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## TRADE AND INVESTMENT



### ***Canada–Mexico***

Publication No. 2011-136-E  
15 November 2011

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**Canada–Mexico**  
**(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.

- \* 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 Mexico totalled \$27.1 billion, comprised of \$5.0 billion in Canadian exports to, and \$22.1 billion in imports from, Mexico.

Mexico is a significant trading partner for Canada. In 2010, it was Canada's fifth largest destination for exports globally, and its largest export destination in Latin America, a region that includes 44 countries. Mexico was Canada's third largest source of imports worldwide in 2010, and its largest source in Latin America.

Over the 2005 to 2010 period, average annual growth in the value of Canada's trade with Mexico exceeded growth in Canada's trade worldwide, particularly in respect of exports. The value of Canada's exports to Mexico grew at an average annual rate of 8.3% over the period, compared to a decrease of 1.8% worldwide. The value of Canada's imports from Mexico increased at an average annual rate of 8.7% over the 2005 to 2010 period, compared to 1.2% worldwide.

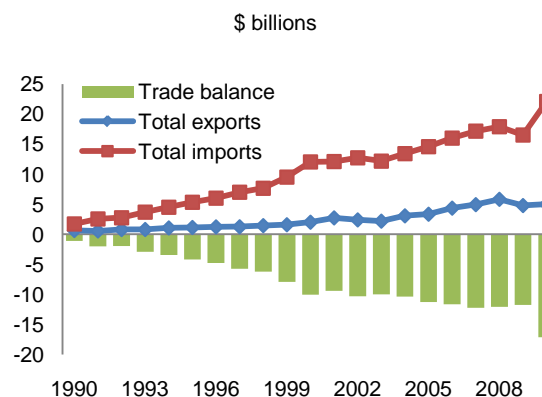
Following decreases in the value of Canada's exports to, and imports from, Mexico during the recent global financial and economic crisis, the value of Canada's trade with Mexico began to return to pre-crisis levels in 2010. While the value of Canada's exports to Mexico fell by 18% from 2008 to 2009, it increased by 4% from 2009 to 2010. The 8% decrease in the value of Canada's imports from Mexico from 2008 to 2009 was followed by a 34% increase from 2009 and 2010.

Ontario was Canada's largest provincial exporter to Mexico in 2010, followed by Quebec and Alberta. The value of their exports to the country in that year were \$2.3 billion, \$790.6 million and \$760.1 million.

Over the 2005 to 2010 period, Quebec, Saskatchewan and Manitoba had the fastest growth in the value of exports to Mexico, with average annual growth rates of 15%, 13% and 11% respectively.

### Figure 1

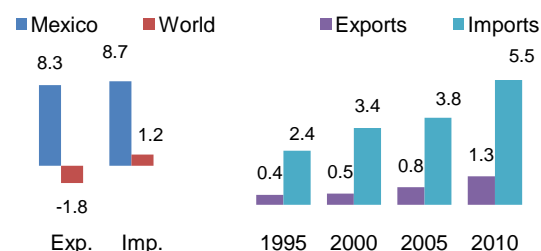
#### Merchandise Trade



### Figure 2

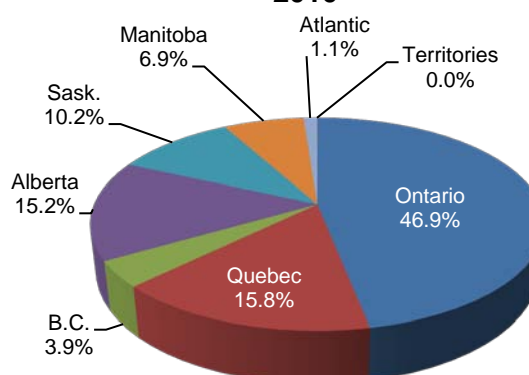
#### Importance to Canada

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 77% of the value of Canada's exports to Mexico, with resource-based goods representing the remaining 23%. This composition is relatively similar to 2005, when manufactured goods and resource-based goods represented 79% and 21% respectively of the value of Canada's exports to the country.

