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TRADE AND INVESTMENT



Canada–Italy

Publication No. 2011-133-E
15 November 2011

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Canada–Italy
(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.

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Merchandise Trade

In 2010, Canada's bilateral merchandise trade with Italy totalled \$6.5 billion, consisting of \$1.9 billion in Canadian exports to, and \$4.6 billion in imports from, Italy.

Italy was Canada's 14th largest export destination in the world in 2010, and its sixth largest export destination in the European Union (EU), a region that includes 27 countries. It was Canada's ninth largest source of imports in that year, and its fourth largest source of imports among the EU countries.

There has been relatively little growth in Canada-Italy trade in recent years. Modest growth in the value of Canada's exports to, and imports from, the country over the decade was offset, to some extent, by reduced bilateral trade resulting from the global financial and economic crisis. The values of Canada's exports to, and imports from, Italy in 2010 were at levels comparable to those in 2005.

Over the 2005 to 2010 period, the value of Canada's exports to Italy remained stable, compared to a 1.8% decrease worldwide. The value of Canada's imports from the country increased at an average annual rate of 0.2% over the period, a rate that is lower than the 1.2% increase worldwide.

Quebec was the largest provincial exporter to Italy in 2010, followed by British Columbia and Ontario. In that year, Quebec's exports to Italy were valued at \$460.9 million, while exports from British Columbia and Ontario totalled \$454.3 million and \$424.6 million respectively.

New Brunswick has been Canada's fastest-growing provincial exporter to Italy in recent years. Over the 2005 to 2010 period, the value of the province's exports to the country increased at an average annual rate of 87%.

Figure 1

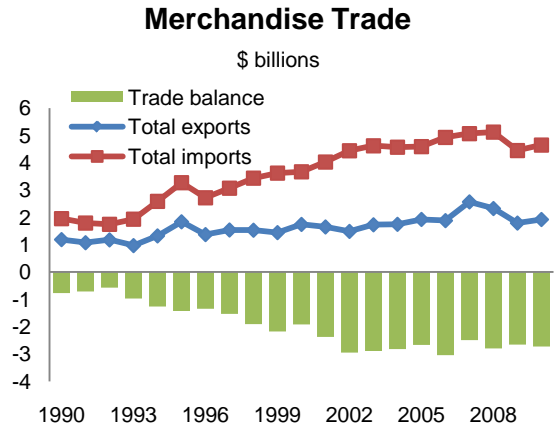


Figure 2

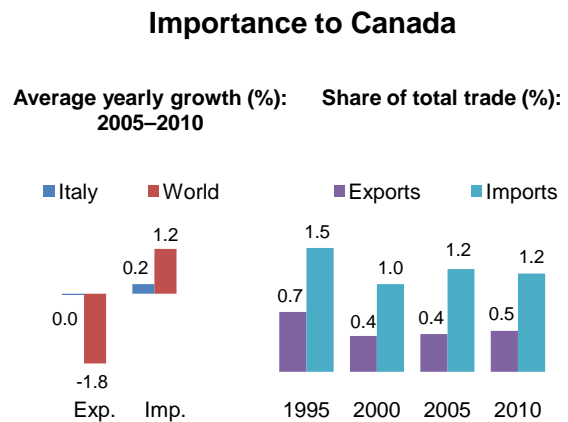
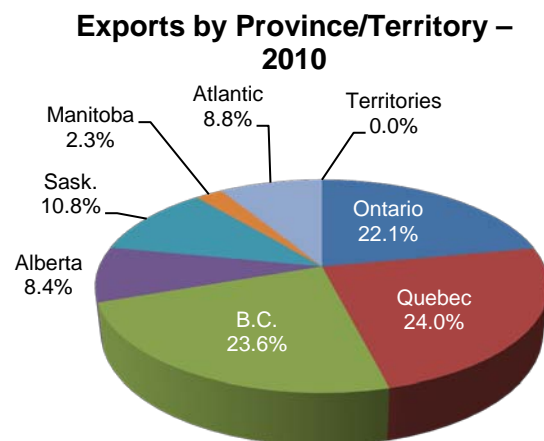


Figure 3



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 67% of the value of Canada's exports to Italy, while resource-based goods comprised the remaining 33%. This composition was relatively consistent with that of 2005, when manufactured goods and resource-based goods represented 69% and 31% respectively of the value of Canada's exports to the country.

