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# TRADE AND INVESTMENT



## ***Canada–United States***

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The Library of Parliament ***Trade and Investment*** series provides information on Canada's trade and investment relationship with selected countries. Particular attention is paid to bilateral merchandise trade, trade in services, and foreign investment. These publications are prepared by the Parliamentary Information and Research Service, which carries out research for and provides information and analysis to parliamentarians and Senate and House of Commons committees and parliamentary associations.

\* Simon Lapointe, formerly of the Library of Parliament, contributed to the preparation of this document.

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## Merchandise Trade

The United States is Canada's largest trading partner. In 2010, bilateral merchandise trade was valued at \$501.7 billion, consisting of \$298.5 billion in Canadian exports to, and \$203.2 billion in imports from, the United States.

Although the value of Canada-United States merchandise trade increased from 2009 to 2010, it has not yet returned to the level attained prior to the onset of the global financial and economic crisis in 2008, presumably because the United States' economy is experiencing a relatively slow recovery. The value of Canadian exports to the United States increased by 11% between 2009 and 2010, while the value of exports to all other countries increased by 12%. Similarly, the value of Canadian imports from the United States increased by 9% from 2009 to 2010, compared to a 12% increase from all other countries.

Since 2002, the United States has steadily declined in importance as a trading partner for Canada. The United States accounted for 75% of total Canadian exports in 2010, down from a high of 87% in 2002. Similarly, 50% of total Canadian imports in 2010 came from the United States, down from a high of 68% in 1998.

Ontario was the largest provincial exporter to the United States in 2010, followed by Alberta and Quebec. In that year, the value of merchandise exports to the United States was \$134.6 billion, \$67.4 billion and \$40.2 billion for Ontario, Alberta and Quebec respectively.

The value of exports to the United States from most provinces and territories fell over the 2005 to 2010 period. The decrease during this period was relatively significant for Ontario, with a 6% decline; Quebec, with a 7% reduction; and British Columbia, with a 10% decrease. On the other hand, the value of Alberta's exports to the United States remained relatively constant over the 2005 to 2010 period.

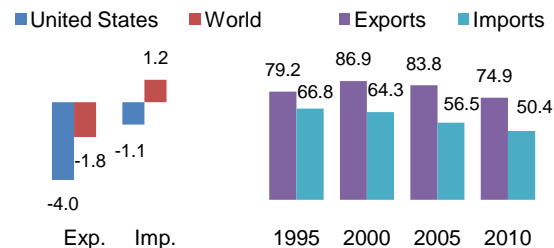
### Figure 1



### Figure 2

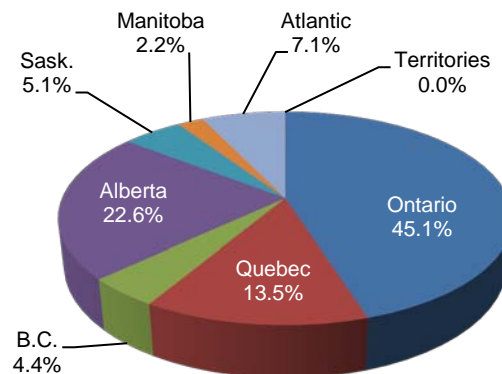
## Importance to Canada

Average yearly growth (%): 2005–2010      Share of total trade (%):



### Figure 3

## Exports by Province/Territory – 2010



All figures were prepared by the authors using Statistics Canada annual figures as of spring 2011.  
The merchandise trade data are customs-based; the services trade and foreign direct investment data are balance of payments-based.

## Products

The majority of Canadian exports to the United States are manufactured products; that being said, resource products are also important to the trade relationship. Manufactured goods made up almost 71% of the value of Canadian exports to the United States in 2010, while resource-based goods accounted for the remaining 29%.

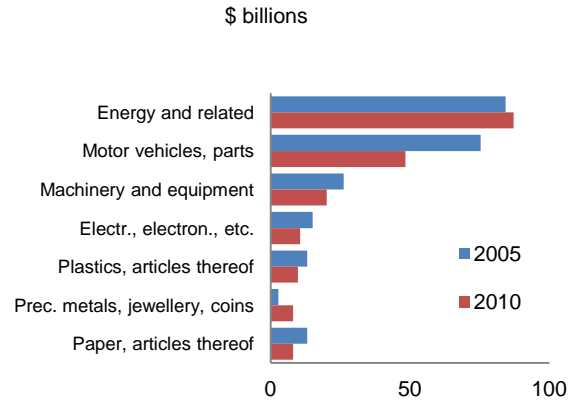
In 2010, crude oils as well as motor vehicles were Canada's highest-valued exports to the United States, at \$51.7 billion and \$37.2 billion respectively in that year. However, while the value of crude oil exports grew by 72% over the 2005 to 2010 period, the value of exported motor vehicles fell by 16% over the period.

Canada's imports from the United States were largely manufactured goods in 2010, accounting for more than 93% of the value of Canadian imports from that country. Canada's most highly valued imports from the United States in that year were various types of vehicle parts, as well as machinery and equipment, although the value of imports in both categories decreased by approximately 20% over the 2005 to 2010 period.

In 2010, Canada was a large net exporter of metals, mines and energy to the United States. It was also a net exporter of forest products and transportation equipment in that year, although the collective value of those net exports decreased by 68% over the 2005 to 2010 period. Canada's trade deficit with the United States in machinery and equipment in 2010 was 3% higher than in 2005.

