

# Canada's Specialties

Canada ranks among the top 10 countries in the world in producing lumber, paper, oil, and fish. You can understand why. Canada has vast forests. It has long ocean coastlines and borders the Great Lakes, where commercial fishing also takes place. Oil deposits have been found both on the Canadian mainland and off its coastline. But not all of Canada's specialty goods and services come from its natural resources. It is the world's third-biggest producer of video game software, thanks to its educated workforce!

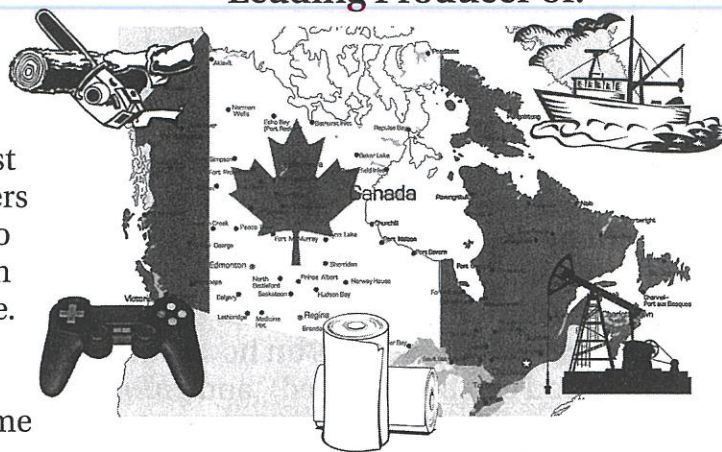
Trade is critically important to the health of the Canadian economy. Canada is the 11<sup>th</sup> most active exporting country in the world. The United States is by far its biggest trading partner. Canada also trades actively with China and the European Union. Despite all of Canada's export activity, in recent years the value of the country's imports was higher than exports. This led to a negative **trade balance**.

## What Canada Imports

What are Canada's biggest imports? Cars and other vehicles, office equipment, heavy machinery, and plastics. Canada has a major auto manufacturing industry, but foreign automakers own those plants. The cars manufactured are being shipped from Canada to other countries. Canada does make some machinery and plastic products, but not enough of the right kinds to satisfy its people's needs.

The bottom line: Canada has decided other countries have better combinations of productive resources than it does to make such products. So it trades for them for the most part.

Leading Producer of:



### When Specialization Backfires

Specializing in certain industries such as forest products and fishing generally has been very good to the Canadian economy. However, there are risks to specialization. If demand for lumber or fish suddenly fall, the prices will drop, and so will profits at Canadian producers.

That happened in 2007-2009. The U.S. economy was struggling. Almost no new houses were built in the United States. Demand for Canadian lumber dried up, and production in Canada had to be cut way back.



### Key Concept Check-Point

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This chart shows different goods that countries specialize in producing and goods they need or want to import. Examine it and identify the three likely trading partners for Canada below.

Country	Specializes In...	Needs/Wants...
Canada	lumber & paper, oil, cattle, software	computers, consulting services, televisions
France	consulting services, cheese, fish	paper, wheat, tractors
Great Britain	heavy equipment, clothing, wheat	equipment parts, cars, consumer electronics
Italy	tractors, barley, wine	wheat, fish, insurance services
Japan	fish, rice, consumer electronics	tractors, cheese, beef
United States	computers, financial services, corn	cheese, lumber, wine