

Stars and Stripes Forever

Canada and the United States share the largest and most comprehensive trading relationship in the world. Two-way trade in goods and services reached \$445.4 billion in 1996 — over \$1.2 billion a day.

The United States buys 80 per cent of our exports. We buy 22 per cent of their exports. Canada-U.S. trade supports about 2.4 million jobs in Canada and directly generates 28 per cent of our gross domestic product. In a nutshell, we are each other's best customers.

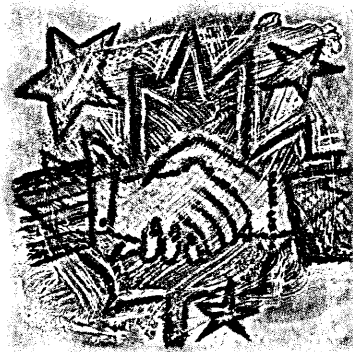
The value of this unique commercial relationship cannot be overestimated. Without the strength of our export trade, and increased investment since the North American Free Trade Agreement (NAFTA) came into effect, Canada could have easily slipped into a recession. Exports have been our strongest economic stimulant throughout the 1990s. And almost all of those exports are heading south of the border.

Star-spangled boom

Nine years after the Canada-U.S. Free Trade Agreement (FTA) took effect on January 1, 1989,

business between the two countries is booming. Canadian merchandise exports to the United States surged by a remarkable 77 per cent. We not only buy each other's products and services, we enjoy visiting one another — good news for Canada's tourism industry. In 1996, 13 million Americans visited Canada, generating \$4.8 billion in revenue, and Canadians made 15.3 million trips to the United States.

Canada is the world's seventh-largest exporter of goods. In 1996, merchandise exports to the United States were up 7.4 per cent, and export of services increased by 8.9 per cent. Overall, Canada recorded a \$17.1-billion surplus in trade with the United States.



As each other's closest ally and trading partner, Canada and the United States are inextricably tied to events and conditions north and south of the border. Our exports depend on our southern neighbour's economic stability and prosperity, just as their exports rely on our economic fitness.

Relationships as closely knit and substantial as those between Canada and the United States are complex and far-reaching. For the two countries, maintaining open and beneficial bilateral ties is not a luxury but a necessity.

From the signing of the FTA in 1989 and the NAFTA in 1994 to some 239 side agreements covering everything from defence cooperation and access to commercial airways to Great Lakes water quality, Canada and the United States have been very successful at working out the dos and don'ts of their partnership.

Most tariffs between the United States and Canada were phased out by January 1998.

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Good news for Canada: U.S. economy in good shape

The U.S. economy is in remarkably good shape. For six straight years, it has shown growth and durability. In 1997, economic growth averaged a healthy 3.5 per cent, and this is good news for Canada.

In 1996, Canadians sold almost twice as much to the United States as we did to Japan, and more than to all 15 members of the European Union combined. The province of Ontario alone sells more to the United States than does Japan.

Maintaining these ties, however, is not something that is easily accomplished. This fact quickly becomes apparent when you consider the breadth and diversity of the issues that face our respective governments every day — whether it is

the monitoring of cross-border movement of people and commerce,

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