



LIBRARY of PARLIAMENT
BIBLIOTHÈQUE du PARLEMENT

TRADE AND INVESTMENT



Canadian Trade and Investment Activity: Canada–China

**Publication No. 2010-41-E
22 July 2010**

Michael Holden

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

***Canadian Trade and Investment Activity:
Canada–China***
(Trade and Investment Series)

HTML and PDF versions of this publication are available on Intraparl
(the parliamentary intranet) and on the Parliament of Canada website.

Ce document est également publié en français.

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

China is one of Canada's largest and fastest-growing trading partners in the world. In 2009, bilateral merchandise trade with China totalled \$50.8 billion, consisting of \$11.2 billion in Canadian exports to, and \$39.6 billion in imports from, China.

China was Canada's largest export destination in Asia in 2009 and third-largest in the world, behind the United States and the United Kingdom. China was also Canada's largest source of imports in Asia and the second-largest source of imports worldwide in that year.

The Canada-China trade relationship has stood up well during the global financial and economic crisis. In 2009, Canada's global exports were 26% below 2008 levels and imports were 16% lower. By comparison, Canadian imports from China fell by 7%, and exports to China were 7% higher in 2009 than in 2008. China is the only one of Canada's top export destinations to have had positive trade growth in 2009.

At the provincial level, Alberta and British Columbia are the largest exporters to China, followed by Ontario and Saskatchewan. In 2009, Alberta exported \$2.7 billion in goods to China while BC exports totalled \$2.6 billion.

Newfoundland and Labrador and Manitoba have seen the fastest growth in exports to China in recent years.

Figure 1

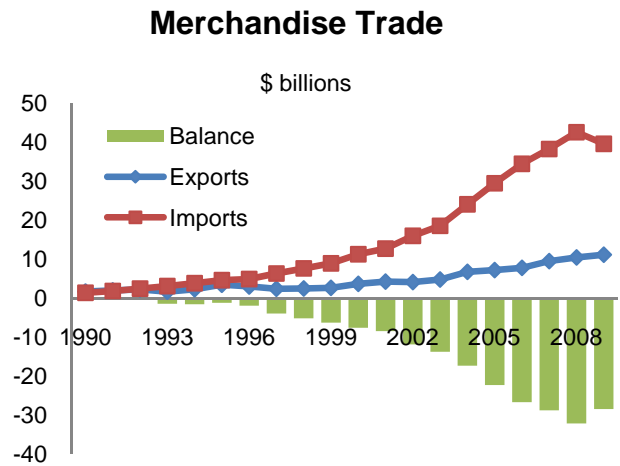


Figure 2

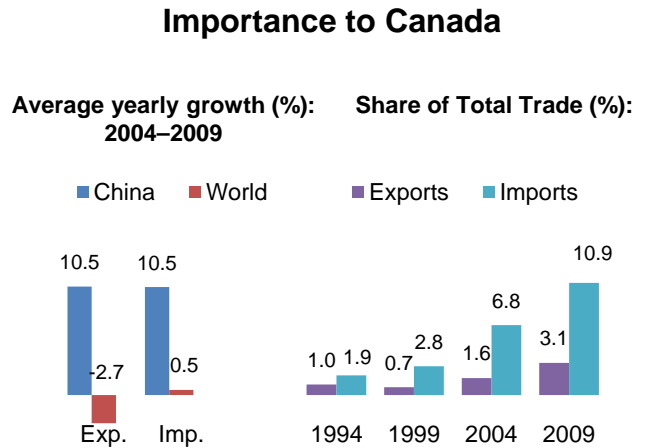
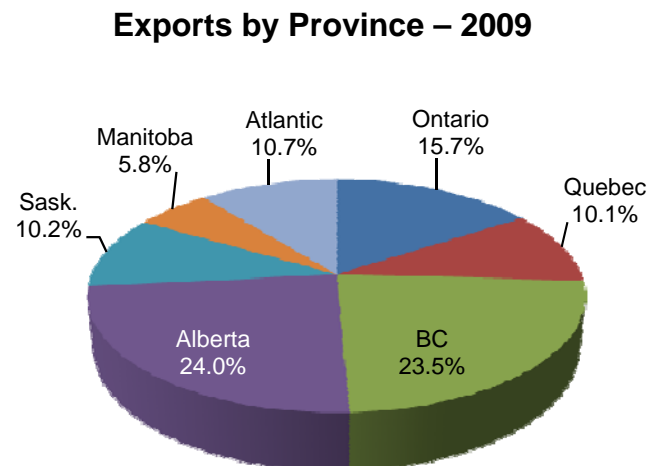


Figure 3



Products

Nearly three-quarters of Canadian exports to China were of resource-based goods in 2009, up from 56% five years earlier. In 2009, exports of resource-based goods totalled \$8.3 billion, while exports of manufactured and other goods totalled \$2.8 billion.

Canada's largest export products to China in 2009 were canola seeds, wood pulp, coal and nickel. Canola seeds and iron ore products are Canada's fastest-growing major export products to China. Canola seed exports have risen by a factor of 13 since 2004.

Imports from China follow the opposite pattern. Manufactured goods, including clothing and textiles, accounted for 87% (\$34.3 billion) of imports from China in 2009.

