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Canada–Australia

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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.

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Merchandise Trade

In 2010, Canada's bilateral merchandise trade with Australia totalled \$3.4 billion, consisting of \$1.8 billion in Canadian exports to, and \$1.6 billion in imports from, Australia.

Australia was Canada's 16th largest export destination in 2010 and the 31st largest source of imports. Australia has long been Canada's largest trading partner in Oceania, a region that includes 25 countries.

Canadian exports to, and imports from, Australia moved in opposite directions between 2005 and 2010. Despite a decrease from 2008 to 2009 as a result of the global financial and economic crisis, the value of Canadian exports to Australia in 2010 was 7% higher than the 2005 level. On the other hand, the value of Canadian imports from Australia in 2010 was 7% lower than the 2005 level.

Ontario and Quebec are the largest provincial exporters to Australia, and together were responsible for 59% of the value of Canadian exports to that country in 2010. Exports from Ontario were valued at \$607.6 million in that year, while exports from Quebec had a value of \$431.4 million.

While Ontario was the largest provincial exporter to Australia over the 2005 to 2010 period, it and Newfoundland and Labrador were the only provinces to experience a decrease in the value of their exports to Australia over the period. The value of exports from Alberta and Quebec to the country grew at an average annual rate of 10% and 6% respectively between 2005 and 2010.

Figure 1

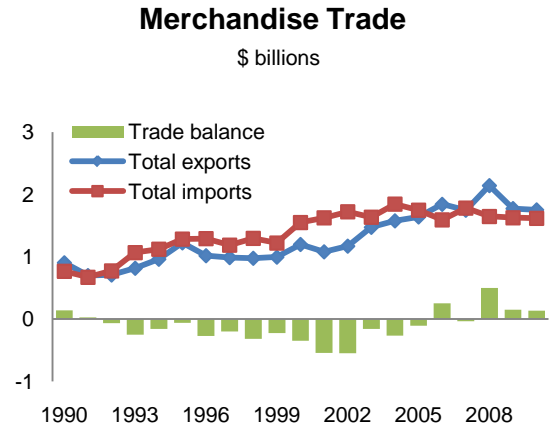


Figure 2

Importance to Canada

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

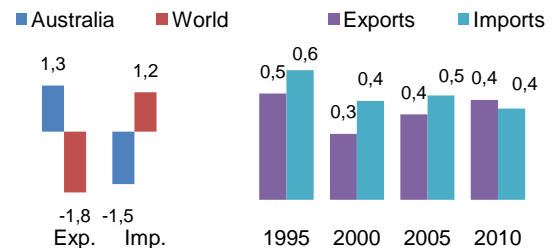
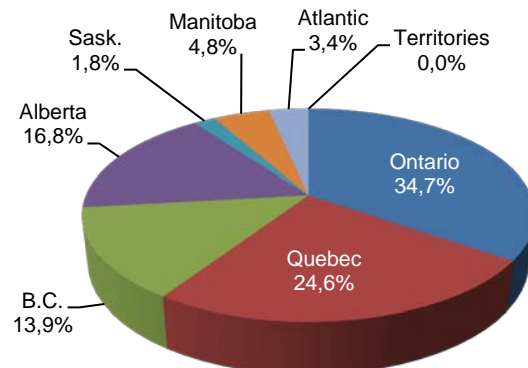


Figure 3

Exports by Province/Territory – 2010



All figures were prepared by the 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

Canadian exports to Australia were comprised almost exclusively of manufactured goods in 2010, which made up 94% of the value of these exports. Resource-based goods accounted for the remaining 6% of the value of exports in that year, a share that was essentially unchanged since 2005.

Canadian exports to Australia were relatively diversified in 2010. Valued at \$138.3 million in that year, aircraft represented Canada's largest export product, accounting for 8% of the value of Canadian exports to Australia. Other highly valued Canadian exports to Australia in that year were frozen pork products, machinery for offshore drilling, sulphur, chemical wood pulp and rail locomotives.

Manufactured goods dominated Canada's imports from Australia in 2010, accounting for 73% of the value of these imports; this proportion is down from 85% in 2005. Nickel ores and wine were Canada's most highly valued import products from Australia in 2010, with a value of \$376.6 million and \$257.8 million respectively. Together, these two products accounted for 39% of the value of imports from Australia. Other major imports in 2010 included aluminium oxides and hydroxides, uranium, pharmaceutical products and lamb meat.

Overall, Canada had balanced trade with Australia in 2010. Canada was a large net exporter of machinery and transportation equipment to Australia in that year, but had a trade deficit in resource-based goods.

