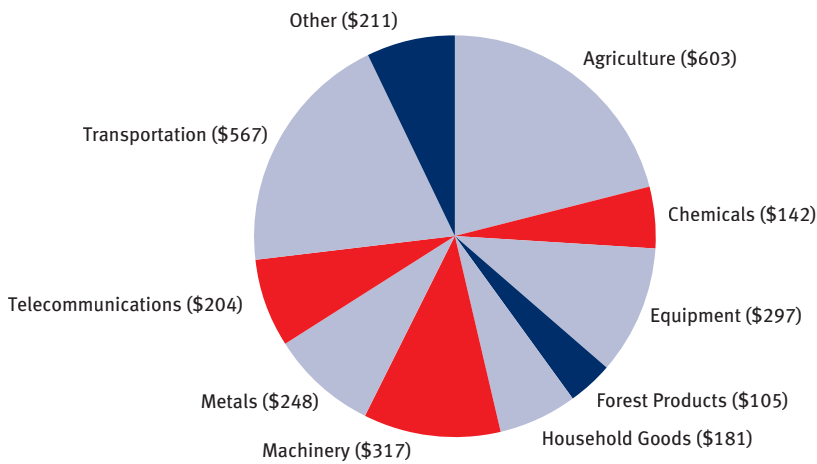


MINNESOTA

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, 103,000 in Minnesota alone.

Minnesota's Merchandise Exports to Canada

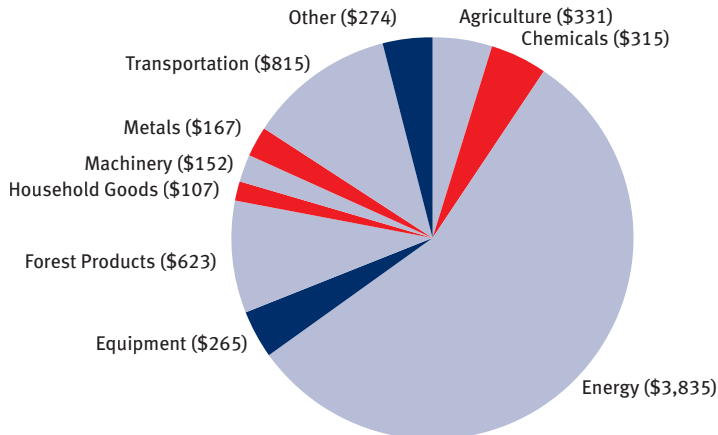
2003, in millions of U.S. dollars



Total Minnesota exports to Canada: \$2.9 billion

Minnesota's Merchandise Imports from Canada

2003, in millions of U.S. dollars



Total Minnesota imports from Canada: \$6.9 billion

Canada is Minnesota's most essential trading partner. The North Star State and Canada traded \$9.8 billion in 2003, an 8% increase from the previous year. The state sold \$2.9 billion worth of goods to its northern neighbor, more than to its next three foreign markets combined. The lucrative exchange of goods provided vital products and jobs for both economies.

Canadian energy burns bright... Minnesotans relied on Canadian energy — \$3.8 billion worth in 2003, an increase of 29% from the previous year. Crude petroleum, worth \$2.6 billion was the state's leading import for the third year.

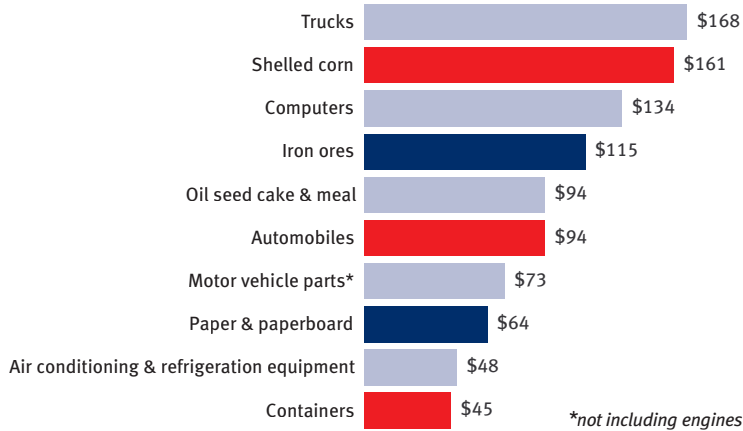
Agriculture grows the trade... Minnesota's farms satisfied Canadian appetites with \$603 million in agricultural products. State harvests included \$161 million in shelled corn and \$94 million in oil seed cake and meal. Canada returned the favor with \$86 million worth of live animals.

On the road and in the air... The state increased its transportation sales of goods to Canada by 7%. Canadians purchased \$168 million in trucks, \$94 million in automobiles and \$73 million in motor vehicle parts excluding engines. The State purchased \$412 million in aircraft, \$239 million in motor vehicle parts, except engines, and \$58 million in trucks. Two-way trade in transportation goods increased by \$77 million from the previous year.

Machinery sales promote industry. The state supplied \$317 million worth of heavy machinery to Canada. Sales included \$36 million worth of construction and maintenance machines and \$33 million worth of electric generators and motors. In return, Minnesota's companies purchased \$26 million worth of drilling, excavating mining machinery.

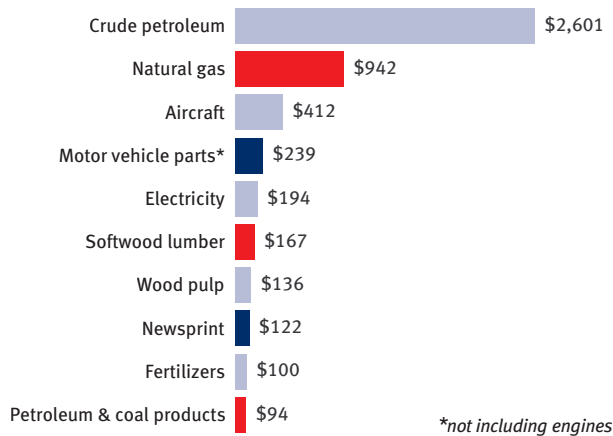
Minnesota's Leading Exports to Canada

2003, in millions of U.S. dollars



Minnesota's Leading Imports from Canada

2003, in millions of U.S. dollars



Time for relaxation... Residents of Minnesota made 1.2 million visits to Canada—an increase of 143% from 2002—spending \$203 million. More than 740,000 Canadians visited the state, spending \$99 million.

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 Minnesota, please contact:

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