

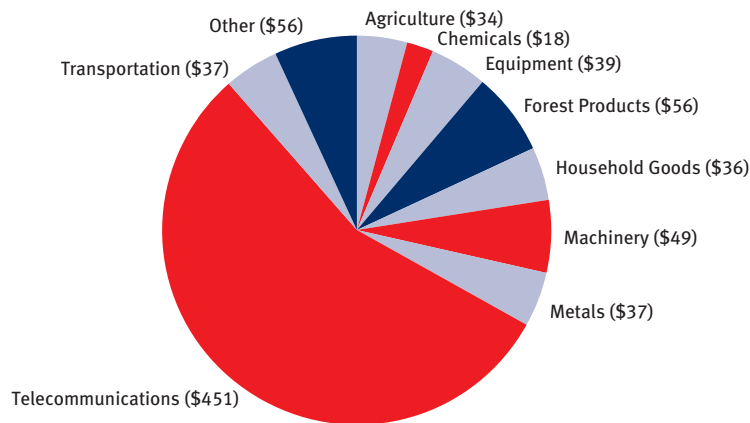


VERMONT

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, 12,000 in Vermont alone.

Vermont's Merchandise Exports to Canada

2003, in millions of U.S. dollars



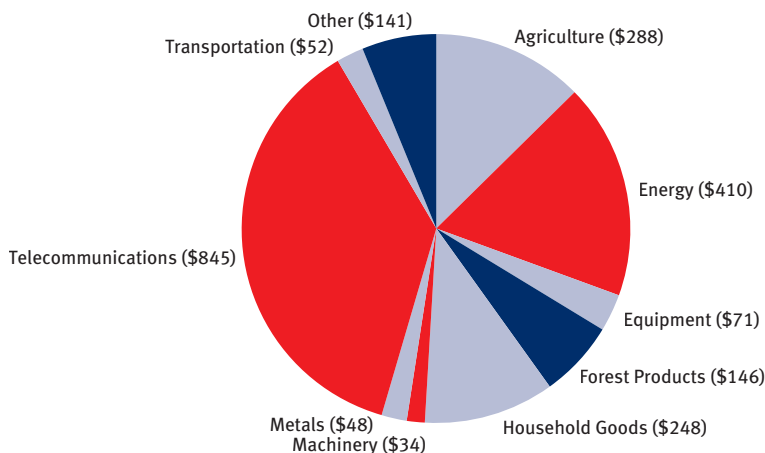
Total Vermont exports to Canada: \$812 million

First and foremost... Vermont and Canada traded nearly \$3.1 billion worth of merchandise in 2003. The state delivered \$812 million in goods to Canada, making its northern neighbor its best customer. Vermont sent over 41% of its exports to Canada—more than it sold to its next six leading foreign markets combined. In turn, Vermont relied on its northern neighbor for almost \$2.3 billion worth of goods.

High-tech products lead the way... The telecommunications sector was the foundation for the Vermont–Canada trading relationship, accounting for 42% of total trade between the partners. The state shipped \$451 million in telecommunications products to Canada. Of those shipments, 96% or \$434 million were in electronic tubes and semi-conductors. In turn, the state relied on Canada for \$845 million worth of various telecommunications products.

Vermont's Merchandise Imports from Canada

2003, in millions of U.S. dollars



Total Vermont imports from Canada: \$2.3 billion

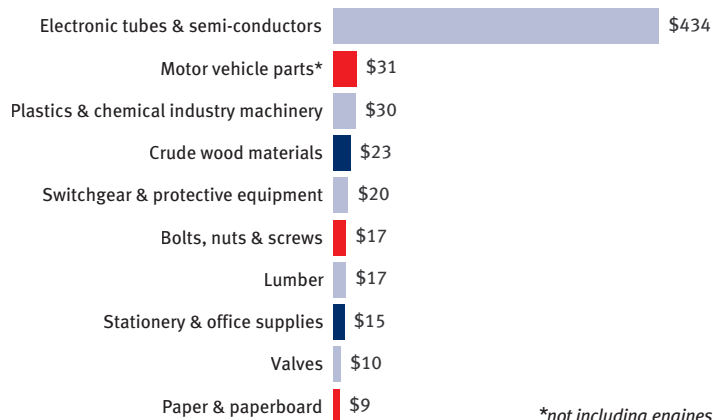
Lots of lumber... Vermont's second largest export sector to Canada in 2003 was forest products. The state delivered \$56 million worth to its northern neighbor, including \$23 million in crude wood materials and \$17 million in lumber. In turn, Vermont turned to its bordering partner for 146 million in forest products. Among those purchases were \$91 million in softwood lumber, \$9 million in wood pulp and \$5 million in newsprint.

Energy flows south... Vermonters looked to Canada to keep them energized. The state imported \$410 million worth of energy in various forms. The Green Mountain State bought \$159 million in petroleum and coal products, \$128 million in electricity and \$122 million in natural gas from its northern neighbor.

A sweet tooth... Vermont found Canada a useful ally when it came boosting residents' energy levels. The state imported \$288 million worth of agricultural products from Canada, including \$79 million in sugars, \$8 million in cereals and \$8 million in oil seed cake and meal.

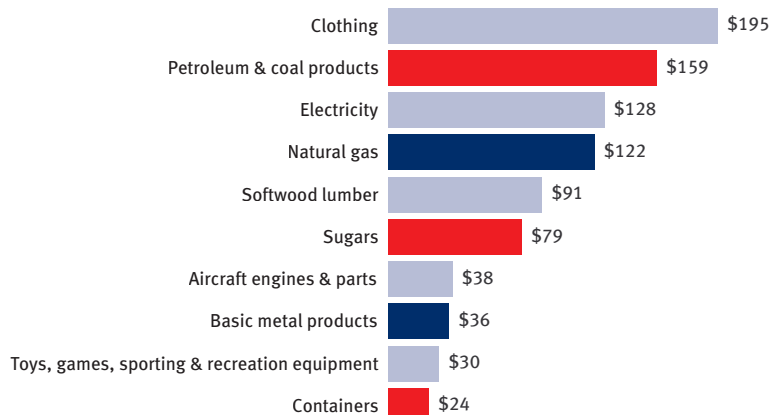
Vermont's Leading Exports to Canada

2003, in millions of U.S. dollars



Vermont's Leading Imports from Canada

2003, in millions of U.S. dollars



Vigorously visiting... Vermonters and Canadians crossed the border with renewed vigor in 2003. Almost 1.3 million Canadians—more than twice the number in 2002—visited Vermont where they then spent \$71 million. In turn, four times as many Vermonters as in 2002—895,000—traveled to Canada, spending \$73 million.

August 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/

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