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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 Germany totalled \$15.2 billion, comprised of \$3.9 billion in exports to, and \$11.3 billion in imports from, Germany.

Germany was Canada's sixth largest destination for exports worldwide in 2010, and its second largest destination in the European Union (EU), a region that includes 27 countries. In that year, it was Canada's fifth largest source of imports globally, and its largest source in the EU.

While the value of Canada's exports to Germany as a share of the value of Canada's total exports remained below the 1995 level of 1.3%, it increased from 0.7% in 2005 to 1.0% in 2010. The value of Canada's imports from Germany as a share of the value of Canada's total imports grew from 2.1% in 1995 to 2.8% in 2010.

Over the 2005 to 2010 period, the value of Canada's exports to Germany grew at an average annual rate of 4.0%, compared to a decrease of 1.8% worldwide. The value of Canada's imports from Germany grew at an average annual rate of 1.9% over the period, compared to 1.2% worldwide.

In 2010, Ontario and Quebec accounted for two thirds of the value of Canada's exports to Germany. Ontario, Quebec and the Atlantic provinces exported \$1.4 billion, \$1.3 billion and \$793.7 million respectively to the country in that year.

Over the 2005 to 2010 period, Newfoundland and Labrador, Quebec and Ontario were the fastest-growing provincial exporters to Germany, with average annual growth rates of 13%, 8% and 5% respectively in the value of their exports to the country.

Figure 1

Merchandise Trade

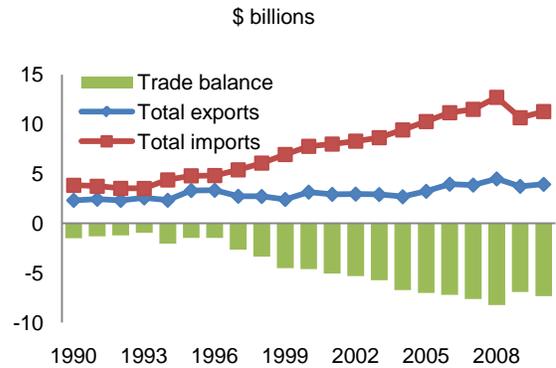


Figure 2

Importance to Canada

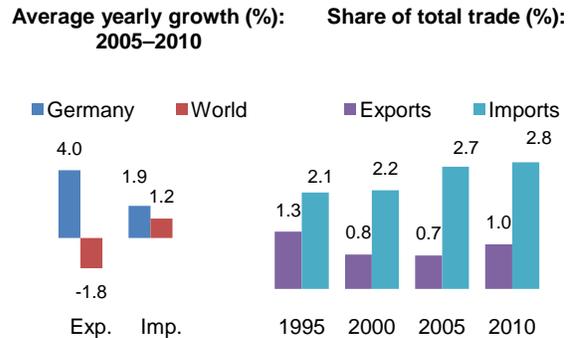
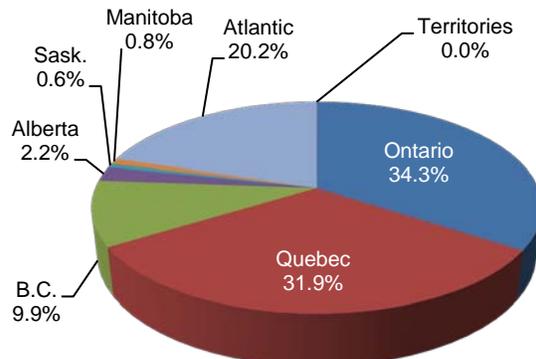


Figure 3

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 represented 66% of the value of Canada's exports to Germany, with resource-based goods accounting for the remaining 34%. This composition had changed somewhat since 2005, when manufactured goods and resource-based goods represented 75% and 25% respectively of the value of Canada's exports to Germany.

Canada's highest-valued exports to Germany in 2010 were iron ores, coal and aircraft. The value of Canadian iron ore exports to the country grew from \$324.4 million in 2005 to \$559.9 million in 2010. Canadian exports of coal and aircraft to Germany were valued at \$262.2 million and \$186.9 million respectively in 2010.

In 2010, manufactured goods accounted for more than 99% of the value of Canada's imports from Germany; resource-based goods represented less than 1%. This composition is relatively unchanged from 2005.

Canada's highest-valued imports from Germany in 2010 were motor vehicles and parts, pharmaceutical products and wind-powered electric generating equipment, at \$3.4 billion, \$819.3 million and \$195.1 million respectively. This is an increase from 2005, when these imports were valued at \$2.2 billion, \$609.4 million and \$3.6 million respectively.

In 2010, Canada had relatively significant trade deficits with Germany in machinery and equipment, transportation equipment and other manufactured goods; it also had relatively small trade deficits with the country in forest products, in agriculture and food, and in the category of "other" goods. Canada had a trade surplus in metals, mines and energy with Germany in that year.

