

Much of the growth in the deficit originated in trade with Mexico, reflecting the growth in imports from Mexico since the Free Trade Agreement (FTA) came into effect in 1989. Mexico made up for 82.6 percent of the deficit in the FTAA<sub>32</sub> trade balance in 2000, totalling \$10 billion.

Excluding U.S. and Mexico, Canada's trade balance with FTAA<sub>32</sub> countries has fluctuated greatly for much of the past two decades. Canada experienced a trade deficit ranging from \$0.2 billion in 1986 to \$2.1 billion in 2000. In contrast, Canada had a small surplus for much of the mid-1990s, reaching a high of \$0.4 billion in 1997 with most of the FTAA nations other than the U.S. and Mexico. Although two-way-trade grew from \$6.3 billion in 1980 to \$9.7 billion in 2000 at a compounded annual rate of 2.2 percent, much of the increase came from imports.

### Merchandise Exports

By country of destination, most of Canada's exports to the FTAA<sub>32</sub> countries are shipped to Mexico, Brazil, Venezuela, Chile, Colombia and Argentina. In 2000, these six countries represented 81 percent of Canada's total exports to the FTAA<sub>32</sub> region, up from around 75 percent in the 1980s.

- The top commodities that make up majority of exports to the FTAA<sub>32</sub> countries are vegetables; machinery/mechanical appliances; vehicles/aircraft; wood pulp; and chemicals.

### Merchandise Imports

In the case of imports, Mexico, Brazil, Venezuela, Chile, Colombia and Argentina are also Canada's more important trading partners. In 2000, imports from these countries represented 90.2 percent of Canada's overall imports from FTAA<sub>32</sub>, up from about 86 percent in the early 1980s. Almost all of the gains in market share can be attributed to Mexico.

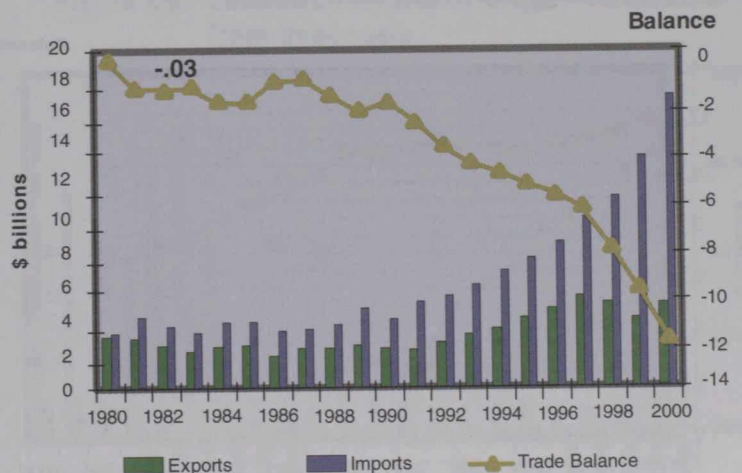
- The top imports from FTAA<sub>32</sub> countries are machinery/mechanical appliances; vehicles/aircraft; minerals; vegetables; and foodstuffs.

### Two-way Trade - By Country

#### Mexico

Canada's exports to Mexico have increased considerably since the 1989 implementation of the FTA — even before the North American Free Trade Agreement (NAFTA) came into effect in 1994. Over the 11-year period between 1989 and 2000, exports to Mexico grew at a compound annual rate of 11.1 percent. However, growth in exports over this period was erratic, marked by an 11 percent decline in 1991 and increases of 40 percent in 1992 and 31 percent in 1994. Since

**Figure C2: Canada's Exports, Imports and Trade Balance with FTAA Countries (excluding the U.S.)**



**Figure C3: Export to Mexico, Brazil, Venezuela, Chile, Colombia and Argentina**

