

U.S. direct investment in Canada increased from approximately \$80 billion in 1989 to more than \$228 billion in 2003, while Canadian direct investment in the United States grew from some \$57 billion to close to \$165 billion in the same period.

The visit of President George W. Bush to Canada in November 2004 was particularly critical to Canadian interests. During the visit, Prime Minister Martin and President Bush committed to deepening cooperation in North America and in the world. They agreed to work bilaterally to address Canada-U.S. priorities and to continue close cooperation with Mexico on issues of trilateral importance. They also announced a New Partnership to lay out an agenda designed to increase

the security, prosperity and quality of life of citizens on both sides of the border. Mexico's President Vicente Fox has strongly endorsed the New Partnership and expressed his commitment to work with Canada and the United States on matters of trilateral interest.

As a first step under the New Partnership, Prime Minister Martin and President Bush agreed to accelerate efforts to liberalize rules of origin and to pursue joint approaches to partnerships, consensus standards and smarter regulations in order to promote greater efficiency and competitiveness while enhancing health and safety. Canada and the United States will also continue joint efforts on the Smart Border Accord to secure the safe movement of people and

TRADE AND INVESTMENT PROMOTION

Opportunities exist for Canadian business in virtually every sector. To realize these opportunities, the International Trade component of the department of Foreign Affairs and International Trade (DFAIT [IT]) introduces small and medium-sized enterprises to the market, with a particular focus on helping women, young entrepreneurs and Aboriginal firms begin business relationships in the United States. The ExportUSA initiative, which consists of the New Exporters to Border States (NEBS), Reverse NEBS and Exporters to the United States (EXTUS) programs, has been highly successful in this regard, having helped more than 20,000 companies make their entrance into the U.S. market since 1984. The Government of Canada 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, visit the Department of Foreign Affairs and International Trade's Web site on Canada-U.S. relations (www.can-am.gc.ca).

The government also aims to attract and expand investment from the United States and to encourage Canadian technology partnerships 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 the Department of Foreign Affairs and International Trade and partner departments and agencies. Further to the Government of Canada's launch of the Enhanced Representation Initiative (ERI) in September 2003, technology partnership business missions are being organized and implemented in concert with eight of the ERI partners in such sectors as nanotechnology, photonics, hydrogen fuel cells, medical devices and security products.

Within the United States, many individual states have economies that are comparable to those of industrialized countries. In fact, all U.S. states, including Hawaii and Alaska, have GDPs comparable to those of whole countries. Canadian federal cabinet ministers and other high-level government officials are in regular contact with key U.S. interlocutors to help forge relationships with government and business leaders. These initiatives are necessary to advance Canadian priorities and to highlight the attractiveness of Canada as an investment destination.

In view of the importance of the trade relationship, a new cabinet committee, chaired by the Prime Minister, has been created to ensure an integrated, government-wide approach to Canada-U.S. relations. A parliamentary secretary to the Prime Minister with a special emphasis on Canada-U.S. relations has also been appointed.