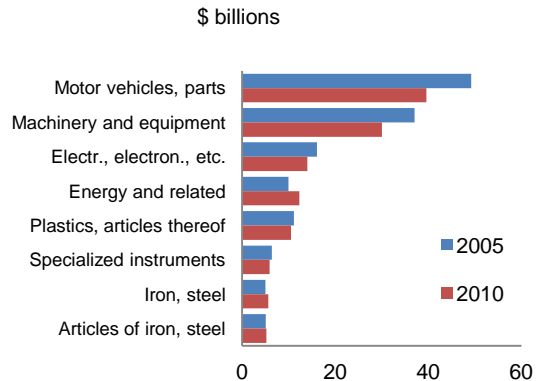
### Figure 4

#### Major Export Products



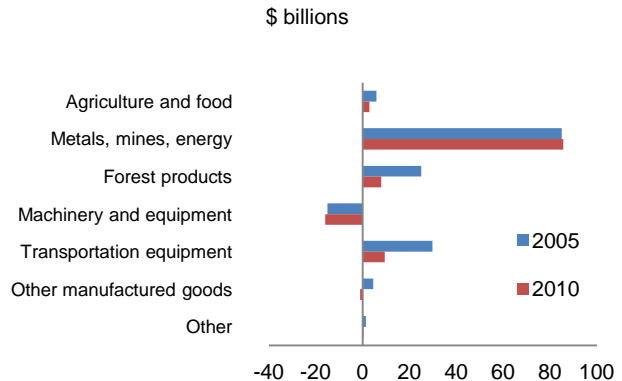
### Figure 5

#### Major Import Products



### Figure 6

#### Balance by Category



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## Services and Investment

Canada was a net importer of services from the United States in 2010. In that year, the value of Canadian services imports from the United States totalled \$52.5 billion, while services exports were valued at \$37.2 billion. Services imports have grown steadily over the past decade, while services exports have remained largely unchanged since 2000; in 2000, services imports and exports were valued at \$41.7 billion and \$37.0 billion respectively.

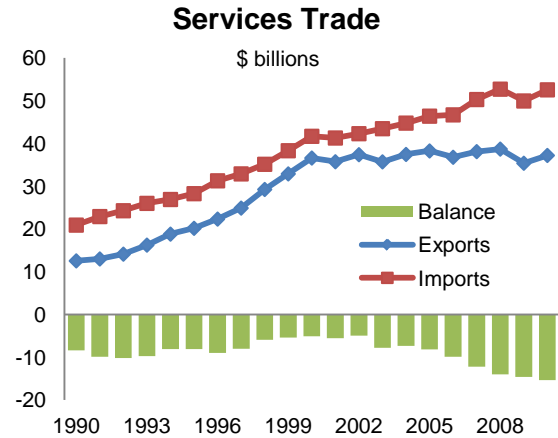
In 2010, commercial services trade, with exports and imports valued at \$24.0 billion and \$26.0 billion respectively, made up the largest share of services trade between Canada and the United States, at about 56%. The second most highly valued component of bilateral services trade in that year was travel services.

Canada had a trade deficit in all three major categories of services trade with the United States in 2010. The largest deficit, which is in travel services, may reflect the relative value of the Canadian dollar, which increased Canadian travel to the United States in the last decade and reduced travel to Canada from the United States. As a result, Canadian travel services imports increased from \$11.5 billion in 2000 to \$18.1 billion in 2010, while Canadian travel services exports decreased from \$9.4 billion in 2000 to \$7.2 billion in 2010.

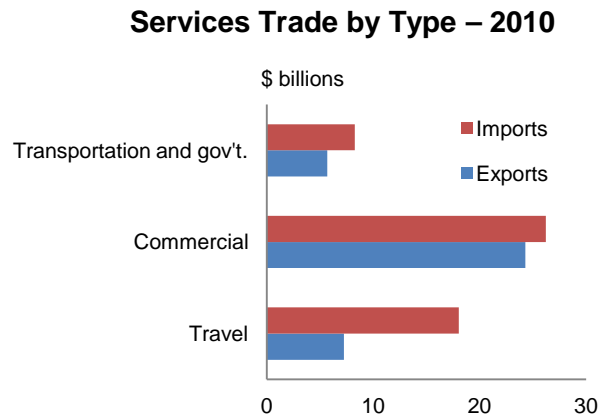
The United States is Canada's largest source of, and most significant destination for, foreign direct investment. Canadian direct investment in the United States was valued at \$249.9 billion in 2010 and accounted for 40% of Canada's total stock of direct investment abroad. With a value of \$306.1 billion in that year, the United States' investment in Canada represented 54% of foreign direct investment in Canada.

Nonetheless, the United States is falling in importance as an investment partner for Canada. An increasing share of Canadian direct investment abroad is going to Caribbean countries, while a growing percentage of inbound direct investment is coming from Asia.

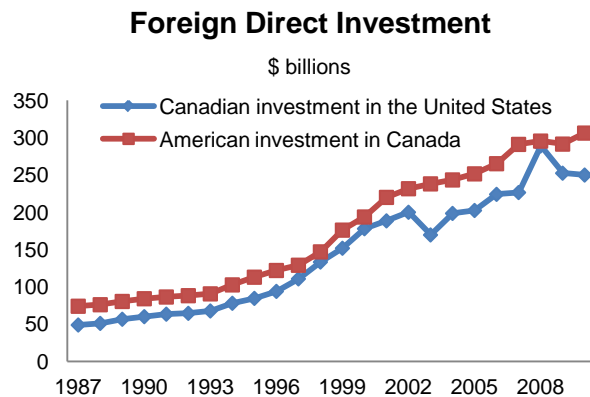
### Figure 7



### Figure 8



### Figure 9



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