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Canada–Hong Kong

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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.

CONTENTS

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

Merchandise Trade

In 2010, Canada's bilateral merchandise trade with Hong Kong totalled \$2.3 billion, consisting of \$1.9 billion in Canadian exports to, and \$369.7 million in imports from, Hong Kong.

Hong Kong was Canada's 15th largest export destination globally in 2010, and its fifth largest export destination in Asia, a region that includes 27 countries. It was Canada's 56th largest source of imports globally in that year, and its 13th largest import source in Asia.

Over the 2005 to 2010 period, the value of Canada's exports to Hong Kong grew at an average annual rate of 5.5%, compared to a decrease of 1.8% worldwide. The value of Canada's exports to the region increased by 27% between 2009 and 2010.

The value of Canada's imports from Hong Kong decreased at an average annual rate of 7.9% over the 2005 to 2010 period, compared to an increase of 1.2% worldwide. From 2009 to 2010, the value of Canada's imports from the region increased by 2%.

The value of Canada-Hong Kong trade as a share of the value of Canada's total trade has decreased over time. In 1995, Canada's trade with Hong Kong accounted for 0.7% of the value of Canada's exports worldwide and 0.6% of the value of Canada's global imports. In 2010, these shares were 0.5% and 0.1% respectively.

At the provincial level, Ontario and British Columbia together accounted for two thirds of the value of Canada's exports to Hong Kong in 2010, with exports valued at \$974.3 million and \$281.2 million respectively.

Over the 2005 to 2010 period, Saskatchewan and Newfoundland and Labrador were the fastest-growing provincial exporters to Hong Kong, with an average annual growth rate of 36% and 25% respectively in the value of their exports to the region.

Figure 1

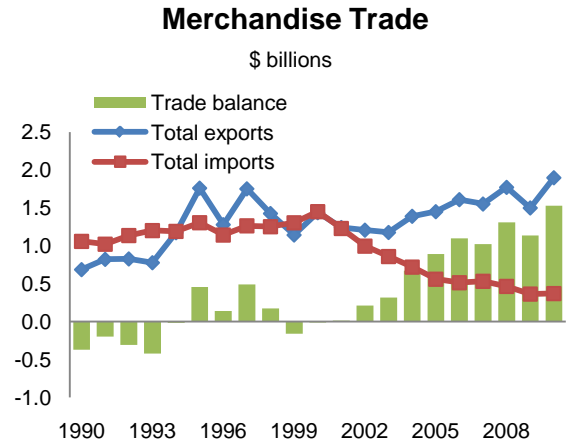


Figure 2

Importance to Canada

Average yearly growth (%): 2005–2010

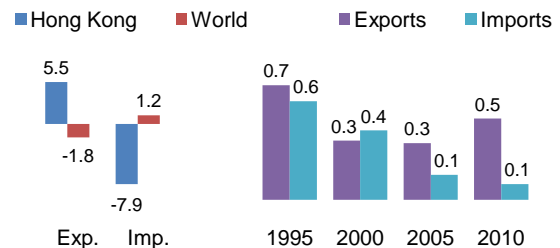
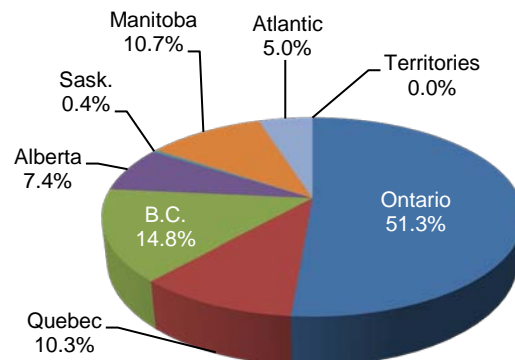


Figure 3

Exports by Province/Territory – 2010



All figures were prepared by the author 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 70% of the value of Canada's exports to Hong Kong, with resource-based goods accounting for the remaining 30%. This composition had changed since 2005, when manufactured goods and resource-based goods represented 80% and 20% respectively of the value of Canada's exports to the region.

Canada's highest-valued exports to Hong Kong in 2010 were gold, nickel, raw fur skins and ginseng roots. The value of Canadian gold, raw fur skins and ginseng roots exports to the region increased from \$16.2 million, \$102.4 million and \$65.9 million respectively in 2005 to \$196.7 million, \$145.2 million and \$11.8 million respectively in 2010. The value of Canadian nickel exports to Hong Kong decreased from \$168.6 million in 2005 to \$157.7 million in 2010.

In 2010, as in 2005, manufactured goods represented 99% of the value of Canada's imports from Hong Kong, with resource-based goods accounting for the remaining 1%.

Canada's highest-valued imports from Hong Kong in 2010 were electronic machinery and equipment, at \$124.9 million, and coins and jewellery, at \$45.9 million. Together, they accounted for 46% of the value of Canada's imports from the region. This is an increase from 2005, when electronic machinery and equipment imports from Hong Kong were valued at \$106.1 million, and coins and jewellery imports were valued at \$26.9 million.

Canada is a relatively strong net exporter to Hong Kong in most major product categories, the exception being transportation equipment, where the value of trade is roughly balanced.

