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Canada's Merchandise Trade with the World

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Canada's Merchandise Trade with the World
(Trade and Investment Series)

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Ce document est également publié en français.

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International Comparison

In 2012, the value of Canada's merchandise trade with the world totalled nearly \$916.5 billion, comprised of \$454.4 billion in Canadian exports to, and \$462.1 billion in imports from, the world. Canada's merchandise trade balance with the world has changed from a \$43.0-billion trade surplus in 2007 to a \$7.7-billion trade deficit in 2012.

The value of Canada's merchandise trade has grown in recent years, following a decline from 2008 to 2009 due to the global financial and economic crisis. From 2008 to 2009, the value of Canada's merchandise exports and imports decreased by 25.6% and 15.8% respectively. While the value of Canada's merchandise exports in 2012 was 1.5% higher than in 2011, it has not yet surpassed the 2008 peak of \$483.5 billion. The value of Canada's merchandise imports grew by 3.5% between 2011 and 2012, with the 2012 value exceeding the 2008 value of \$434.0 billion.

Canada's share of the value of global merchandise trade has fallen as developing economies have become more active in international commerce. In 2012, Canada was the world's 12th largest exporter, accounting for 2.5% of the value of global merchandise exports, a decrease from 3.0% in 2007. In 2012, Canada was also the world's 12th largest importer, accounting for 2.6% of the value of global merchandise imports, a decrease from 2.7% in 2007.

Using the measure of merchandise exports as a proportion of gross domestic product (GDP), Canada's economy has historically been relatively more trade-oriented than the global economy. That said, the value of Canada's merchandise exports as a share of the nation's GDP decreased by 3.9% over the 2007 to 2012 period.

In 2012, the value of Canada's merchandise exports as a proportion of the nation's GDP, at 25.0%, was slightly less than the value of global merchandise exports as a proportion of the world's GDP, at 25.6%. In 2007, these proportions were 28.9% and 25.1% respectively.

The value of Canada's merchandise imports as a proportion of the nation's GDP in 2012, at 26.1%, was slightly higher than the value of global merchandise imports as a proportion of the world's GDP in that year, at 25.9%. In 2007, these proportions were 26.8% and 25.7% respectively.

Figure 1

Canada's Merchandise Trade

(\$ billions)

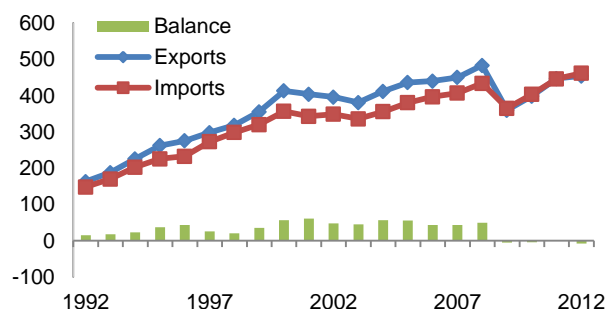


Figure 2

Canada's Share of Global Merchandise Exports and Imports

(% of world total)

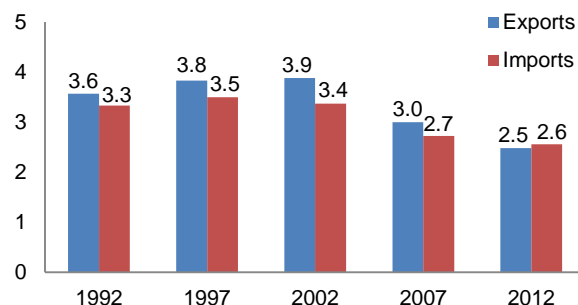
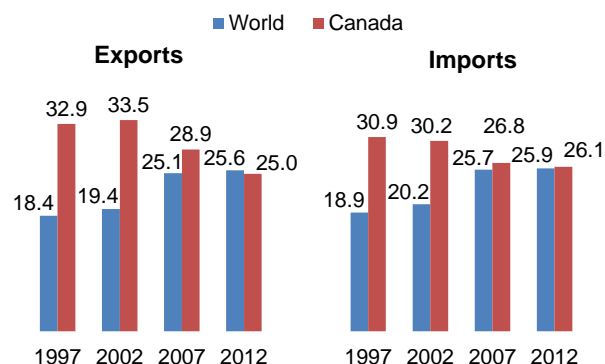


Figure 3

Merchandise Trade

(% of gross domestic product)



All figures and tables, except figures 2 and 3, were prepared using Statistics Canada data available in spring 2013. Figure 2 was prepared using data from the World Trade Organization (WTO); Figure 3 was prepared using data from the International Monetary Fund and the WTO. The merchandise trade data are customs-based.

