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Canada–United Kingdom

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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 the United Kingdom (U.K.) totalled \$27.1 billion, comprised of \$16.4 billion in Canadian exports to, and \$10.7 billion in Canadian imports from, the U.K.

In 2010, the U.K. was Canada's second largest export destination globally, after the United States, and its largest export destination in the European Union (EU), a region that includes 27 countries. It was Canada's sixth largest source of imports globally in that year, and its second largest import source in the EU, after Germany.

Over the 2005 to 2010 period, the value of Canada's exports to the U.K. grew at an average annual rate of 14.7%, compared to a decrease of 1.8% worldwide. From 2009 to 2010, the value of Canada's exports to the country increased by 36%. The value of Canada's exports to the U.K. as a share of the value of Canada's total exports grew from 1.9% in 2005 to 4.1% in 2010.

The value of Canada's imports from the U.K. grew at an annual average rate of 0.5% over the 2005 to 2010 period, compared to 1.2% worldwide. From 2009 to 2010, the value of Canada's imports from the country increased by 14%. The value of Canada's imports from the U.K. accounted for 2.7% of the share of the value of Canada's total imports in 2005 and 2010.

At the provincial level, Ontario was the largest exporter to the U.K. in 2010, accounting for almost three quarters of the value of Canada's exports to the country. Ontario, Quebec and the Northwest Territories exported goods worth \$11.6 billion, \$2.0 billion and \$1.3 billion respectively to the U.K. in that year.

Over the 2005 to 2010 period, the fastest-growing provincial exporters to the U.K. were Saskatchewan, Ontario and Quebec, which had average annual growth rates of 29%, 20% and 7% respectively in the value of their exports to the country.

Figure 1

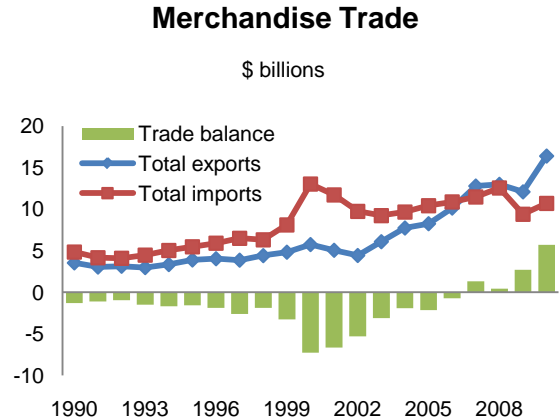


Figure 2

Importance to Canada

Average yearly growth (%): 2005–2010 Share of total trade (%):

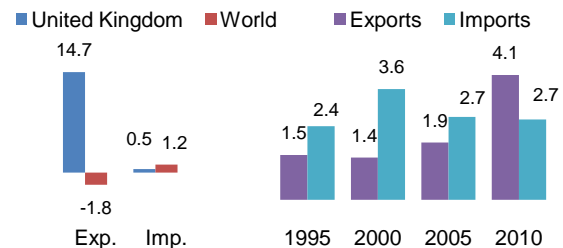
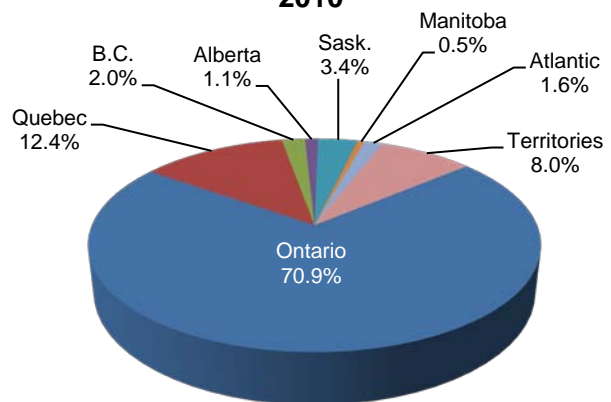


Figure 3

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, resource-based goods represented 65% of the value of Canada's exports to the U.K., with manufactured goods accounting for the remaining 35%. This composition was markedly different from that of 2005, when resource-based goods and manufactured goods represented 39% and 61% respectively of the value of Canada's exports to the country.