Figure 4

Major Export Products

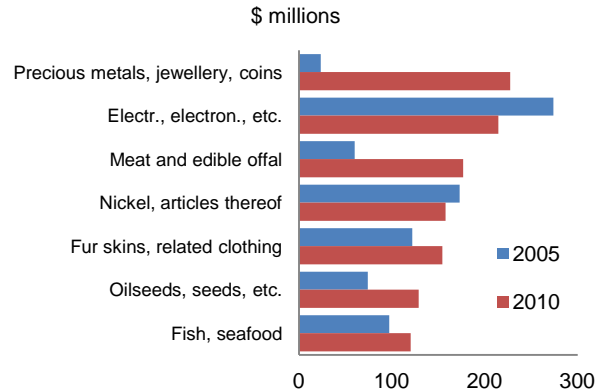


Figure 5

Major Import Products

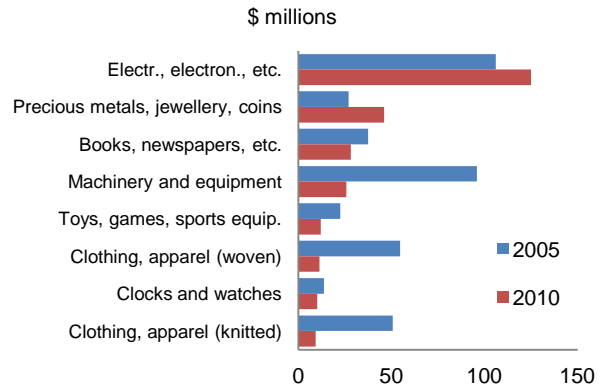
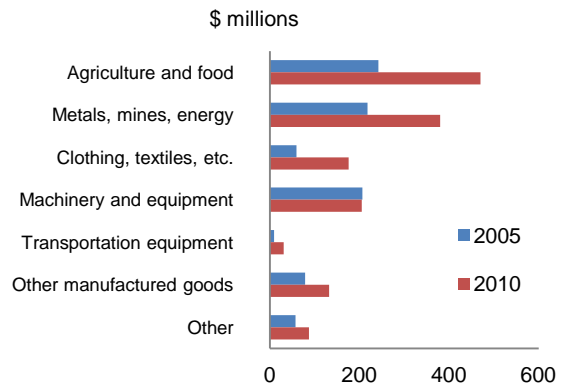


Figure 6

Balance by Category



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Services and Investment

In 2009, the most recent year for which data are available, Canada's bilateral services trade with Hong Kong totalled \$3.5 billion, comprised of \$950.0 million in exports to, and \$2.5 billion in imports from, Hong Kong.

The value of Canada's services exports to Hong Kong decreased by 11% from 2008 to 2009, while the value of Canada's services imports from that region fell by almost 7% during that period.

In 2009, Canada's trade deficit in services with Hong Kong was the result of transportation and government services. Canada imported \$2.1 billion in transportation and government services from Hong Kong and exported \$373.0 million in transportation and government services to the region. Canada imported \$175.0 million in commercial services and \$245.0 million in travel services from Hong Kong in that year, and exported \$155.0 million in commercial services and \$422.0 million in travel services to the region. Canada had a \$177.0-million trade surplus with Hong Kong in travel services in 2009.

In 2010, the stock of Canadian direct investment in Hong Kong totalled \$6.3 billion, making it Canada's 15th largest destination for foreign investment abroad. Canadian direct investment in the region increased by 15% between 2009 and 2010.

Though data have been unavailable since 2005, Hong Kong's direct investment in Canada nearly doubled between 2000 and 2005. The stock of Hong Kong direct investment in Canada was \$6.2 billion in 2005.

Figure 7

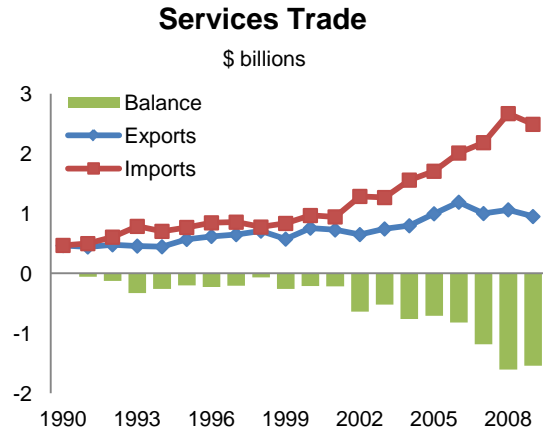


Figure 8

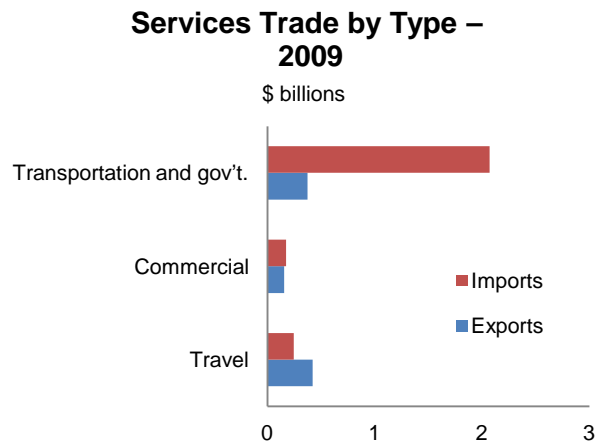
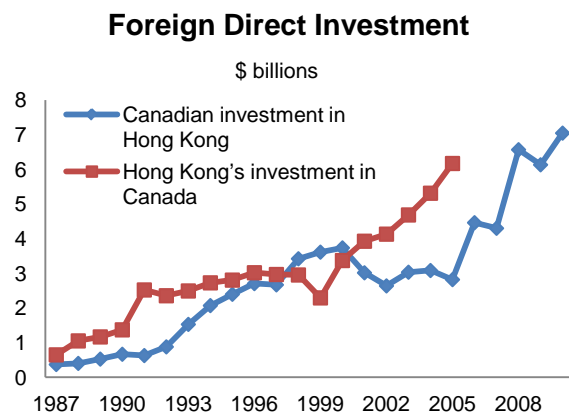


Figure 9



All figures were prepared by the author 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.