

## TRADE AND ECONOMIC OVERVIEW

Canada and the United States share the world's largest bilateral trade relationship worth \$264.2 billion in 1993. Canada buys more U.S. products than do Germany, the United Kingdom, France and Italy combined, Ontario alone buys more U.S. goods than Japan. In 1993, total two-way merchandise trade increased to \$264.2 billion from \$222 billion in the previous year, representing a 18.9 percent increase. Canada's 1993 merchandise trade surplus of nearly \$37 billion with the U.S. was \$8 billion more than that of the previous year.

Nineteen-ninety three was a record year for Canadian exports to the United States, increasing 20 percent over the previous year. Valued at a record \$150.6 billion compared to \$125.6 billion in 1992, exports to the United States accounted for 80 percent of total Canadian exports.

With 80.7 percent of all Canadian exports going south of the border, the U.S. supports an estimated one million jobs in Canada. Canadian imports from the United States amounted to \$113.6 billion in 1993, compared to 96.5 billion in 1992, an increase of 18 percent over 1992.

Trade with the U.S. market is important to the Canadian economy and the country's prosperity. Over 15 percent of Canada's gross national product (GNP) is directly generated by Canadian exports to the United States. Canada is the largest single customer for U.S. sales abroad, purchasing 19 percent of all U.S. exports, representing approximately 67 percent of total Canadian merchandise imports.

Cumulative net foreign direct investment (FDI) into Canada from all foreign countries during 1989-1992 totalled more than \$23 billion (an average of \$5.8 billion in FDI per year), compared with \$7.6 billion for the four-year period preceding the Canada-U.S. Free Trade Agreement (FTA) of 1988. Almost 40 percent of the 1989-1992 FDI into Canada originated in the United States. Up to the 1992 year end, U.S. direct investment in Canada reached approximately \$87.3 billion, or almost 64 percent of foreign direct investment in Canada.

The automotive, forestry and energy sectors dominated Canadian exports to the U.S. in 1993. Collectively, they represent approximately half of all domestic exports to the United States. Recent Canadian company success stories based on outstanding export performance in the United States market include Alcatel Canada Wire Inc., Protec Microsystems, Riese-Vermont Canadian Lake Wild Rice, Ice King<sup>TM</sup>, George Hancock Textiles Limited, Clearly Canadian Beverage Corporation, Delrina Technologies, Data Accessories Corporation, Matek Consultants, and Du Pont Canada Inc..