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Canadian Trade and Investment Activity: Canada–France

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Michael Holden

International Affairs, Trade and Finance Division
Parliamentary Information and Research Service

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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.

Merchandise Trade

France is among Canada's leading trading partners in the world. In 2009, Canada's bilateral merchandise trade with France totalled \$8.3 billion, consisting of \$2.7 billion in Canadian exports to, and \$5.6 billion in imports from, France.

France was Canada's fourth-largest export destination in the European Union (EU) in 2009 and the ninth-largest worldwide. It was also Canada's third-largest source of imports from the EU and the eighth-largest worldwide.

Notwithstanding the decrease in 2009, Canadian exports to France have grown steadily since the late 1990s. By contrast, there was very little growth in imports from France throughout much of the 2000s.

Quebec is the source of much of Canada's trade with France. In 2009, Quebec exports to France were \$1.3 billion. Ontario was the next largest provincial exporter, with total shipments of \$878 million to France in that year.

Manitoba has been Canada's fastest-growing provincial exporter to France in recent years; export growth has averaged 12% per year since 2004. Nunavut has also seen a considerable increase in trade with France since 2004.

Figure 1

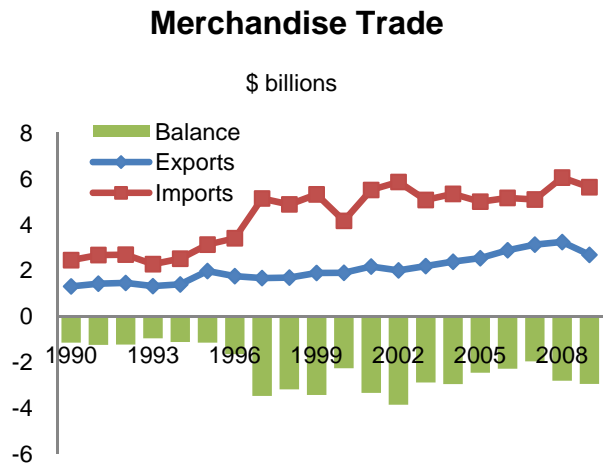


Figure 2

Importance to Canada

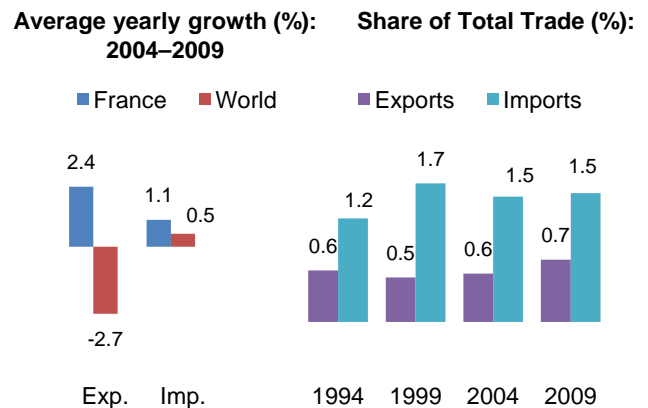
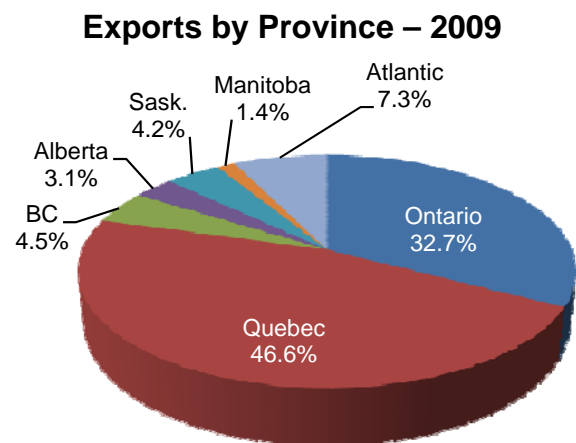


Figure 3



All figures were prepared by the author using annual data from Statistics Canada.

