We are pleased to publish the 25th paper in the Weissman Center's Occasional Paper Series. The paper provides an excellent review of the most recent merchandise trade statistics regarding the United States-Mexico-Canada Free Trade Agreement (USMCA). It is incredibly helpful that the paper describes the scope of the agreement as well as providing information on the national level and New York State trade. Readers who have an interest in understanding the USMCA, by participant country, as well as how it impacts New York State, will find this quite enlightening and a valuable source of trade information. Going deeper, readers will find information on the trade relationship between New York State and Mexico or Canada as well as information on the major merchandise categories. The national and state perspective is shown in comparison with global trends, leading to important insights. This is recommended reading for those with an interest in USMCA and free trade areas.

Andreas Grein
Professor of Marketing and International Business
Director of the Weissman Center for International Business

Weissman Center for International Business
Zicklin School of Business, Baruch College/CUNY

No. 25 | WCIB Occasional Paper Series | Fall 2024

U.S. Free Trade Agreements – USMCA/NAFTA

A Review of Trade Data for U.S. and New York State Exports and Imports of Goods 2013-2023

Dr. Anastasia Xenias, Ph.D., Senior International Trade Specialist
U.S. Department of Commerce, International Trade Administration, U.S. Commercial Service

Lene Skou, LLM, International Legal Studies, Deputy Director
Weissman Center for International Business, Baruch College, City University of New York

Breanna Leung, Trade Assistant/Intern (Baruch College)
U.S. Department of Commerce, International Trade Administration, U.S. Commercial Service

I. INTRODUCTION

The United States is the world's largest economy and the largest exporter and importer of goods and services. The United States has free trade agreements (FTAs) in effect with 20 countries. The most prominent among these in terms of total trade volume is the United States–Mexico–Canada Agreement (USMCA), previously the North American Free Trade Agreement (NAFTA).[1] Here we review the most current data on trade in goods (merchandise trade) between the United States and its USMCA partners and compare this with trade in goods between New York state and Canada and Mexico by value and product category.[2]

II. U.S. FREE TRADE AGREEMENTS

The United States currently has free trade agreements in force with 20 countries: Australia, Bahrain, Canada, Chile, Colombia, Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras, Israel, Jordan, Mexico, Morocco, Nicaragua, Oman, Panama, Peru, Singapore, and South Korea.[3] Current free trade agreements are

[1] "Free Trade Agreements," *Office of the United States Trade Representative*, https://ustr.gov/trade-agreements/free-trade-agreements.

[2] Trade data presented here reviews only trade in goods (merchandise); trade in services is not part of this analysis. All trade data is viewed as tabulated under the North American Industrial Classification System (NAICS) at the three- or four-digit level of product specification, as indicated, and sourced from the International Trade Administration, U.S. Department of Commerce, unless otherwise noted.

[3] "Trade Agreements," Office of the United States Trade Representative, https://ustr.gov/trade-agreements.

summarized in Table 1. The FTA with Canada, signed in 1988, is the second-oldest free trade agreement (following that with Israel). In 1992 Mexico was added and the FTA with Canada renegotiated into the North American Free Trade Agreement (NAFTA) between the United States, Canada, and Mexico. NAFTA was renegotiated in 2018 to create the United States–Mexico–Canada Agreement (USMCA).

Table 1: Summary of U.S. Free Trade Agreements

COUNTRY	DATE SIGNED	DATE ENTERED INTO FORCE
Australia	May 18, 2004	January 1, 2005
Bahrain	September 14, 2004	January 11, 2006
Canada	January 2, 1988 November 30, 2018 (renegotiated as USMCA)	January 1, 1989 July 1, 2020 (renegotiated as USMCA)
Chile	January 6, 2003	January 1, 2004
Colombia	November 22, 2006	May 15, 2012
Costa Rica	August 5, 2004	January 1, 2009
Dominican Republic	August 5, 2004	March 1, 2007
El Salvador	August 5, 2004	March 1, 2006
Guatemala	August 5, 2004	July 1, 2006
Honduras	August 5, 2004	April 1, 2006
Israel	April 22, 1985	September 1, 1985
Jordan	October 24, 2000	December 17, 2001
Mexico	December 17, 1992 November 30, 2018 (renegotiated as USMCA)	January 1, 1994 July 1, 2020 (renegotiated as USMCA)
Morocco	June 15, 2004	January 1, 2006
Nicaragua	August 5, 2004	April 1, 2006
Oman	January 1, 2009	January 1, 2009
Panama	June 28, 2007	October 31, 2012
Peru	April 12, 2006	February 1, 2009
Singapore	September 4, 2003	January 1, 2004
South Korea	June 30, 2007	March 15, 2012

III. FROM NAFTA TO USMCA

The North American Free Trade Agreement, signed in 1992 and enacted in 1994, created a free trade zone between the United States, Canada, and Mexico. Implementation took several years. To qualify for duty free status under NAFTA, exporters had to meet the detailed rules of origin defined by NAFTA to promote regional manufacturing.[4]

NAFTA provisions were extensive, covering trade in goods and services as well as investment. NAFTA provided coverage to services except for aviation transport, maritime, and basic telecommunications. The agreement also provided intellectual property rights protection in a variety of areas, including patents, trademarks, and copyrighted material. The government procurement provisions of NAFTA applied not only to goods but to contracts for services and construction at the federal level. Additionally, U.S. investors were guaranteed equal treatment to domestic investors in Canada and Mexico, and NAFTA was the first generation of FTAs to include the environment and labor as topics.[5] However, in the beginning of the 21st century, by some accounts NAFTA had become outdated after 25 years from its signing.

Following extensive negotiations, the United States, Mexico, and Canada updated NAFTA with the new United States–Mexico–Canada Agreement. The agreement was signed on November 30, 2018, and entered into force on July 1, 2020.[6] USMCA aims to modernize and strengthen the food and agriculture sector in North America as well as support a 21st-century economy through new protections for U.S. intellectual property and ensuring opportunities for trade in U.S. services. The new agreement highlights creating a more level playing field for American workers, including improved rules of origin for automobiles, trucks, and other products[7] and disciplines on currency manipulation. New chapters in the agreement cover digital trade, labor (including an annex on worker representation in collective bargaining in Mexico), the environment, financial services, macroeconomic policies and exchange rate matters, agriculture, anticorruption, and good regulatory practices, as well as a chapter devoted to ensuring that small and medium-sized enterprises benefit from the agreement.[8]

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[4] North American Free Trade Agreement (NAFTA)," *International Trade Administration*, https://www.trade.gov/north-american-free-trade-agreement-nafta.

[5] Congressional Research Service Report R44981 (December 28, 2021), https://crsreports.congress.gov/product/pdf/R/R44981/20.

[6] "United States-Mexico-Canada Agreement," *Office of the United States Trade Representative*, https://ustr.gov/trade-agreements/free-trade-agreements/united-states-mexico-canada-agreement.

[7] As shown in the trade data analysis below, Canada and Mexico are the dominant trading partners of the United States in the automotive sector, and automotive vehicles and parts are top export and import product categories. For more information on effects of USMCA on the automotive industry see: https://www.trade.gov/usmca-auto-report ; https://ustr.gov/trade-agreements/free-trade-agreements/united-states-mexico-canada-agreement/us-automotive-sector ; https://ustr.gov/trade-agreements/free-trade-agreements/united-states-mexico-canada-agreement/biennial-reports-congress-operation-united-states-mexico-canada-agreement-usmca-respect-trade.

[8] "United States-Mexico-Canada *Agreement," Office of the United States Trade Representative*, https://ustr.gov/trade-agreements/free-trade-agreements/united-states-mexico-canada-agreement ; "UNITED STATES–MEXICO–CANADA TRADE FACT SHEET Modernizing NAFTA into a 21st Century Trade Agreement," *Office of the United States Trade Representative,* https://ustr.gov/trade-agreements/free-trade-agreements/united-states-mexico-canada-agreement/fact-sheets/modernizing.

IV. U.S. AND NEW YORK STATE TRADE WITH CANADA AND MEXICO

The United States, Mexico, and Canada share an important trade relationship that accounted for $1.57 trillion in annual trade in goods in 2022 and $1.8 trillion in total trade in goods and services in 2022, supporting over 3 million American jobs.[9] Canada is historically the United States' largest trading partner and remains its largest export market, with nearly $2.6 billion in goods and services crossing the border every day.[10] Trade with the United States' USMCA partners has not grown at an equal rate, however. Over the last decade, trade with Mexico has grown rapidly, especially with respect to imports, while trade with Canada has been relatively flat. U.S. imports from Mexico grew to surpass U.S. imports from Canada in 2022 and imports from China in 2023.

In 2023, two-way trade in goods with Canada totaled $774 billion (down from $793 billion in 2022). Two-way trade of several key product categories declined in 2023 from 2022 while two-way trade in other categories increased during the same period. For example, U.S. two-way trade with Canada in oil and gas (NAICS 211) was $118 billion in 2023, down from $148 billion in 2022, and two-way trade in chemicals (NAICS 325) was $69 billion in 2023, down from $75 billion in 2022. On the other hand, two-way trade in transportation equipment (NAICS 336) was $147 billion in 2023, up from $125 billion in 2022, and two-way trade in machinery (NAICS 333) was $61 billion in 2023, up from $56 billion in 2022. The United States sold $353 billion of goods to Canada in 2023 and purchased $422 billion of goods, for a merchandise trade deficit of $68 billion.

In 2023, two-way trade in goods with Mexico totaled $799 billion, up from $779 billion in 2022. The United States sold $323 billion in goods to Mexico in 2023 and purchased $475.6 billion in goods, for a merchandise trade deficit of $152 billion in 2023. Two-way trade with Mexico in seven of the top ten product categories rose in 2023. For example, two-way trade in transportation equipment (NAICS 336) rose to $203 billion in 2023 from $175 billion in 2022; two-way trade in electrical equipment, appliances, and components (NAICS 335) rose to $65 billion from $60 billion in 2022; and two-way trade in machinery (NAICS 333) rose to $57 billion from $53 billion in 2022, while two-way trade in chemicals (NAICS 325) and oil and gas (NAICS 211) declined.

In 2023 Mexico surpassed China and is now the most important import supplier, ahead of China for the first time in 20 years.[11] U.S. merchandise imports from China totaled $427.2 billion in 2023, substantially lower than U.S. merchandise imports from Mexico in 2023 of $475.6 billion. Also, U.S. two-way trade with Mexico, at $798.8 billion in 2023, is far greater than U.S. two-way trade with China, which was $575 billion in 2023. Notably, U.S. two-way trade with Mexico is also greater than U.S. two-way trade with Canada in 2023. Nonetheless, in 2023 the United States still has the largest trade deficit with China, followed by Mexico, with Canada in sixth place.

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[9] https://ustr.gov/trade-agreements/free-trade-agreements/united-states-mexico-canada-agreement.

