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# The Trading Relationship Between Canada and the United States

As neighbours, Canada and the United States share more than a common border with each other. Similar geography, weather conditions and demographics have influenced the trading relationship between the two countries.

## The world's largest trading partners

- Canada and the United States enjoy the largest bilateral trading relationship in the world. With more than \$1 billion in goods and services crossing their borders every day, Canada and the United States are each other's largest trading partner. In 2002, the value of the total merchandise trade between the two countries was over \$350 billion.
- Trade is vital to the U.S. agricultural sector. Canadians are the largest purchasers of U.S. agricultural exports in the world, with an average per-capita consumption rate of \$274 worth of U.S. agricultural products each year.
- In 2002, Canada imported nearly \$9 billion worth of agri-food products from the United States - over 16% of the total U.S. agri-food exports. This means, Canada imports more U.S. agricultural products than any other country in the world, including Japan, Mexico, and Europe.
- The United States is also an excellent customer for Canada's agricultural products. Canadian exporters ship more than half of their agricultural exports to the United States, and supply it with approximately one quarter of its imported agri-food products. Canada's top exports to the United States are live cattle and beef.
- A significant portion of the flow of trade between Canada and the United States is complementary. While the United States supplies fresh fruits and vegetables to Canadians in the wintertime, Canada supplies the United States with a blend of bulk and specific products that meet the needs of certain geographic markets (e.g., piglets to the Mid-West states), or fill important niche markets for manufactured food and beverage products from Icewines, to game meats, to Livesavers.
- Both countries also rely on each other for inputs into the agricultural production process. Canada supplies the United States with energy and fertilizers, while the United States supplies Canada with pesticides and machinery.
- When production rates fail to keep pace with domestic demand, each country has been able to supplement the production of the other. For example, U.S. 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 feed barley to its southern neighbour in years of limited production.
- As each other's best customers for agriculture and agri-food products, the enormous expansion in cross-border activity has created a mutually-beneficial trading relationship. It has also had a positive impact for both Canadian and U.S. producers by creating a more efficient food-processing sector. The consumer has reaped the ultimate benefit, by gaining a greater range of choices and a more stable supply of goods that better reflects consumer demand.


## For more information

For details on the trade relationship between Canada and the United States, visit our Web site at [http://www.agr.gc.ca/itpd-dpci/english/country/usadvocacy\\_e.htm](http://www.agr.gc.ca/itpd-dpci/english/country/usadvocacy_e.htm)

All figures are in U.S. dollars

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