

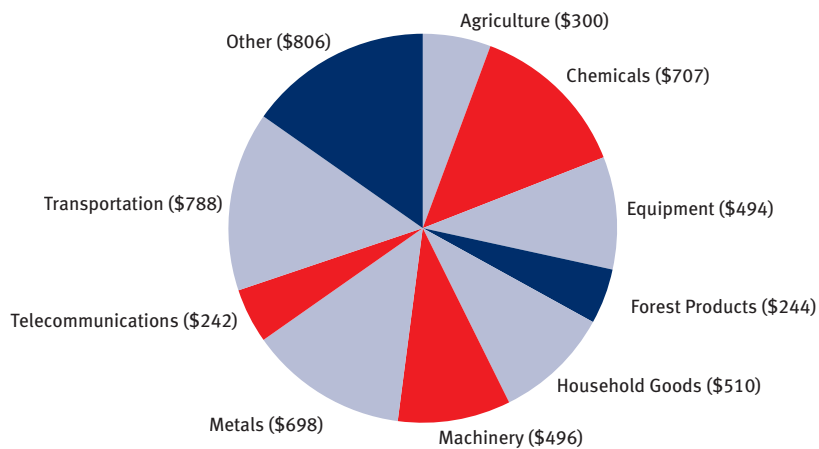


PENNSYLVANIA

In 1989, the Canada-U.S. Free Trade Agreement went into effect, phasing out all tariffs and many non-tariff barriers to trade. Evidence of the benefits of free trade are clear as two-way trade in goods and services between Canada and the United States totaled \$442 billion in 2003, the largest bilateral exchange in the world. Furthering the benefits of free trade, the 1994 North American Free Trade Agreement (NAFTA) opened the Mexican market to Canada and the United States. According to a 2003 study commissioned by the Canadian Embassy, based on 2001 data, Canada-U.S. trade supported 5.2 million U.S. jobs, 219,000 in Pennsylvania alone.

Pennsylvania's Merchandise Exports to Canada

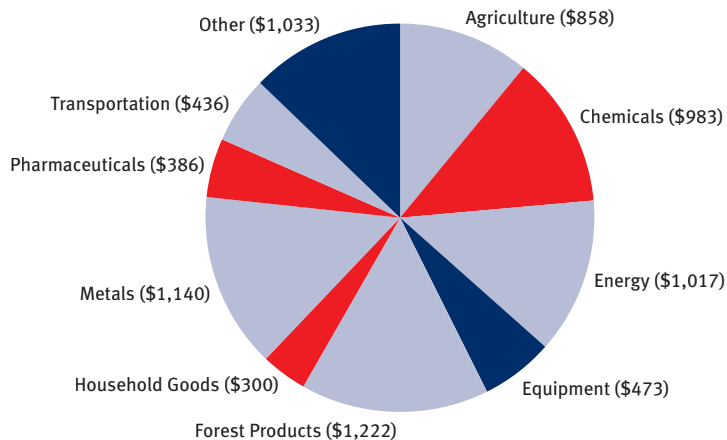
2003, in millions of U.S. dollars



Total Pennsylvania exports to Canada: \$5.3 billion

Pennsylvania's Merchandise Imports from Canada

2003, in millions of U.S. dollars



Total Pennsylvania imports from Canada: \$7.8 billion

The Keystone State and Canada engage in mutually beneficial trade. In 2003, Canada was Pennsylvania's leading export market. The state delivered 36% of its foreign-bound exports—a total of \$5.3 billion to Canada. In turn, Pennsylvania imported \$7.8 billion worth. On an average day, the partners exchanged \$36 million worth of merchandise.

Transportation fueled the exchange. The state sold \$788 million in transportation equipment to Canada. Sales from the state's leading export sector increased by 13% from the previous year and included \$235 million in railway rolling stock. Pennsylvania purchased \$436 million in transportation goods from its northern neighbor, led by \$126 million in motor vehicle parts, excluding engines.

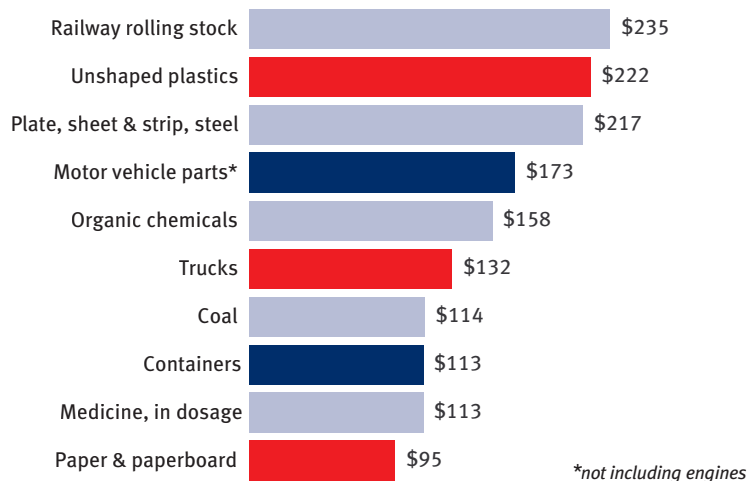
A chemical relationship... State sales of chemicals amounted to \$707 million, including \$222 million worth of unshaped plastics and \$158 million worth of organic chemicals. Completing the exchange, Pennsylvania purchased \$983 million in chemicals, led by \$483 million in synthetic rubber and plastics.