Since 2005, there has been significant growth in the value of Canadian exports of precious metals, jewellery and coins to the U.K. In particular, the value of Canadian exports of gold – the highest-valued export to the country in 2010 – increased from \$1.9 billion in 2005 to \$8.5 billion in 2010. Similarly, the value of Canadian exports of diamonds to the U.K. increased from \$738 million in 2005 to \$1.6 billion in 2010. Other highly valued Canadian exports to the country in 2010 included aircraft and parts, uranium and nickel, at \$1.2 billion, \$889.2 million and \$828.6 million respectively.

In 2010, as in 2005, manufactured goods accounted for 64% of the value of Canada's imports from the U.K., with resource-based goods representing the remaining 36%.

The highest-valued Canadian imports from the U.K. in 2010 included petroleum, pharmaceuticals, aircraft parts and gold, at \$2.9 billion, \$584.2 million, \$556.5 million and \$547.1 million respectively. Like exports, the value of Canadian imports of precious metals, jewellery and coins from the U.K. has grown since 2005, largely because of an increase in the value of gold imports, which rose from \$29.8 million in 2005 to \$547.1 million in 2010.

Canada was a net exporter of resource-based goods to the U.K. in 2010, but had a trade deficit in manufactured goods. In that year, Canada had a relatively large trade surplus with the country in metals, minerals and energy products; this trade surplus grew significantly over the 2005 to 2010 period, from a deficit of \$317.6 million to a surplus of \$6.8 billion.

Figure 4

Major Export Products

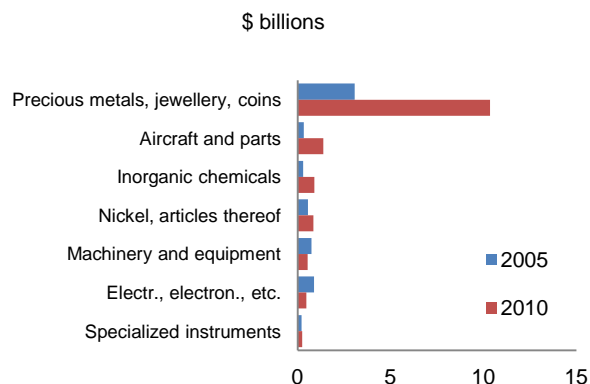


Figure 5

Major Import Products

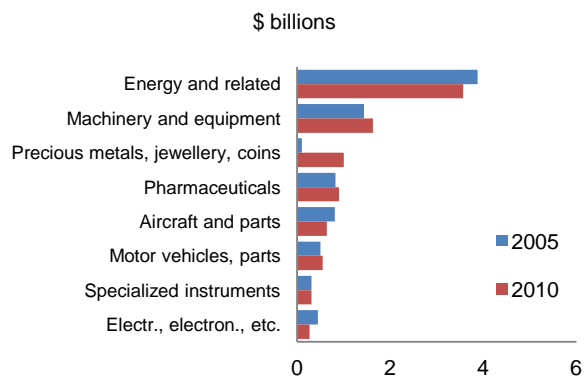
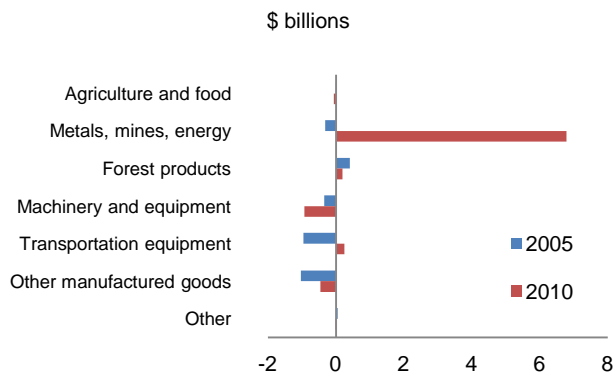


Figure 6

Balance by Category



All figures were prepared by the authors using Statistics Canada annual figures as of spring 2011.
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Services and Investment

In 2010, Canada–U.K. services trade totalled \$8.7 billion, comprised of \$4.2 billion in exports to, and \$4.5 billion in imports from, the U.K.

