



# TRADE AND INVESTMENT

## CANADA–UNITED STATES

### THE UNITED STATES' PROFILE

#### Economic Indicators

- Gross domestic product (GDP) at purchasing power parity (PPP): US\$20.4 trillion (2018)
- GDP per capita at PPP: US\$62,600 (2018)
- Population: 327.2 million (2018)
- International merchandise exports and imports: 20.9% of GDP at official exchange rates (2018)
- Canada's largest merchandise trade partner (2018)
- Canada's largest services trade partner (2017)
- Ease of Doing Business ranking: 8<sup>th</sup> among 190 countries (2018)
- World Competitiveness ranking: 1<sup>st</sup> among 140 countries (2018)

#### Notable Trade and Investment Agreements between Canada and the United States

- *North American Free Trade Agreement* (1994)
- *Agreement Between the Government of Canada and the Government of the United States of America on Government Procurement* (2010)
- Canada–United States–Mexico Agreement (signed, but agreement not in force)



### FUNDAMENTALS

#### The Series

The Library of Parliament's Trade and Investment series:

- provides information on Canada's trade and investment relationship with the world and with selected countries;
- describes the trade relationship of each of Canada's 10 provinces and three territories with the world; and
- presents Canada's merchandise trade relationship with each of the United States' 50 states.

All dollar amounts are in Canadian dollars unless otherwise noted.

Numbers have been rounded.

Definitions appear at the end of this profile.

#### This Profile

The merchandise trade data are customs-based; the services trade data and foreign direct investment data are balance of payments-based.

The five most highly valued merchandise export and import categories have been identified using values for 2018.

All figures were prepared using Statistics Canada data available in summer 2019.

For the data tables used to generate the figures, see the HTML version of this profile at [Trade and Investment Series 2018](#).

#### The Sources for the "Economic Indicators" Section

World Bank's World Development Indicators database

- GDP at PPP, GDP per capita at PPP, population, and international merchandise exports and imports as a share of GDP

Statistics Canada

- Merchandise and services trade rankings

World Bank's Doing Business project

- Ease of Doing Business ranking

World Economic Forum's Global Competitiveness Report

- World Competitiveness ranking

#### Marie Dumont

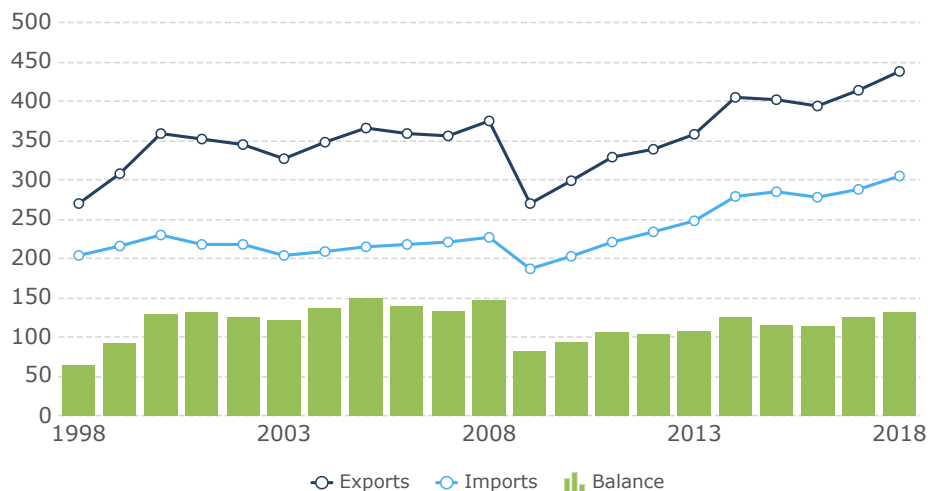
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# CANADA'S MERCHANDISE TRADE WITH THE UNITED STATES

## Merchandise Trade

(\$ billions)