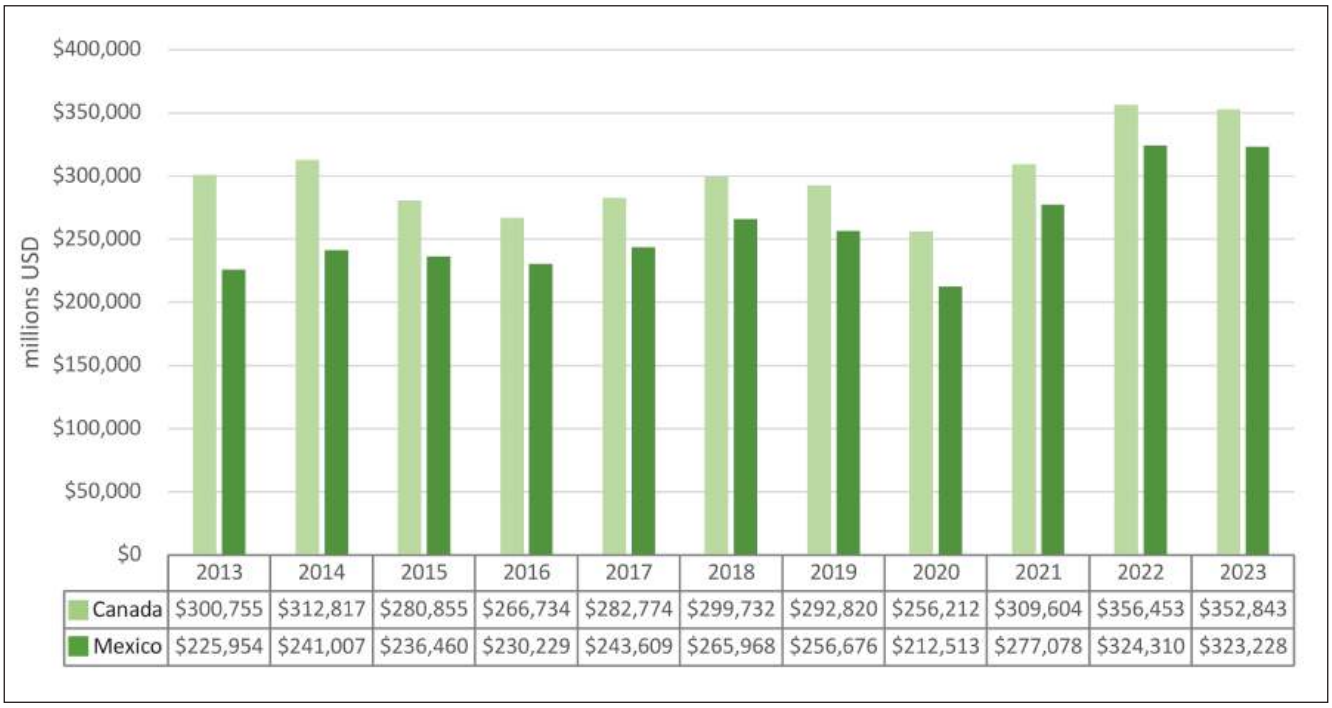
[10] FACT SHEET: Strengthening the United States-Canada Partnership, March 24, 2023, www.wh.gov.

[11] https://www.census.gov/foreign-trade/statistics/highlights/topcm.html; https://www.nytimes.com/2024/02/07/business/economy/united-states-china-mexico-trade.html.

A. U.S. Exports to USMCA

Total U.S. exports of goods to Canada and Mexico are shown in **Figure 1.** As seen here, U.S. exports to Mexico peaked in 2014, then dropped for two successive years before recovering in 2017 and 2018 and declining again in 2019 and 2020, then surging in 2021 and 2022. In 2023 U.S. merchandise exports to Mexico dropped slightly, to $323.2 billion from $324.3 billion in 2022, while remaining at record-high levels and nearly $100 billion higher than 10 years earlier. As also seen in **Figure 1**, exports to Canada declined from a peak in 2014, recovering briefly in 2017 and 2018, then dropping again in 2019 and 2020 before surging in 2021 and reaching a record high of $356.5 billion in 2022. In 2023 U.S. exports to Canada also declined slightly, to $352.8 billion—still greater than U.S. exports to Mexico, though having grown at a much slower pace than U.S. exports to Mexico in the past decade. It is noteworthy that exports to Canada and Mexico both began to decline in 2019, a year prior to the drop in trade attributed to the effects of the COVID-19 pandemic.

Figure 1: U.S. Merchandise Exports to Canada and Mexico



	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Canada	$300,755	$312,817	$280,855	$266,734	$282,774	$299,732	$292,820	$256,212	$309,604	$356,453	$352,843
Mexico	$225,954	$241,007	$236,460	$230,229	$243,609	$265,968	$256,676	$212,513	$277,078	$324,310	$323,228

U.S. goods exports to Canada have been much greater in dollar value for all years 2013-2023. U.S. goods exports to Canada were flat on average from 2013 to 2018, with a total value of $300.75 billion in 2013 and $299.7 billion in 2018, dropping in 2019 to $292.8 billion and in 2020 to $256 billion before rising to a 10-year record high in 2022 of $356.5 billion. U.S. goods exports to Mexico rose more than exports to Canada in the past decade, growing from $225.95 billion in 2013 to $265.96 billion in 2018, then dropping to $256.67 billion in 2019 and to $212 billion in 2020 before rising to a record $324 billion in 2022. Total U.S. merchandise exports to both Canada and Mexico peaked in 2022 with record highs. While the value of U.S. merchandise exports to Canada remains higher than the value of U.S. goods exports to Mexico, the growth rate of U.S. exports to Mexico was higher over the past decade, progressively closing the gap with Canada and indicating that Mexico may surpass Canada as America's biggest export market in coming years.

B. U.S. Imports from USMCA

Figure 2: U.S. Merchandise Imports from Canada and Mexico

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Canada	$332,50	$349,28	$296,30	$277,72	$299,06	$318,57	$318,58	$270,02	$357,27	$436,56	$421,09
Mexico	$280,55	$295,73	$296,43	$293,50	$312,66	$343,68	$356,09	$323,47	$382,58	$454,77	$475,60

Figure 2 shows U.S. imports of goods from Canada and Mexico. We see that U.S. merchandise imports from Canada have grown far more substantially than exports from 2013 to 2023, growing from $332.5 billion in 2013 to $436.5 billion in 2022 before dropping to $421 billion in 2023. U.S. goods imports from Mexico have surged in the same period, growing from $280.6 billion in 2013 to $475.6 billion in 2023, surpassing imports from Canada in 2015 and continuing an upward trajectory even during the COVID-19 pandemic. U.S. goods imports from Canada dropped in 2023 over 2022, though remaining at record levels, while U.S. imports from Mexico rose in 2023 to a new record high. Contrary to the pattern for U.S. merchandise exports to USMCA (which began to drop in 2019), U.S. goods imports from USMCA declined in 2020 during the trade disruptions of the COVID-19 pandemic, recovering in 2021. U.S. goods imports from both Canada and Mexico peaked post-pandemic, which was also the first full year USMCA was in effect, reaching substantially higher levels than in all years prior to implementation of USMCA and the COVID-19 pandemic.

C. U.S. Trade with Canada

Canada is among the top two trading partners of the United States as a whole and carries a similar (though not equivalent) importance to New York trade. New York is the fourth-largest import and fifth-largest export trading partner of Canada among all 50 U.S. states. The largest exporters to Canada are Texas with $35.9 billion, Michigan with $27.5 billion, Ohio with $21.4 billion, Illinois with $20.6 billion, and New York with $19.5 billion.[12] California is in sixth place, with $19 billion in exports to Canada, just below New York. The largest importer from Canada of all fifty states is Illinois, with $65.6 billion in 2023, followed by Michigan with $50.9 billion, Texas with $37 billion, New York with $22.8 billion, and Washington state with $21 billion in imports from Canada in 2023.

Figure 3: U.S. Merchandise Imports from and Exports to Canada

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Imports	$332,50	$349,28	$296,30	$277,72	$299,06	$318,57	$318,58	$270,02	$357,27	$436,56	$421,09
Exports	$300,75	$312,81	$280,85	$266,73	$282,77	$299,73	$292,82	$256,21	$309,60	$356,45	$352,84

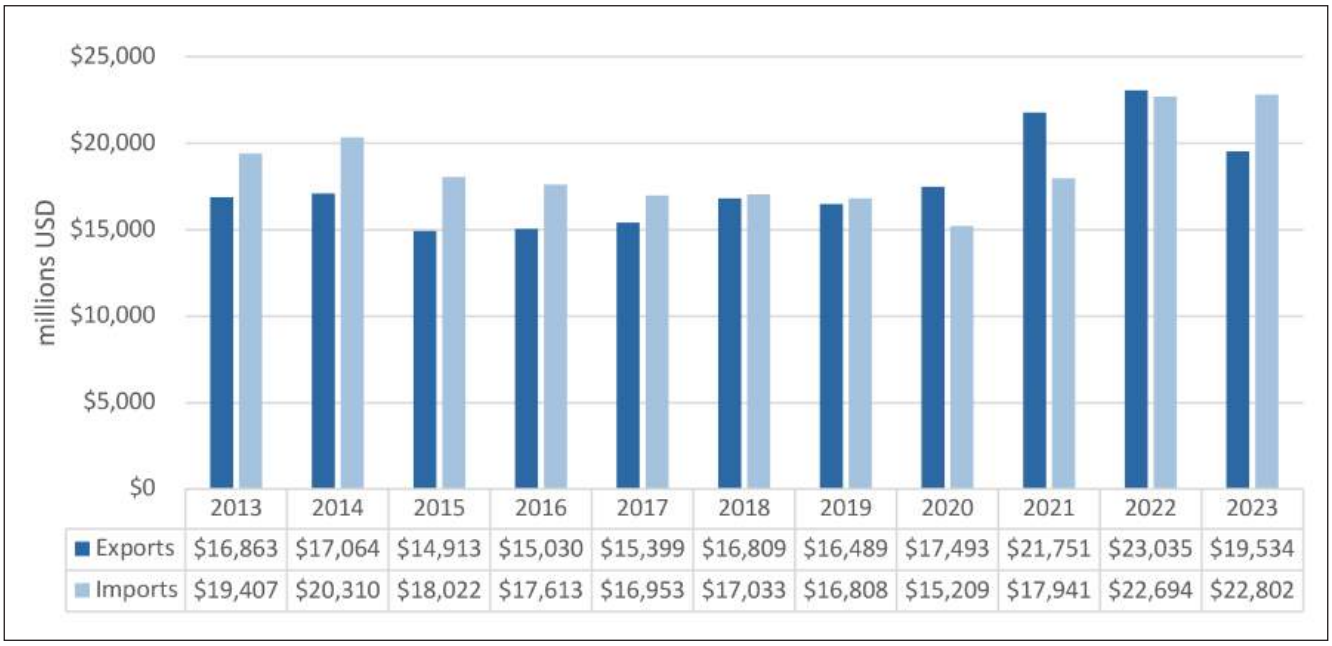
As seen in **Figure 3,** U.S. trade with Canada expanded significantly in 2021 and 2022, particularly imports from Canada. In 2023 U.S. imports from Canada dropped while exports to Canada stalled. U.S. goods imports from Canada dropped in 2015 and 2016, recovering in 2017 and 2018 and remaining flat in 2019 (but still at levels below 2013), then dropped again in 2020 before surging in 2021 and 2022, then falling in 2023 while still remaining at record highs. U.S. merchandise exports to Canada also fluctuated during this period, reaching record highs in 2022 that remained high in 2023.

[12] It should be noted that in official U.S. Department of Commerce trade data, there are over $30.6 billion in exports to Canada categorized as unallocated to any specific state. https://www.trade.gov/data-visualization/tradestats-express-trade-partner-state.

D. New York Trade with Canada

As seen in **Figure 4,** New York trade with Canada also grew significantly since 2020, with goods exports growing more than imports and starting to grow earlier than imports. New York exports to Canada expanded starting in 2020, while imports dropped the same year. By comparison, U.S. merchandise exports to Canada declined significantly in 2020 before rising in 2021. Thus, there was no adverse effect on New York goods exports to Canada during the peak of the pandemic-related trade disruptions in 2020 as compared to the country as a whole. However, in 2023 New York imports from Canada grew slightly, from $22.7 billion to $22.8 billion, while exports to Canada dropped substantially, from $23 billion to $19 billion. In contrast, total U.S. exports to and imports from Canada both dropped in 2023, with imports dropping by a larger amount than exports (from $436 billion in 2022 to $421 billion in 2023), though in terms of percentage change the drop for New York state was substantially larger.

