



No one is saying forget about the maple leaf, the moose or the soaring mountains. But today's symbols for Canada have just as much to do with innovation as they do with natural beauty. During the same years that Canadian trade investment and tourism was flowing to Florida, Canadian entrepreneurs and inventors were perfecting some of today's most well-known high-tech products, such as the BlackBerry, made by Ontario-based Research in Motion Ltd., or the IMAX theater projection system or amazing performances by Cirque du Soleil.

That's just part of Canada's economic story, that has helped cement a strong relationship between Canada and the United States, and more particularly, with Florida.

In fact, Canada is the Sunshine State's largest economic partner, and, counting trade, tourism and foreign investment, outstrips any similar relationship Florida has with any single Latin American country.

With Canadians vacationing or wintering in Florida, goods flowing both north and south and Canadian companies locating facilities in Florida—in part to take advantage of South Florida's "Gateway to the Americas" status—the relationship directly or indirectly accounts for about 289,000 Florida jobs.

The Canada-Florida connection is just one spoke in the wheel of partnership that links the United States and Canada; an ongoing relationship that encompasses not only trade, tourism and the buying and selling of energy, but tightly coordinated security operations that help keep both countries safe. With shared values, traditions and histories, the Northern Hemisphere neighbors

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continue to build on a relationship that dates back to the days when fur trappers roamed the Appalachian Mountains and many goods destined for both countries came through the St. Lawrence Seaway.

Woven together by such majestic natural

resources as the Great Lakes, the Rocky Mountains and bordered by Atlantic and Pacific coastlines that flow contiguously from tundra to tropics, Canada and the United States have become fast friends and loyal partners.

With that background, it is no surprise that Canada and the United States share the largest bilateral trade relationship in the world, totaling over \$500 billion. More than \$1.4 billion worth of goods and services move across the border every day – and Canada is the United States' largest source of imported energy, sending south hydroelectricity from Labrador's Churchill Falls, natural gas from Alberta and British Columbia, and uranium from Saskatchewan.

Meanwhile, Canada is the United States' single largest customer as well, and the destination for nearly 24 percent of U.S. exports. The relationship doesn't end there. Canada, along with Mexico, was a prime mover in drawing up and implementing the North American Free Trade Agreement, in force now for more than a decade.

And Canadian companies have developed some of the technological innovations that have become household words.

Toronto-headquartered IMAX, renowned for its unparalleled viewing experience, got its start in 1967 and was created by a group of Canadian film makers and entrepreneurs. IMAX now has about 250 affiliated theaters in 36 countries.

Then there is Electronic Arts. In the early 1990s, it merged with one of Canada's top PC game makers, Distinctive Software of Vancouver. Electronic Arts is now one of the world's top video game producers.

Another important Canadian high-tech company is ATI Technologies Inc., founded in 1985 in Ontario. It is now one of the leading suppliers of graphics, video and multimedia products for

computers digital televisions, cell phones and game consoles.

Yet closer to home, Canada is not just a major trader with Florida, but Florida is the jump-off point for some Canadian companies' trade with the Caribbean and South and Central America. Canada is a strong free-trade backer and remains deeply committed to an eventual FTAA, which would gather the Americas under a reduced or eliminated tariff structure.

In 2004, Canada's representation in Miami was expanded from a small trade consulate to a full-fledge consulate general, reflecting Florida's increasing role for Canadian companies, visitors and investors. The move was also part of the Government of Canada's nationwide Enhanced Representation Initiative aimed at fostering enhanced cooperation and interaction in all levels of government, business and social communities and increased Canadian Consular representation from 15 to 22 offices. Miami's Consul General Marcy Grossman took up her duties at the consulate in August 2005.

Canadian Snowbirds of a Feather Flock Together

Florida's miles of sandy beaches and subtropical climate draw millions of visitors each year from all over the world. But, broken down by country, Canada heads the pack. It's the state's number-one source of tourism and Florida expects more than 2.1 million Canadians to visit the state this year. About 30 percent of all international visitors come from Canada, pumping more than \$200 million in total tax revenue into Florida's coffers. What's more, those visitors also contribute to Florida's real estate market, with many Canadians either renting long-term for the entire winter season, or even buying second homes in Florida.

