Market Overview

Canada continues to hold a historic record as the United States’ largest export market, accounting for 20 percent of total U.S. trade. Total stock of Canadian foreign direct investment in the United States also ranked among the top four in the world.

U.S. companies looking to explore new markets to expand their international portfolios need to consider the tremendous business opportunities offered in Canada. A solid and integrated supply chain mainly in the automotive and aerospace sectors already make up roughly 30 percent of the $600 billion in bilateral trade recorded in 2011. New developments in shipbuilding, air-defense, safety and security, mining, and renewable energy, will create virtually limitless business opportunities.

Leading Sector for U.S. Exports & Imports Analysis

Commercial Sectors

- Automotive
- Aerospace
- Oil and Gas
- Defense Products and Services
- Safety and Security Equipment
- Renewable Energy
- Information and Communications Technology
- Pollution Control – Wastewater Treatment
- Mining
- Travel and Tourism

Automotive

Canadian automotive imports totaled over $35 billion in 2011. 61 percent of these imports came from the United States. Canada imported an estimated $7 billion of automotive aftermarket products in 2011. Canada represents the second largest automotive market in North America. There were an estimated 1.59 million units (cars and light trucks) sold in Canada during 2011, an increase of 1.8 percent from the previous year.

Aerospace

Canada has the world’s fifth largest aerospace market. In 2011, Canada generated roughly $22 billion in revenues, over 80% of which were from Quebec and Ontario. Over 80% of production is exported; over 50% of imports are from the United States.
Oil and Gas
Canada is the world’s fourth largest producer of natural gas and the sixth largest producer of crude oil. Alberta’s oil sands are the world’s second largest oil reserve. Canada imported approximately $6.2 billion of oil and gas products from the U.S. in 2011. More than half of Canada’s oil and gas machinery comes from the U.S.

Defense Products and Services (DFN)
Canada is the sixth highest defense spending economy within the NATO alliance, and the 13th largest military spender in the world at $23.7 billion in 2010. Military spending reached 21.8 billion in FY2010/11. Total military spending over the 20-year life of the program is expected to reach $480.7 billion. $83.4 billion to be dedicated to capital purchases of air, land and marine equipment between FY2012/13 and 2027/28. In 2010, Canada imported $4.4 billion of U.S. defense products and services.

Safety and Security Equipment
The Canadian market for security products and services to protect commercial buildings and facilities estimated at over $2 billion. Imports from the United States of safety security related products including first-aid equipment, biometric security, reinforced safes, burglar and fire alarms, as well as physical-access security related products totaled $1.14 billion in 2011. Most security products are imported. U.S. products account for about one-third of the security market.

Renewable Energy
Wind energy is poised to experience the highest growth rate within the sector. After adding 690MW of wind capacity in 2010, Canada ranks 9th in newly installed capacity and 9th in overall installed capacity worldwide. Wind energy production is expected to triple in the next five years. The total installed capacity in North America is expected to more than double to reach 94.2GW.

Information and Communication Technology
The ICT sector in Canada is composed of nearly 32,000 companies that generate over $155 billion in annual revenues. This sector is highly trade dependent; the United States is the top trading partner for exports at $10.5 billion and in the top two for imports at $11.1 billion. Measuring, Medical & Controlling Devices Manufacturing is the largest commodity group imported from the United States under the ICT banner, representing $3.3 billion and 61 percent of the Canadian market. The Computer and Peripheral Equipment Manufacturing and Semiconductor & Other Electronic Component Manufacturing commodity groups represent $2.3 and $1.86 billion markets.

Sub-Sector Best Prospects Return
Pollution Control
Canada has over 3,700 water and wastewater treatment facilities. 399 plants have been deemed high-risk and need to be brought to code by 2020. Canada’s wastewater equipment market is expected to increase to $1.17 billion by the end of 2012.

Mining
Approximately 60 percent of the world’s exploration companies are Canadian, spending more on exploration programs than any other country. The Canadian metals and mining industry reported revenues of $39.46 billion in 2010, and is forecasted to grow at a compound annual growth rate of 11.7 percent through 2015. About two-thirds of the mining equipment market, approximately two billion dollars in 2010, was supplied by U.S. exports. This is expected to grow to $2.62 billion by 2015.
Travel and Tourism

Canada continued to deliver the largest inbound travel market to the United States in 2010 at 20 million visitors, up 11 percent from 2009, and equal to 33 percent of total international visitation. Canadian visitation is forecasted to increase 34 percent from 2010-2016. Canada ranks first in travel and tourism-related spending at $20.8 billion in 2010 or 15.5 percent of total international spending. Canadian travel and tourism accounted for 42 percent of total services exports to Canada in 2010.

Agricultural Sectors

- Food Service
- Snack Food
- Fresh Vegetables
- Fresh Fruit
- Organic Food
- Red Meats
- Processed Fruit and Vegetables

<table>
<thead>
<tr>
<th>Unit: USD Millions</th>
<th>Food Service</th>
<th>Snack Food</th>
<th>Fresh Vegetables</th>
<th>Fresh Fruit</th>
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<tbody>
<tr>
<td>Total Market Size</td>
<td>65,250</td>
<td>2,985</td>
<td>4,200</td>
<td>3,740</td>
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<td>Local Production</td>
<td>64,305</td>
<td>2,550</td>
<td>3,175</td>
<td>690</td>
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<td>Total Exports</td>
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<td>Total Imports</td>
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<td>2,300</td>
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<td>Imports from U.S.</td>
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<td>1,675</td>
<td>1,575</td>
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<table>
<thead>
<tr>
<th>Unit: USD Millions</th>
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<th>Red Meats</th>
<th>Processed Fruit &amp; Vegetables</th>
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<td>Total Market Size</td>
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<td>Local Production</td>
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<tr>
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<td>Imports from U.S.</td>
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<td>2,100</td>
<td>1,140</td>
</tr>
</tbody>
</table>

Agricultural Sectors

[Graph showing market size and imports for different sectors]