

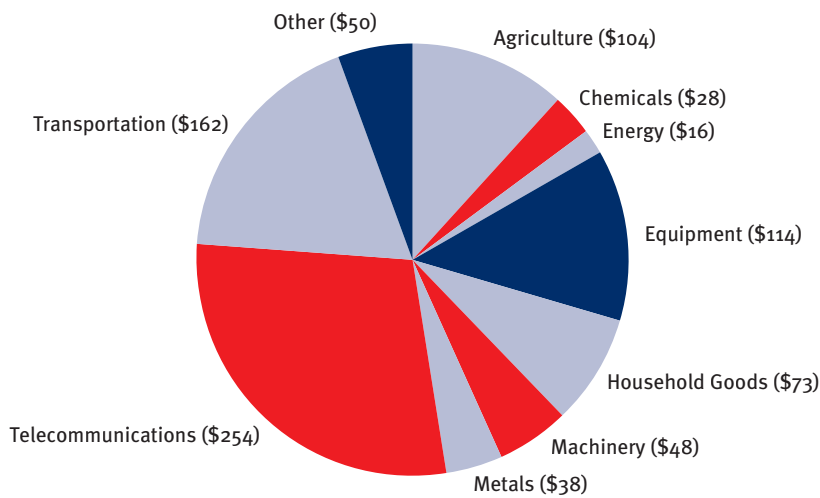


ARIZONA

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 \$440 billion in 2002, 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.

Arizona's Merchandise Exports to Canada

2002, in millions of U.S. dollars



Total Arizona exports to Canada: \$885 million

Trade between Canada and Arizona remained a vital part of both economies in 2002. Their mutually beneficial relationship exchanged \$2.3 billion worth of goods during the year.

Arizona is Canada's high-tech supplier...

Accounting for 29% of Arizona's exports to Canada, technology sales were an important part of Arizona-Canada trade. Exports of electronic tubes and semi-conductors brought in \$101 million, followed closely by \$97 million worth of computer exports.

Transportation made up 38% of all Canada-Arizona trade.

Of the \$162 million worth of Arizona's transportation products bought by Canada, \$92 million went for aircraft parts, engines, and engine parts; \$33 million for motor vehicle parts and \$23 million for trucks. Canada supplied Arizona with over \$700 million in transportation equipment, accounting for more than half of all Canadian sales to the state. Arizona bought \$604 million worth of complete aircraft alone.

Equipment sales added up.

Arizona provided Canada with \$114 million worth of equipment and tools, including \$16 million in navigation equipment and \$12 million in electrical lighting distribution equipment.

Agriculture exports continued to grow...

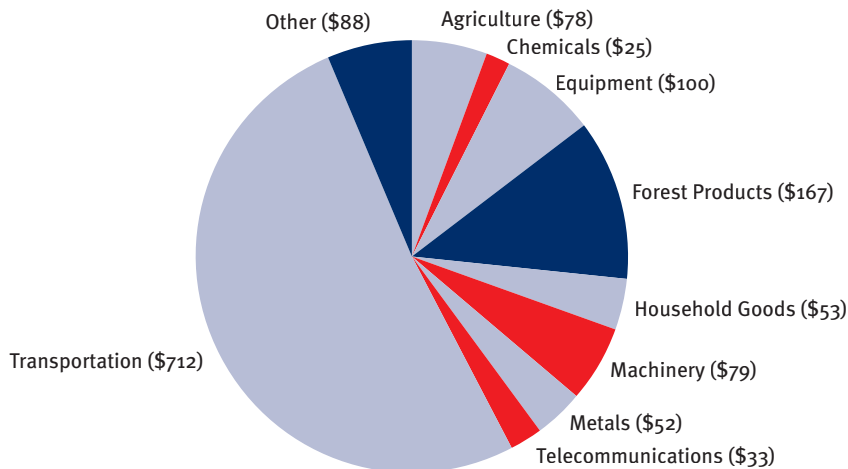
Arizona's farms increased exports to Canada by 15% from 2001, bringing the total sales to \$104 million. Topping the figures was \$77 million worth of fresh fruit, vegetables and berry exports to Canada.

Arizona sells a range of other products from household goods to metals.

Arizona increased its exports of household goods by almost 5%. The \$73 million in sales included \$13 million worth of sporting and recreation equipment and \$5 million worth of hand tools and cutlery. Canadians bought \$38 million worth of metals and basic metal products from Arizona, led by \$19 million worth of valves.