"Tourism cannot be understated," said Miami attorney Harold E. Patricoff, Jr., a partner at Shutts & Bowen LLP who chairs the firm's International Dispute Resolution Practice Group. "Canadian

Canada in Florida

#1 overall economic partner

#1 source of international tourism

#1 source of foreign direct investment

\$6.8 billion in total two-way trade

\$559 million in Florida revenue from agricultural exports to Canada

\$2 billion spent by Canadian tourists

2 million Canadian tourist visits

Canadian snowbirds represent Florida's most valuable and loyal tourism market

289,000 Florida jobs supported by the Canada-Florida relationship

Source: Statistics Canada, May 2006

The Canada-U.S. Connection

#1 trade relationship in the world

#1 largest and most reliable source of energy

#1 purchaser of American goods

#1 foreign market of U.S. goods exports

for 39 out of 50 states

\$500 billion total trade

5.2 million jobs created in the U.S.

45,000 trucks cross the Canada-U.S. border daily

Every 2 seconds a truck crosses the border

Source: Statistics Canada, May 2006

"Canada feels strongly that its role in Miami and Puerto Rico, who serve as gateways to the Caribbean and Latin America, is a pivotal one; and one which will further prosper as the true depth and breadth of our relationship continues to flourish."

– Marcy Grossman,
Consul General of
Canada
in Miami,
February 16, 2006

tourists love South Florida and love the Caribbean," he said, noting that a visit to Florida often also includes an island cruise.

Meanwhile, the economic impact of trade is also important. Florida exported more than \$2 billion worth of goods to Canada last year, topped by orange juice and other citrus products. And, according to Enterprise Florida, the state's public-private economic development partnership, last year Canada pulled ahead of Brazil as the top destination for goods from Florida. At the same time, Florida imported Canadian goods worth \$4.5 billion, with softwood lumber and pharmaceuticals leading the way.

On average, \$18 million worth of merchandise is traded between Canada and Florida every day.

That number could actually be much higher, if goods that are shipped via other states before either entering Canada from Florida, or vice versa, were counted. South Florida trade with Canada is generally under-represented statistically because truck and rail trade – which account for the lion's share of transportation methods – is counted at the point of entry, the U.S.-Canada border versus arrival at its Florida destination point.

Goods coming from Canada to northern U.S. cities such as Detroit do not get credited to where they end up, said John Price, president of InfoAmericas, a Coral Gables, Fla.-based research firm.

One example is replacement car parts from Ontario, he said, that may go to a distribution point in the Midwest to be repackaged. Some of those parts may end up in Florida. Hence, "trade between Ontario and Florida is never documented," Price said.

But trade between the state and its North American neighbor isn't the entire story. Canada was an original signatory to the North American Free Trade Agreement, which links the United States, Canada and Mexico.

According to remarks made by Consul General Grossman at a recent international roundtable event, trade in the NAFTA region increased from \$289 billion from when the treaty went into effect in 1994, to \$659 billion, a 12.5 percent annual increase.

Canada is also quite involved in its own right in trade with the Caribbean, and South and Central America, much of that from a Florida base.

"A lot of goods that come from Canada are shipped through the Miami airport and seaport," noted Patricoff.

At the roundtable discussion, Consul General Grossman also noted that one in four jobs in Canada depends on trade. Meanwhile, with the FTAA sidetracked over global issues, both the United States and Canada have made side agreements with individual countries. Canada has signed bilateral agreements with Chile and Costa Rica, while other agreements are under discussion.

That trade nexus makes Florida an attractive location for Canadian countries doing business in Southern Hemisphere nations. Enterprise Florida, the state's economic development organization, estimates that 227 Canadian companies have Florida branches. And, according to WorldCity magazine, 27 of the most prominent companies are in South Florida. About 60 percent of those use their South Florida location as a headquarters for Latin American trade.

Forensic Technology Inc., based near Montreal, is one company that decided a Florida presence makes sense. In 2001 it opened its United States headquarters in Largo, Florida. Good weather and proximity to both United States and Latin American customers were among reasons for choosing the Sunshine State, said Anthony Gagliardi, a company marketing manager.

"It serves both North America and Latin America," he said, adding that the company sees many visitors from both regions as its focus is on client training.

Should FTAA come about, more Canadian companies may likely also decide that it makes sense to have a Florida branch.

In fact, at the roundtable discussion, Consul General Grossman announced that Miami, in particular, is such a valuable gateway to Latin America for Canadian goods, that a study has been commissioned to quantify just how much that conduit is worth.

Meanwhile, just as it leads in tourism and trade, Canada takes a leading role in the flow of capital to Florida, accounting for direct investment of about \$5 billion, with another \$5 billion represented in real estate holdings by either Canada-headquartered companies, real estate investors or

"On an annual basis, over two million Canadian citizens visit the Sunshine State, and we are proud that many also consider Florida their second home."

