

- ◆ Canada's current account surplus with the United States also increased to an all-time high of \$66.8 billion in 2001, from \$63.3 billion in 2000.

Table 2: Two-way Trade, Canada and the United States, 1990-2001

	Value (millions of current dollars)			Annual growth (percent)		
	Goods	Services	Goods & Services	Goods	Services	Goods & Services
1990-2001	399,573	52,088	415,661	10.0	8.0	9.8
1997	453,993	57,798	511,791	12.8	7.8	12.2
1998	503,095	63,149	566,244	10.8	9.3	10.6
1999	558,525	66,812	625,337	11.0	5.8	10.4
2000	627,226	69,950	697,175	12.3	4.7	11.5
2001	606,282	69,461	675,744	-3.3	-0.7	-3.1

Source: Statistics Canada, *Canada's Balance of International Payments*, Catalogue, no. 67-001-XPB, 4th Quarter 2001.

- ◆ The trading relationship with the United States dominates Canada's statistics on foreign trade: the U.S. accounted for 81.8 percent of Canada's exports of goods and services in 2001, a small decline from 81.9 percent in 2000. In 2001, exports of goods and services to the United States represented 35.3 percent of Canada's GDP. Imports of goods and services from the United States represented 71 percent of total imports from the world in 2001, down from 71.9 percent in 2000. Thus, Canada's imports are more diversified geographically than its exports.
- ◆ However, data on Canada's exports to the United States, which are compiled from U.S. import data sources, are overstated as they include some shipments to third countries via the United States. As a result, Canada's exports to the rest of the world are correspondingly understated. This is one major reason why our trading partners' import data reveal that Canada's exports to these countries are invariably higher than are indicated by our own official export statistics. Ongoing work on data reconciliation with Canada's major trading partners such as Japan, the EU, Mexico, China and Korea will improve our knowledge of the actual destination of Canadian exports.³
- ◆ From the U.S. perspective, Canada is its largest trading partner, in terms of both exports and imports. Canada carries a trade weight in the U.S. market that is substantially greater than our economic weight in the global economy. In 2001, Canada accounted for 18.7 percent of U.S. exports of goods and services and 17.5 percent of its imports. In terms of merchandise, Canada's share of U.S. trade is even larger (Table 3). As a percent of U.S. merchandise imports, Canada's market presence in the United States increased from 18.8 percent in 2000 to 19 percent in 2001. In 2001, the value of U.S. merchandise imports from Canada was about two thirds higher than that of U.S. merchandise imports from Mexico. (See Box A on page 10 for an analysis of the comparative position of Canada's and Mexico's merchandise trade in the U.S. market.)

Table 3: Shares of U.S. Goods Imports From, and Exports To, Five Main Trading Partners, 1994-2001

	As percent of total U.S. Imports					As percent of total U.S Exports				
	1994-1997	1998	1999	2000	2001	1994-1997	1998	1999	2000	2001
Canada	19.4	19.0	19.4	18.8	19.0	21.8	23.0	23.7	22.6	22.4
EU	18.0	19.3	19.1	18.1	19.3	20.7	21.8	21.9	21.1	21.8
Mexico	8.8	10.4	10.7	11.2	11.5	9.4	11.5	12.6	14.3	13.9
Japan	15.6	13.4	12.8	12.0	11.1	10.4	8.5	8.3	8.4	7.9
China	6.5	7.8	8.0	8.2	9.0	1.9	2.1	1.9	2.1	2.6

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

³ For details on the analysis, see *CanadExport*, Vol. 19, No. 1, January 15, 2001 Supplement: Canadian Trade Review, Third Quarter 2000, "The Impact of Transshipments on Canada's International Trade Statistics," Department of Foreign Affairs and International Trade.