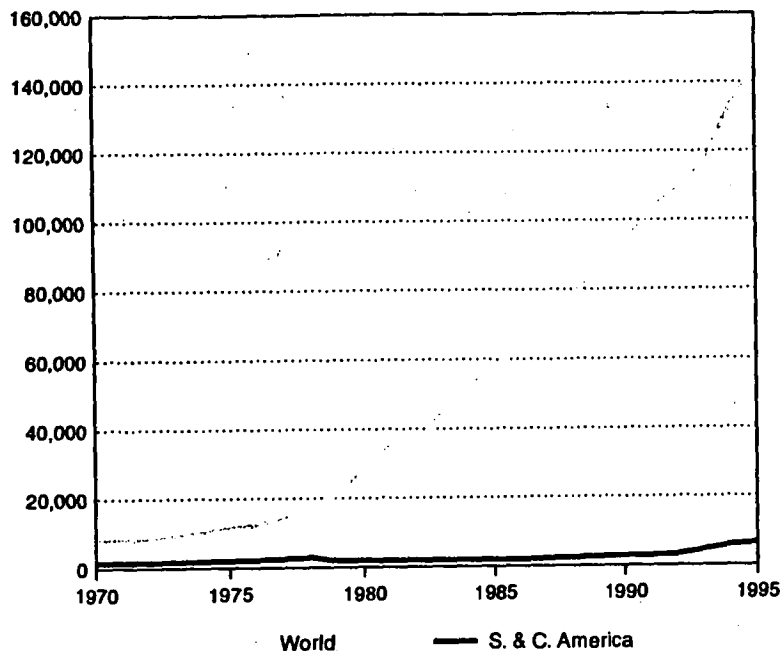


Figure 11.3

Canadian Direct Investment in the World and in South and Central America
(change in book value, millions of \$)



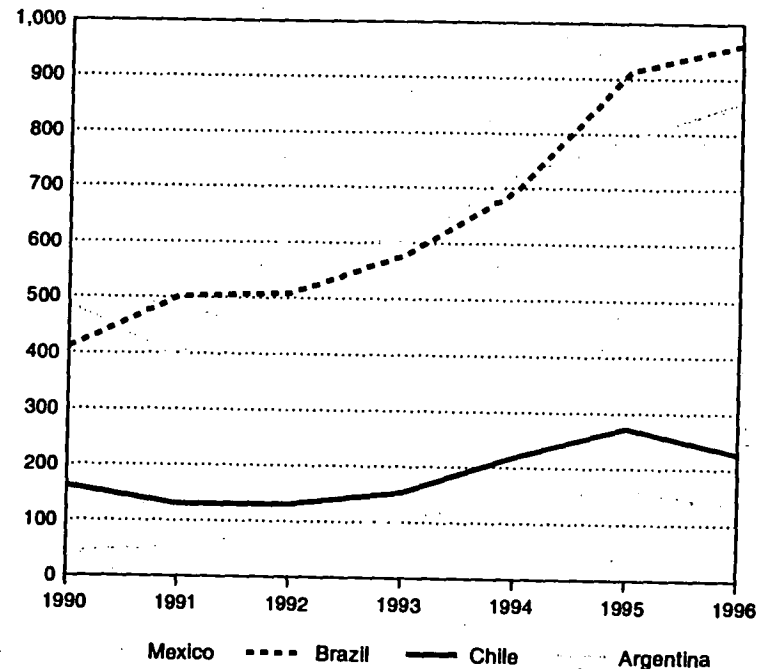
Source: Statistics Canada, CANSIM Series D65221 and D66107, 28 Dec. 1997.

sharply. In fact, never before has Canada's economy been so closely integrated into a strictly North American productive structure whose axis is the United States. The raw fact is that Canada's export dependence on the US has grown steadily, reaching over 80 per cent of total trade.

The figures presented here could not be clearer. By 1995, investments in South and Central America had barely recovered their 1982 level, itself well below what it had been in the 1970s (Figure 11.1). Investments in the region have been growing, but did not keep pace with Canadian investments in the rest of the world (Figures 11.2 and 11.3). The trade picture is no different. While both exports and imports to the region have been growing steadily between 1990 and 1996 (Figures 11.4 and 11.5), they barely kept pace with the tremen-

Figure 11.4

Canadian Exports to the Americas, 1990-1996
(millions of \$)



Source: International Monetary Fund, *Direction of Trade Statistics 1990-1996* (Washington: IMF, 1997).

dous growth of global Canadian trade (Figures 11.6 and 11.7), with imports from the Western hemisphere (minus the US) increasing from 3 per cent to about 4 per cent of Canada's total imports and exports remaining at about 2 per cent.

This situation is made worse by the fact that Canada now has a trade deficit with most of the world and a large (if falling) trade surplus with the United States. Prospects, moreover, are not good with the Canadian dollar weakening in relation to the US dollar, while strengthening in relation to the currency of most of its other trading partners, provoking a growing trade deficit with Latin America. Between 1990 and 1996, Canada has seen its trade surplus with the United States grow from \$20 billion to about \$50 billion, while its