– Florida Governor Jeb Bush, July 25, 2005

If indirect exports via other states were included in trade rankings, Canada would likely top Brazil as the top destination of Florida exports.

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Florida exports to Canada **\$2.3 billion**
Top export-Oranges

Florida imports from Canada **\$4.5 billion**

Top import-Lumber
\$18 million in goods traded every day



individual home buyers.

Fueling the Red, White and Blue

Before the winds from Hurricane Wilma died down, Canadian utility trucks and crews were already rumbling their way to Florida. All told, said Florida Power & Light spokeswoman Karen Vissepo, more than 400 Canadian linemen contributed to the effort to restore power to hurricane ravaged areas.

"Those workers, were vital to our restoration process," she said. "Without them the restoration would have been longer."

Likewise, in the wake of Hurricane Katrina, which affected some Gulf Coast oil and gas operations, Alberta's Energy Utility Board lifted restrictions on maximum oil production in order to help fuel the United States economy.

It's just the latest example of the close energy relationship between the two countries. Canada is the United States' largest foreign energy provider, supplying 85 percent of its natural gas imports, 96 percent of its electricity imports, and 16 percent of its crude and refined oil products, which is more than is shipped by Saudi Arabia.

Every day, Canada exports over 2 million barrels of crude and refined oil and over 522,000 barrels of petroleum products to the United States. Meanwhile, Canada's oil companies—part of the nation's privately owned oil industry—are major investors in the U.S. petroleum industry, providing jobs and income for Americans.

What's more, there is the expectation that more – much more – energy could come from Canada in the coming years, especially from the oil sands in Alberta, an increasingly important resource as energy prices continue to be volatile.

According to the Canadian Energy Research Institute, recoverable oil reserves from the sands are estimated at 175 billion barrels, ranking Canada just behind Saudi Arabia in global oil reserves.

Since 1990, according to the CERI report, oil sands production has grown four-fold, exceeding one million barrels per day in 2004. Market conditions are also spurring the development of petroleum resources in Canada's north and Atlantic off-

shore regions as well.

The Canadian Association of Petroleum Producers predicts that production will more than double within the next 10 years.

"They have barely dented the resources there," said David Carson, vice president, Canadian Centre for Energy Information. And, he added, as the price of oil continues to climb, pressure will increase to more rapidly develop other types of energy that Canada is rich in as well. These include wind power and biofuels produced from wood chips or crops such as corn and wheat.

Meanwhile, Canada is already acting to help ease the energy crunch. In response to the International Energy Agency's call for member countries to support its emergency response system, Canada will contribute its share of oil to the global market to help ease supply disruptions in the United States. That translates into 91,000 barrels of crude oil per day.

And Canada and the United States are working together on developing and implementing cleaner energy technologies.

As Canada continues to contribute to Florida's economy with trade, tourism, investment and energy, Floridians may become more aware of the complex webs that connect the vast northern country with the subtropical peninsula.

But for the moment, noted Patricoff, the relationship is "a little bit understated."

Yet Miami's growing importance as an international hub, and Canada's overall role with both the United States and Florida almost guarantees a coming change in that perception. Indeed, with the elevation of the Canadian Consulate in Miami, a higher profile may already be taking shape.

"As Canada and the U.S. continue to share the largest bilateral trade relationship in the world – with two-way trade totaling close to \$500 billion in 2004 – the Canada-Florida relationship has emerged as a vital component; culminating in Canada being named as the state's number one overall trading partner," noted Canadian Consul General Marcy Grossman. "Canada feels strongly that its role in Miami and Puerto Rico, who serve as gateways to the Caribbean and Latin America, is a pivotal one; and one which will further prosper as the true depth and breadth of our relationship continues to flourish."

In March 2006, U.S. President George Bush, Canadian Prime Minister Stephen Harper and Mexican President Vicente Fox pledged at a meeting in Cancun to "strengthen the North America energy market by improving transparency and regulatory compatibility, promoting the development of resources and infrastructure, increasing cooperation on energy efficiency standards and support other efforts aimed at addressing change on the demand side."



Canada supplies the U.S. with:

85 percent of its natural gas imports

96 percent of its electricity imports

27 percent of its uranium used in the production of nuclear power

16 percent of its imports of crude and refined oil products - more than any other country at over **2 million barrels** daily.

Canada is the United States largest and most reliable source of energy

Canada and the U.S. supply **100 percent** of each others electricity imports



The Government of Canada was pleased to provide content for this insert.