Figure 4: New York Exports to and Imports from Canada

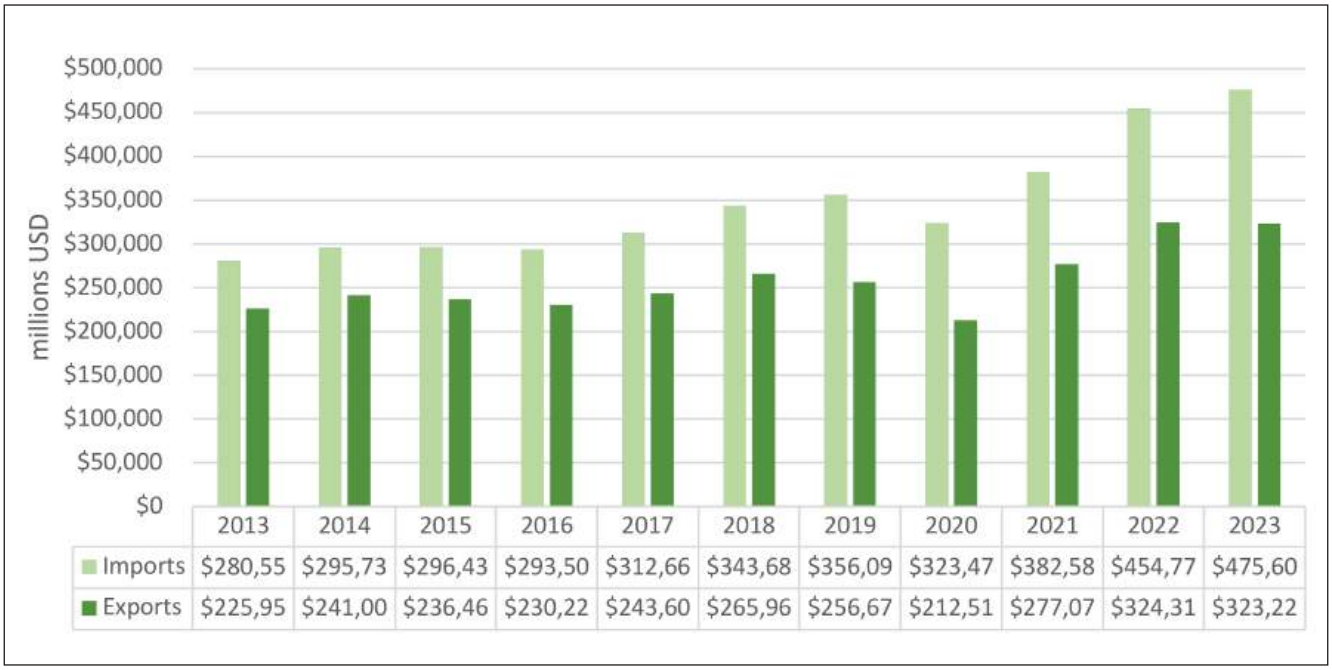


	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Exports	$16,863	$17,064	$14,913	$15,030	$15,399	$16,809	$16,489	$17,493	$21,751	$23,035	$19,534
Imports	$19,407	$20,310	$18,022	$17,613	$16,953	$17,033	$16,808	$15,209	$17,941	$22,694	$22,802

E. U.S. Trade with Mexico

Mexico is among the top three trading partners of the United States; however, it does not carry the same importance to New York state. The top five states importing from Mexico in 2023 were Texas with $142.7 billion, Michigan with $69 billion, California with $61.5 billion, Illinois with $18 billion, and Tennessee with $14 billion in goods imports. New York imported $3.5 billion of goods from Mexico in 2023 and was 24th among all 50 U.S. states in terms of merchandise imports from Mexico. The top five exporting states to Mexico are Texas with $129.5 billion in goods exports in 2023, California with $33 billion, Michigan with $14.9 billion, Illinois with $12.9 billion, and Ohio with $8 billion. New York exported $3.5 billion in goods to Mexico in 2023 and was the 20th-largest exporter to Mexico among all 50 U.S. states.

Figure 5: U.S. Merchandise Imports from and Exports to Mexico



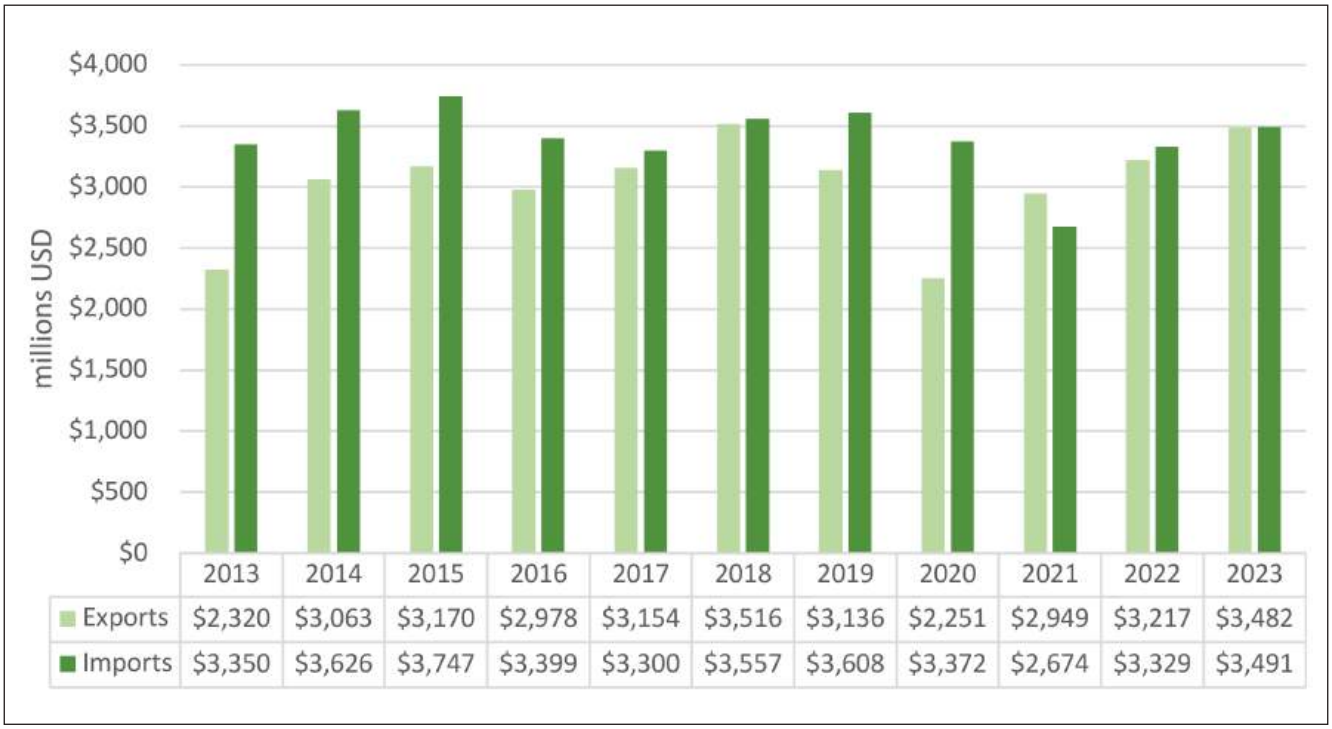
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Imports	$280,55	$295,73	$296,43	$293,50	$312,66	$343,68	$356,09	$323,47	$382,58	$454,77	$475,60
Exports	$225,95	$241,00	$236,46	$230,22	$243,60	$265,96	$256,67	$212,51	$277,07	$324,31	$323,22

As seen in **Figure 5,** U.S. trade with Mexico dropped substantially in 2020, as with trade in general during the pandemic, before rising significantly in 2021, in 2022, and again in 2023. Both U.S. imports from and exports to Mexico reached record highs in 2021 and 2022, while imports continued to grow in 2023 as exports slowed (though much less than the decline in exports to Canada). Imports from Mexico rose continuously from 2013 to 2019, dropping in 2020 by an amount less than the corresponding decline of imports from Canada, then surging in 2021, surpassing imports from Canada, and continuing to rise in 2022 and 2023.

F. New York Trade with Mexico

New York state trade with Mexico did not surge to record highs post-pandemic despite the USMCA. As seen in **Figure 6,** New York trade with Mexico also declined in 2020, with exports to Mexico dropping far more than imports from Mexico. New York exports to Mexico began to recover in 2021 and 2022; however, imports from Mexico continued to decline in 2021, in contrast to the United States as a whole. In 2023, New York trade with Mexico recovered to roughly 2018 levels. For New York state, neither imports from Mexico nor exports to Mexico surged to record highs post-pandemic and post-USMCA.

Figure 6: New York Merchandise Exports to and Imports from Mexico



	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Exports	$2,320	$3,063	$3,170	$2,978	$3,154	$3,516	$3,136	$2,251	$2,949	$3,217	$3,482
Imports	$3,350	$3,626	$3,747	$3,399	$3,300	$3,557	$3,608	$3,372	$2,674	$3,329	$3,491

G. Growth Rates Comparison Since USMCA for United States and New York

As previously noted, USMCA was signed on November 30, 2018, and entered into force on July 1, 2020. Here we compare the growth rates for U.S. and New York exports to and imports from USMCA partners Canada and Mexico with the growth rates for U.S. exports and imports overall (i.e., all countries) in the period since the USMCA was signed to see if there were any visible early positive effects on U.S. trade with Canada and Mexico. Implementation of USMCA coincides chronologically with the global trade disruptions of the COVID-19 pandemic, complicating the comparison. Notwithstanding, there are some interesting observations worth noting.

Table 2: Growth Rate for U.S. Exports to Canada and Mexico vs. Overall Exports

YEAR	U.S. OVERALL IMPORTS	U.S. IMPORTS TO CANADA	U.S. IMPORTS TO MEXICO
2019	1.4 %	-2.3 %	-3.5 %
2020	3.8 %	-12.5 %	-17.2 %
2021	2.8 %	20.8 %	30.4 %
2022	18.1 %	15.1 %	17 %
2023	-2.2 %	-1.0 %	-0.34 %

As we see in **Table 2**, U.S. exports to both Canada and Mexico declined in 2019 and 2020 while U.S. exports overall grew during the same years. In 2021, the first year after the implementation of USMCA, U.S. exports to both Canada and Mexico grew by double digits, with a 20.8% growth in exports to Canada and 30.4% growth of exports to Mexico, compared to 2.8% overall. However, in 2022 export growth to both Canada and Mexico, though robust, was less than the rate of growth in exports overall. In 2023 U.S. exports overall dropped by 2.2%; however, exports to both its USMCA trading partners fared much better, with exports to Mexico dropping only 0.34% (compared to -2.2% for exports overall) and exports to Canada dropping by 1%. Thus U.S. exports to Canada and Mexico have tended to move in the same direction since 2019, with exports to USMCA sometimes trending better than U.S. exports overall and sometimes slightly worse.

Table 3: Growth Rate for U.S. Imports from Canada and Mexico vs. Imports Overall

YEAR	U.S. OVERALL IMPORTS	U.S. IMPORTS FROM CANADA	U.S. IMPORTS FROM MEXICO
2019	-0.2 %	0 %	3.6 %
2020	-4.9 %	-15.1 %	-9.2 %
2021	11.9 %	32 %	18.3 %
2022	22.7 %	22.2 %	18.9 %
2023	-2.5 %	-3.5 %	4.6 %

As seen in **Table 3**, U.S. imports from Canada were flat in 2019 and from Mexico grew in 2019, compared to a slight decline for imports overall. In 2020, imports from both Canada and Mexico dropped by much more than the decline in imports overall. In 2021, the first year following the implementation of the USMCA, imports from both Canada and Mexico surged, far surpassing U.S. import growth overall. In 2022, imports from Canada and Mexico were both below the overall import growth rate. In 2023, U.S. imports overall declined by 2.5% and U.S. imports from Canada declined by 3.5%, a greater drop than the overall decline in U.S. imports. By comparison, U.S. imports from Mexico grew by 4.6% even as imports overall fell. Thus U.S. imports from USMCA partners have shown a parallel increase or decrease until 2023, when Canada declined.