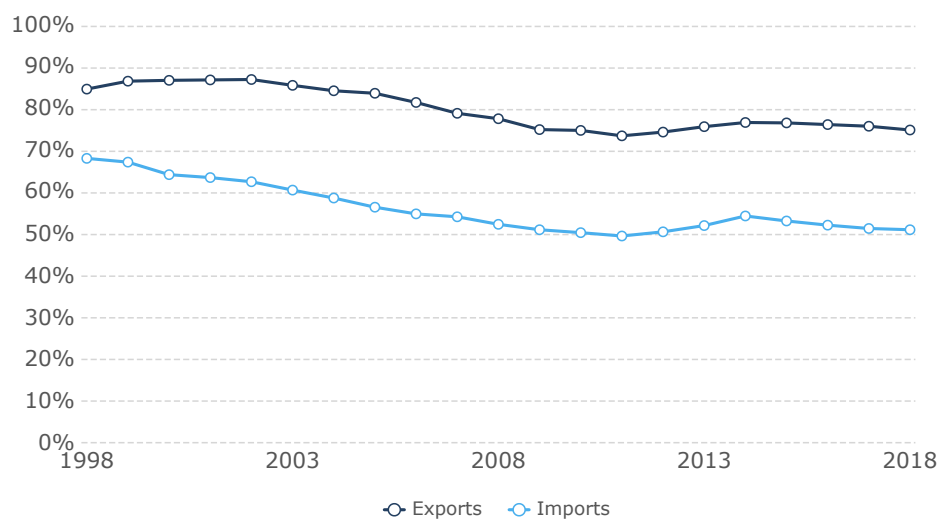


Bilateral merchandise trade in 2018: \$742.9 billion

- Exports: \$438.1 billion, a 5.7% increase from 2017
- Imports: \$304.7 billion, a 5.7% increase from 2017

Trade surplus in 2018: \$133.4 billion, an increase from \$126.0 billion in 2017

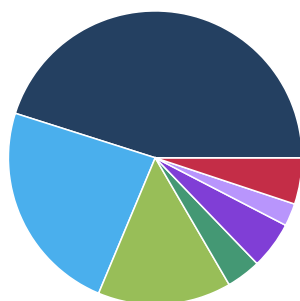
## Share of the Total Value of Canadian Trade



Exports in 2018: 75.0% of the total value of Canadian exports, a decrease from 75.9% in 2017

Imports in 2018: 51.1% of the total value of Canadian imports, a decrease from 51.4% in 2017

## Share of Exports by Province/Territory

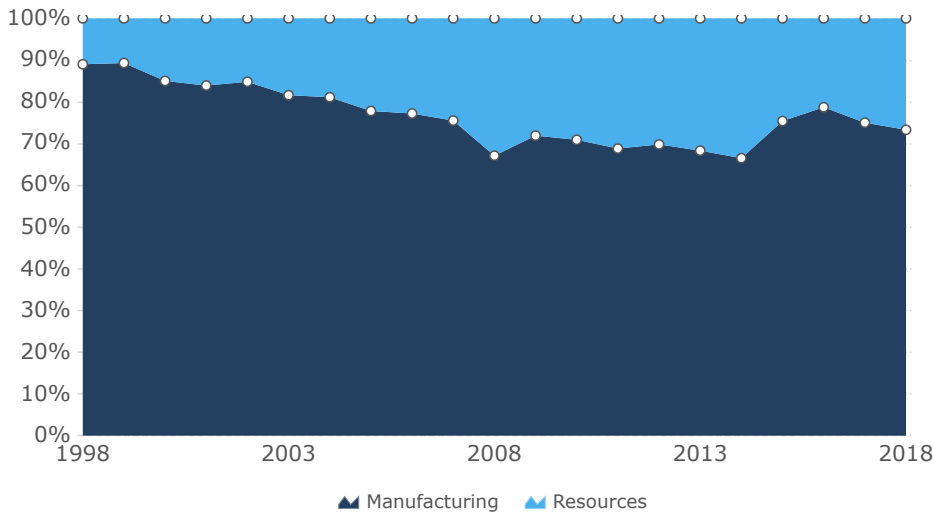


Highest-valued exporters in 2018:

- Ontario – \$197.5 billion, a decrease from \$197.6 billion in 2017
- Alberta – \$103.2 billion, an increase from \$88.7 billion in 2017

Ontario
Alberta
Quebec
Saskatchewan  
British Columbia
Manitoba
Atlantic provinces
Territories