Figure 4

Major Export Products

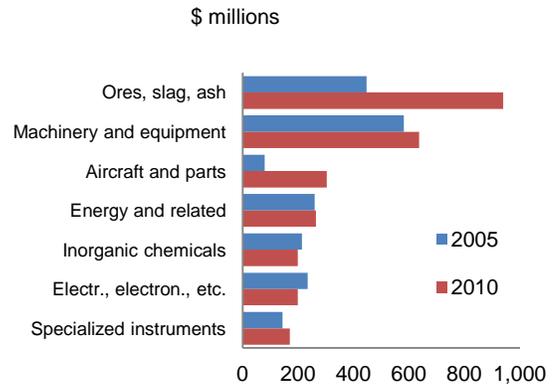


Figure 5

Major Import Products

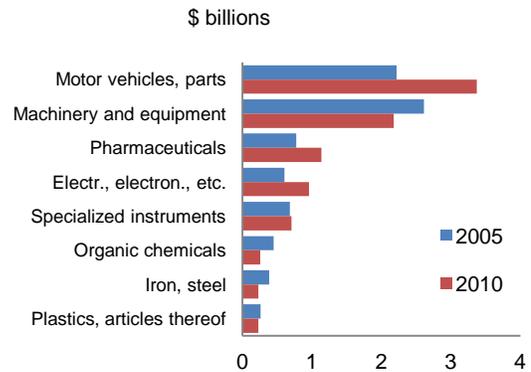
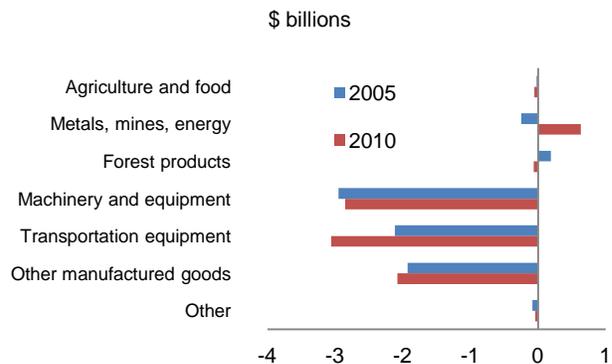


Figure 6

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 was a net importer of services from Germany in 2009, the most recent year for which data are available. The value of Canada's services exports to and imports from the country were \$1.8 billion and \$1.6 billion respectively in that year.

From 2008 to 2009, the value of Canada's services exports to Germany declined by 9%, primarily due to a decrease of \$92.0 million in commercial services exports. Canada's exports of commercial services, travel services, and transportation and government services to Germany were valued at \$824.0 million, \$490.0 million and \$469.0 million respectively in 2009.

The value of Canada's services imports from Germany decreased by 1% from 2008 to 2009 due to a decline in all services trade categories. In 2009, imports of commercial services, transportation and government services, and travel services from Germany were valued at \$733.0 million, \$547.0 million and \$293.0 million respectively.

In 2009, Canada had a services trade deficit with Germany in transportation and government services, and trade surpluses in commercial services and travel services. The most significant change in services trade between Canada and Germany in recent years was in commercial services; Canada had a deficit with Germany of \$413.0 million in 2007 and a surplus of \$91.0 million in 2009.

The stock of Canadian direct investment in Germany was \$8.7 billion in 2010, making it Canada's 13th largest destination for direct investment abroad. That said, this stock has decreased in recent years, falling from its peak of \$11.0 billion in 2008.

The stock of German direct investment in Canada was \$10.2 billion in 2010, making it the 10th largest source of foreign investment in Canada. German direct investment in Canada grew by 4% between 2009 and 2010 but remained below its 2008 peak of \$12.0 billion.

Figure 7

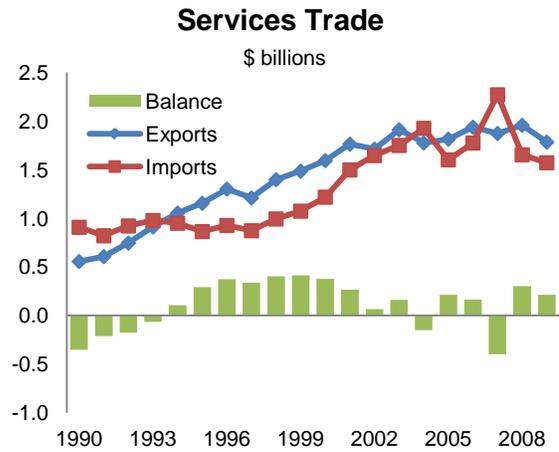


Figure 8

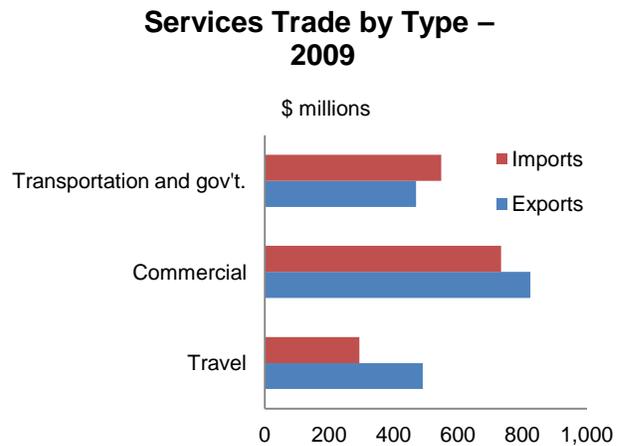
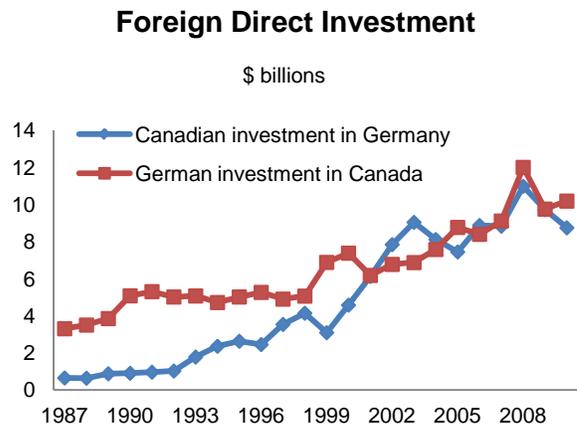


Figure 9



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.