The merchandise trade data are customs-based; the services trade and foreign direct investment data are balance of payments-based.

Products

Manufactured goods account for most of the trade between Canada and France. In 2009, manufactured goods made up two-thirds of Canada's total exports to France and 73% of French exports to Canada. Moreover, the two countries export many similar products to each other: engines, aircraft parts, vaccines and medications.

Canada has seen strong growth in exports of machinery and equipment as well as metal ores to France in recent years. In particular, exports of turbo-jets and turbo-props as well as iron ores have risen considerably since 2004. Some of Canada's other major export products to France include aircraft parts, vaccines and uranium.

Medications are Canada's largest import from France, accounting for \$1.1 billion of Canada's total imports from France in 2009. Imports of pharmaceutical products in 2009 were double their levels of five years earlier. Other major imports from France include wine, aircraft parts, vaccines and beauty products.

Canada is a net importer in most major product categories. The one exception is forest products, where two-way trade is about balanced.

Figure 4

Major Export Products

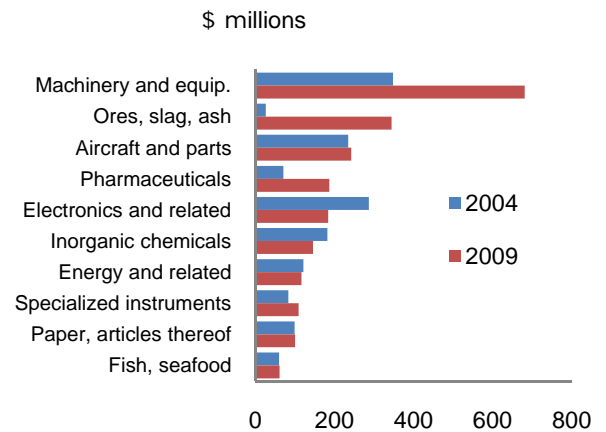


Figure 5

Major Import Products

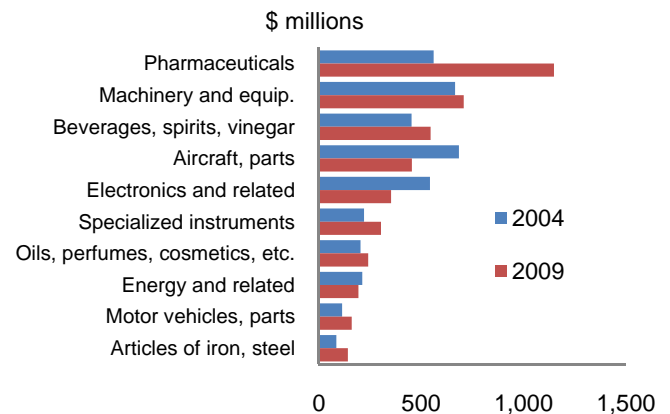
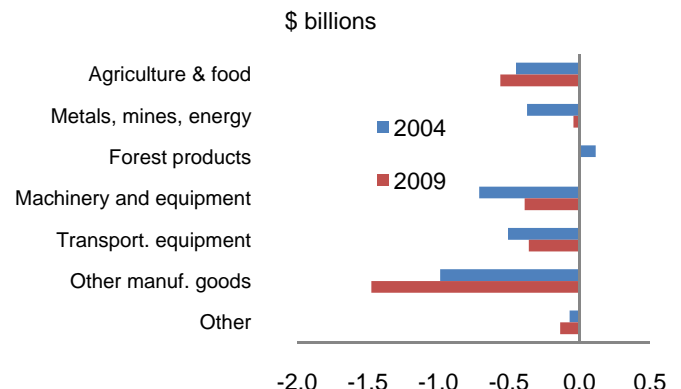


Figure 6

Balance by Category



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Services and Investment

France is a major services trade partner for Canada. In 2007, the most recent year for which data are available, Canadian services exports to France totalled \$1.6 billion, while services imports were \$2.4 billion. France was Canada's third-largest trading partner in services in the EU, behind the United Kingdom and Germany.

