



LIBRARY of PARLIAMENT
BIBLIOTHÈQUE du PARLEMENT

TRADE AND INVESTMENT



Canada–Brazil

Publication No. 2011-125-E
25 October 2011

Alexandre Gauthier
Katie Meredith

International Affairs, Trade and Finance Division
Parliamentary Information and Research Service

Canada–Brazil
(Trade and Investment Series)

HTML and PDF versions of this publication are available on IntraParl
(the parliamentary intranet) and on the Parliament of Canada website.

Ce document est également publié en français.

The Library of Parliament ***Trade and Investment*** series provides information on Canada's trade and investment relationship with selected countries. Particular attention is paid to bilateral merchandise trade, trade in services, and foreign investment. These publications are prepared by the Parliamentary Information and Research Service, which carries out research for and provides information and analysis to parliamentarians and Senate and House of Commons committees and parliamentary associations.

CONTENTS

MERCHANDISE TRADE.....	1
PRODUCTS	2
SERVICES AND INVESTMENT	3

Merchandise Trade

In 2010, the value of Canada's bilateral merchandise trade with Brazil totalled \$5.9 billion, consisting of \$2.6 billion in Canadian exports to, and \$3.3 billion in imports from, Brazil.

In 2010, Brazil was Canada's ninth largest destination for exports globally, and its second largest destination for exports in Latin America, after Mexico. It was also Canada's third largest source of imports in Latin America (a region that includes 45 countries) and its 14th largest source of imports worldwide.

The value of Canada–Brazil trade as a share of Canada's total trade has experienced a relatively small increase over time. The value of exports to Brazil increased from 0.5% in 1995 to 0.6% in 2010 as a share of Canada's global exports, and the value of imports from Brazil as a share of Canada's total imports grew from 0.5% in 1995 to 0.8% in 2010.

That said, growth in the value of Canada's exports to Brazil significantly exceeded growth in exports to the rest of the world in recent years. Over the 2005 to 2010 period, the value of Canadian exports to Brazil grew at an average rate of 18.4% per year, compared to an average yearly decrease of 1.8% to the rest of the world. Further, the value of Canada's exports to Brazil in 2010 showed an increase of 60% over 2009 levels, compared to an 11% increase globally.

Average annual growth in Canada's imports from Brazil over the 2005 to 2010 period, at 0.9% per year on average, was less than the average yearly growth rate of 1.2% from the rest of the world. That said, the value of Canada's imports from Brazil in 2010 increased 28% over 2009 levels, compared to an 11% increase worldwide.

At the provincial level, Quebec and Ontario accounted for more than half of the value of exports to Brazil in 2010, exporting \$885.5 million and \$501.9 million respectively. Saskatchewan and British Columbia followed, with \$411.8 million and \$388.9 million respectively in exports to Brazil in that year.

Figure 1

Merchandise Trade

\$ billions

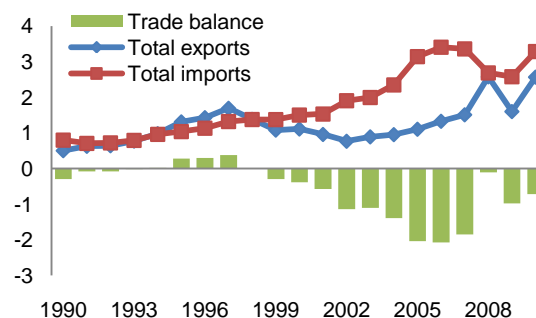


Figure 2

Importance to Canada

Average yearly growth (%): 2005–2010 Share of total trade (%):

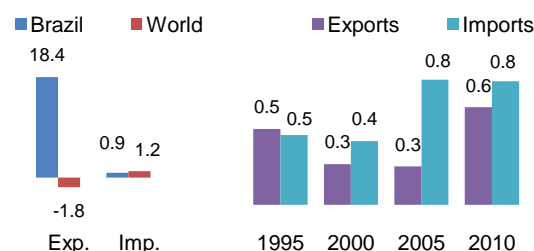
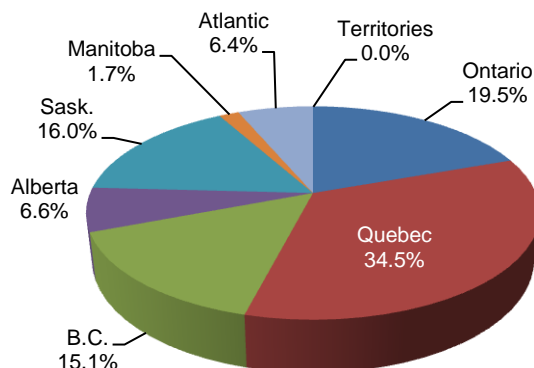