Table 4: Growth Rate for New York Exports to Canada and Mexico vs. State Exports Overall

YEAR	NY OVERALL EXPORTS	NY EXPORTS TO CANADA	NY EXPORTS TO MEXICO
2019	-10.8 %	-1.8 %	-10.8 %
2020	-13.4 %	6.0 %	-28.2 %
2021	37.6 %	24 %	31.0 %
2022	17.9 %	5.9 %	9.1 %
2023	-10.7 %	-15.2 %	8.2 %

As seen in **Table 4**, New York state exports to Canada, though down, fared much better in 2019 than New York exports overall and better than New York exports to Mexico. In 2020, New York exports to Canada rose by 6.0% while exports overall and exports to Mexico dropped significantly. In 2021, New York exports to Canada rose significantly, though by less than exports to Mexico; conversely, exports to Mexico grew by less than exports overall but by more than exports to Canada. In 2022, New York exports to Canada and Mexico again grew by less than the rate of New York exports overall, while New York exports to Mexico again showed more robust growth than exports to Canada. In 2023 New York exports to Canada dropped by 15.2%, more than the overall drop of New York exports, while New York exports to Mexico rose substantially by 8.2% even as total state exports declined. In general, New York exports to Canada and Mexico have not always moved in the same direction—exports to Canada have risen while exports to Mexico have dropped, and vice versa. Also, as with the United States, New York exports to USMCA partners have not always fared better than overall New York exports. In general, since the signing of USMCA, New York exports to Canada have outpaced the growth of New York exports overall only in 2020, while exports to Mexico have fared worse than overall export growth—except in 2023, when exports to Mexico increased even as exports overall and exports to Canada dropped. Nonetheless, we see that in the years prior to the implementation of USMCA, New York exports to Canada fared better than exports to Mexico, but after implementation of USMCA the trend is reversed, with exports to Mexico performing better.

Table 5: Growth Rate for New York Imports from Canada and Mexico vs. State Imports Overall

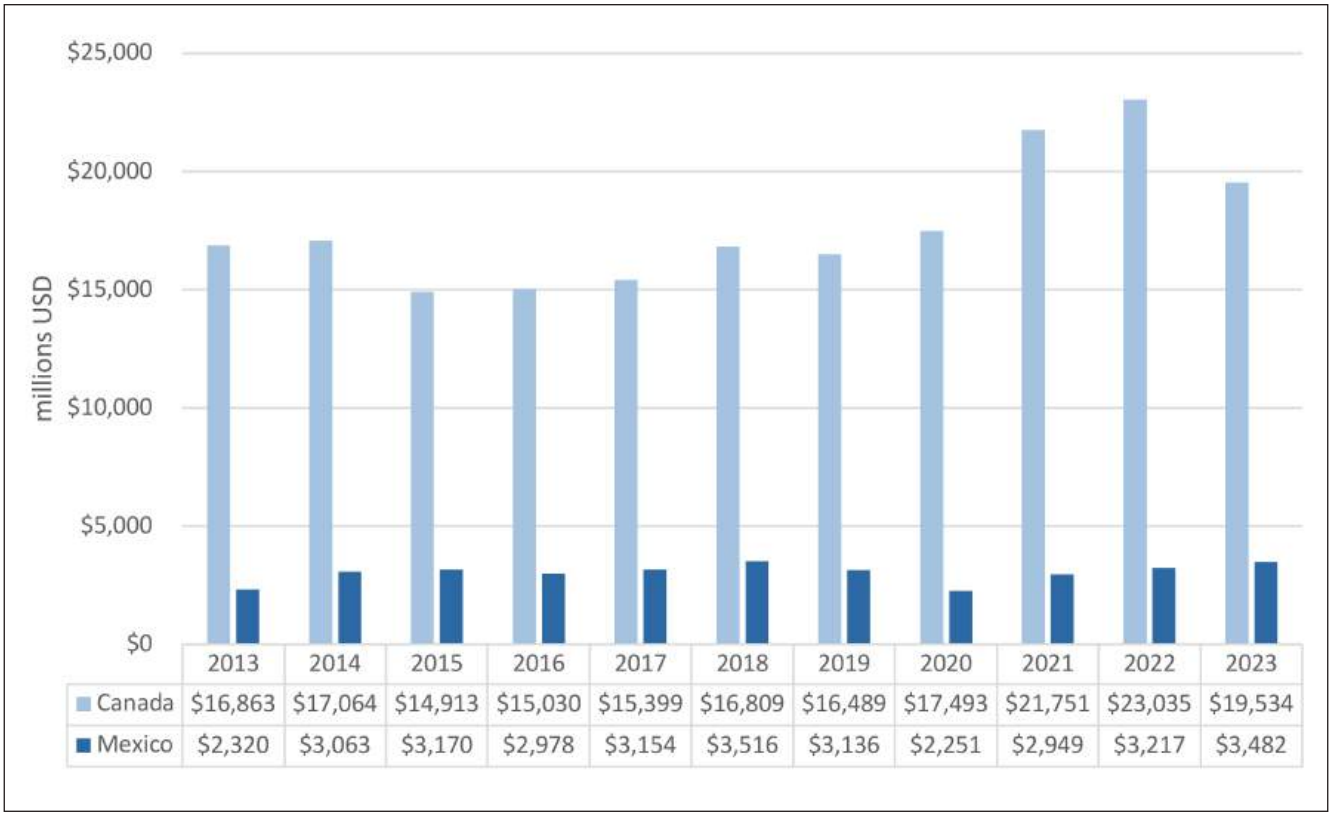
YEAR	NY OVERALL IMPORTS	NY IMPORTS FROM CANADA	NY IMPORTS FROM MEXICO
2019	-3.1 %	-1.3 %	-13.4 %
2020	15.8 %	-5.6 %	-6.5 %
2021	0.2 %	18 %	-20.7 %
2022	18.5 %	26.5 %	24.5%
2023	-13.7 %	7.3 %	4.9 %

As seen in **Table 5**, New York imports from Canada dropped by less than the drop for New York imports overall in 2019, while imports from Mexico dropped much more than the overall average growth rate in the same year. In 2020 New York state imports grew significantly, while imports from Canada and Mexico both dropped. In 2021, New York imports overall remained flat, while New York imports from Canada grew significantly and imports from Mexico dropped dramatically. In 2022 we see that the import growth rate from both Canada and Mexico surpassed the growth rate for New York imports overall. In 2023 New York's imports from USMCA partners again fared better than New York imports overall, with imports from USMCA partners continuing to grow while imports overall declined.

H. New York Trade with USMCA

New York trade with Canada is far more important to the state than trade with Mexico, in terms of both imports and exports. For this reason, USMCA is expected to proportionately affect New York trade with Canada more than trade with Mexico. This may change in time given the robust growth rates of New York trade with Mexico in recent years, as seen in **Tables 4** and **5**. However, the overall volume of trade between New York and Canada remains dominant, as seen in **Figures 7** and **8**.

Figure 7: New York Merchandise Exports to Canada and Mexico



	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Canada	$16,863	$17,064	$14,913	$15,030	$15,399	$16,809	$16,489	$17,493	$21,751	$23,035	$19,534
Mexico	$2,320	$3,063	$3,170	$2,978	$3,154	$3,516	$3,136	$2,251	$2,949	$3,217	$3,482

Figure 7 shows New York state exports of goods to Canada and Mexico. In contrast to the United States as a whole, New York exports to Canada are exponentially higher than exports to Mexico, with no indication that the gap is likely to be narrowed in the near future. New York merchandise exports to Canada peaked in 2022, then dropped in 2023 despite USMCA, though still remaining at a 10-year high at $19.5 billion. New York state merchandise exports to Mexico have fluctuated between $2.3 billion and $3.5 billion in the years 2013-2023. New York exports to Mexico peaked in 2018 at $3.5 billion and dropped by nearly $1.3 billion in 2020, and far more than the average drop for New York goods exports overall, despite USMCA. In 2023, New York goods exports to Mexico rose to almost 2018 levels, in contrast to New York goods exports to Canada, which dropped significantly.

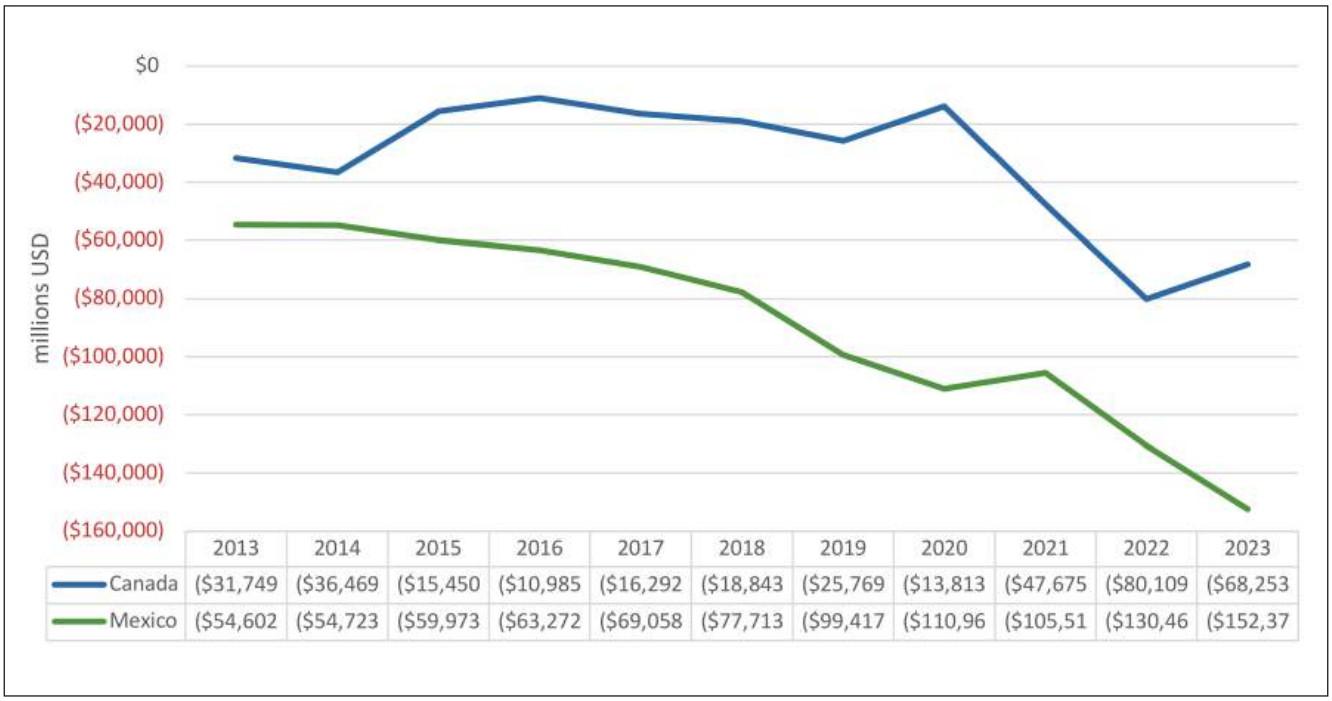
Figure 8: New York Merchandise Imports from Canada and Mexico

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Canada	$19,407	$20,310	$18,022	$17,613	$16,953	$17,033	$16,808	$15,209	$17,941	$22,694	$22,802
Mexico	$3,350	$3,626	$3,747	$3,399	$3,300	$3,557	$3,608	$3,372	$2,674	$3,329	$3,491

As seen in **Figure 8**, New York imports from Canada rose substantially since 2020, rising to a record high in 2022 and remaining at that record-high level in 2023. By comparison, New York imports from Mexico did not reach record highs post-pandemic and post-USMCA. Imports from Mexico declined substantially in 2021 to $2.67 billion, recovering in 2022 to $3.329 billion, or roughly to 2013 levels, then rising slightly to $3.49 billion in 2023, though still below the peak level of $3.7 billion in 2015. As with New York exports to Mexico, the level of New York goods imports from Mexico has not changed much during the period 2013 to 2023, with the exception of the large drop in 2021.