### Share of Exports by Sector

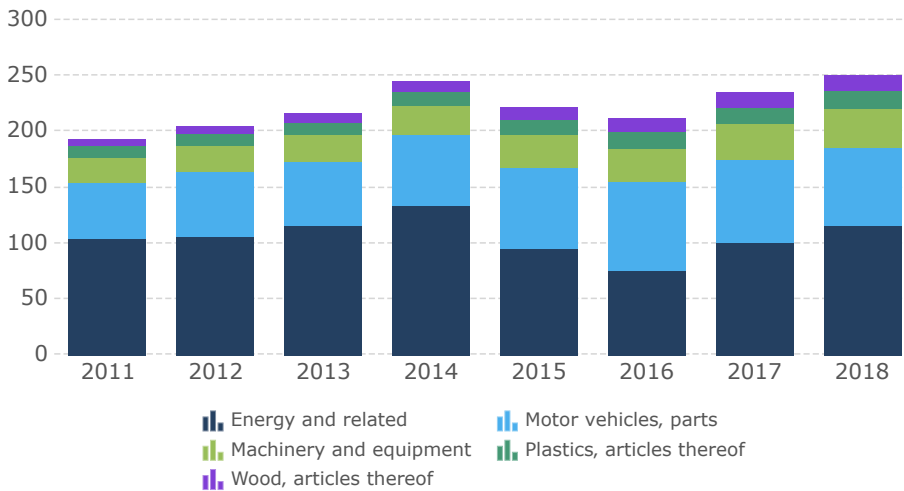


### Exports in 2018:

- Resource-based goods – 26.7%, an increase from 25.0% in 2017
- Manufactured goods – 73.3%, a decrease from 75.0% in 2017

### Most Highly Valued Exports by Product Category

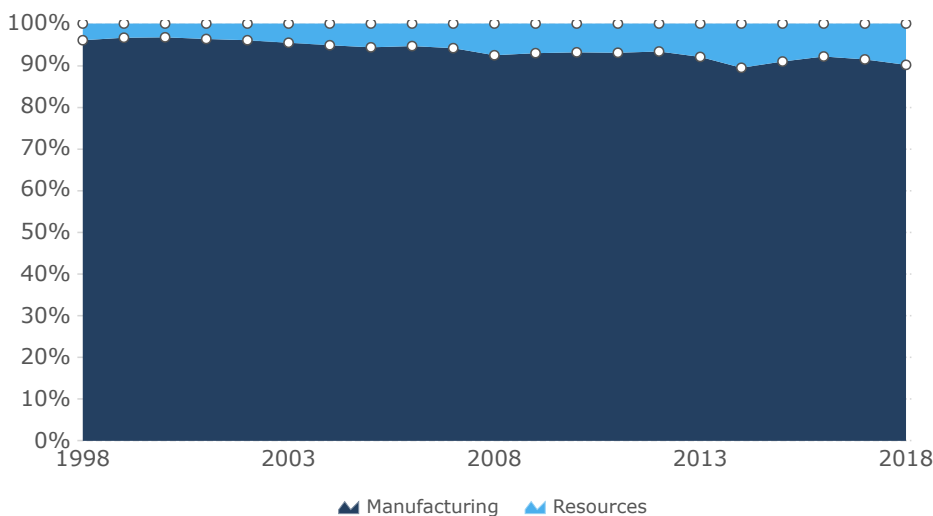
(\$ billions)



Highest-valued exports in 2018: Crude oil and motor vehicles, together accounting for 30.3% of the total value of Canadian exports to the United States

- Crude oil: \$82.9 billion, an increase from \$69.0 billion in 2017
- Motor vehicles: \$49.8 billion, a decrease from \$57.3 billion in 2017

### Share of Imports by Sector

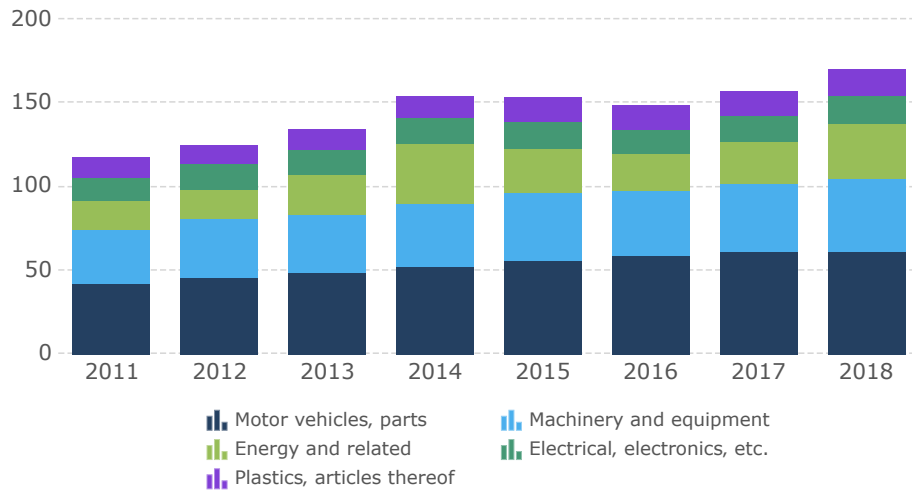


### Imports in 2018:

- Resource-based goods – 9.9%, an increase from 8.6% in 2017
- Manufactured goods – 90.1%, a decrease from 91.4% in 2017