Sources and Destinations

The United States continued to be Canada's most significant merchandise trading partner, although its importance in this respect was declining. This decline was due to relatively strong growth in Canada's trade with other markets as well as an average annual decrease of 1.0% in the value of Canadian exports to, and an average annual increase of 1.1% in the value of imports from, the United States over the 2007 to 2012 period.

Canada's merchandise exports to, and merchandise imports from, the United States were valued at \$338.7 billion and \$233.8 billion respectively in 2012. In that year, the value of Canada's merchandise exports to the country accounted for 74.5% of the value of Canada's total merchandise exports, a decrease from 79.0% in 2007. Similarly, the value of Canada's merchandise imports from the United States accounted for 50.6% of the value of Canada's total merchandise imports in 2012, a decrease from 54.2% in 2007.

In 2012, the European Union (EU) was the second largest destination for Canadian merchandise exports, and the third largest source of Canadian merchandise imports. In that year, the value of Canada's merchandise exports to, and merchandise imports from, the EU accounted for 8.5% and 10.9% of the value of Canada's total merchandise exports and merchandise imports respectively. Over the 2007 to 2012 period, Canada's merchandise exports to, and merchandise imports from, the EU grew at average annual rates of 2.1% and 0.5% respectively. The United Kingdom and Germany were Canada's most important merchandise trading partners within the EU in 2012.

China was the third largest destination for Canadian merchandise exports, and the second largest source of Canadian merchandise imports in 2012. It has been one of Canada's fastest-growing trading partners in recent years, with the value of Canadian exports to, and imports from, China increasing at average annual rates of 15.3% and 5.8% respectively over the 2007 to 2012 period.

Canada's merchandise trade balance with the world has been variable over time. For example, Canada had a \$49.5-billion merchandise trade surplus in 2008, a \$5.6-billion deficit in 2009, a \$4.8-billion deficit in 2010, a \$1.1-billion surplus in 2011 and a \$7.7-billion deficit in 2012. In 2012, Canada had a merchandise trade surplus with the United States, and merchandise trade deficits with all other regions.

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Table 1

Major Destinations for Canada's Exports

	Value (\$ billions)		Share (%)		Average Annual Growth (%)	
	2007	2012	2007	2012	2011–2012	2007–2012
United States	355.6	338.7	79.0	74.5	2.7	-1.0
European Union	34.8	38.6	7.7	8.5	-3.6	2.1
China	9.5	19.3	2.1	4.3	15.1	15.3
Japan	9.2	10.4	2.0	2.3	-2.9	2.3
Mexico	5.0	5.4	1.1	1.2	-1.6	1.7

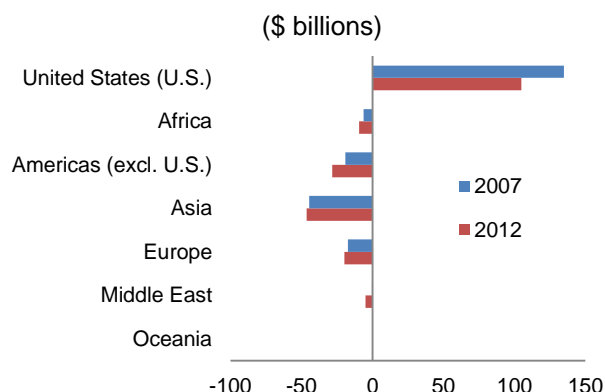
Table 2

Major Sources of Canada's Imports

	Value (\$ billions)		Share (%)		Average Annual Growth (%)	
	2007	2012	2007	2012	2011–2012	2007–2012
United States	220.9	233.8	54.2	50.6	5.7	1.1
China	38.3	50.7	9.4	11.0	5.2	5.8
European Union	49.3	50.5	12.1	10.9	-2.9	0.5
Mexico	17.2	25.5	4.2	5.5	3.8	8.2
Japan	15.5	15.0	3.8	3.3	15.0	-0.6

Figure 4

Trade Balance by Region



Products

Energy products, as well as motor vehicles and parts, were the two most highly valued product categories of Canada's merchandise exports in 2012. Together, they accounted for 39.0% of the value of Canadian merchandise exports in that year, an increase of 9.2% from 2007.