V. USMCA TRADE BALANCE

Figure 9: U.S. Merchandise Trade Balance with Canada and Mexico



	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Canada	($31,749	($36,469	($15,450	($10,985	($16,292	($18,843	($25,769	($13,813	($47,675	($80,109	($68,253
Mexico	($54,602	($54,723	($59,973	($63,272	($69,058	($77,713	($99,417	($110,96	($105,51	($130,46	($152,37

Figure 9 shows the United States merchandise trade balance with Canada and Mexico, 2013-2023. The United States has historically had a trade deficit with both USMCA partners, with a far larger trade deficit with Mexico than with Canada. U.S. trade deficits with Canada and Mexico both grew significantly in 2022, reaching record highs, following a significant decline in the trade deficit with Canada in 2020 and a slight decline in the trade deficit with Mexico in 2021. The U.S. trade deficit with Mexico has been consistently worsening since 2013, indicating the United States has continuously bought more from Mexico than it sold to Mexico, and that gap has been progressively increasing and accelerating in the period 2021 to 2023. In comparison, the U.S. trade deficit with Canada, already smaller than that with Mexico a decade ago, showed improvement beginning in 2014, approaching near-complete balance from 2014 to 2020 (i.e., the United States sold a roughly equal amount of merchandise to Canada as it bought from Canada). In 2021 the U.S. trade deficit with Canada increased sharply before starting to improve again in 2023. New York state similarly has traditionally had trade deficits with both Canada and Mexico, with a far larger trade deficit with Canada historically than with Mexico, reflective of the far more important trade relationship of New York with Canada.

VI. TOP MERCHANDISE EXPORTS TO USMCA BY PRODUCT CATEGORY

U.S. trade with Canada and Mexico is dominated by the oil industry and the auto industry. The top U.S. merchandise export to Mexico by product category is petroleum (NAICS 3241), which increased substantially beginning in 2017 and nearly doubled in size in 2022 compared to 2017. The top merchandise export category to Canada is motor vehicles (NAICS 3361), followed by motor vehicle parts (NAICS 3363).

Indeed, the largest buyer of motor vehicles from the United States is Canada, which purchased $33 billion of U.S. auto exports in 2023; Canada is followed by Germany with $8.5 billion, China with $6 billion, and Mexico with $5 billion. Combined, Canada and Mexico bought $38 billion of U.S. motor vehicles exports, accounting for half of all U.S. exports of motor vehicles (of $76 billion).

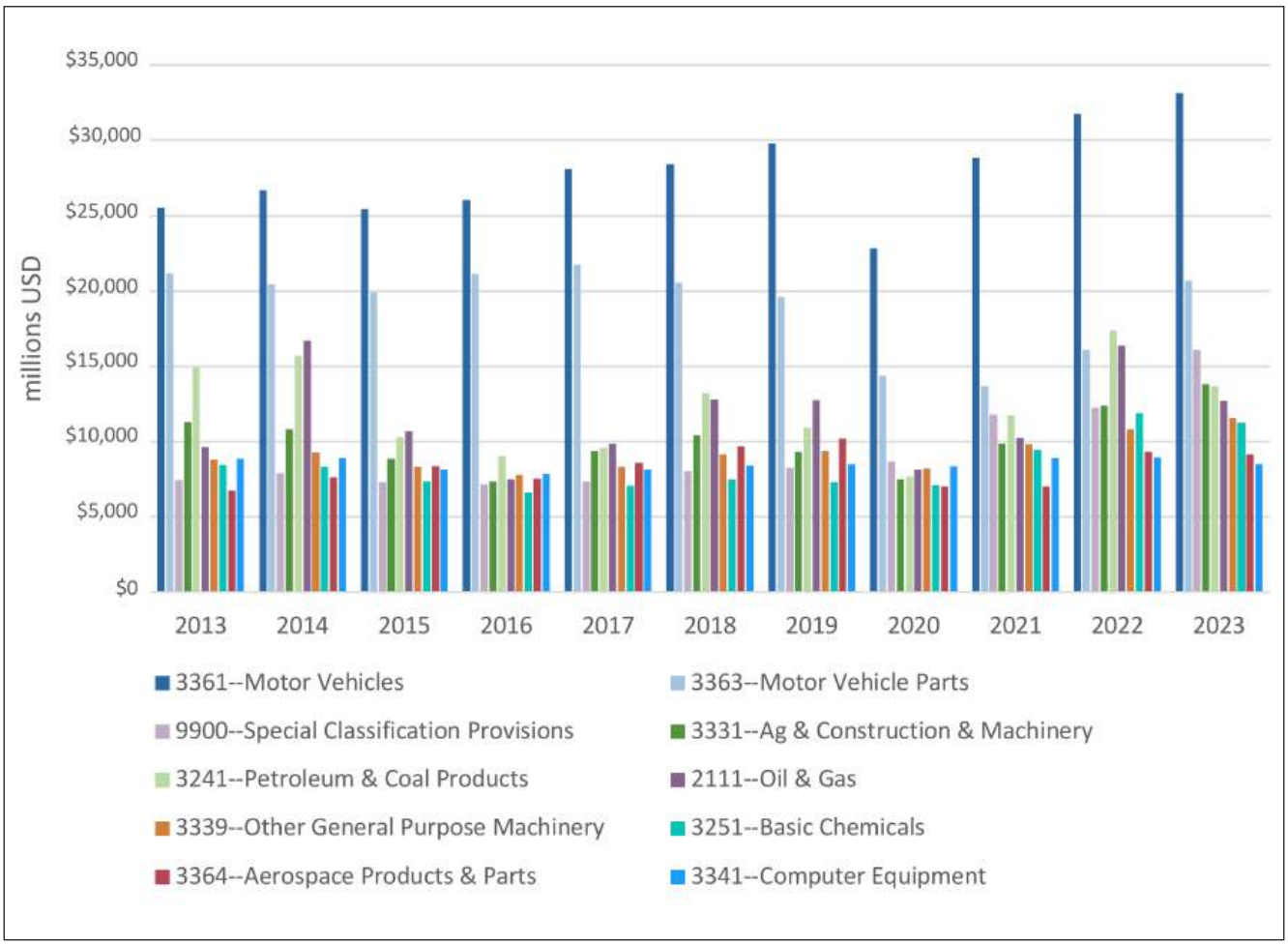
Mexico is the largest buyer of motor vehicle parts (NAICS 3363) from the United States, buying $24.8 billion in 2023; Canada is the second-largest buyer of American motor vehicle parts, purchasing $20.6 billion in 2023, followed by China with $1.6 billion. Combined, Mexico and Canada bought $45.4 billion of the total U.S. exports of auto parts of $60 billion, or over three-quarters of U.S. auto parts exports.

By comparison, the top export product category from New York state to Canada by far are items that fall under a special classification provision (NAICS 9900), followed by nonferrous metals such as gold (NAICS 3314), reflective of New York's prominent position in the global jewelry trade and the number one export category by value from New York state, which is diamonds and fine jewelry.[13] By comparison, the top export product category from New York state to Mexico by far is engines and power transmission equipment (NAICS 3336), followed by miscellaneous manufactures (NAICS 3399).

[13] Diamonds and fine jewelry account for approximately 25 percent of the total value of New York state merchandise exports. Imports of nonferrous metals from Canada indicates a key source of raw materials for fine jewelry manufacturing in New York.

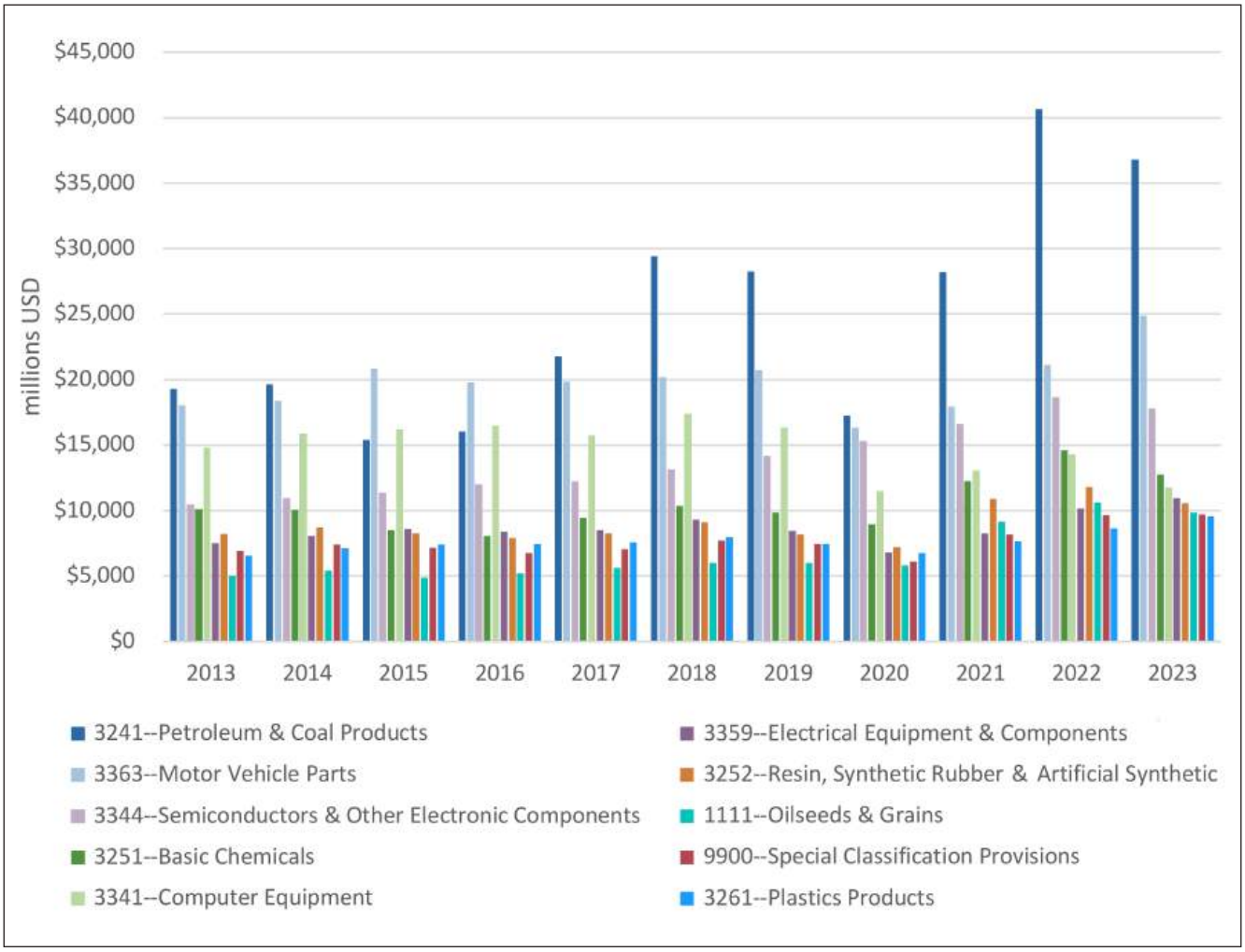
A. Top Ten U.S. Goods Exports to Canada and Mexico by Product Category

Figure 10: U.S. Merchandise Exports to Canada by Product Category



As shown in **Figure 10**, the top U.S. merchandise exports to Canada are motor vehicles for transporting persons and goods as well as parts thereof (NAICS 3361, NAICS 3363), followed by special classification provisions (NAICS 9900), a category referring to re-exports; agricultural and construction machinery (NAICS 3331); petroleum and coal products (NAICS 3241); and oil and gas (2111). Other key goods export categories are other general-purpose machinery (NAICS 3339), basic chemicals (NAICS 3251), aerospace products and parts (NAICS 3364), and computer equipment (NAICS 3341). This is largely equivalent to the top merchandise export product categories for the United States overall to the world. Notably, in the period 2013 to 2023, exports of parts for motor vehicles have declined in importance while exports of motor vehicles have increased substantially.