Figure 3

Exports by Province/Territory – 2010



All figures were prepared by the authors using Statistics Canada annual figures as of spring 2011.
The merchandise trade data are customs-based; the services trade and foreign direct investment data are balance of payments-based.

Products

In 2010, manufactured goods accounted for 61% of the value of Canada's exports to Brazil, while resource-based products represented the remaining 39%. This composition remained relatively consistent with 2005, when 59% of the value was manufactured goods and 41% was resource-based products.

Canada's largest export products to Brazil in 2010 were potassium chloride, coal and vaccines, products that experienced relatively fast growth in the 2005 to 2010 period. The value of exports of potassium chloride – part of the fertilizer category – more than doubled over that period. Coal experienced an average annual growth rate of 17% over the 2005 to 2010 period, and vaccines led growth in the pharmaceuticals category with an average yearly increase of 266%.

Like its exports, Canada's imports of manufactured goods from Brazil are relatively more important than imports of resource-based products in terms of value, at 73% and 27% respectively in 2010. This composition has changed since 2005, when 93% of the value was manufactured goods and 7% was resource-based products.

Canada's top import products from Brazil in 2010 were aluminium oxides, crude petroleum oil and raw cane sugar. Crude petroleum oil imports, in particular, experienced significant growth over the 2005 to 2010 period, increasing from a value of \$0 in 2005 to \$549.0 million in 2010; over the 2006 to 2010 period, the average annual growth rate was 1,334%. The value of imports of aluminium oxides and raw cane sugar experienced average annual growth rates of 37% and 16% respectively over the 2005 to 2010 period.

In 2010, Canada had relatively large trade deficits with Brazil in agriculture and food, and metals, mines and energy. In machinery and equipment, as well as in transportation equipment, Canada had trade deficits in 2005 but trade surpluses in 2010. Over the period, trade in these latter product categories was affected by growth in the value of exports of turbojets and propellers, helicopters and vehicles.

Figure 4

Major Export Products

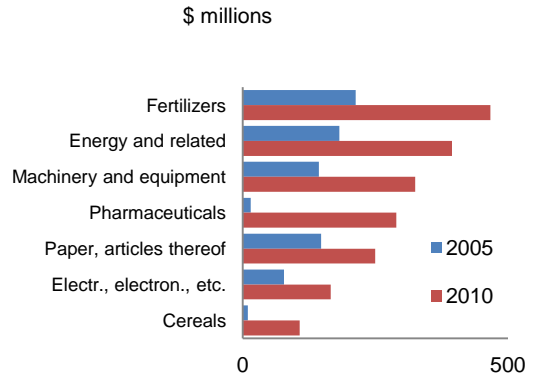


Figure 5

Major Import Products

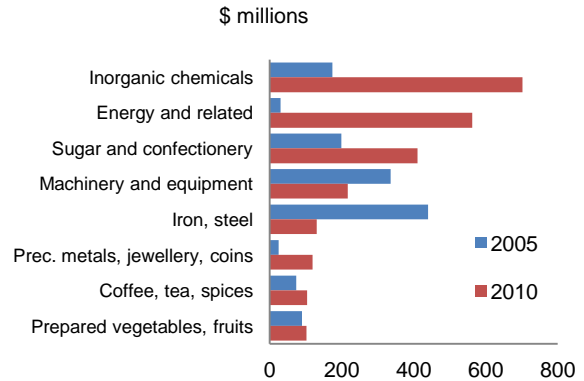
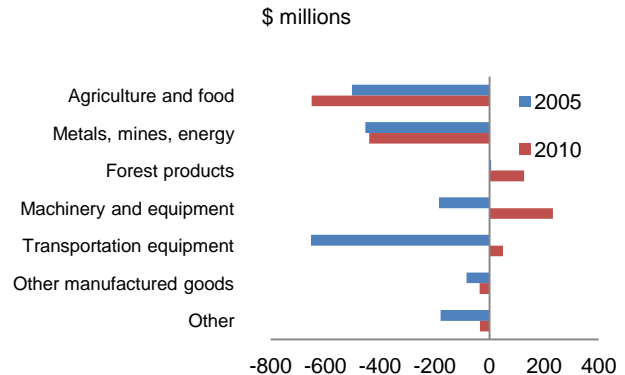


