium-sized enterprises to the market, with a particular focus on helping women, young entrepreneurs and Aboriginal firms to begin business relationships with the United States. The New Exporters to Border States (NEBS) program has been highly successful in this regard, having helped 14,400 companies make their first foray into the U.S. market. The Canadian government also encourages Canadian exporters that have succeeded in more than one region of the United States to "graduate" to other international markets. For further information, please visit DFAIT's Canada-U.S. Relations Web site ([www.can-am.gc.ca](http://www.can-am.gc.ca)).

The government also aims to attract and expand investment from the United States and encourage strategic alliances with U.S. companies. The government's plan is to promote investment through the use of a more integrated, sector-focused approach that builds on the cooperation between DFAIT and its Team Canada Inc partners.

Within the United States, many individual states have economies that are larger than those of whole countries. There are also different cultural and economic influences at play in different areas of that country. Over the past year, several federal Cabinet ministers and deputy ministers have made visits to important U.S. regions to help forge relationships with government and business leaders. These initiatives are necessary to advance Canadian priorities and highlight the attractiveness of Canada as an investment destination.

### Market Access Results in 2002

- On December 6, 2002, Deputy Prime Minister Manley and Governor Ridge reported on progress made on the 30-point Action Plan of the Smart Border Declaration and announced their commitment to deepening border cooperation in several areas under Phase II. They agreed to bilateral cooperation in the areas of biosecurity, science and research.
- Canada and the United States established the Free and Secure Trade (FAST) Program, and reinstated the NEXUS program for low-risk travellers while expanding it to most major crossings.
- On January 1, 2003, Canada and the United States liberalized the NAFTA rules of origin for seven products making it easier for exporters of these products to meet the rules of origin and benefit from duty-free treatment under NAFTA. (Mexico will implement these changes later in 2003.)
- The proposed Breaux-Thomas amendment, which would have given the Administration discretion in restricting sugar product imports, was dropped from the 2002 U.S. Trade Promotion Authority Bill.
- Canada and the United States have agreed on detailed binational work plans to protect shared critical infrastructure in the energy, telecommunications and transportation sectors.