Figure 11: U.S. Merchandise Exports to Mexico by Product Category



As shown in **Figure 11**, the top product category for U.S. merchandise exports to Mexico by far is petroleum and coal products (NAICS 3241), which has consistently led all categories since 2017 and far surpassed the other top categories in 2018, 2019, 2021, 2022, and 2023. U.S. exports of petroleum and coal products to Mexico dropped substantially, though still maintaining a dominant position. Petroleum and coal are followed by motor vehicle parts (NAICS 3363), which remained fairly stable since 2013 until surging in 2023. Other key product categories for U.S. goods exports to Mexico are semiconductors and other electronic components (NAICS 3344), basic chemicals (NAICS 3251), computer equipment (NAICS 3341), electrical equipment and components (NAICS 3359), resin/synthetic rubber (NAICS 3252), oilseeds and grains (NAICS 1111), special classification provisions (NAICS 9900), and plastics (NAICS 3261). Notably, the top product categories for exports to Mexico differ from those for U.S. exports to Canada, with the exception of the auto industry and petroleum. For example, semiconductors (NAICS 3344) is a top ten export category for Mexico but not for Canada, while aerospace products and parts (NAICS 3364) is an important export to Canada but not to Mexico.

B. Top Ten New York State Goods Exports to Canada and Mexico by Product Category

As shown in **Figure 12**, the top merchandise export product categories from New York state to Canada are items under special classification provisions (NAICS 9900), followed by nonferrous metals (NAICS 3314), waste and scrap (NAICS 9100), aluminum processing (NAICS 3313), and miscellaneous manufactures (NAICS 3399). Other key export product categories for New York exports to Canada are other general-purpose machinery (NAICS 3339), cleaning compounds and toilet preparations (NAICS 3256), motor vehicle parts (NAICS 3363), and paper products (NAICS 3221, NAICS 3222). Thus, we see that the key product categories for New York exports to Canada are different from those for the United States as a whole, with the notable exception of auto parts and general machinery. Indeed, seven of the ten top export product categories for New York to Canada are different than those for the nation.

Figure 12: New York Merchandise Exports to Canada by Product Category

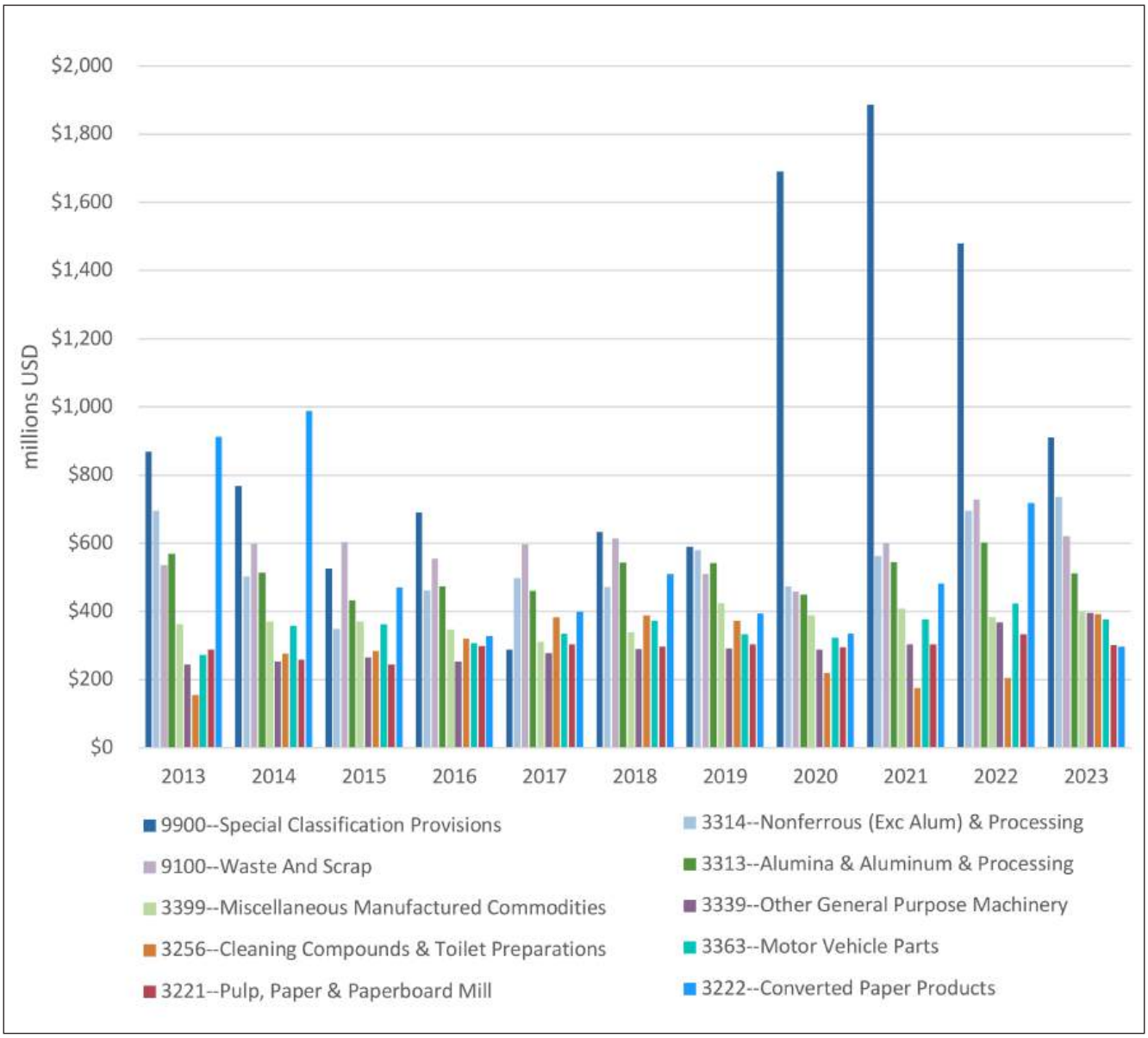
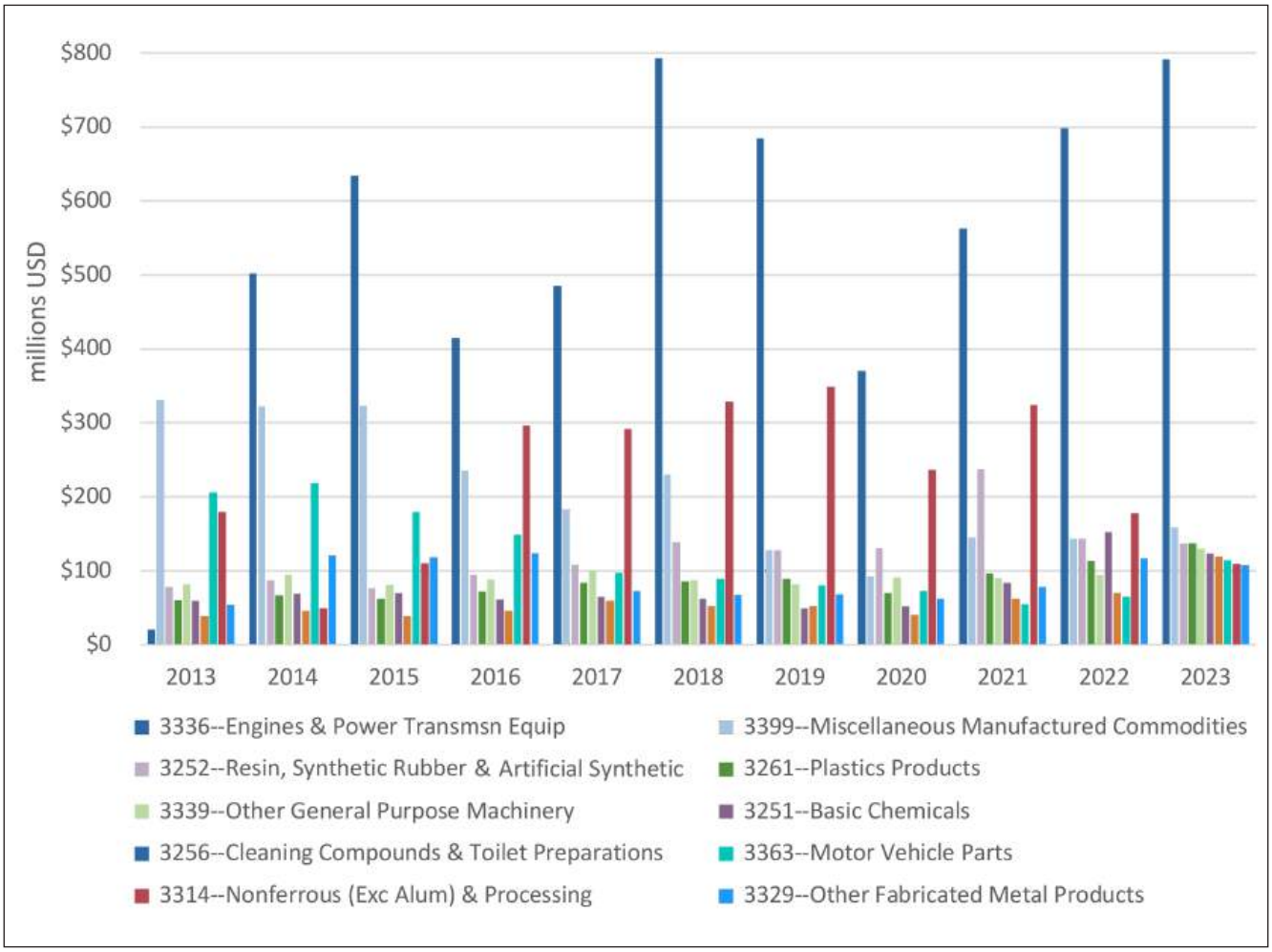


Figure 13: New York Merchandise Exports to Mexico by Product Category



As shown in **Figure 13**, the top merchandise exports from New York state to Mexico by product category are engines and power transmission equipment (NAICS 3336), by far, followed by miscellaneous manufactures (NAICS 3399), resin and synthetic rubber (NAICS 3252), plastics products (NAICS 3261), other general-purpose machinery (3339), basic chemicals (NAICS 3251), cleaning compounds and toilet preparations (NAICS 3256), motor vehicle parts (NAICS 3363), nonferrous metals (NAICS 3314), and other fabricated metal products (NAICS 3329). As with exports to Canada, New York exports to Mexico also differ from the key product categories for the United States as a whole. Indeed, eight out of ten top export product categories to Mexico are different for New York than the United States, the exceptions being auto parts and basic chemicals. New York's exports to Mexico also differ from New York's exports to Canada, with only four product categories in common—auto parts, nonferrous metals, miscellaneous manufactures, and general machinery.

