- The susceptibility of Canada-U.S. trade to increased security and delays at the border is one of the most challenging aspects to Canadian trade policy over the medium term.

- The U.S. economy is also heavily dependent on trade and investment linkages with Canada; this dependence has increased over the past decade as production in each country has become increasingly interdependent. Canada is the most important destination for exports from 39 U.S. states and the number one supplier of energy, including oil, to that country.

- Canada-Mexico trade and investment flows remain relatively small with Mexico accounting for only 0.7 percent of Canadian exports and 3.1 percent of imports in 2001. Mexico accounted for an even smaller share of Canada's outward FDI stock, at 0.8 percent, and of its inward FDI stock, at 0.02 percent, in 2002.

- However, trade, and especially imports, has exploded in recent years. Between 1994 and 2002, Canadian merchandise exports to Mexico rose 10.5 percent per year while imports increased at a rapid rate of 13.8 percent per year.

- On the surface, Canada and Mexico appear to exchange many of the same products: Motor Vehicles, Machinery & Electrical, and Special Instruments. But, at a more detailed level, the differences become apparent. Canada exports higher value-added products, such as telecommunications equipment and specialized technical equipment, while importing from Mexico more labour-intensive products, such as ignition wiring, television receivers and thermostats.