

Box A: Canada's and Mexico's merchandise trade with the United States

Both Canada and Mexico rely on U.S. import demand to fuel much of their respective economic activity. In 2001, shipments to the United States accounted for 88.5 percent of Mexican and 87.3 percent of Canadian merchandise exports.⁴ In the last decade, both Canadian and Mexican exports to the United States have risen sharply. Canada has been the premier source of imports into the United States since 1992, when it surpassed Japan.⁵

Chart A.1: U.S. Merchandise Imports, 1989-2001

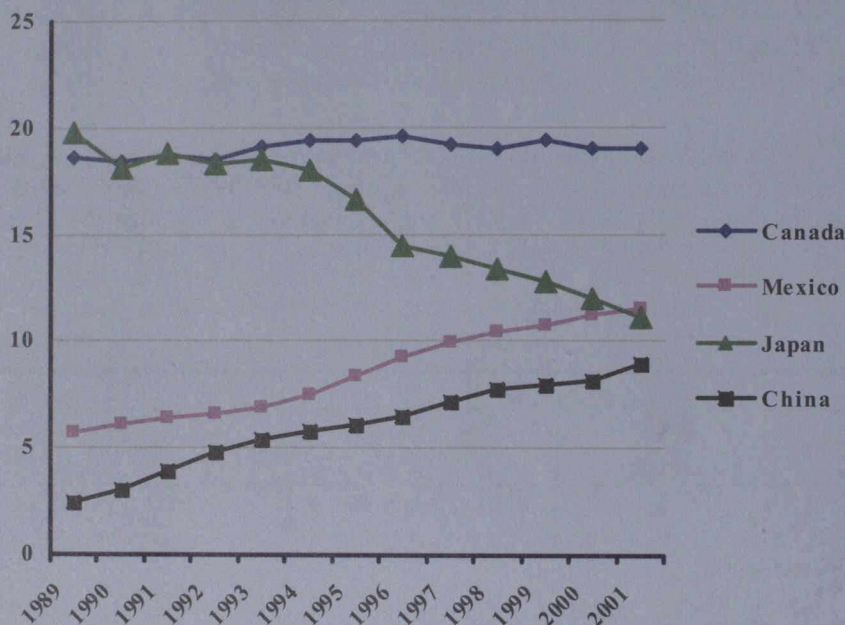


Chart A.1 (based on data presented in Table A.1) depicts the respective shares of U.S. merchandise imports occupied by Canada, Mexico, Japan and China. In the period from 1988 to 2001, Canada has maintained a fairly stable share of between 18.4 percent and 19 percent. On the other hand, Mexico's share of U.S. imports has grown from 6.9 percent in 1993 to 11.5 percent in 2001.

The rise in Mexico's share of the U.S. import market has largely been at the expense of a falling market share for Japan, combined with a rapidly developing China, which is also emerging to occupy an increasingly large share of U.S. imports. As of 2001, Canada's share of the U.S. market was 65 percent larger than that of Mexico. Based on current trends, Canada will continue to occupy a predominant position of trade on a bilateral basis with the United States in the foreseeable future.

Source: U.S. Census Bureau, U.S. Department of Commerce (data on U.S. Census basis)

Table A.1: U.S. Merchandise Imports and Percentage Distribution by Country, 1988-2001

U.S. Merchandise Imports (US\$ billions)															
	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	
World	441	473	495	487	533	580	663	744	795	870	912	1,025	1,218	1,142	
Canada	81	88	91	91	99	111	128	144	156	167	173	198	231	217	
Mexico	23	27	30	31	35	40	49	62	74	86	95	110	136	131	
Japan	90	94	90	92	97	107	119	123	115	122	122	131	146	127	
China	9	12	15	19	26	32	39	46	52	63	71	82	100	102	

Percentage Distribution of U.S. Merchandise Imports															
	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	
World	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	
Canada	18.5	18.6	18.4	18.7	18.5	19.1	19.4	19.4	19.6	19.2	19.0	19.4	19.0	19.0	
Mexico	5.3	5.7	6.1	6.4	6.6	6.9	7.5	8.4	9.3	9.9	10.4	10.7	11.2	11.5	
Japan	20.3	19.8	18.1	18.8	18.3	18.5	18.0	16.6	14.5	14.0	13.4	12.8	12.0	11.1	
China	1.9	2.5	3.1	3.9	4.8	5.4	5.8	6.1	6.5	7.2	7.8	8.0	8.2	9.0	

Source: U.S. Census Bureau, U.S. Department of Commerce (data on U.S. Census basis)

⁴ These figures are based on customs data, which are somewhat different from balance of payments information that is available for Canada and used as the primary basis for this Report overall.

⁵ For details on the analysis, see *CanadExport*, Vol. 20, No. 1, January 15, 2002 Supplement: Canadian Trade Review, Third Quarter 2001, Canada and Mexico Trade with the United States, pp. 4-8.