The value of Canada's services exports to the U.K. increased by 8% from 2009 to 2010, while the value of Canada's services imports from the country decreased by 10% during that period.

In 2010, Canada's trade deficit in services with the U.K. was the result of travel services as well as transportation and government services. Canada imported \$1.2 billion in travel services from the country in that year, compared to \$864.0 million in travel services exports. As well, in 2010, Canada exported \$1.7 billion in transportation and government services to the U.K., compared to imports of \$1.2 billion. Canada had a \$390.0 million trade surplus with the country in commercial services in that year. Canada's commercial services exports to the U.K. were valued at \$2.1 billion in 2010.

The stock of Canadian direct investment in the U.K. totalled \$70.2 billion in 2010, making it Canada's second largest destination for foreign investment abroad, behind the United States, and representing 11% of Canada's total foreign investment worldwide. However, while Canadian direct investment in the country increased every year from 1987 to 2009, it declined by 4% between 2009 and 2010.

The stock of U.K. direct investment in Canada was \$42.4 billion in 2010, making it the third largest source of foreign investment in Canada. This stock has decreased every year since 2007, when it peaked at \$56.6 billion.

Figure 7

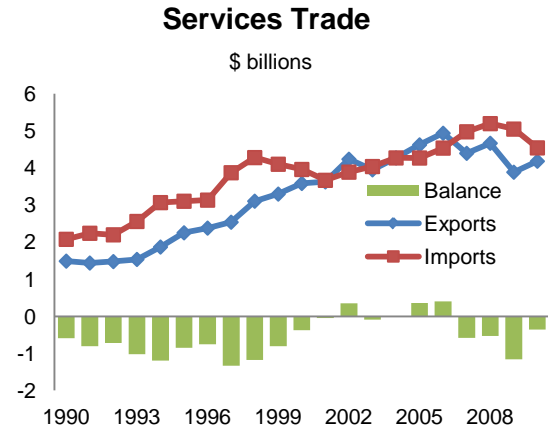


Figure 8

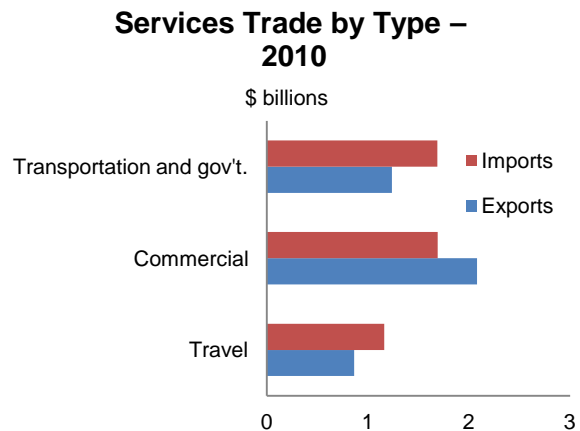
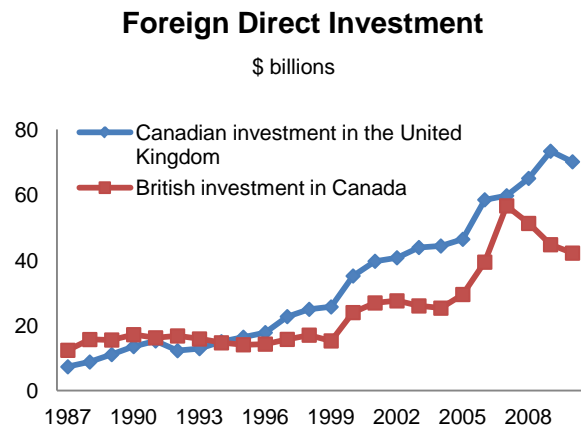


Figure 9



All figures were prepared by the authors using Statistics Canada annual figures as of spring 2011.
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