Figure 4

Major Export Products

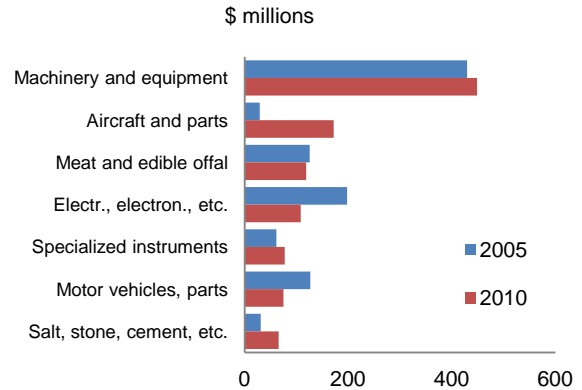


Figure 5

Major Import Products

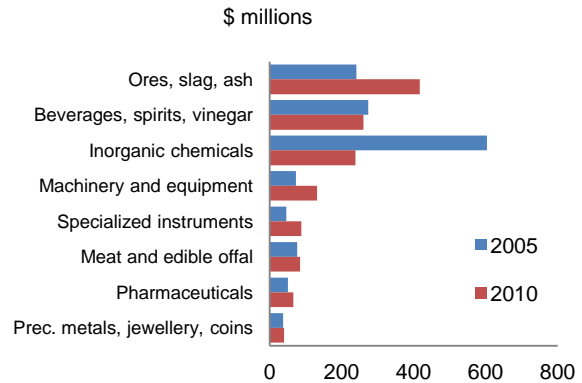
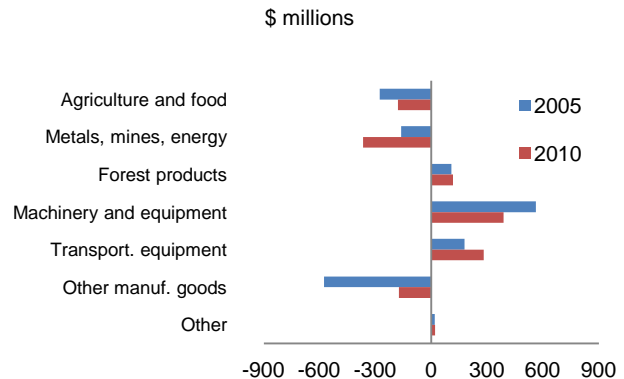


Figure 6

Balance by Category



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Services and Investment

Canada was a net exporter of services to Australia in 2009, the most recent year for which data are available. In that year, Canadian services exports to the country had a value of \$903.0 million, while services imports were valued at \$571.0 million. While Canada's services trade with Australia has grown steadily since the early 1990s, especially in respect of exports, both imports and exports experienced a decrease from 2008 to 2009.

Travel services and commercial services accounted for most of the services trade between Canada and Australia in 2009, with values of \$647.0 million and \$549.0 million respectively in that year. Canada had a positive trade balance with Australia in all three major categories of services trade in that year.

Australia is one of Canada's most significant destinations for foreign direct investment. Canadian direct investment in Australia was valued at \$20.1 billion in 2010 and the country was Canada's sixth largest destination for foreign investment in that year. The stock of Canadian direct investment in Australia has more than doubled since 2008, when it was valued at \$8.6 billion.

Canada is also an important destination for Australian direct investment, although the total stock of Australian investment in Canada was small relative to Canadian direct investment in Australia in 2010. In that year, the stock of Australian direct investment in Canada was \$2.6 billion, making Australia the 16th largest source of foreign direct investment in Canada.

Figure 7

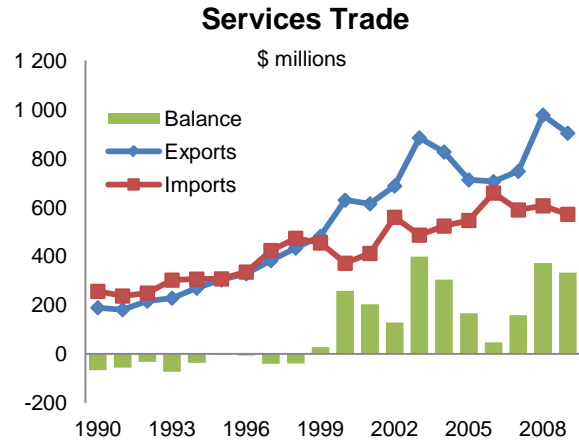


Figure 8

Services Trade by Type – 2009

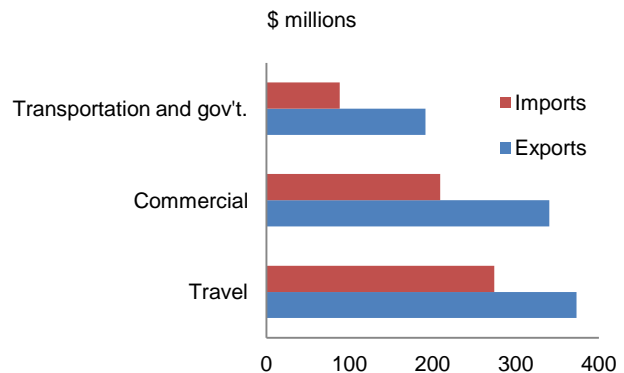
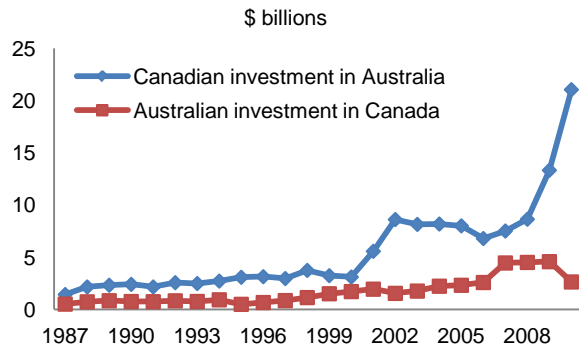


Figure 9

Foreign Direct Investment



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