The decline in Canadian services exports to France in 2007 was largely the result of a drop in commercial services exports in that year.

Canadian travel to France has increased considerably in recent years. Imports of French travel services doubled between 2001 and 2007, resulting in a relatively large trade deficit in travel services for Canada.

France is a major source of, and destination for, foreign direct investment (FDI) for Canada. The stock of Canadian FDI in France was \$15.9 billion in 2009, making it the seventh-largest destination for Canadian FDI that year and the third-largest in Europe. French investment in Canada was \$18.2 billion in 2009, making it Canada's fifth-largest source of FDI worldwide and the third-largest source in Europe.

The surge in French FDI in Canada in 2000 was the result of the acquisitions of Newbridge and the Seagram Company by French interests in that year.

Figure 7

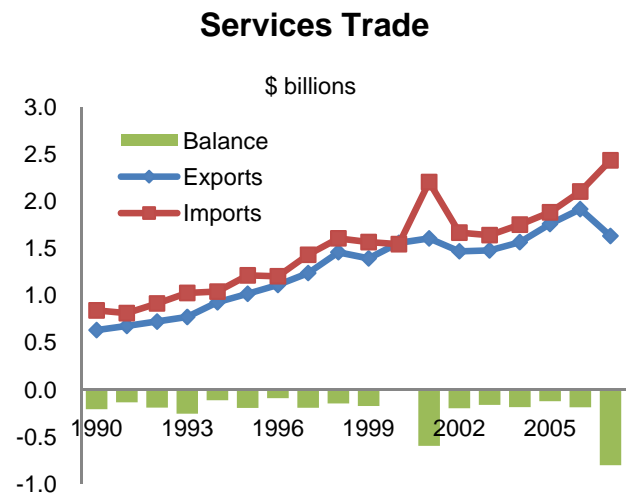


Figure 8

Services Trade by Type – 2007

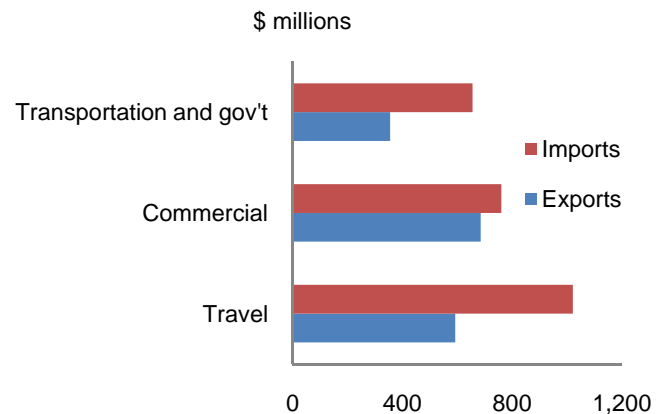
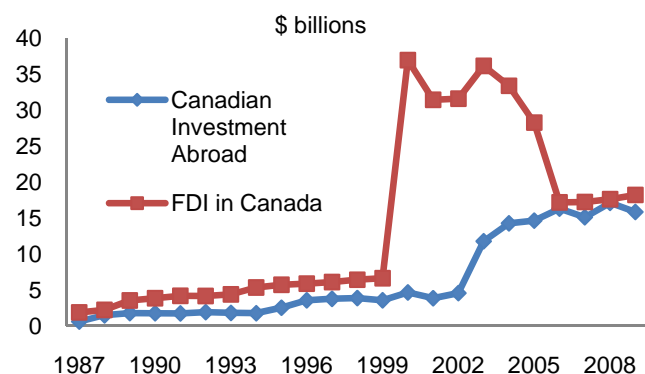


Figure 9

Foreign Direct Investment



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