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# TRADE AND INVESTMENT



## ***Canada–China***

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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.

\* Simon Lapointe, formerly of the Library of Parliament, contributed to the preparation of this document.

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## Merchandise Trade

In 2010, Canada's bilateral merchandise trade with China totalled \$57.7 billion, comprised of \$13.2 billion in exports to, and \$44.5 billion in imports from, China.

China was Canada's third largest destination for exports in 2010, after the United States and the United Kingdom, and its largest export destination in Asia, a region that includes 27 countries. China was Canada's second largest source of imports worldwide, after the United States, and its largest source of imports in Asia in that year.

The value of Canada–China trade as a share of the value of Canada's total trade has increased over time. In 1995, China accounted for 1.3% of the value of Canada's exports worldwide and 2.1% of the value of Canada's global imports. In 2010, these shares were 3.3% and 11.0% respectively.

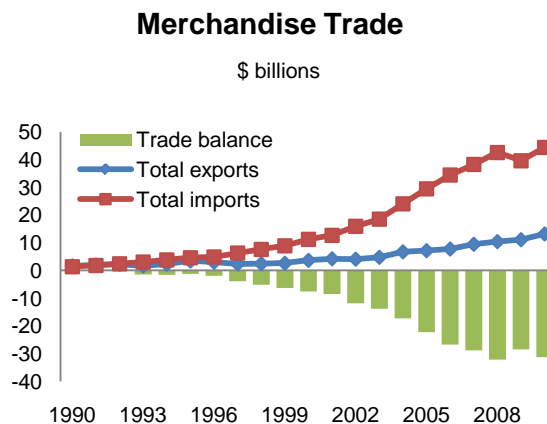
Over the 2005 to 2010 period, the value of Canada's exports to China grew at an average annual rate of 12.9%, compared to a decrease of 1.8% worldwide. The value of Canada's imports from the country increased at an average annual rate of 8.5% over the period, significantly higher than the worldwide rate of 1.2%.

The value of Canada's exports to, and imports from, China increased by 19% and 12% respectively from 2009 to 2010, exceeding the 11% increases in the value of Canada's exports to, and imports from, the world.

British Columbia was Canada's largest provincial exporter to China in 2010, followed by Alberta and Quebec. The value of their exports to the country in that year were \$4.1 billion, \$2.8 billion and \$1.7 billion.

New Brunswick and British Columbia were the fastest-growing provincial exporters to China over the 2005 to 2010 period, with the value of their exports growing at average annual rates of 38% and 25% respectively.

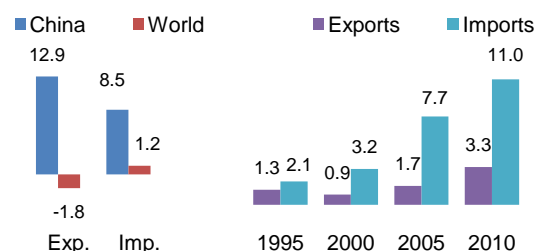
### Figure 1



### Figure 2

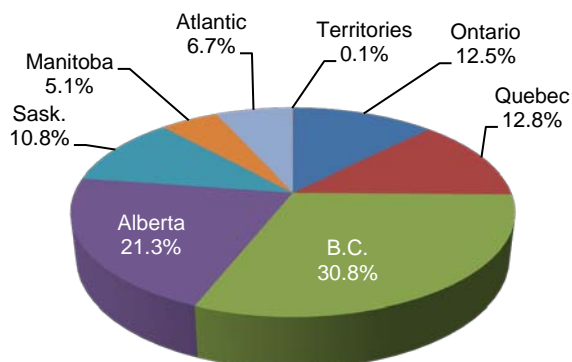
#### Importance to Canada

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 64% of the value of Canada's exports to China, while resource-based goods comprised the remaining 36%. This composition has changed somewhat since 2005, when manufactured goods and resource-based goods accounted for 73% and 27% respectively of the value of Canada's exports to the country.