Canada's highest-valued export to Mexico in 2010 was canola seeds, with a value of \$658.0 million. Other highly valued Canadian exports to the country in that year were electronic integrated circuits, motor vehicle parts, motor vehicles, telephone sets and aluminium alloys, at \$377.3 million, \$373.4 million, \$285.4 million, \$277.8 million and \$225.1 million respectively. Some of these goods experienced relatively significant growth over the 2005 to 2010 period. Exports of canola seeds, electronic integrated circuits, telephone sets and aluminium alloys had average annual growth rates of 15%, 82%, 29% and 36% respectively over the period.

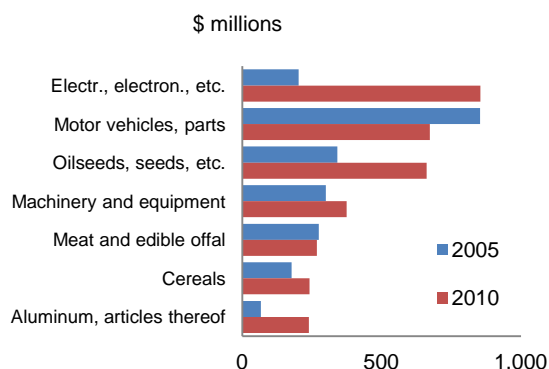
In 2010, manufactured goods and resource-based goods accounted for 90% and 10% respectively of the value of Canada's imports from Mexico. This composition is relatively unchanged from 2005, when manufactured goods and resource-based goods represented 91% and 9% respectively of the value of Canada's imports from the country.

Canada's highest-valued imports from Mexico in 2010 were motor vehicles, trucks, televisions and telephone sets, at \$2.2 billion, \$2.0 billion, \$1.9 billion and \$1.8 billion respectively. The value of these imports had average annual growth rates of 14%, 15%, 13% and 25% respectively over the 2005 to 2010 period.

Canada had a relatively large trade deficit with Mexico in manufactured goods in 2010. From 2005 to 2010, Canada's trade deficits with the country in machinery and equipment and in transportation equipment grew by \$2.3 billion and \$2.9 billion respectively. Canada had a small trade surplus with Mexico in agriculture and food in 2010.

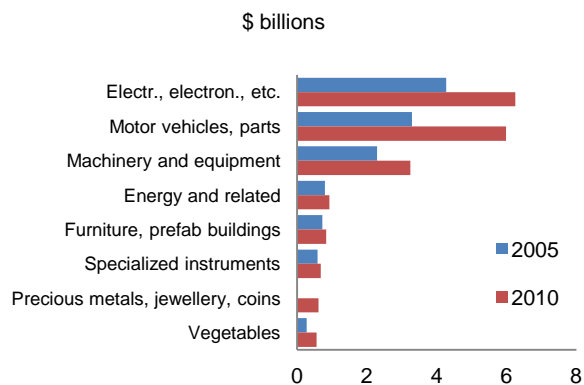
### Figure 4

#### Major Export Products



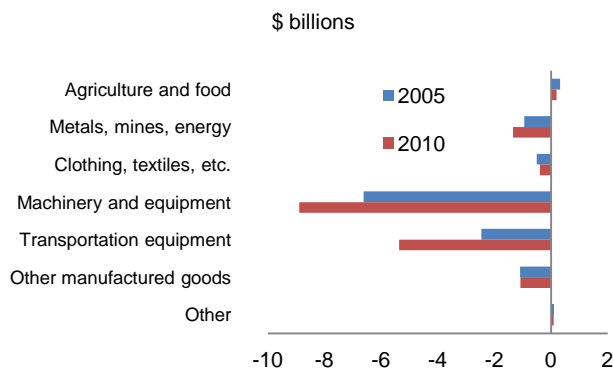
### Figure 5

#### 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 Mexico is small; however, it has increased fairly steadily over the past 20 years. In 2009, the most recent year for which data are available, Canada exported \$674.0 million in services to, and imported \$1.8 billion in services from, Mexico.

