
Canada-United States Trade

Canada and the United States have the largest bilateral trade and economic relationship in the world. This vast and complex relationship has an impact on every detail of daily life in both countries, from the cars we drive to the newspapers we read.

The numbers are impressive. Canada and the United States are each other's most important trading partner. Statistics Canada reports that in 1985, Canada-U.S. trade grew 11.6% to C\$168.8 billion. Canadian exports to the United States rose 10.8% to C\$94.7 billion, representing 78.8% of all Canadian exports. Canadian imports from the United States increased 12.7% to C\$74 billion representing 71.8% of all Canadian imports. Imports from Canada to the United States represented 19.2% of all U.S. imports while U.S. exports to Canada represented 22.1% of all U.S. exports in 1985, greater than U.S. exports to the EEC (10) and twice U.S. exports to Japan. (U.S. exports to Ontario alone are considerably greater than U.S. exports to Japan.)

While the U.S. trade deficit generally was rising in 1985, the Canadian share of the U.S. deficit fell from 16.5% to 14.9%. The deficit with Japan rose in the same period to 33.5% of its global trade deficit.

In most years Canada runs a deficit on services trade with the United States (C\$13.2 billion in 1984) and a deficit on capital movements (C\$3.8 billion in 1984). These deficits are the result of such factors as a significantly higher degree of American investment in Canada than Canadian investment in the United States and the greater propensity of Canadians to vacation in the United States (the Canadian deficit on the tourism account was C\$845 million in 1984 when nearly 33 million Americans visited Canada but 36.7 million Canadians visited the United States). The total current and capital account balance between Canada and the United States was heavily in the U.S. favour in 1982 but had swung to a modest Canadian surplus in 1984 of C\$3.2 billion, a small amount in the context of total trade and capital movements that year which exceeded C\$200 billion.