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Canadian Trade and Investment Activity: Canada–Italy

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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

Italy is among Canada's leading trading partners in the European Union (EU). In 2009, Canada's bilateral merchandise trade with Italy totalled \$6.2 billion, consisting of \$1.8 billion in Canadian exports to, and \$4.4 billion in imports from, Italy.

Italy was Canada's 12th-largest export destination in the world in 2009 and the sixth-largest in the EU. It was also Canada's ninth-largest source of imports in that year and the fourth-largest source from the EU.

There has been relatively little growth in Canada-Italy trade in recent years. While exports and imports both grew modestly throughout the 2000s, those gains were largely offset by the decrease in Canada-Italy trade resulting from the global financial and economic crisis in 2008-2009. Canadian exports to Italy in 2009 were at about the same level as in 2000 while imports from Italy in 2009 were at 2002 levels.

Quebec is the largest provincial exporter to Italy, followed by Ontario and British Columbia. In 2009, Quebec exports to Italy were \$524 million while exports from Ontario and BC totalled \$386 million and \$345 million respectively.

Saskatchewan has been Canada's fastest-growing provincial exporter to Italy in recent years.

Figure 1

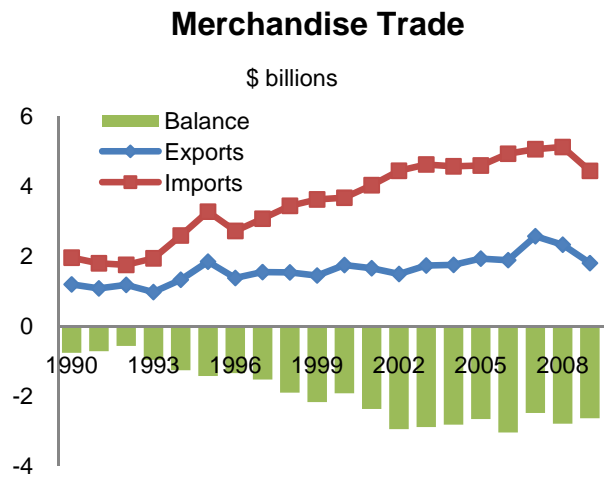


Figure 2

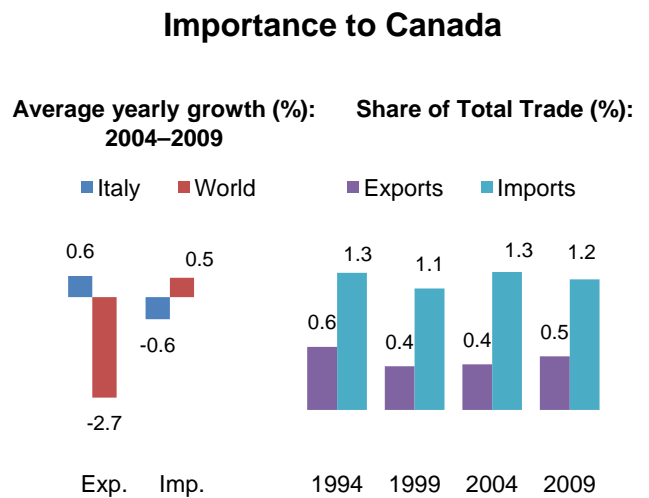
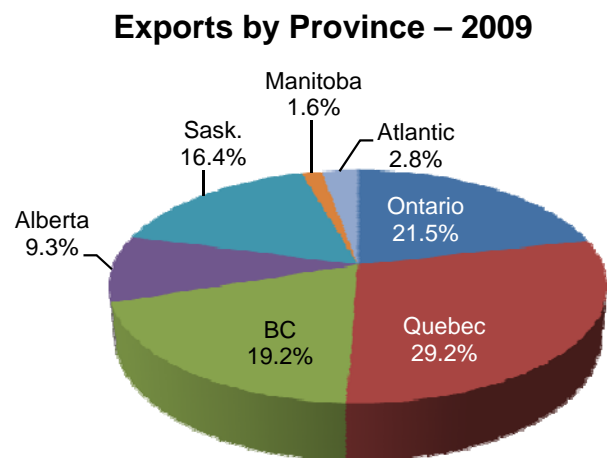


Figure 3



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

Resource-based goods account for most of Canada's exports to Italy, making up 62% of total exports in 2009. Canada's largest exports to Italy in that year included wheat, gas turbines, wood pulp and coal.

Agricultural products have been among Canada's fastest-growing exports to Italy in recent years. In particular, exports of wheat and soy beans have increased considerably over the past ten years.

By contrast, forest products, once Canada's largest exports to Italy, have fallen significantly. The value of pulp exports in 2009 was less than one-half of its 1999 value, while lumber exports were down more than 75% over the decade.

Manufactured goods make up most of Canada's imports from Italy – 72% of the total in 2009. However, many of Canada's largest import products are resource-based goods or are related to the production of those goods. Wines, medications, taps/valves, olive oil, liquid pumps, and motor vehicles and vehicle parts were among Canada's leading import products in 2009.

Canada is a net importer in most major product categories. The one exception is forest products, where Canada is a modest net exporter.

