sub-component, however, was mixed. Exports of ***rapeseed*** fell $305 million, while those of ***barley*** and ***alcoholic beverages*** were down $190 million and $161 million, respectively. ***Fish*** (up $411 million), ***other food, beverages and tobacco*** (up $242 million) and ***other cereal preparations*** (also up $242 million) led the advances.

Imports of agricultural and fishing products climbed $1.4 billion in 2002 as both components — *fruits and vegetables* (up $629 million) and *other agricultural and fishing products* (up $789 million) — advanced. Imports of agricultural and fishing products accounted for 6.1 per cent of total goods imports in 2002, up from 5.8 per cent in 2001.

We now turn to a closer examination of merchandise trade by regions. We will also be using a slightly different data base — customs basis data — than the balance of payments data used in this Report so far. The reason for the switch is that balance of payments valuations are not provided for detailed product-level data. Consequently, the numbers cited in the forthcoming section might differ slightly from those already described.

Merchandise trade by region

The United States

At 87.4 per cent of the total[1], the United States is by far Canada's largest destination for merchandise exports[2]. It, thus, should come as no surprise that the U.S. dominates as the leading destination for all major sub-categories of merchandise exports: the range runs from a low of 68.3 per cent for Canadian exports of agricultural and fishing products to a high of 97.4 per cent for Canadian exports of automotive products.

Canada's total merchandise exports to the U.S. in 2002 fell 1.5 per cent, or $5.3 billion, to $346.5 billion. Bilateral exports were led downward during the year by declines in energy products which plummeted 12.9 per cent (or $7.2 billion) to $48.7 billion as declines in natural gas exports (down $7.1 billion) and electricity (down $2.4 billion) more than offset increases to crude petroleum oils and preparations (up $2.3 billion).

The "tech meltdown" of 2001 also spilled over into 2002 as American firms were still importing less information technology (IT) equipment than was the case in the late 1990's. As a consequence, Canadian exports of machinery and equipment to the U.S. fell last year, declining $4.9 billion to $70.1 billion. In connection with the overall reduction in exports of television, telecommunications and related equipment as well as office equipment noted in the previous section, Canadian exports to the U.S. of mechanical (or non-electrical) machinery and equipment and electrical machinery and equipment (chapters 84 and 85 of the Harmonised System) fell by $1.1 billion and $3.1 billion, respectively. Elsewhere in the machinery and equipment sub-group, Canadian exports of aircraft to the U.S. (HS chapter 80) fell some $1.2 billion.

Exports of forestry products to the U.S. were also down from 2001 levels. The year 2002 saw the re-emergence of the long-standing bilateral dispute over softwood lumber. In May 2002, the U.S. imposed anti-dumping and countervailing duties in the neighbourhood of 27.2 per cent on Canadian softwood lumber imports into that country. However, notwithstanding this barrier, it was not lumber exports that led to reduced Canadian forestry exports; rather, it was reductions in pulp exports and in paper and paperboard products exports (HS chapters 47 and 48, respectively) that were responsible for the decrease in forestry products exports to the U.S. Pulp exports south of the border were down $308 million from 2001 levels while exports of paper and paperboard were down $785 million for the year.

Partially offsetting these declines were increased exports of automotive products to the United States. As noted above, virtually all Canadian exports of automotive products are destined for the U.S. Each of the three sub-categories of automotive products — passenger vehicles, trucks, and automotive parts — registered export increases last year. With these increases, passenger vehicle and truck exports last year almost returned to their 1999-2000 peak levels, while parts exports established a new record high.

In addition to automotive products, increased exports of industrial goods and materials, consumer goods, as well as of agricultural and fishing products also helped to offset the declines in other exports to the U.S. These three sectors saw their exports to the U.S. advance $1.7 billion, $1.1 billion, and $1.0 billion, respectively.