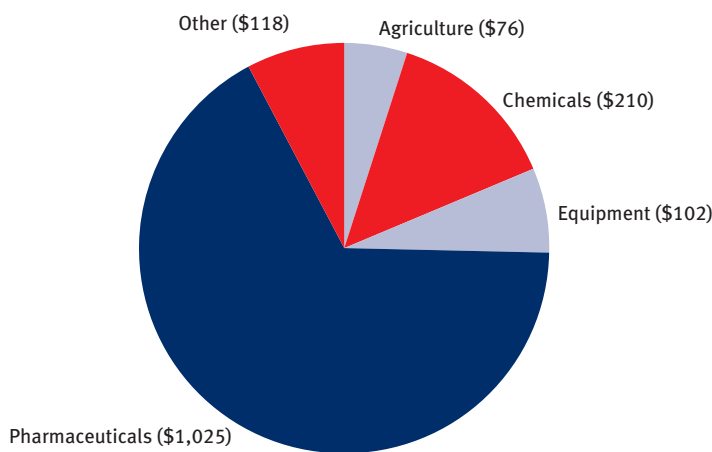


PUERTO RICO

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.

Puerto Rico's Merchandise Exports to Canada

2003, in millions of U.S. dollars



Total Puerto Rico exports to Canada: \$1.5 billion

A growing relationship... Puerto Rico-Canada trade totaled almost \$1.9 billion in 2003. The Commonwealth sent 10% of its foreign-bound trade to Canada — \$1.5 billion—making the country Puerto Rico's second largest foreign trading partner. In return, Puerto Rico imported \$319 million worth of goods from Canada.

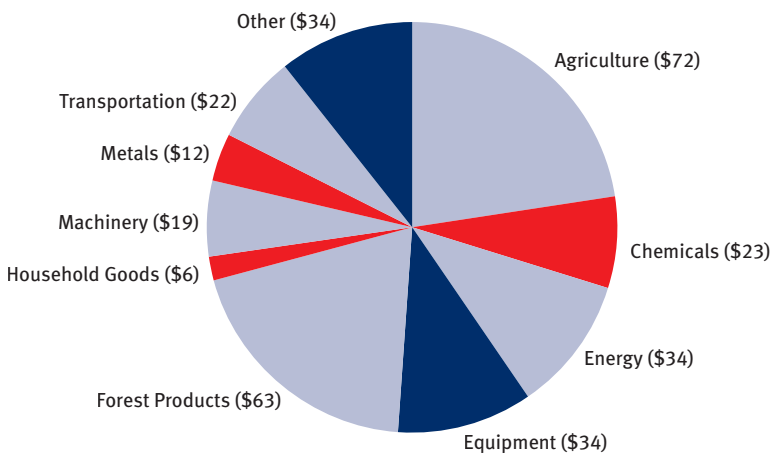
Health and wealth... Pharmaceutical sales accounted for 67% of exports to Canada, bringing Canadians the means to keeping healthy and Puerto Ricans wealth. Totalling \$1,0 billion, sales in 2003 increased 34% from the previous year. Pharmaceutical exports were almost entirely medicine, in dosage.

The right equation... Puerto Rico sent \$210 million worth of chemicals to Canada. Shipments included \$163 million in organic chemicals and \$1 million in unshaped plastics. In return, Puerto Rico imported \$23 million in chemicals from Canada, including \$3 million in basic plastic shapes and forms.

Sowing the seeds of trade... Puerto Rico relied on Canada most for its agricultural goods. The Commonwealth imported \$72 million worth — 23% of total imports. Shipments received included \$35 million in vegetables and \$6 million each in meat and preserved fish (except canned). Just as Puerto Rico provided Canada with essential medicines, it looked to Canada for agricultural goods. Sales included \$18 million in distilled alcoholic beverages and \$1 million each in sugars and coffee.

Puerto Rico's Merchandise Imports from Canada

2003, in millions of U.S. dollars

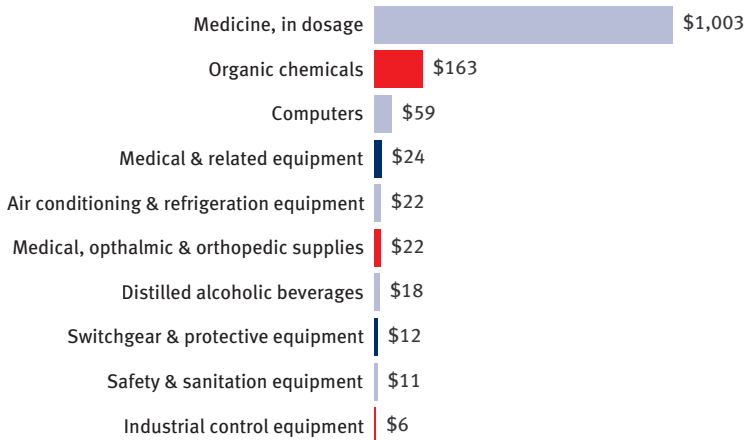


Total Puerto Rico imports from Canada: \$319 million

Finding forestry... The small Commonwealth looked to its northern neighbor for forestry products — the second largest import sector in 2003. Puerto Rico bought \$63 million worth, including \$48 million in newsprint and \$8 million in softwood lumber.

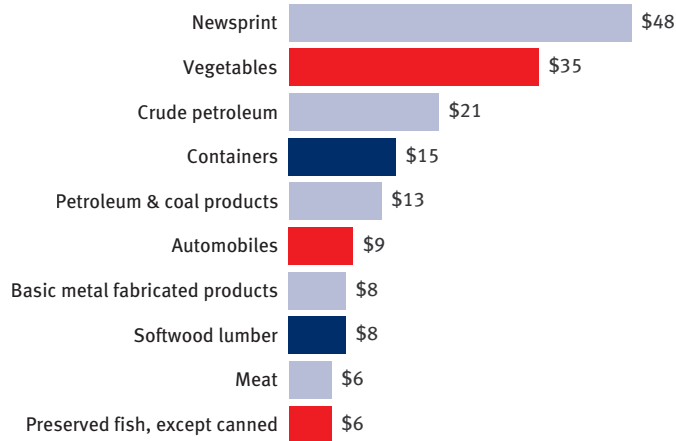
Puerto Rico's Leading Exports to Canada

2003, in millions of U.S. dollars



Puerto Rico's Leading Imports from Canada

2003, in millions of U.S. dollars



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 Puerto Rico, please contact:

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