

ALERT

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Canada: Top U.S. Trade Partner Also No. 1 Market for California Services

A fact-filled look at the many connections between Canada, the United States and California was the focus of a recent breakfast gathering hosted by the California Chamber of Commerce Council for International Trade.

Consul General Cassie Doyle, Canada's senior representative for Northern California, Nevada, Hawaii and Guam, emphasized that bilateral trade between Canada and the United States is the largest in the world, with more than \$2 billion in goods and services crossing the border each day for a total of \$735 billion in 2013.



Canadian Consul General
Cassie Doyle

The North American Free Trade Agreement (NAFTA), which went into effect 20 years ago, has been "wildly successful," Doyle said. Trade within North America has exploded from \$290 billion to \$1.1 trillion in the last two decades.

Since NAFTA went into force California's exports to Canada and Mexico have increased by \$30 billion, with Canada accounting for a third (\$10.5 billion), according to the Business Roundtable.

Doyle went on to point out how highly integrated the U.S. and Canadian economies are. "We not only sell things to each other; we build things together," she said.

For example, Canadian wheat is used to bake American bread; U.S. meat packers package meat from Canada; and Canadian malt is used to brew American beer.

Energy

A prime example of integration between the two nations is energy infrastructure. Canada is the leading source of energy used in the United States, be it oil,

natural gas, electricity or uranium for U.S. nuclear power plants.

The electricity grid is highly integrated, Doyle added, with electricity constantly going back and forth as the United States and Canada supply nearly all of each other's electricity.

Canada also supplies 12% of the natural gas consumed in the United States and is the country's largest supplier of oil.

California Jobs

More than 1.1 million California jobs depend on trade with Canada, Doyle said, and 41,200 Californians are employed by Canadian-owned businesses.

In 2013, merchandise trade between California and Canada reached \$45 billion, she added.

California exports \$19 billion of goods to Canada, making it the state's second largest export market.

When it comes to California services, however, Canada is the state's largest export market. The value of services going north totals \$8 billion annually, so total trade in goods and services comes to \$27 billion to \$28 billion a year, Doyle said.

Canada is the largest export market for California agriculture, she said.

California almonds have been well-received in Canada, with 2013 exports showing an 80% increase over 2010 figures.

Moreover, "Canadians love California wine," Doyle observed. Canada is the second largest export market for California wine, after the European Union, she said, with exports up 12% in 2013 compared to 2012.

Busy Border

Keys to the U.S.-Canada trade relationship, Doyle emphasized, are highly efficient borders and regulatory harmony.

She cited efforts underway to speed the transport of goods and people across the U.S.-Canada border building on the action plans announced in December 2011 by Canadian Prime Minister Stephen Harper and U.S. President Barack Obama.

She emphasized the importance of keeping the borders open, acknowledging CalChamber support favoring free trade over protectionist efforts that disrupt supply chains.

Examples of the job benefits of open supply chains, Doyle said, are the contracts won by Siemens of Sacramento. Last September, Siemens received a

contract to build light rail vehicles for Calgary Transit; several years ago the company was awarded a contract to build light rail cars for the City of Edmonton.

Tourism is another strong aspect of the Canada-California relationship, Doyle continued. Travel statistics show 400,000 people cross the U.S.-Canada border each day.

In 2012, Canadians accounted for more than 1.8 million visits to California, spending \$1.5 billion. Nearly 1 million visits to Canada were from Californians, who spent \$603 million.

Trading Partner Portal

More information about the Canada-California trade and investment relationship is available at calchamber.com/canada.

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