

Table 2: Two-way Trade, Canada and the United States, 1990-2000

	Value (millions of current dollars)			Annual growth (percent)		
	Goods	Services	Goods & Services	Goods	Services	Goods & Services
1990-2000	366,204	49,140	415,343	11.6	9.9	11.4
1997	454 140	57 923	512 063	12.8	8.0	12.3
1998	503 293	63 248	566 541	10.8	9.2	10.6
1999	558 722	67 982	626 704	11.0	7.5	10.6
2000	627,208	72,762	699,970	12.3	7.0	11.7

Source: Statistics Canada, *Canada's Balance of International Payments*, Catalogue no. 67-001-XPB, Fourth Quarter 2000.

- From a U.S. perspective, Canada is the United States' largest trading partner, in terms of both exports and imports (Table 3). Canada carries a trade weight in the U.S. market that is substantially greater than our economic weight in the global economy. As a percent of U.S. merchandise imports, nevertheless, Canada's market presence in the United States declined from 19.3 percent in 1999 to 18.8 percent in 2000 as U.S. imports from countries outside of Canada grew at a more rapid pace.

Table 3: Shares of U.S. Goods Imports From, and Exports To, Five Main Trading Partners

	As percent of total U.S. imports					As percent of total U.S. exports				
	1994-1996	1997	1998	1999	2000	1994-1996	1997	1998	1999	2000
Canada	19.5	19.2	19.0	19.3	18.8	23.4	22.0	23.0	23.9	22.9
EU	17.9	18.1	19.3	19.1	18.1	21.4	20.4	21.8	21.8	21.1
Mexico	8.4	9.9	10.4	10.7	11.2	13.4	10.4	11.5	12.5	14.3
Japan	16.2	14.0	13.4	12.8	12.0	8.3	9.5	8.5	8.3	8.3
China	6.2	7.2	7.8	8.0	8.2	2.0	1.9	2.1	1.9	2.1

Source: U.S. Census Bureau, *International Trade Statistics*. Note: Data are on a customs basis.

Prospects for trade contingent on economic developments in the United States and abroad.

- Canada has benefited from its long-standing reliance on trade with other countries, particularly with the United States, the world's largest market. Naturally, these close trade ties with the United States also expose Canada to any economic uncertainty in the U.S. economy. At present, the consensus calls for a slowdown in U.S. economic growth this year, particularly in the first half. Indeed, real GDP in the United States grew at an annual rate of 1 percent in the fourth quarter of 2000, and appears to remain sluggish in the first quarter of this year. Even with an expected rapid pickup in the rate of economic growth during the second half of this year, U.S. GDP growth is likely to come down from 5 percent in 2000 to around 2 percent in 2001, with consequent impact on U.S. demand for Canadian goods and services.