### Most Highly Valued Imports by Product Category

(\$ billions)

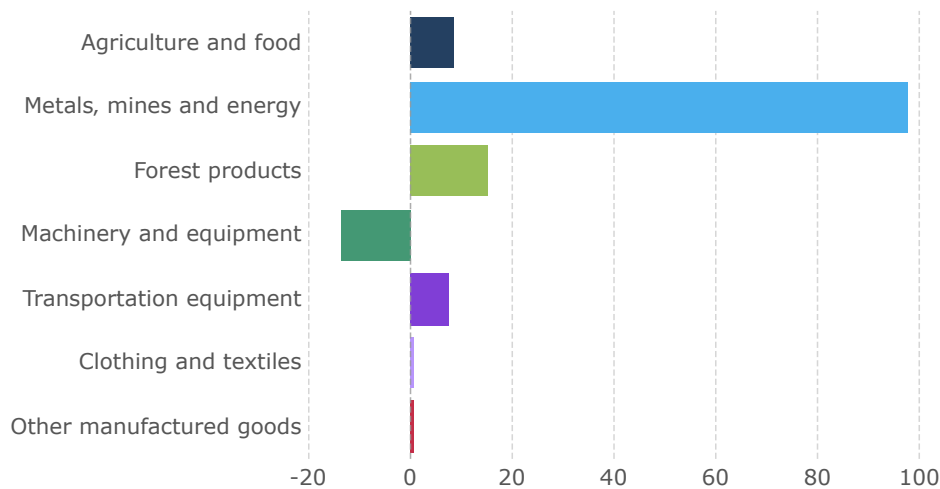


Highest-valued imports in 2018: Motor vehicles and motor vehicle parts, together accounting for 12.3% of the total value of Canadian imports from the United States

- Motor vehicles: \$19.0 billion, unchanged from 2017
- Motor vehicle parts: \$18.4 billion, a decrease from \$18.7 billion in 2017

### Trade Balance by Product Category

(\$ billions)



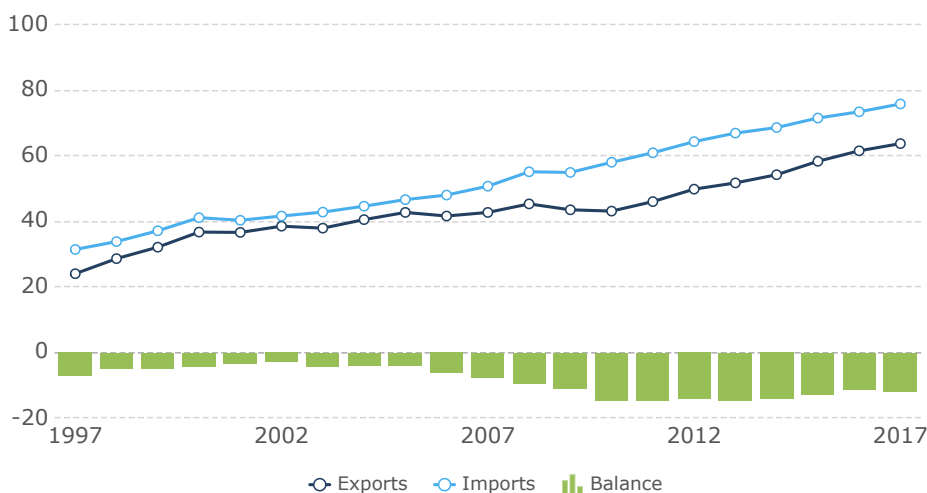
Largest merchandise trade deficit in 2018: Machinery and equipment, at \$13.8 billion

Largest merchandise trade surplus in 2018: Metals, mines and energy, at \$97.9 billion

# CANADA'S SERVICES TRADE WITH THE UNITED STATES

## Services Trade

(\$ billions)