Figure 6

Balance by Category



All figures were prepared by the authors using Statistics Canada annual figures as of spring 2011.

The merchandise trade data are customs-based; the services trade and foreign direct investment data are balance of payments-based.

Services and Investment

Canada is a net exporter of services to Brazil, although the value of bilateral services trade has varied over the 1999 to 2009 period. In 2009, the most recent year for which data are available, the value of Canadian services exports to Brazil totalled \$358.0 million; services imports from Brazil totalled \$170.0 million. The value of services exports to Brazil decreased by 4% from 2008 levels, while the value of services imports increased by 3%.

Canada's surplus in services trade with Brazil in 2009 can largely be accounted for by commercial and travel services. In that year, Canada had \$142.0 million in commercial services exports to, and \$54.0 million in commercial services imports from, Brazil. Likewise, Brazilians purchased \$137.0 million in travel services from Canada, and Canadians purchased \$51.0 million in travel services from Brazil. Canada also had a trade surplus in transportation and government services in 2009.

Canada has a relatively significant investment presence in Brazil, with the stock of direct investment in Brazil reaching \$9.7 billion in 2010. Brazil is Canada's 11th largest foreign destination for investors. While Canada's stock of investment in Brazil has been somewhat volatile in recent years, it increased over the 2005 to 2010 period.

Brazil is also a significant source of foreign investment in Canada, with a stock of direct investment of \$13.5 billion in 2010. Brazil is the eighth largest source of foreign investment in Canada, and the most important Latin American source. While the stock of Brazilian direct investment in Canada in 2010 remained below its 2008 peak of \$14.5 billion, the stock increased substantially over the 2005 to 2010 period. Since 2006, the stock of Brazilian direct investment in Canada has exceeded the stock of Canadian direct investment in Brazil.

Figure 7

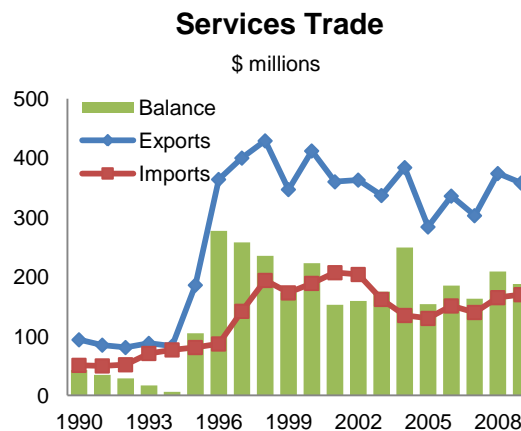


Figure 8

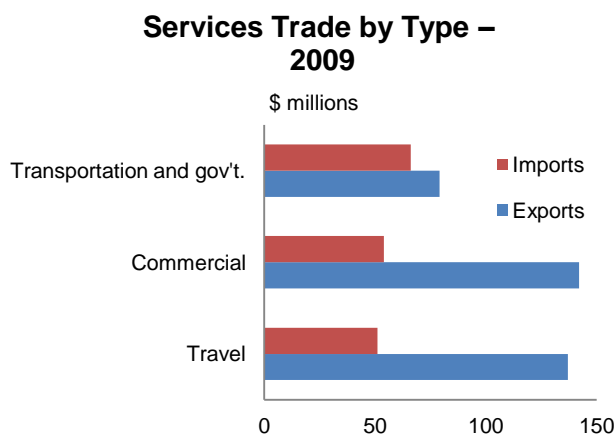


Figure 9



All figures were prepared by the authors using Statistics Canada annual figures as of spring 2011.
The merchandise trade data are customs-based; the services trade and foreign direct investment data are balance of payments-based.