Canada's highest-valued exports to Italy in 2010 were wheat, chemical wood pulp and coal, at \$270.1 million, \$213.4 million and \$197.7 million respectively. The value of Canadian wheat and coal exports grew at average annual rates of 8% and 3% respectively over the 2005 to 2010 period, while the value of Canadian chemical wood pulp exports decreased at an average annual rate of 8%.

In 2010, as in 2005, 99% of the value of Canada's imports from Italy consisted of manufactured goods, while resource-based goods comprised the remaining 1%.

Canada's highest-valued imports from Italy in 2010 were wine, medication and non-crude petroleum oils, at \$349.8 million, \$322.4 million and \$191.4 million respectively. The value of Canadian imports of these goods from Italy grew at average annual rates of 10%, 9% and 3% respectively over the 2005 to 2010 period.

Canada had trade deficits with Italy in most product categories in 2010, the largest of which were in the machinery and equipment as well as the other manufactured goods categories. Canada had a trade surplus with the country in the forest products category in that year.

Figure 4

Major Export Products

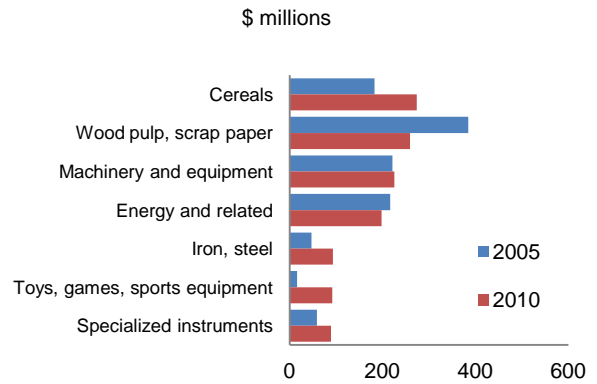


Figure 5

Major Import Products

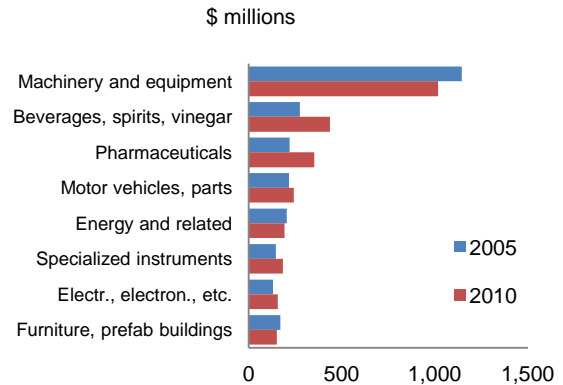
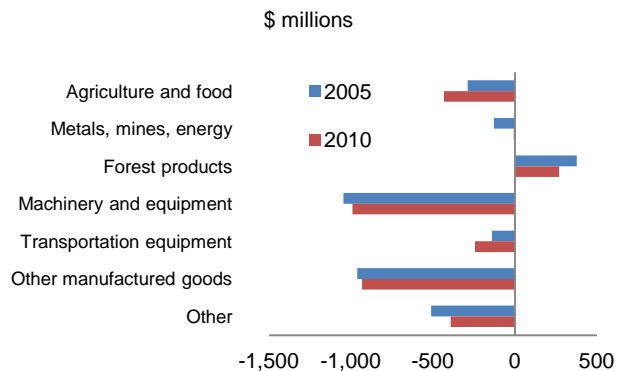


Figure 6

Balance by Category



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Services and Investment

Canada is a net importer of services from Italy. In 2009, the most recent year for which data are available, Canada's services exports to Italy were valued at \$423.0 million, while services imports from the country totalled \$817.0 million.

