

62.1 percent of Computers & Electronics and 54.7 percent of Electrical Equipment.

At 25.6 percent in 2002, Transportation Equipment also accounts for a large share of Canadian imports from the U.S. but is down slightly from 28.1 percent in 1989. The single largest component of our merchandise imports from the U.S. is Machinery & Electronics, which accounted for 30.6 percent of imports, down from 33.6 percent, with most of this decline occurring over the past two years following the 'high-tech meltdown'. The big gainers were Chemicals, which saw its share increase 2.8 percentage points, and Plastics & Rubber which jumped 2.0 percentage points. More than 80 percent of our Plastics & Rubber imports came from the U.S. in 2002, second only to Wood & Paper which sources 82 percent of Canada's imports from the U.S. At the other end of the scale, we get relatively little Apparel & Textiles and Miscellaneous Manufactures (which includes toys) from the U.S. These are two product categories that are traditional strengths of developing countries such as Mexico and China. Three product categories, Metals & Minerals, Transportation Equipment and Wood & Paper account for the vast majority (40.0, 29.5 and 19.6 percent, respectively) of our trade surplus with the U.S.

Figure 2.2.5

Industrial Distribution of Canadian Merchandise Imports from the U.S.

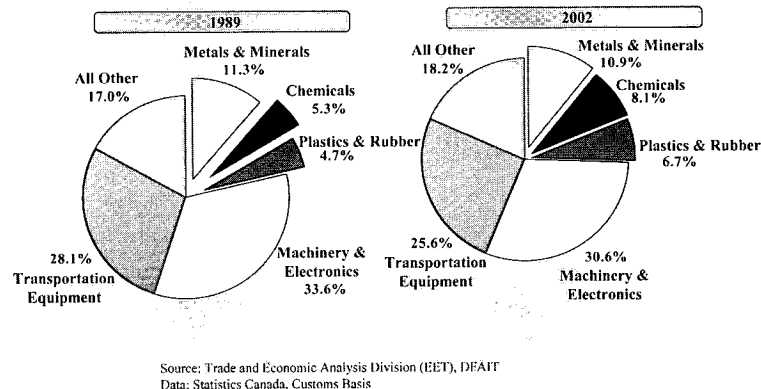
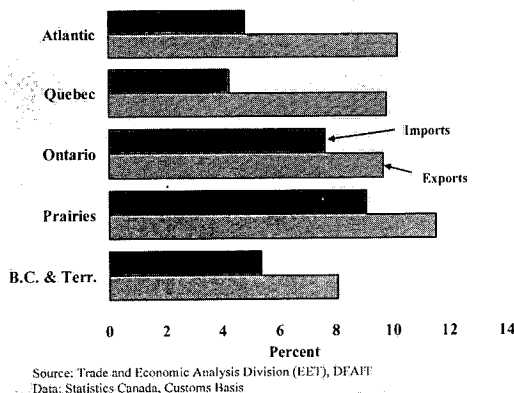


Figure 2.2.6

**Canadian Regions Trade with the U.S.,
Annual Growth in Exports and Imports, 1989-2002**



Ontario is the most dependent province on the U.S. as a market for its exports, sending 93.5 percent of its merchandise exports to the U.S. in 2002. A significant amount of this volume is due to the north-south integration and resultant bilateral trade flows of the automobile industry. British Columbia and Territories are the least dependent on the U.S. as a market their exports, sending just over two-thirds of exports to the U.S. And, while every Canadian region witnessed an increase in the importance of the