FIGURE 4-7A
Top-10 Merchandise Exports to the U.S., 2007

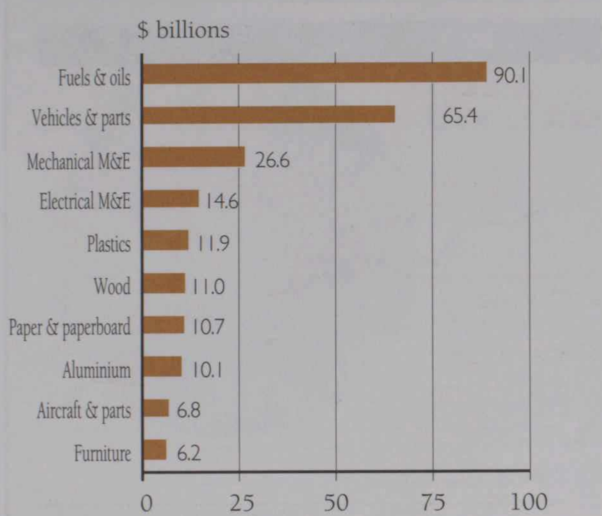
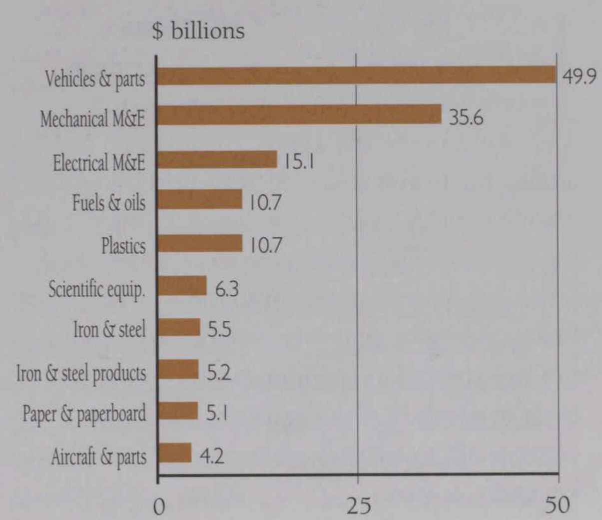


FIGURE 4-7B
Merchandise Imports from the U.S., 2007



exports to China rose by 21.3 percent in 2007 and consequently China overtook Japan as Canada's third largest export market.

The U.S. still accounts for the lion's share of Canadian merchandise imports, at 54.2 percent in 2007. China and Mexico followed at 9.4 percent and 4.2 percent, respectively. Italy overtook Algeria as Canada's tenth largest import market. In terms of growth, imports from China (11.0 percent), Mexico (7.2 percent) and the U.K. (5.6 percent) witnessed the fastest growth among the top 10 sources in 2007.

Merchandise trade by sector with selected major trading partners

The United States

As mentioned above, exports to the U.S. fell in 2007. Declines were most notable for automotive products, softwood lumber, paper and paperboard, and plastics, which, when combined, accounted for losses of nearly $11.8 billion. As can be seen in Figure 4-7a, Canadian merchandise exports to the U.S. remain concentrated in three trade categories: mineral fuels and oil (at 25.3 percent of all merchandise exports to the U.S.), motor vehicles and parts (at 18.4 percent), and mechanical machinery and equipment (at 7.5 percent). Combined, these three categories accounted for some 51.1 percent of all merchandise exports to the U.S. The share of Canada's top 10 exports amounted to 71.1 percent of all exports to the U.S. or $253.3 billion. Exports in seven of the top 10 categories declined last year. The exceptions were mineral fuels and oils, mechanical machinery, and aircraft exports, which went up by 7.0 percent, 3.3 percent and 22.2 percent, respectively.

Canadian merchandise imports from the U.S. advanced 1.3 percent to $220.4 billion in 2007, equivalent to 54.2 percent of all merchandise imports into Canada. At this level, the U.S. share was down 0.7 percentage points from a year earlier. Motor vehicles and parts, and machinery and equipment — both mechanical and electrical — accounted for 45.6 percent of all merchandise imports from the U.S. in 2007 (Figure 4-7b). The 10 largest merchandise imports at the HS 2-digit level accounted for about 67.2 percent of total merchandise imports from the U.S. or $148.2 billion.

As was the case for exports, imports of aircraft and spacecraft products saw the fastest increase amongst the 10 largest import categories in 2007, rising by 38.9 percent, whereas machinery and equipment (-3.0 percent) and plastic products (-4.5 percent) experienced the largest declines.