The value of Canada's services exports to Mexico has remained relatively stable in recent years. However, from 2008 to 2009, the value of Canada's services exports to Mexico declined by \$109.0 million, led by a decrease in the value of travel services.

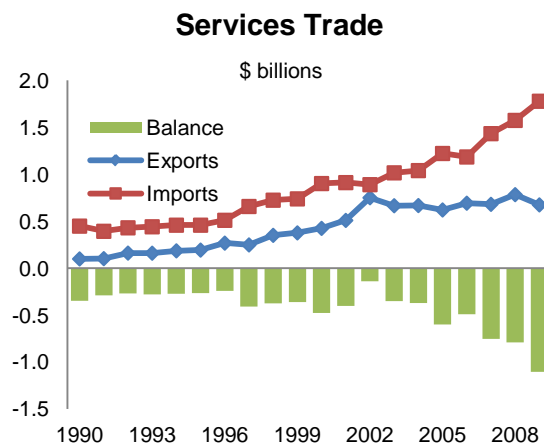
From 2008 to 2009, the value of Canada's services imports from Mexico increased by \$204.0 million; there was an increase in each services trade category.

Canada's trade deficit in services with Mexico in 2009 was largely due to travel services. In that year, Canadians purchased \$1.5 billion in travel services from Mexico, while Mexicans purchased \$280.0 million in travel services from Canada. Canada also had a relatively small trade deficit in transportation and government services in 2009, as well as a trade surplus in commercial services.

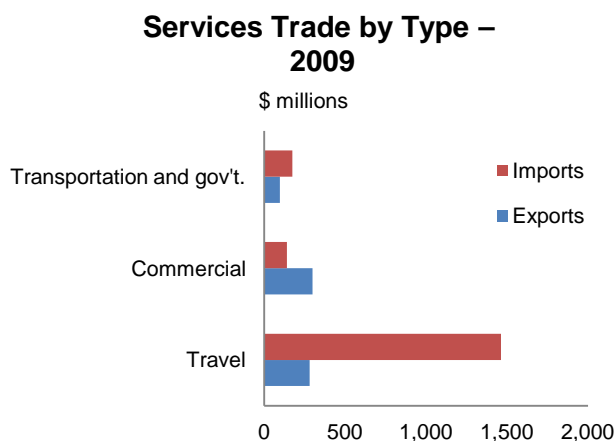
In 2010, the stock of Canadian direct investment in Mexico was \$4.6 billion, making it Canada's 20<sup>th</sup> largest destination for direct investment abroad. While Canadian direct investment in the country has been volatile and the stock has decreased since 2006, Canadian direct investment in Mexico has increased overall since the *North American Free Trade Agreement* came into effect in 1994.

The stock of Mexican direct investment in Canada totalled \$197.0 million in 2010, making it the 32<sup>nd</sup> largest source of foreign investment in Canada. The stock of Mexican direct investment in Canada has been relatively constant over the past decade. *Data on Mexican direct investment in Canada are not available for 1996 and 1997.*

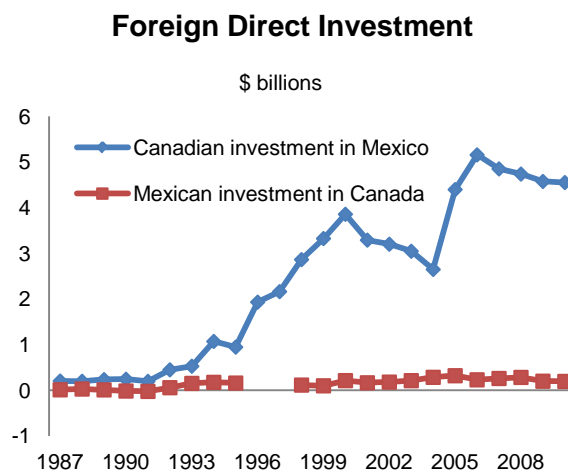
### Figure 7



### Figure 8



### Figure 9



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