From trees to reading material... The state imported \$1.2 billion worth of forest products, led by sales of newsprint worth \$368 million and \$176 million worth of softwood lumber. Pennsylvania in turn, exported \$510 million in household goods including, \$80 million worth of books and pamphlets and \$59 million in newspapers, magazines and periodicals.

Canadian energy proved invaluable... Pennsylvania bought over \$1 billion worth of energy, a 36% increase from the year before. Energy imports included \$914 million worth of crude petroleum and \$100 million worth of petroleum and coal products.

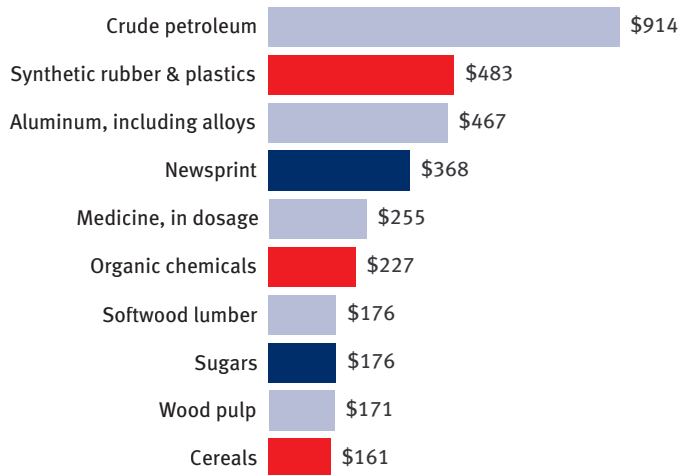
Pennsylvania's Leading Exports to Canada

2003, in millions of U.S. dollars



Pennsylvania's Leading Imports from Canada

2003, in millions of U.S. dollars



The battlefields of Gettysburg offer a tourist stop for history buffs... In 2003, Pennsylvania residents made over 898,000 visits to Canada, spending \$239 million. In return, 1.2 million Canadians visited the state. These visitors contributed \$82 million dollars to the economy.

July 2004

All figures are in U.S. dollars. Merchandise trade and tourism figures are from Statistics Canada, converted at the rate of US\$1.00=C\$1.4015. Canada's export ranking is from the Massachusetts Institute for Social and Economic Research (MISER). Figures may not add up due to rounding.

Security, Trade & Our Shared Border

In 1996, Canada and the United States implemented a comprehensive Shared Border Accord to deepen cooperation on border management issues. However, the tragic events of September 11th greatly accelerated those efforts, and on December 12, 2001, Secretary Ridge and (former) Deputy Prime Minister John Manley launched the Smart Border Declaration. The declaration outlined a 32-Point Action Plan based on our shared objective in identifying and addressing security risks while efficiently expediting the legitimate flow of people and goods across our border. The 32-Point Smart Border Action Plan takes aggressive steps toward building a smart border for the 21st century — a border open for business but closed to terrorists.

The Smart Border Declaration also addresses border delays that followed the 9/11 attacks and commits both countries to relieving congestion at key ports of entry by investing reciprocally in border infrastructure and technological solutions to speed movement across the border. The Declaration states both governments' intent to identify and minimize threats to critical infrastructure such as airports, ports, bridges and tunnels.

Both governments also recognize that public security and economic security are mutually reinforcing. We have agreed to work together to identify security threats before they arrive in North America through collaborative approaches such as reviewing crew and passenger manifests, managing refugees and visa policy coordination. We also have established a secure system to allow low risk frequent travelers between our two countries to move efficiently across the border.

One truck crosses our shared border every 2.5 seconds — representing 45,000 trucks per day, each and every day. The Smart Border Plan establishes compatible cargo entry processes at the border and secure procedures to clear goods away from the border, including at rail yards and marine ports. For instance, Canadian and US Customs inspectors work side by side at seven of our largest seaports — jointly targeting marine in-transit containers.

Through coordinated efforts, Canada and the United States are addressing issues such as terrorism and cross-border crime. The Smart Border Declaration makes two commitments specific to fostering information sharing: we will put the necessary tools and legislative framework in place to ensure that information and intelligence is shared in a timely and coherent way and we will strengthen coordination between our enforcement agencies for addressing common threats. Integrated Border and Marine Enforcement Teams (IBET/IMET) at points between ports of entry enhance such communication flow and allow us to target priority areas.

Read more about the Smart Border Action Plan at www.canadianembassy.org/border/

For more information on Canada's trade with Pennsylvania, please contact:

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