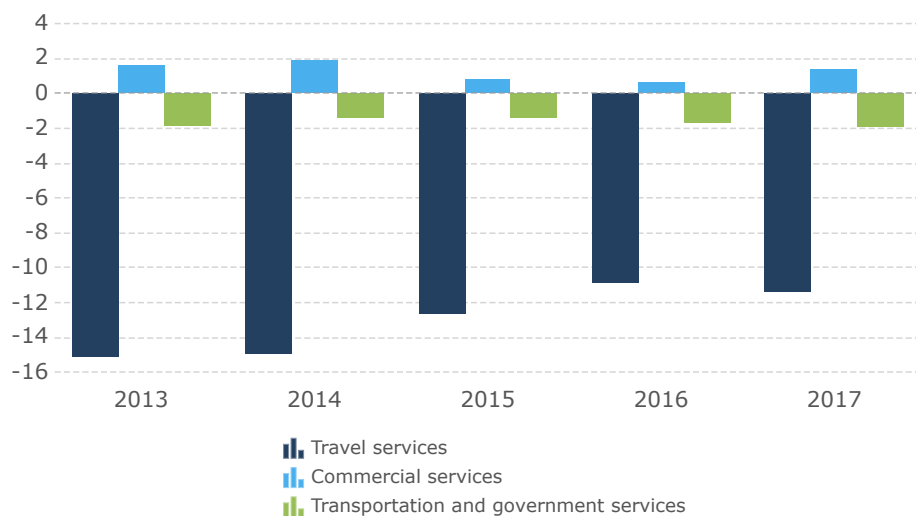
Bilateral services trade in 2017: \$139.5 billion

- Exports: \$63.7 billion, a 3.6% increase from 2016
- Imports: \$75.8 billion, a 3.2% increase from 2016

Trade deficit in 2017: \$12.1 billion, an increase from \$11.9 billion in 2016

## Services Trade by Type

(\$ billions)



Services trade deficit in 2017: Largely due to travel services trade

### Travel services

- Exports: \$10.3 billion
- Imports: \$21.7 billion

### Commercial services

- Exports: \$44.9 billion
- Imports: \$43.5 billion

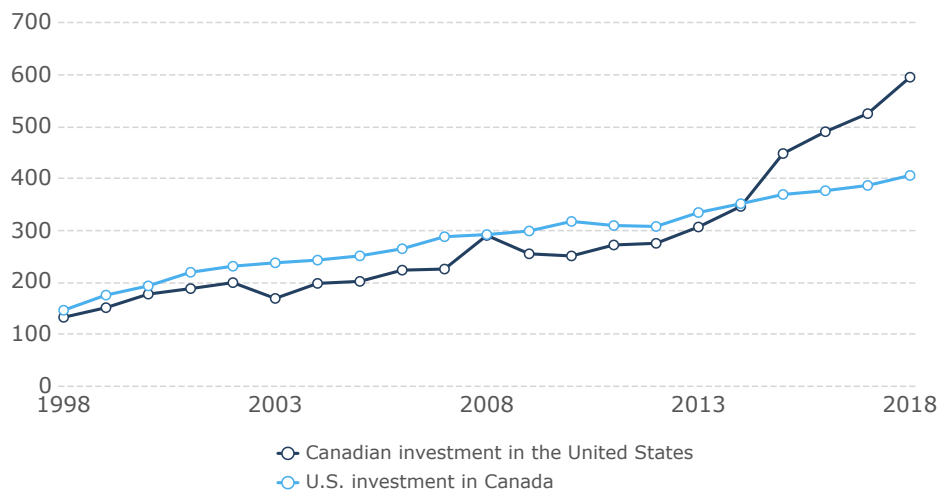
### Transportation and government services

- Exports: \$8.6 billion
- Imports: \$10.6 billion

# CANADA'S FOREIGN DIRECT INVESTMENT WITH THE UNITED STATES

## Stock of Foreign Direct Investment

(\$ billions)



