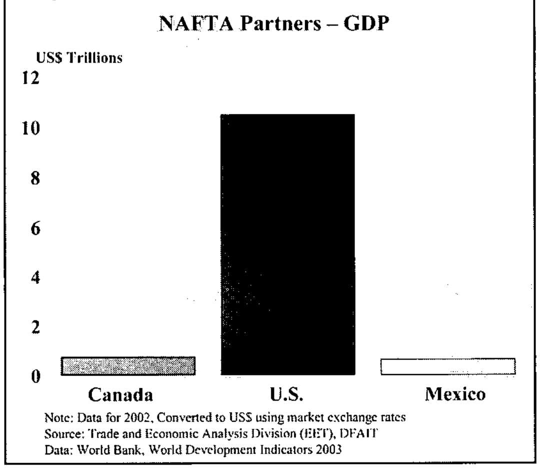
1.1 NAFTA PARTNERS – BASIC STATISTICS

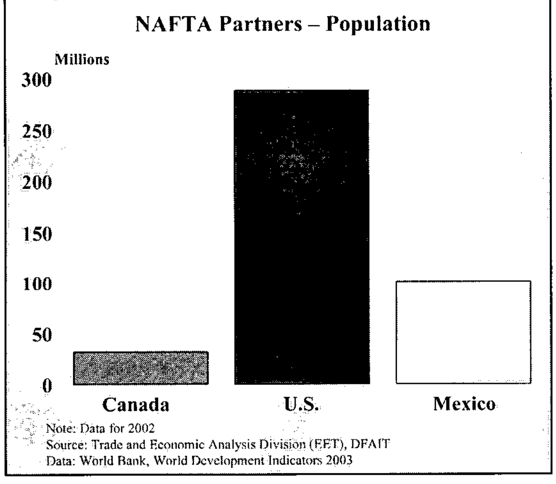
A unique aspect of the trade agreement covering Canada, the U.S. and Mexico is the significant differences between the three NAFTA partners. In terms of economic size, the U.S. is clearly dominant, accounting for 88.4 percent of gross domestic product (GDP) in the NAFTA area at US$10.4 trillion. Canada, a little less than one-tenth the size of the U.S., accounts for 6.2 percent while Mexico accounts for 5.4 percent of NAFTA area GDP.

Figure 1.1.1



When measured by population, the U.S. is still the dominant partner, but not to the same degree as for GDP. The U.S. accounts for just over two-thirds of NAFTA area population at 68.6 percent, compared to 23.9 percent for Mexico and 7.5 percent for Canada. Mexico also possesses a much younger and faster growing population than its two northern neighbours creating a unique set of opportunities and challenges for that country within North America.

Figure 1.1.2



Possibly most revealing is the difference in GDP per capita between the three NAFTA partners. Here too, the U.S. stands out. When measured using market exchange rates, the U.S. posts the highest GDP per capita at US$36.2 thousand per person. Canada lags somewhat at US$23.4 thousand, while Mexico trails significantly at US$6.3 thousand per head.[3] Using a PPP measure of GDP per capita closes the gap between Canada and the U.S. from US$12.9 thousand per person (using market exchange rates) to US$4.7 thousand per person (using PPP exchange rates). Still, Canada's GDP per capita is only 85 percent of U.S. levels and the object of much debate and concern in Canada. The difference is even more dramatic for Mexico, whose GDP per capita measured at market exchange rates is only 17.4 percent of the U.S. level but jumps to 25.7 percent of the U.S. level when measured using PPPs.

[3] GDP per capita measured at market exchange rates, although useful for providing an indication of the potential size of the market, is in part driven by volatile exchange rates. GDP per capita measured using purchasing power parities (PPPs) provides a better measure of well-being and state of development by also taking into account relative prices.