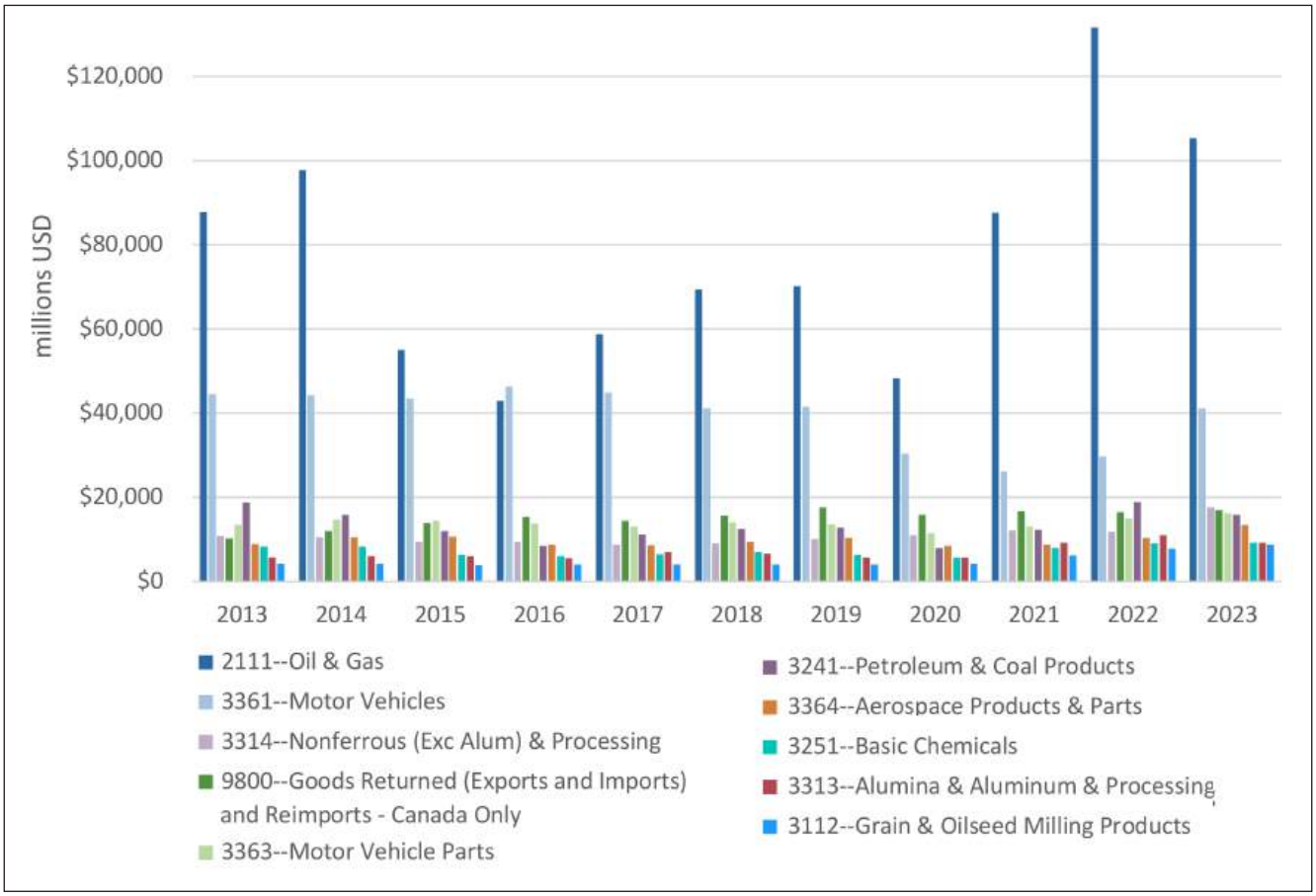
The number one export product category for New York state most prominently is nonferrous metals (NAICS 3314), where USMCA is of limited value. The largest buyer of New York exports of nonferrous metals is Switzerland, accounting for more than half of New York's exports in this key product category, or $8.5 billion out of a total of $14.6 billion in 2023. Australia is New York's second-largest export market for nonferrous metals, accounting for $1.2 billion, followed by Singapore at $1.15 billion, then Canada with $912 million; Mexico is in 14th place with $112 million.

However, while Canada and Mexico are not New York's top market for its top export product category, they are very important markets for several top ten product categories. For example, Mexico is the largest export market for New York state exports of engines and power transmission equipment (NAICS 3336), purchasing more than half of all New York state exports of this product category in 2023 ($790 million out of a total of $1.3 billion in 2023) and the importance of Mexico as a market for this product is growing. New York exports of engines to Mexico rose from $502 million in 2014 to $791 million in 2023. Similar to the country as a whole, USMCA is enormously important to New York exports of auto parts. Canada is the largest buyer of New York exports of motor vehicle parts (NAICS 3363), followed by Mexico. New York state exported $832 million in motor vehicle parts in 2023, of which $402 million went to Canada and $119 million went to Mexico; that is, more than half of New York's auto parts exports were purchased by USMCA partners. Other key export product categories also show notable growth with regard to USMCA partners. For example, New York exports of plastics (NAICS 3261) to Mexico grew steadily from $60 million in 2013 to $113 million in 2023, while exports of cleaning compounds (NAICS 3256) to Canada grew from $245 million in 2013 to $396 million in 2023.

VII. TOP GOODS IMPORTS FROM USMCA BY PRODUCT CATEGORY

A. Top Ten U.S. Goods Imports from Canada and Mexico by Product Category

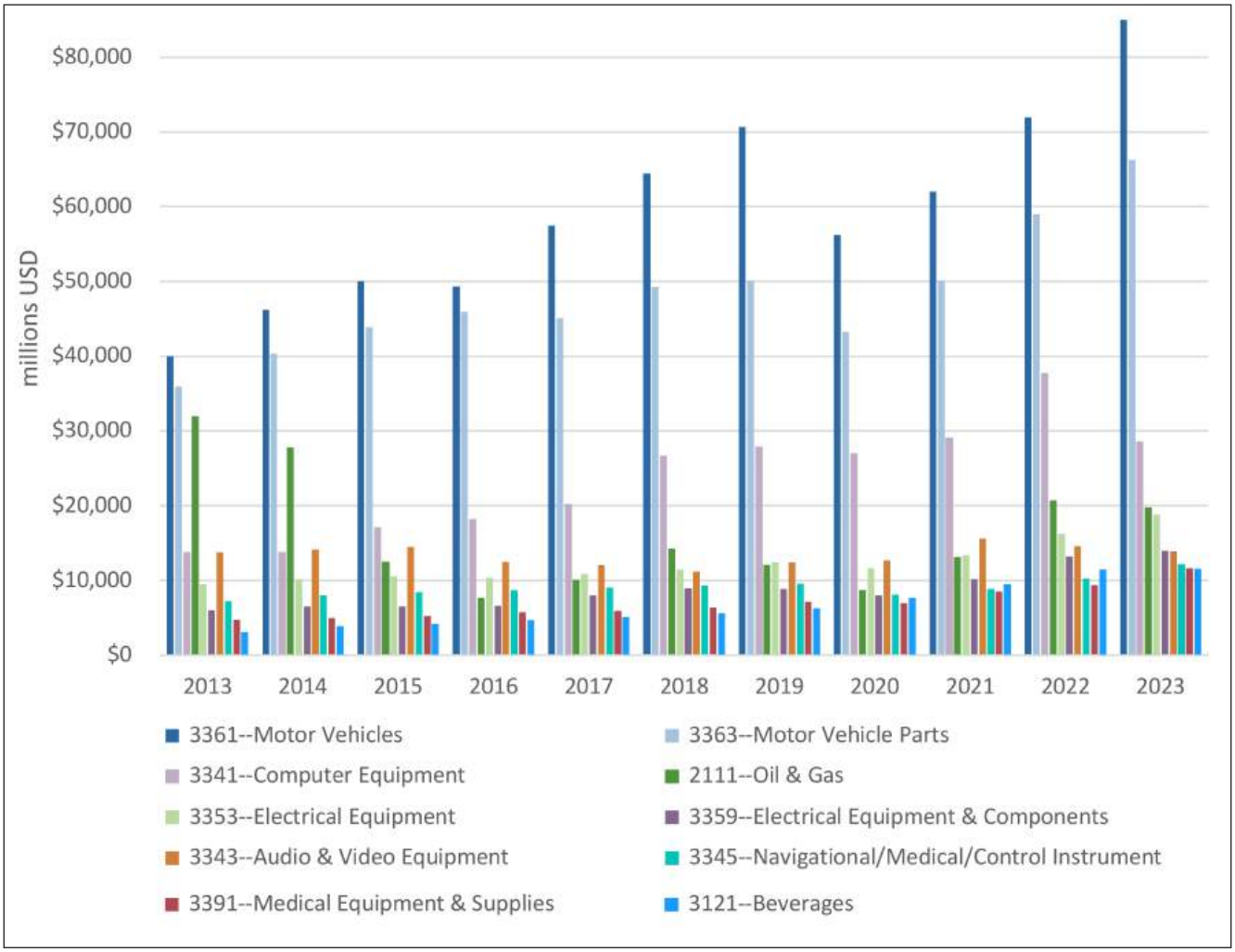
Figure 14: U.S. Merchandise Imports from Canada by Product Category



As shown in **Figure 14**, the top U.S. merchandise import from Canada for all years in the period 2013 to 2023 is oil (NAICS 2111), except in 2016, when oil was surpassed briefly by motor vehicles (3361). Other key import categories from Canada are nonferrous metals (NAICS 3314), goods returned (NAICS 9800), motor vehicle parts (NAICS 3363), petroleum and coal products (NAICS 3241), aerospace (NAICS 3364), basic chemicals (NAICS 3251), aluminum (NAICS 3313), and grain and oilseed milling (NAICS 3112).

Canada is the largest supplier of oil and gas (NAICS 2111) to the United States by far, long surpassing other major oil-producing countries as the key supplier and accounting for over half of all U.S. oil imports. Total U.S. imports of oil and gas in 2023 totaled $179 billion, of which $105 billion was imported from Canada. The second-largest supplier of oil and gas to the United States is Mexico, which accounted for $19.8 billion in U.S. oil and gas imports in 2023. Thus, approximately two-thirds of U.S. oil and gas imports come from its USMCA partners, Canada and Mexico. Saudi Arabia is the third-largest supplier of oil and gas to the United States, accounting for $10.5 billion in imports in 2023, or less than 10% of total U.S. oil imports. Canada has been the largest supplier of crude oil to the United States for the entire period 2013 to 2023, steadily increasing market share over the past decade to the present dominant position. By comparison, the top New York import from Canada is nonferrous metals (NAICS 3314), surpassed only in 2022 by oil and gas (NAICS 2111), as seen in **Figure 16**.