Energy and related products have been Canada's most highly valued exports since 2005. The value of Canada's energy exports increased from \$93.5 billion in 2007 to \$115.8 billion in 2012. The value of Canada's motor vehicle and part exports has declined in recent years, decreasing from \$68.6 billion in 2007 to \$61.2 billion in 2012.

Motor vehicles and parts, as well as machinery and equipment, were the two most highly valued product categories of Canada's merchandise imports in 2012. Together, they represented approximately 29.9% of the value of Canada's merchandise imports in that year, an increase of 5.2% from 2007.

The value of Canada's imports of motor vehicles and parts grew from \$68.7 billion in 2007 to \$70.7 billion in 2012, an increase of 2.8% over the period. As well, the value of Canada's machinery and equipment imports in 2012, at \$67.5 billion, represented a 7.8% increase from \$62.6 billion in 2007. Finally, the value of Canada's imports of energy and related products has increased relatively substantially in recent years, rising from \$38.0 billion in 2007 to \$51.4 billion in 2012, an increase of 35.4% over the period.

In 2012, Canada had a merchandise trade surplus with the world in the product categories of metals, mines and energy, forest products, and agriculture and food. It had merchandise trade deficits with the world in the product categories of machinery and equipment, transportation equipment, other manufactured goods and "other" products in that year.

Figure 5

Major Canadian Export Products

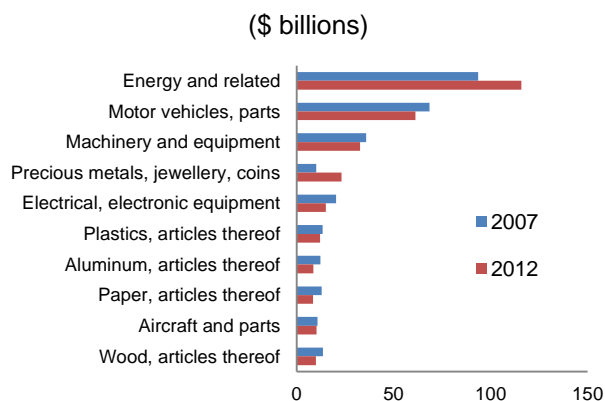


Figure 6

Major Canadian Import Products

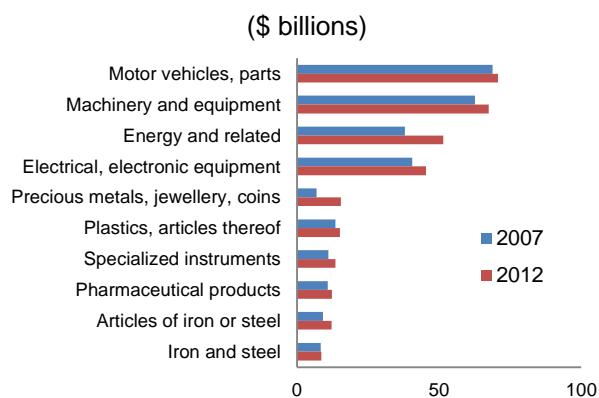
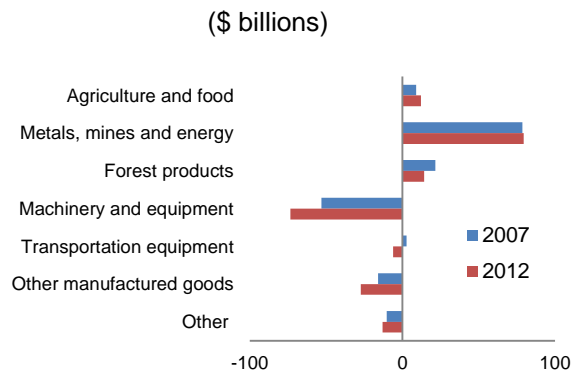


Figure 7

Trade Balance by Product Category



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