Figure 4

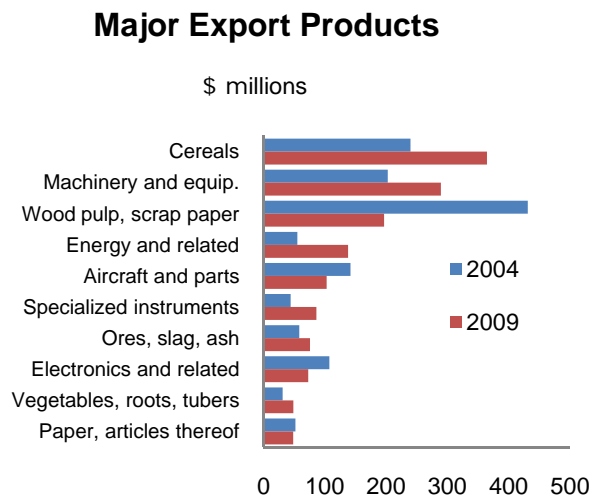


Figure 5

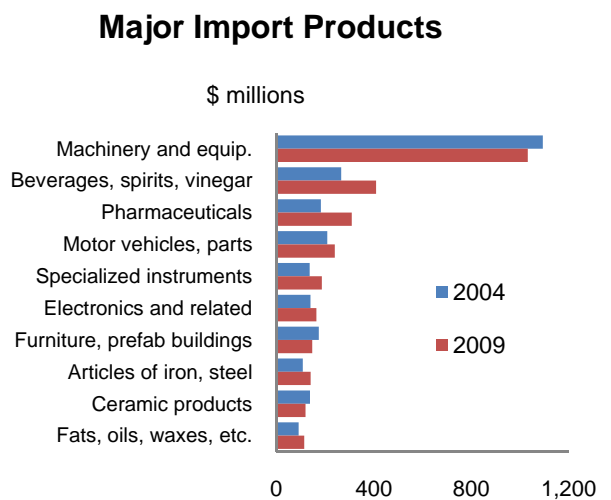
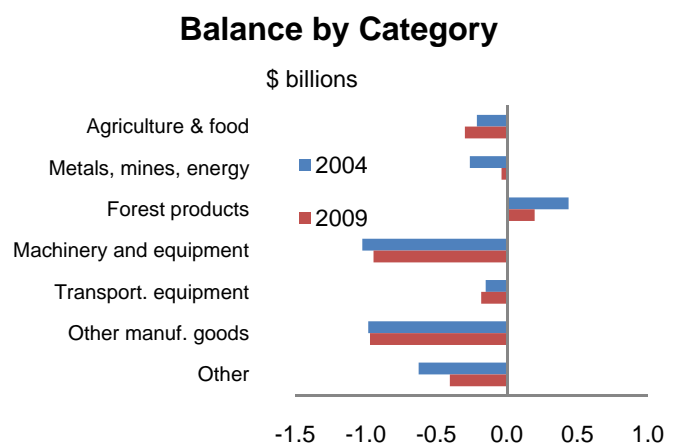


Figure 6



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.

Services and Investment

Italy is not a major services trade partner for Canada. In 2007, the most recent year for which data are available, Canadian services exports to Italy totalled \$400 million, while services imports were \$859 million.

While services imports from Italy have doubled since the late 1990s, services exports have been stagnant. Exports in 2007 were the same level as in 2000, as an increase in Canadian exports of commercial services was offset by declines in exports of travel services as well as transportation and government services.

Travel services accounted for almost all of Canada's \$459-million bilateral services trade deficit with Italy in 2007. Canada is a longstanding net importer of travel services from Italy, owing to Italy's popularity as a tourist destination.

Canada and Italy are not significant mutual sources of foreign direct investment (FDI). The stock of Canadian FDI in Italy was \$813 million in 2009, one-half the value of Canadian investment in 2004 and well below the peak of \$4.9 billion in 2001.

The stock of Italian FDI in Canada was valued at \$1.1 billion in 2009 and is largely unchanged since 2005.

Figure 7

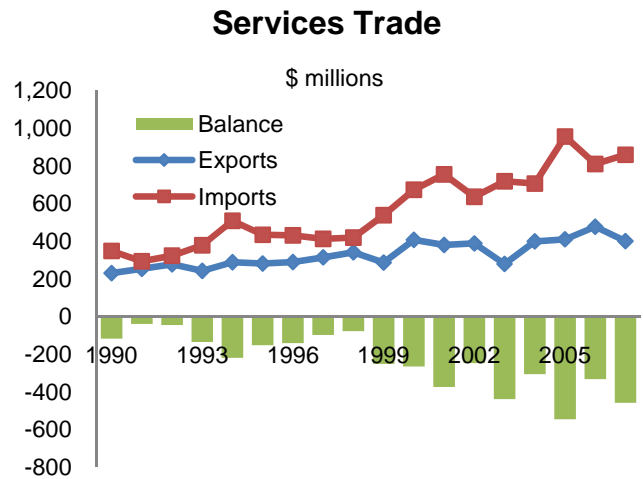


Figure 8

Services Trade by Type – 2007

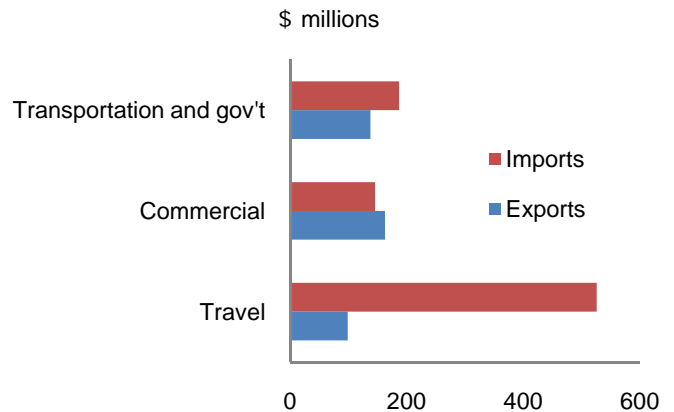


Figure 9

Foreign Direct Investment