Figure 15: U.S. Merchandise Imports from Mexico by Product Category

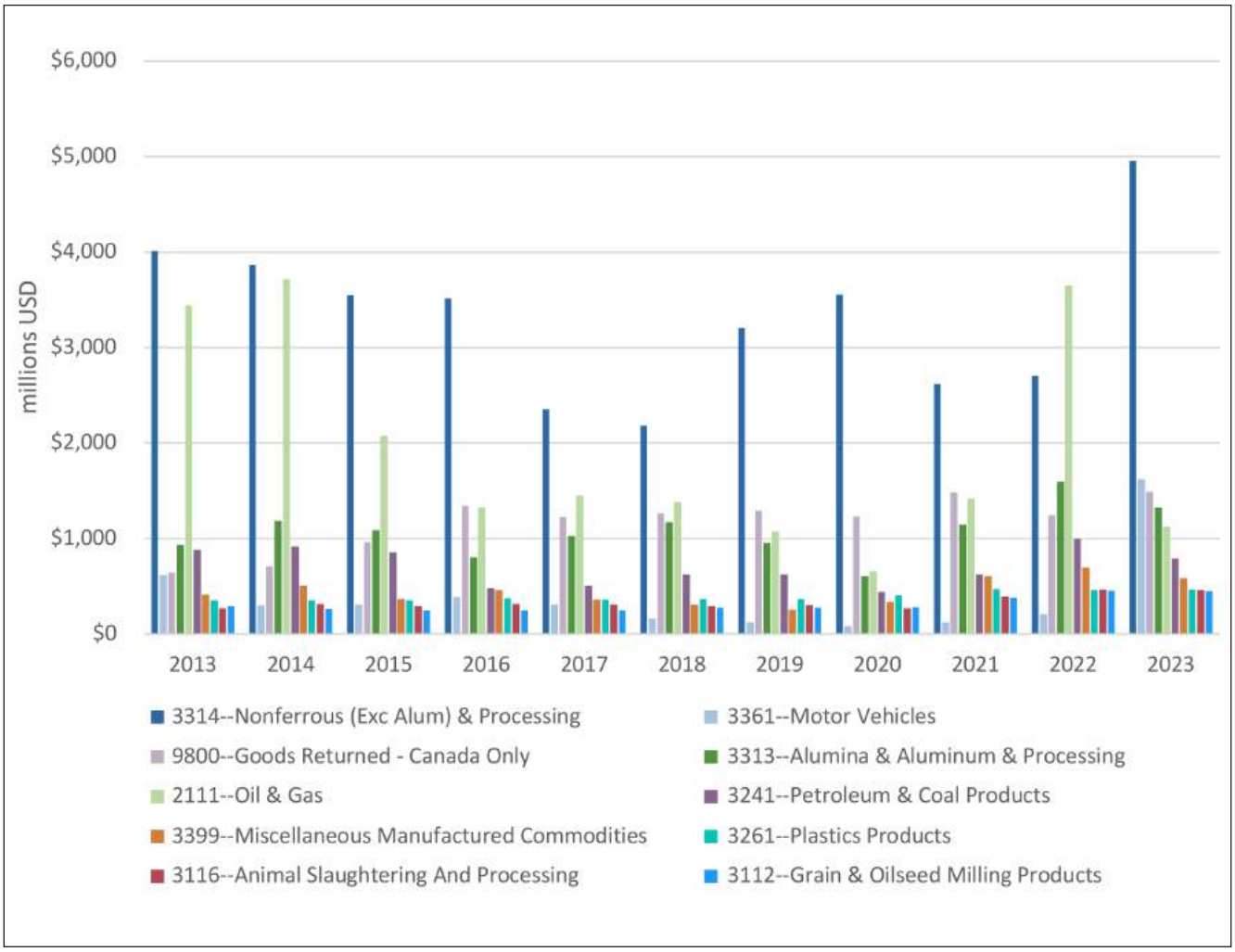


As shown in **Figure 15,** the top U.S. merchandise import from Mexico is motor vehicles (NAICS 3361), followed by motor vehicle parts (NAICS 3363), computer equipment (NAICS 3341), oil and gas (NAICS 2111), electrical equipment and components (NAICS 3353, NAICS 3359), audio and video equipment (NAICS 3343), navigational/medical/control instruments (NAICS 3345), medical equipment and supplies (NAICS 3391), and beverages (NAICS 3121). U.S. imports of oil and gas (NAICS 2111) from Mexico declined overall since its peak in 2013, then grew notably in 2022—without, however, returning to the 2013 peak levels and without rivaling the auto industry in import share. Similarly, U.S. imports of computer equipment from Mexico increased substantially over the decade yet still lags far behind the auto industry.

Notably, Mexico is the largest supplier of motor vehicles (NAICS 3361) to the United States, accounting for $85 billion in imports in 2023, followed by Canada at $41 billion and Japan at $40 billion. Mexico and Canada combined account for half of all U.S. motor vehicle imports. Mexico is also the largest supplier of motor vehicle parts (NAICS 3363) to the United States, accounting for $66 billion in U.S. imports in 2023. Canada is the second-largest supplier of auto parts to the United States, accounting for $16 billion in U.S. imports in 2023, followed by China at $12 billion. Mexico and Canada combined supply nearly two-thirds of U.S. motor vehicle parts imports.

B. Top Ten New York State Goods Imports from Canada and Mexico

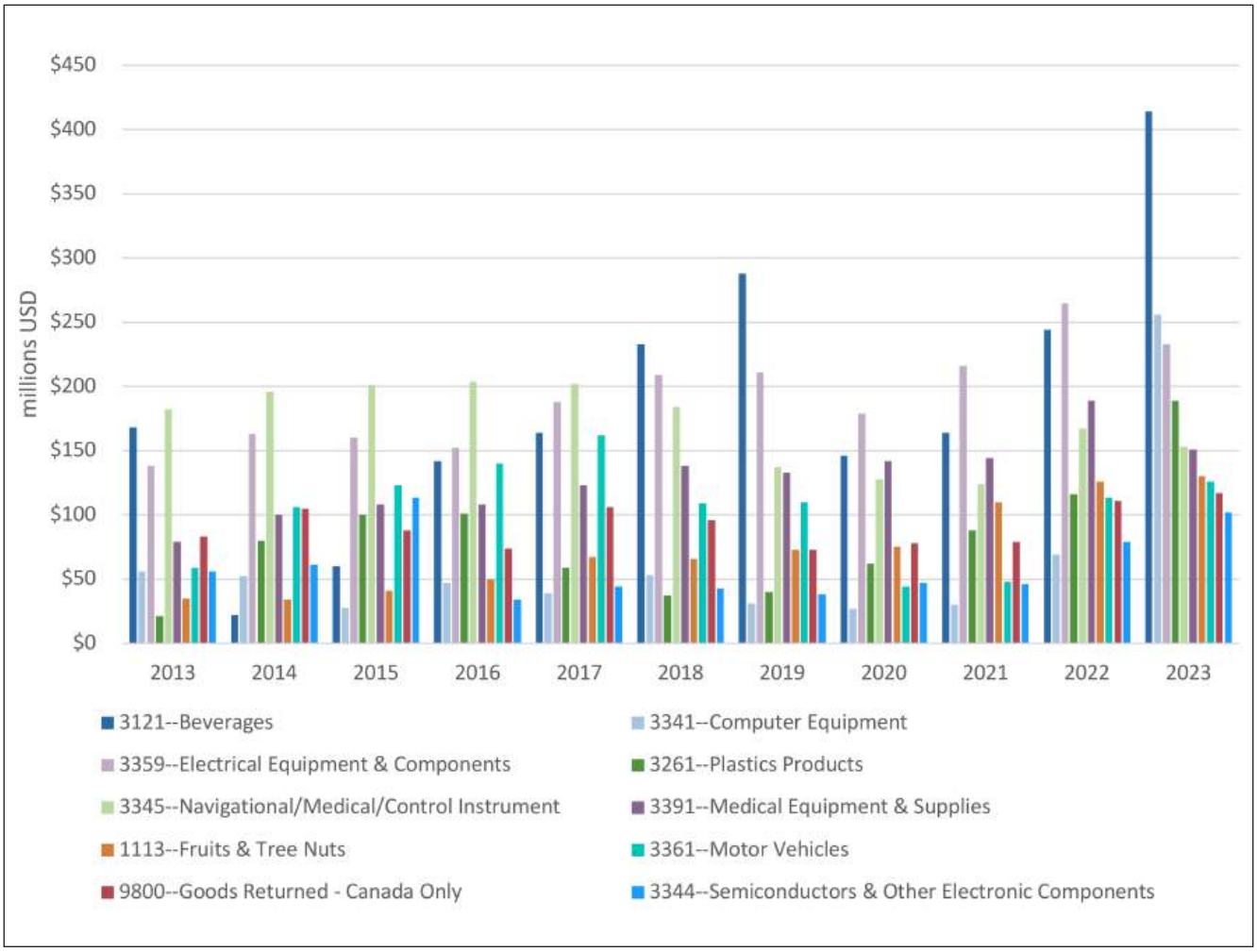
Figure 16: New York Merchandise Imports from Canada by Product Category



As seen in **Figure 16,** New York merchandise imports from Canada during the years 2013 to 2023 have been dominated by nonferrous metals and processing (NAICS 3314) including gold, reflective of the importance of the fine jewelry industry in New York. Nonferrous metals are followed by motor vehicles (NAICS 3361) as the most important New York state imports from Canada in 2023.

As shown in **Figure 17,** New York merchandise imports from Mexico have fluctuated in the period 2013 to 2023. In 2013 the top import category was navigational equipment (NAICS 3345). By 2018 the top category was beverages, which was surpassed in 2022 by electrical equipment and components (NAICS 3359). In 2023 the top import category again, by far, was beverages (NAICS 3121), which grew significantly over the decade.

Figure 17: New York Merchandise Imports from Mexico by Product Category



In general, New York imports from Canada are traditionally dominated by nonferrous metals, while imports from Mexico have been more diversified, with the top product categories shifting over time. The top import product category for New York imports from Canada and Mexico (nonferrous metals and beverages, respectively) is not the top import category for the United States as a whole, while the top category for the United States (oil and gas, and motor vehicles, respectively) is not the top category for New York.

Though Canada is not the top buyer of New York exports of nonferrous metals, Canada is the second-largest supplier of New York imports of nonferrous metals (NAICS 3314), accounting for almost a third of the state's imports in this category. New York total imports of nonferrous metals in 2023 was $16.5 billion, of which $5.15 billion came from Switzerland, $4.85 billion came from Canada, and $1 billion came from South Africa, while Mexico supplied only $75 million; and Canada's share of New York imports of nonferrous metals (NAICS 3314) increased from $4 billion in 2013 to near $5 billion in 2023.

New York's top import product category from Mexico is beverages (NAICS 3121). Mexico is not the largest supplier of imported beverages to New York state however the value of beverages imported from Mexico increased dramatically from 2022 to 2023 and has more than doubled in the past decade. New York state imported $3.2 billion in beverages in 2023; the largest suppliers being France with $1.4 billion and Italy with $436 million. Mexico is the third largest supplier of New York imports of beverages accounting for $405 million in beverage imports in 2023, up from $244 million in 2022 and $168 million in 2013.

New York imports from its USMCA partners in other key product categories also show very positive trends. New York imports of motor vehicles (NAICS 3361) from Canada exploded during the past decade, rising from $616 million in 2013 to $1.6 billion in 2023. New York imports of miscellaneous manufactured commodities (NAICS 3399) from Canada rose steadily from $412 million in 2013 to $616 million in 2022 and $581 million in 2023; similarly, New York's imports of plastics (NAICS 3261) from Canada grew from $350 million in 2013 to $467 million in 2023. New York imports of plastics (NAICS 3261) from Mexico grew from $21 million in 2013 to $189 million in 2023, while imports of motor vehicles (NAICS 3361) from Mexico grew from $59 million in 2013 to $126 million in 2023.

VIII. CONCLUSION

The USMCA has solidified regional trading relationships in North American and expanded trade between the U.S. and Mexico significantly. Mexico and Canada are now the largest trading partners for the United States in terms of two-way merchandise trade. Canada is the United States' largest export market. Mexico is the second largest export market for the United States. Mexico is also now the top supplier market for U.S. imports having surpassed China in 2023. Current economic analyses show Mexico solidifying its place as the top U.S. trading partner in goods and continuing to move past China.[14]

For New York state, Canada is a far more important trading partner than Mexico. Canada is the second-largest trading partner for New York state (after Switzerland), while Mexico is the tenth-largest. Nonetheless, New York exports to and imports from Mexico have grown steadily over the past decade. In recent years New York exports to both Canada and Mexico surged. While it is difficult to disentangle the pandemic/post-pandemic trade effects from the trade effects of the USMCA, the more favorable growth rates of exports and imports with USMCA compared to trade overall during this period are one indication of the favorable effects of the USMCA. For New York especially, the surge in exports to both Canada and Mexico in recent years—especially Mexico, which has traditionally been far less important to New York exports than Canada—is also a positive indicator of the effects of USMCA on the state.

Growth rates for exports and imports since 2018 when USMCA was signed show that New York imports from Canada and Mexico performed better than New York imports overall, with significantly larger growth rates than the overall import growth. Both U.S. exports and New York exports to Canada and Mexico grew at lower rates than export growth overall since USMCA was implemented, with exceptions in 2020 for exports to Canada and 2023 for exports to Mexico.

[14] Torres, L. (2023, July 11). Mexico seeks to solidify rank as top U.S. trade partner, push further past China. Federal Reserve Bank of Dallas. https://www.dallasfed.org/research/economics/2023/0711

Despite the dominant positions of the oil and gas industry and the auto industry in U.S. total imports from its USMCA partners, these sectors, though important, are not the dominant sectors for New York imports from Canada and Mexico. Thus, USMCA provisions for certain industry sectors of paramount importance to the United States overall, such as the auto industry, will have a more limited benefit on New York state.

It is difficult to determine whether recent changes in New York's trade with Canada and Mexico can be attributed to the USMCA or a trade rebound following the COVID-19 pandemic peak year, or both, as both occurred at the same time. Some recent trends indicate that it is likely that the USMCA had a positive effect on New York's trade with USMCA partners, the size of which will become clearer in coming years.

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For more information about this report contact
Weissman Center for International Business
Zicklin School of Business, Baruch College/CUNY
(646) 312-2070

Weissman Center for International Business Director:
Andreas Grein, PhD, *Professor of Marketing and International Business*

Design and Layout: Rachael Cronin, *Rachael Cronin Design*