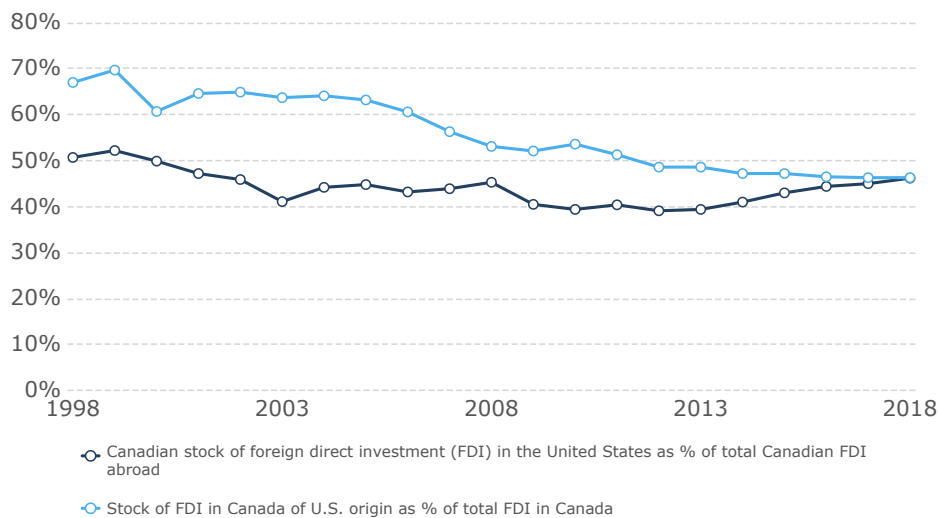
Stock of Canadian direct investment in the United States in 2018: \$595.0 billion, a 13.3% increase from 2017

United States as a destination for Canadian foreign direct investment among the 134 countries for which data were available for 2018: Largest

Stock of U.S. direct investment in Canada in 2018: \$406.1 billion, a 5.0% increase from 2017

United States as a source of foreign direct investment in Canada among the 59 countries for which data were available for 2018: Largest

## Share of Foreign Direct Investment Stock



46.2% of Canada's foreign direct investment stock was in the United States in 2018, an increase from 45.0% in 2017

46.3% of the foreign direct investment stock in Canada was of U.S. origin in 2018, unchanged from 2017

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## DEFINITIONS

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### Definitions Used Throughout the Series

**Balance of payments–based data**

Data that calculate trade flows using surveys of the international trade and investment activity of firms and other entities.

**Customs-based data**

Data compiled from declarations that are filed with the Canada Border Services Agency and that are used to track the flow of goods into and out of Canada, with one exception: exports to the United States. Since 1990, customs-based data on most Canadian exports to the United States have been based on declarations filed with U.S. Customs and Border Protection.

**Gross domestic product (GDP)**

Measure of an economy's total production in a given year.

**Manufactured goods**

Finished or semi-finished products resulting from the transformation of materials and substances into new products (North American Industry Classification System, or NAICS, codes 31 to 33), and the output of establishments primarily engaged in operating electric, gas and water utilities (NAICS code 22).

**Merchandise trade**

Trade in physical goods, such as cars, wheat and iron ore.

**Resource-based goods**

Products of the agriculture, forestry, fishing and hunting sector (North American Industry Classification System, or NAICS, code 11), and of the mining, quarrying, and oil and gas extraction sector (NAICS code 21).

**Services trade**

Trade in travel, transportation, government and commercial services. Travel services are goods and services purchased abroad by travellers, with one exception: cross-border transportation. Transportation services are the transportation of goods and cross-border travellers, and related services. Government services arise largely from official representation and military activities, and some governmental commercial activities. Commercial services are all other services, such as management, financial or engineering services; this category also includes charges for the use of intellectual property.

**Trade balance**

Difference between the value of exports and the value of imports. There is a trade surplus if the value of exports exceeds the value of imports. There is a trade deficit if the value of imports exceeds the value of exports.

### Definitions Specific to the Profiles for Countries and Regions

**Foreign direct investment (FDI)**

Investment that provides an investor with ownership of at least 10% voting equity in an enterprise that is located in a country other than the investor's country of residence. The stock of FDI is the value of the accumulated equity owned by investors abroad; the stock changes from year to year based on flows of FDI.

**Purchasing power parity (PPP)**

Ratio of the prices in two countries for identical goods and services. It is used to adjust economic indicators to account for international price differences. With a calculation of GDP at PPP, a given good or service has the same price in each country.

### Definition Specific to the Profile for Canada's Foreign Direct Investment Relationship with the World

**Foreign majority-owned affiliates**

Enterprises in which a foreign business owns more than 50% of voting shares.

### Definitions Specific to the Profile for the European Union

**EU-13**

The 13 countries that joined the European Union between 2004 and 2013: Bulgaria, Croatia, Cyprus, Czechia, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovakia and Slovenia.

**EU-15**

The 15 countries that became members of the European Union before 2004: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden and the United Kingdom.

## Definitions Specific to the Profiles for Provinces and Territories

### **Basic prices**

Prices received by sellers. They exclude both taxes and subsidies on products.

### **Market prices**

Prices paid by buyers. They include taxes net of subsidies on products.