

parts experiencing only a modest increase. The situation was similar in the wood and wood pulp sector. These sectors may experience further export gains if the economic recovery in the United States continues to pick up steam next year.

Coal and potash exports nearly tripled in the last five years and became considerably more important in the overall picture; this is also true for Canada's rapidly growing exports

of canola seeds and oil. Conversely, paper and newsprint so far failed to recover to pre-recession levels as the newspaper and advertising market continues to be depressed. On the import side, Canada significantly increased its reliance on imported non-crude oil (primarily from the United States) and telecom equipment (primarily from China), though these increases are primarily a matter of choice and not necessity.

Still on Top: Canada-United States Trade Relationship is the World's Largest

Canadians and Americans can together claim bragging rights for the world's largest bilateral merchandise trade relationship. No two countries in the world trade more than Canada and the United States—a claim that has held true for the past decade.

This box examines the ten largest bilateral merchandise trading relationships across the globe for the years 2002 and 2011. The data show the sum of the merchandise imports by pairs of countries. Imports are used because countries typically track goods entering their jurisdictions and assign imports according to country of origin as opposed to the country of last shipment. This approach avoids certain issues such as trans-shipments and under-reporting known to plague export statistics.

Canada-United States bilateral trade tops the list for both 2002 and 2011, indicating that these two countries share the largest trading relationship in the world

(Table 1). In 2011, the U.S.-China trade pair ranked second, the U.S.-Mexico pair ranked third, and the U.S.-Japan trade pair ranked ninth. Although the United States occupied four of the top ten spots in 2011, this was down from six spots in 2002, as the U.S.-Germany and U.S.-U.K. trade pairs fell out of the top ten.

China, which shared the second-biggest trade relationship with the United States, also partnered with four other countries for five of the top ten spots in 2011. The China-Japan pair ranked fourth, China-Korea ranked fifth, China-Hong Kong ranked seventh, and China-Germany ranked tenth. Both the China-Korea and China-Germany trade pairs were new entrants to the top ten rankings in 2011.

Germany occupied three of the top ten spots: Germany-Netherlands in sixth spot, Germany-France in eighth, and Germany-China in tenth.