

## THE BENEFITS OF NORTH AMERICAN FREE TRADE

Canada is one of the world's leading trading nations. In 1979, we were the tenth largest exporter and importer of merchandise items in the world. By 1989, we had become the seventh largest trader.

Our prosperity depends on trade. Nearly half the goods Canada produces are exported. More than three million Canadian jobs depend on export trade.

The chart below demonstrates that Canada is a major exporter. On a per capita basis we export far more than countries with larger domestic markets such as Japan or the United States.

Increased exports mean more jobs for Canadians. This is why increased trade with Mexico is attractive to Canada.

To protect and promote our export trade, Canada needs free and secure access to foreign markets. That is why we negotiate international trade agreements.

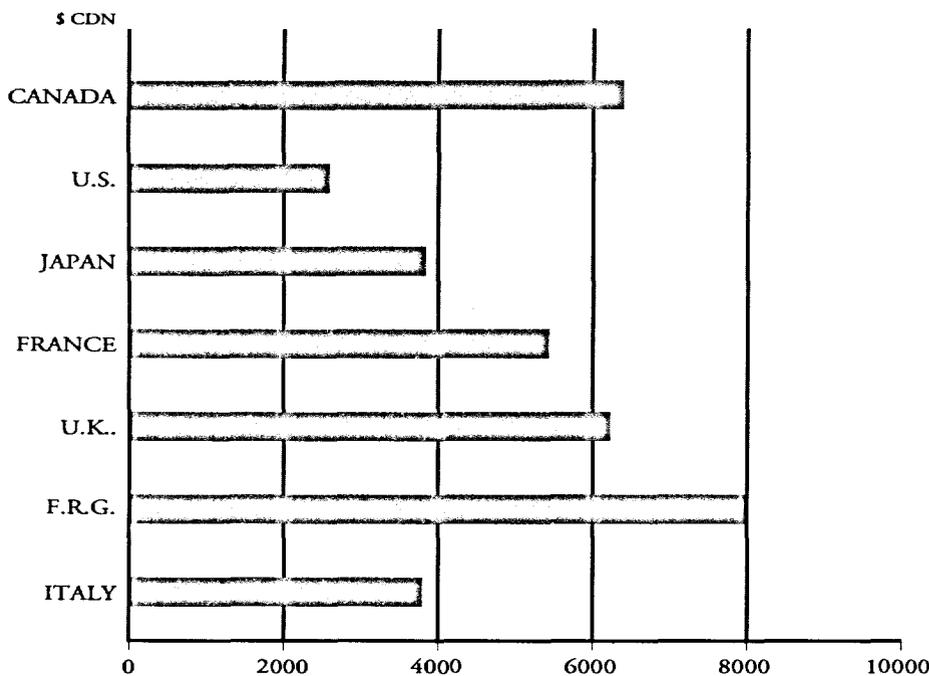
For example, Canada has always depended heavily on GATT to preserve an open world trading system. The Canada-U.S. Free Trade Agreement (FTA) is aimed at increasing access to our most important market.

Negotiating a free trade agreement with Mexico will create a North American market with a Gross Domestic Product of over \$7 trillion. This is larger than the European Community's 12-nation market.

A North American free trade market will benefit Canada in several ways:

- Increased trade will help the Mexican economy grow. Free trade with Mexico will enable Canadian companies to sell more of our products into this expanding market.
- In the past four years, United States trade with Mexico has tripled to US\$60 billion. It is in Canada's interest to be part of the Mexican free trade initiative to ensure that Canadian exporters get their fair share of the growing North American market.
- In the larger North American market, Canadian industries can invest and develop their technology and economies of scale. Canada can use the North American market as a springboard to increase our exports to Latin America and around the world.
- By offering investors access to North America, Canada will become an increasingly attractive location for investment and jobs.

Total Exports per Capita  
(1988)



Source: IMF.