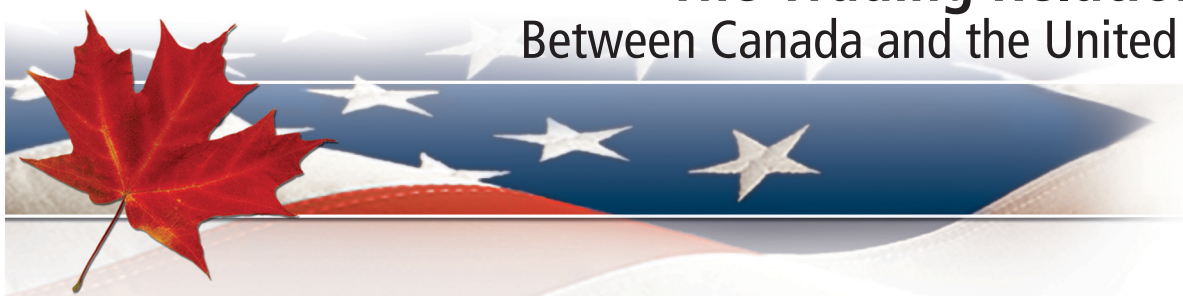




The Trading Relationship Between Canada and the United States



As neighbors, Canada and the United States share more than a common border. Similar geography, weather conditions, demographics as well as complementary production influence the trading relationship between the two countries.

The World's Best Trading Partners

- Canada and the US enjoy the largest bilateral trading relationship in the world. With more than \$1.5 billion in goods crossing the US-Canada border every day, or \$1 million every minute, Canada and the US are each other's most important trading partners. In 2007, two-way trade in goods surpassed \$516.6 billion. Agriculture, agri-food and seafood trade accounted for roughly \$33 billion of this total.
- Trade is vital to the US agricultural sector for many reasons. 95% of the world's consumers live outside the US, and it is estimated that roughly 27% of all US cash receipts for agricultural come from export markets. When US agricultural exports succeed within the international market, increased economic activity, in turn, boosts the domestic economy. What many Americans may not realize is how important trading with Canada is to the American agriculture, agri-food and seafood industry.
- In 2007, Canada imported more than \$14 billion worth of agriculture, agri-food and seafood products from the US. This made up roughly 15% of total US agriculture, agri-food and seafood exports to the world. Canada imports more of these products than any other country in the world, including Mexico, Japan, the EU and China.
- In 2007, some of Canada's top imported goods from the US included: fruits and nuts, valued at \$1.5 billion; vegetables, valued at \$1.4 billion; baking-related goods, valued at \$1.4 billion; and beef, pork and poultry, valued at \$1.1 billion.
- The US is also an excellent customer for Canada's agriculture, agri-food and seafood products. Canadian exporters ship more than half of their products to the US and supply it with almost one-fifth of its imported products. Canada exported \$18.3 billion in agriculture, agri-food and seafood to the US in 2007.
- Top Canadian goods supplied to the US included: cattle and hogs, valued at \$2.2 billion; fish and seafood, valued at \$1.9 billion; baking-related goods, valued at \$1.9 billion; beef, pork and poultry meat, valued at \$1.8 billion; and cereals such as wheat, oats and barley, valued at \$1 billion.

Canada-US Trade Benefits the US Economy

- As each other's best customers for agriculture, agri-food and seafood products, the enormous expansion in cross-border activity has created a mutually beneficial trading relationship. Trade between Canada and the US makes both countries more competitive internationally, and provides both consumers and producers with a greater variety of safe, healthy, and wholesome food products.
- In 2007, 7.1 million American jobs – in other words, one in 25 jobs – were supported by trade with Canada.
- The US is the most important destination for Canadian direct investment abroad. Canadian investment in the US totaled \$215 billion or 44% of Canada's total outbound investment as of 2007. For food and beverage manufacturing, the investment relationship intensifies, where 70% of Canada's outbound investment stock is in the United States. It is estimated that more than 16,000 companies in the US are Canadian-owned, providing employment for more than 580,000 Americans.

Complementary Supply Chains

- Trade between Canada and the US is complementary. For example, the US supplies fresh fruit and vegetables to Canadians in the winter-time, while Canada supplies the US with a blend of bulk and specific products that meet the needs of certain geographic markets (e.g. piglets to the Mid-West states).
- Both countries also rely on each other for inputs into the agricultural production process. Canada supplies the US with energy and fertilizers, while the US supplies Canada with pesticides and machinery. Canada provides more oil, gas, electricity and uranium than any other country to the US. These exports to the US are important inputs for the US agricultural industry.
- When production rates fail to keep pace with domestic demand, each country has been able to supplement the production of the other. For example, US corn exports to Canada have increased in years when Canada has faced periods of drought. In turn, Canada is there to fill the gap by supplying malting barley and oats to its southern neighbor because of limited production of these grains in the US.

Please visit our website: www.agr.gc.ca/usadvocacy

All figures are in US dollars. Canadian export figures to the US do not include re-export values

Data source: Statistics Canada, May 2008

