

# NAFTA

Dept. of External Affairs  
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**W**HILE TRADE HAS ALWAYS BEEN IMPORTANT IN MODERN SOCIETIES, INTERNATIONAL TRADE IS A NECESSITY TODAY. BUSINESS OPPORTUNITIES EXTEND FAR BEYOND BORDERS. DECLINING TRADE BARRIERS, COUPLED WITH VASTLY IMPROVED COMMUNICATIONS AND TRANSPORTATION SYSTEMS, ARE CREATING A TRULY GLOBAL MARKETPLACE. REGIONAL ECONOMIC GROUPINGS ARE BEING DEVELOPED AS VEHICLES TO LIBERALIZE TRADE AND ARE INCREASINGLY SEEN AS OPPORTUNITIES, RATHER THAN PROBLEMS.

International trade is an important part of the Canadian economy. In 1991, Canada's total merchandise trade (imports and exports) reached \$300 billion, or approximately 39 per cent of our 1992 estimated Gross Domestic Product (GDP). Our future economic well-being will increasingly depend on our ability to export goods and services.

On December 17, 1992, Canada, the United States, and Mexico signed the North American Free Trade Agreement. If NAFTA is ratified, the North American free trade area will comprise a population of 363 million with a combined GNP of \$8.38

trillion (Cdn). It will be the world's largest trading bloc, followed by the European Community.

For the second year in a row, KPMG Peat Marwick Thorne and KPMG Peat Marwick Stevenson & Kellogg surveyed senior business executives on the new North American Free Trade Agreement. We are pleased to present the summarized findings of our survey, and hope this information will serve as a point of reference for organizations charting their course in today's changing global environment.

KPMG's 1992 NAFTA survey was targeted at the largest and the fastest-growing companies in Canada. A

questionnaire was mailed in the last week of September 1992 to the 1,000 largest (by sector) and 100 of the fastest-growing (by revenue) public and private businesses in Canada.

The response rate from the *Top 1,000* group of companies was 28 per cent, 2 percentage points greater than KPMG's 1991 survey. The response rate from the *Fastest 100* group was 33 per cent. It appears that businesses, regardless of their size and whether or not they have business dealings with Mexico, are keen to express their opinions on NAFTA.

While the sample size for the *Fastest 100* is limited, we believe that the data it provides is interesting.

## EXECUTIVE SUMMARY

**Business shows strong support for NAFTA:** The survey clearly shows strong support for the North American Free Trade Agreement. Ninety per cent of executives from major corporations supported the agreement, a slight increase from last year. Opposition

remained insignificant at 2 per cent. Of the remaining 8 per cent, 6 per cent were undecided and 2 per cent did not respond.

Among the fastest-growing companies, 70 per cent of respondents

supported NAFTA and 24 per cent were undecided. The higher undecided rate may be due to respondents' general unfamiliarity with the Agreement. Three per cent were opposed and another 3 per cent did not respond.