From 2008 to 2009, the value of Canada's services exports to Italy declined by 3%, primarily due to decreases of \$13.0 million in transportation and government services and \$4.0 million in travel services. The value of commercial services exports increased by \$5.0 million.

The value of Canada's services imports from Italy decreased by 1% from 2008 to 2009 due to a \$36.0-million decline in transportation and government services. Travel services and commercial services increased by \$10.0 million and \$18.0 million respectively.

In 2009, Canada had a relatively significant services trade deficit with Italy in travel services, with exports and imports valued at \$115.0 million and \$524.0 million respectively. In that year, Canada had small trade surpluses in commercial services and in transportation and government services.

Despite a temporary surge in investment between 1999 and 2002, Italy is not a significant destination for Canadian direct investment abroad. In 2010, the stock of Canadian investment in Italy totalled \$1.0 billion, making it Canada's 35th largest foreign destination for direct investment. That said, the stock of Canadian direct investment in Italy increased by 42% from 2009 to 2010.

With a stock of investment in Canada totalling \$1.1 billion in 2010, Italy was the 19th largest foreign source of direct investment in Canada. From 2009 to 2010, the stock of Italian direct investment in Canada increased by 11%.

Figure 7

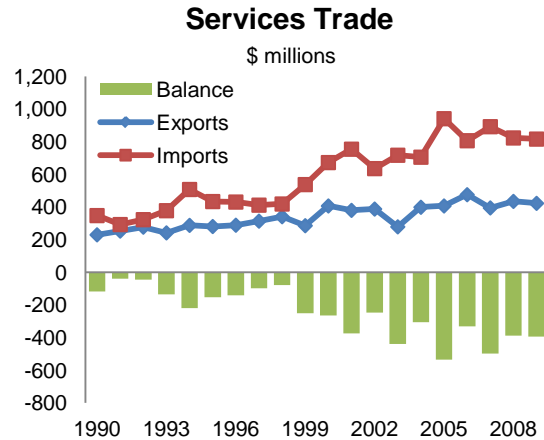


Figure 8

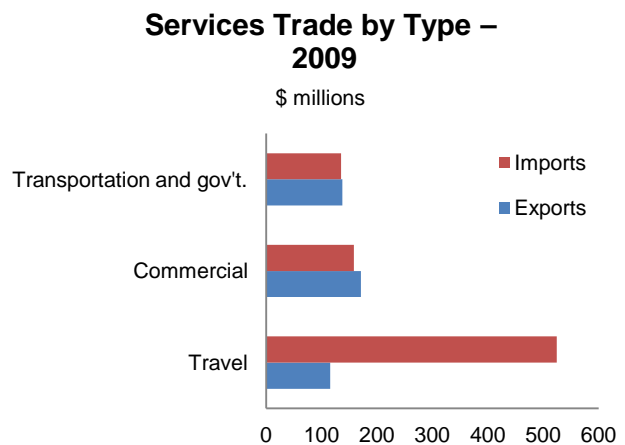
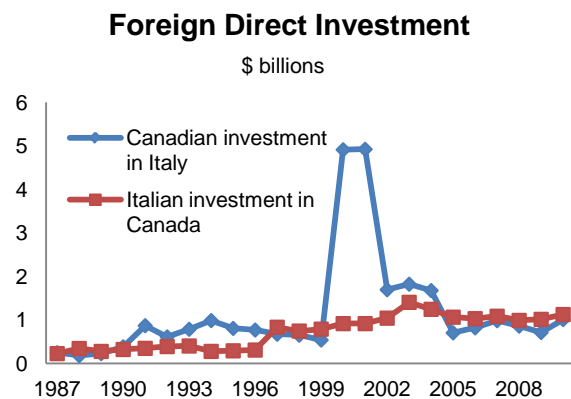


Figure 9



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.