Arizona's Merchandise Imports from Canada

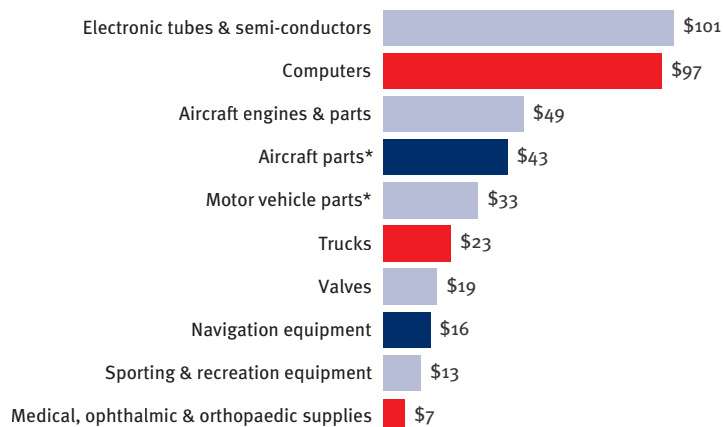
2002, in millions of U.S. dollars



Total Arizona imports from Canada: \$1.4 billion

Arizona's Leading Exports to Canada

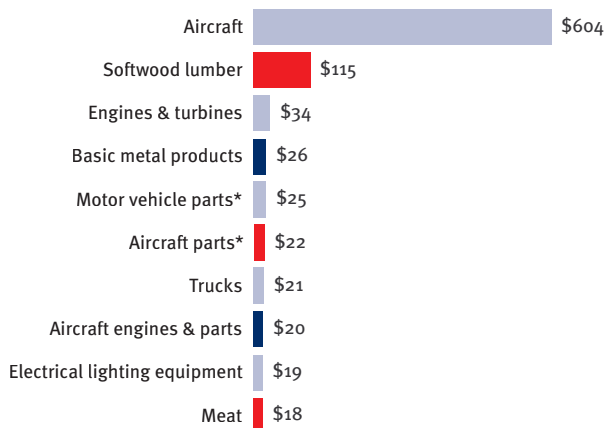
2002, in millions of U.S. dollars



*not including engines

Arizona's Leading Imports from Canada

2002, in millions of U.S. dollars



*not including engines

Canada provided Arizona with wood and paper products... Canada helped keep Arizona's production costs low by providing the state with \$167 million worth of forest products. Leading sales in this sector were softwood lumber at \$115 million and \$4 million in newsprint.

Canada kept Arizona equipped to prosper... Canada sold \$100 million worth of equipment and tools to Arizona, including \$19 million worth of electrical lighting equipment and \$5 million worth of heating and refrigeration equipment.

Tourism added millions to the exchange. In 2002, Canadians made over 255,000 visits to the Grand Canyon State and spent nearly \$172 million. Residents of Arizona made over 144,000 trips to Canada and spent over \$75 million.

Trade, Security & the Border

In 1996, Canada and the United States implemented a comprehensive Shared Border Accord to deepen cooperation on border management issues. Since the September 11th attacks on the United States, Canada and the United States have accelerated those efforts to protect the security and enhance the prosperity of their citizens. The two governments continue to expand threat information sharing, upgrade their crisis response abilities and ensure that the Canada-U.S. border remains secure with an efficient flow of trade. The 30-point Smart Border Action Plan, enacted in December 2001, takes aggressive steps toward building a smart border for the 21st century — a border open for business but closed to terrorists.

Top Canada-U.S. Land Border Crossings

Total imports from Canada, in billions of U.S. dollars

Windsor, Ontario	► Detroit, MI	\$66.6
Sarnia, Ontario	► Port Huron, MI	\$60.7
Fort Erie, Ontario	► Niagara Falls, NY	\$50.2
Lacolle, Quebec	► Champlain, NY	\$16.7
Lansdowne, Ontario	► Alexandria Bay, NY	\$11.0
Surrey, British Columbia	► Blaine, WA	\$9.9
Emerson, Manitoba	► Pembina, ND	\$7.7
St. Armand, Quebec	► Highgate Springs, VT	\$6.8
Coutts, Alberta	► Sweetgrass, MT	\$6.6
North Portal, Sask.	► Portal, ND	\$5.7

All figures are for 2002 and are in US dollars. Merchandise trade and tourism figures are from Statistics Canada, converted at the rate of US\$1.00=C\$1.5704. Canada's export ranking is from the Massachusetts Institute for Social and Economic Research (MISER). Figures may not add up due to rounding.

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

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