Canada's highest-valued exports to China in 2010 were canola oil and seeds, wood pulp and coal, valued at \$1.6 billion, \$1.1 billion and \$1.0 billion respectively. The value of these Canadian exports to the country increased at average annual rates of 53%, 17% and 68% respectively over the 2005 to 2010 period.

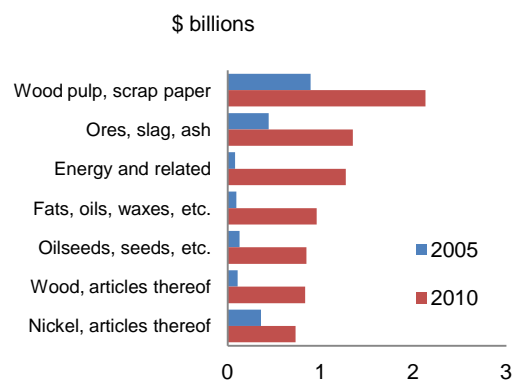
In 2010, manufactured goods accounted for 99% of the value of Canada's imports from China, a proportion that is unchanged from 2005; resource-based goods accounted for the remaining 1% in both years.

Canada's highest-valued imports from China in 2010 were laptop computers, cellular telephones, toys and video games. The value of Canadian imports of laptop computers from the country, at \$3.4 billion in 2010, increased at an average annual rate of 19% over the 2005 to 2010 period, while the value of cellular telephone imports, at \$1.2 billion in 2010, grew at an average annual rate of 32% over the 2007 to 2010 period. The value of imports of toys and video games declined from a value of \$1.1 billion in 2007 to \$1.0 billion in 2010.

Canada had a relatively large trade deficit with China in manufactured goods in 2010. From 2005 to 2010, Canada's trade deficits with the country in machinery and equipment, clothing and textiles, and other manufactured goods increased. In 2010, Canada had a relatively small trade surplus in agricultural products and in natural resources with China, as well as in the category of "other" products.

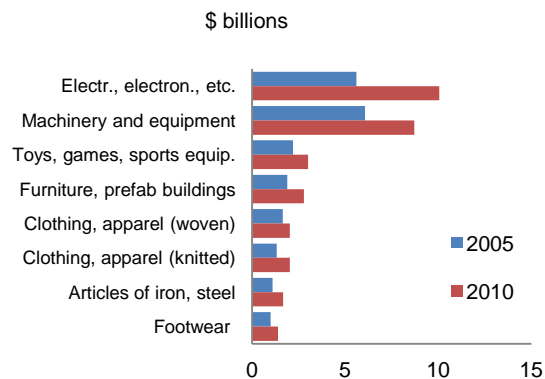
### Figure 4

#### Major Export Products



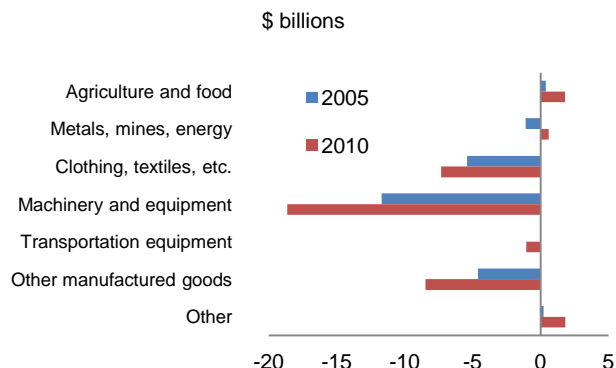
### Figure 5

#### Major Import Products



### Figure 6

#### Balance by Category



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## Services and Investment

Relative to merchandise trade, the value of Canada's services trade with China is small; however, it has increased relatively steadily over the past 20 years. In 2009, the most recent year for which data are available, Canada exported \$1.1 billion in services to, and imported \$1.4 billion in services from, China.

