

ECONOMIC OUTLOOK FOR CANADA'S TRADE PARTNERS

Canadian exports to the U.S. are expected to show renewed growth over the medium-term, but at substantially more moderate rates than were experienced in the 1990s.



United States

Canadian exporters enjoyed favourable conditions in the U.S. market in 2000, with exports of goods and services growing by 16.5%. This performance boosted the U.S. share of Canadian exports to 82.9%.

During 2001, Canadian exports to the U.S. slowed as the U.S. economy slipped into recession. The impact of slower growth in 2001 was felt differently across sectors. For example, during the first half of 2001, the brunt of the impact was felt in the automotive sector, whereas energy and aerospace sales were quite strong. As energy prices fell, however, export receipts for oil and natural gas plummeted. Forestry exports also were affected by U.S. trade actions in the second half of the year.

For the medium-term, the U.S. economy is likely to experience a moderate rebound. Excess capacity will likely continue to dampen sales of machinery and equipment. Weak auto sales are expected, as the average age of U.S. passenger cars is low and as current low-interest financing offers expire. Having escaped a downturn, the U.S. housing market will not be in a position to fuel the early years of recovery with pent-up demand. Having injected considerable fiscal and monetary stimulus to contain the current downturn, U.S. authorities can be expected to start withdrawing those stimuli over the medium-term.

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Note: This information is based on Export Development Canada's *Global Export Forecast Fall 2001*, and the Department of Foreign Affairs and International Trade's *Trade Update 2001*. It is the most recently available information at the time of publication.