

CANADA-U.S. TRADE: FREE, FAIR AND BALANCED

The U.S. and Canada share a trillion dollar trade and investment relationship. Each day, approximately \$2 billion in goods and services cross our borders; this commerce supports roughly 9 million jobs spread across every Congressional district. The North American Free Trade Agreement (NAFTA) is the bedrock of our partnership, enabling free, fair, and balanced trade.

TRADE BALANCES IN PERSPECTIVE

To some, the trade balance, whether a surplus or a deficit, has come to define the success of an economic partnership. However, the trade balance is just one part of the equation. It does not factor in foreign investment—Canadians have invested \$454 billion in the U.S.—an important contributor to a country’s prosperity. The trade balance also cannot capture the wealth we create together through our regulatory cooperation to cut red-tape, our joint research and development, and cost-savings from integrated production and supply chains. Good partners like Canada contribute to the U.S. economy in many ways, not just in trade.

CANADA IS THE TOP U.S. EXPORT DESTINATION

Canada buys more goods and services from the U.S. than the United Kingdom, Japan, and Germany combined because of NAFTA. Increased tariffs would jeopardize these exports.

U.S. EXPORTS OF GOODS AND SERVICES

Country	2017
Canada	341,691
Mexico	276,704
China	186,835
United Kingdom	123,305
Japan	114,893
Germany	85,041

Millions of U.S. dollars

Our approach stems from one essential insight. When innovators on both sides of a border are free to produce and sell their best wares to a wider market, while also getting access to goods and services from the other side, everyone wins.

—Christia Freeland, Minister of Foreign Affairs

THE FACTS ON THE CANADA-U.S. TRADE BALANCE

While Canada does not believe the balance of trade is indicative of the health of our trading relationship, we should be clear on the facts.

- The U.S. has a \$3 billion trade **surplus** in goods and services with Canada, including a \$26 billion trade **surplus** in just services.
- While the U.S. has a slight goods deficit, this is largely driven by Canadian energy flowing south to power U.S. manufacturing. Remove this energy from the equation and the U.S. has a \$37 billion trade **surplus** in goods with Canada.
- The U.S. has a \$41 billion trade **surplus** in manufactured goods with Canada.
- With agriculture and agri-foods too, the U.S. has a \$2 billion trade **surplus**, including a \$333 million trade **surplus** in dairy.

GOODS AND SERVICES

Canadian exports
\$339 BILLION



U.S. exports
\$342 BILLION



U.S. SURPLUS: \$3 BILLION

U.S. MANUFACTURING

Canadian exports
\$208 BILLION



U.S. exports
\$249 BILLION



U.S. SURPLUS: \$41 BILLION

U.S. Bureau of Economic Analysis: 2017 goods & services data (3/2018 release). All figures in U.S. dollars.