The value of Canada's services exports to China has risen relatively steadily over time. That said, growth in the values of Canada's travel services and commercial services exports to the country from 2008 to 2009 was offset by a decrease in the value of Canada's transportation and government services exports. Exports of travel services, transportation and government services, and commercial services to China were valued at \$569.0 million, \$323.0 million and \$249.0 million respectively in 2009.

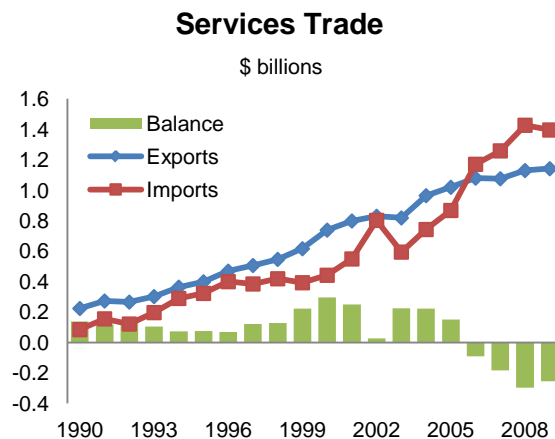
From 2008 to 2009, the value of Canada's services imports from China decreased by \$31.0 million, primarily due to a reduction in the value of Canada's transportation and government services imports. In 2009, imports of transportation and government services, travel services and commercial services from the country were valued at \$696.0 million, \$455.0 million and \$249.0 million respectively.

Canada's trade deficit with China in transportation and government services grew from \$360.0 million in 2008 to \$373.0 million in 2009. In 2009, Canada had relatively small trade surpluses in travel services and commercial services with China.

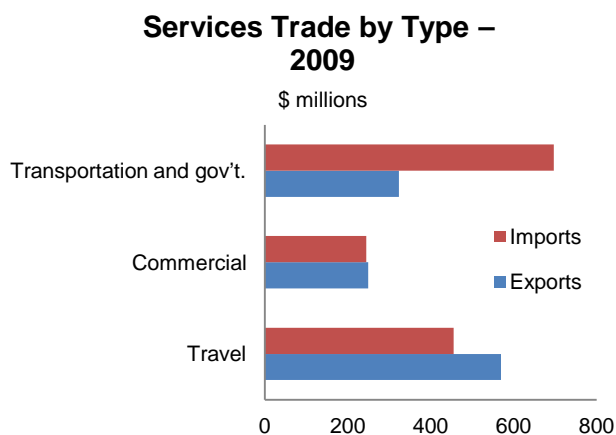
Direct investment between Canada and China has grown relatively substantially in recent years. The stock of Canadian direct investment in China was \$4.8 billion in 2010, making it the 19<sup>th</sup> largest destination for Canadian direct investment abroad, a change from its ranking of 21<sup>st</sup> largest in 2009.

In 2005, the stock of Chinese direct investment in Canada was \$928.0 million. This stock grew to \$14.1 billion in 2010, making China the seventh largest source of foreign investment in Canada, a change from its ranking of 10<sup>th</sup> largest in 2009.

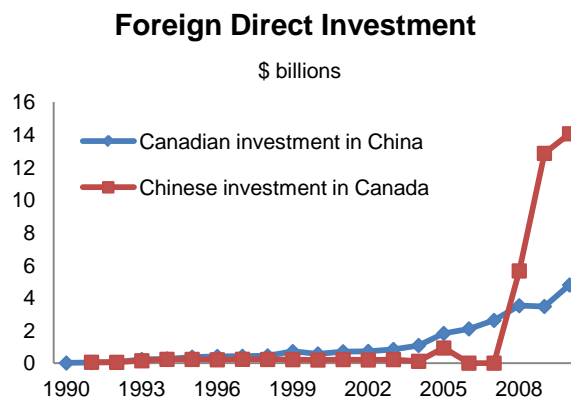
### Figure 7



### Figure 8



### Figure 9



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