In terms of individual products, Canada's leading import from China in 2009 was laptop computers, followed by console games, children's toys and cellular telephones. Canada's fastest-growing major imports from China include televisions and computer monitors, console games and telecommunications equipment.

Trade between Canada and China is becoming increasingly specialized. Canada is a small, but growing, net exporter of resource-based goods to China. For its part, China holds a considerable, and growing, trade surplus with Canada in manufactured goods.

Figure 4

Major Export Products

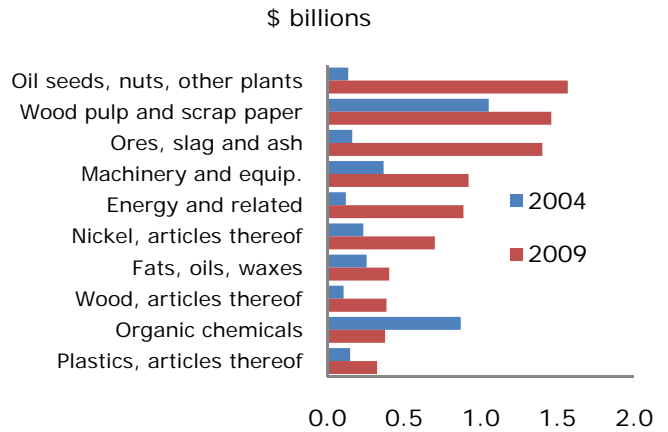


Figure 5

Major Import Products

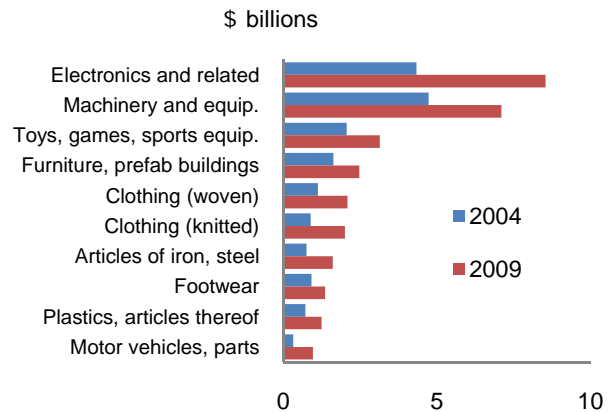
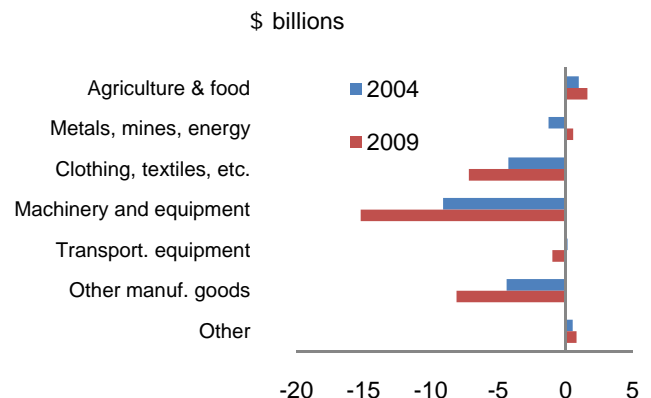


Figure 6

Balance by Category



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

The value of services trade between Canada and China is small relative to the value of merchandise trade between the two countries. In 2007, the most recent year for which data are available, Canadian services exports to China totalled \$1.1 billion, the same value as services imports from that country.

Based on 2007 data, Canada had a small trade surplus in travel services and in commercial services, and a small trade deficit in transportation and government services that year.

Canadian exports of travel services to China are expected to increase significantly in the near future. In 2009, Canada received Approved Destination Status from the Chinese government, making it easier for Chinese nationals to visit Canada.

Foreign Direct Investment (FDI) between Canada and China has grown significantly in recent years. Canadian direct investment in China reached \$3.3 billion in 2009, making it the 21st largest foreign destination for Canadian investors.

The total value of Chinese investment in Canada was higher in 2009, at \$8.9 billion. China is the 10th largest source of FDI in Canada. Chinese investment in Canada has increased considerably in recent years, with the acquisition of several energy and mining interests.

Figure 7

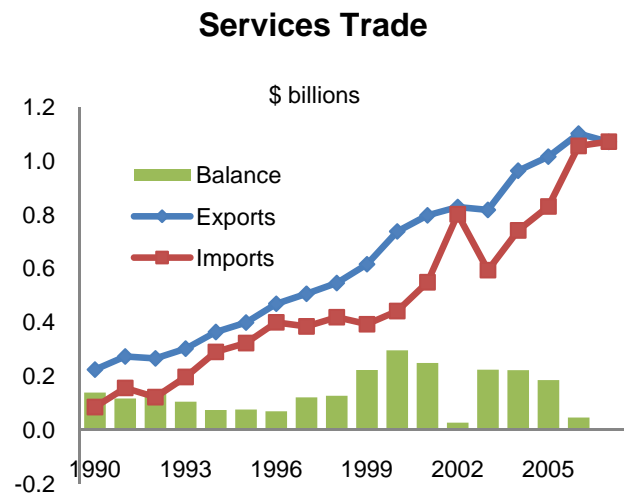


Figure 8

Services Trade by Type – 2007

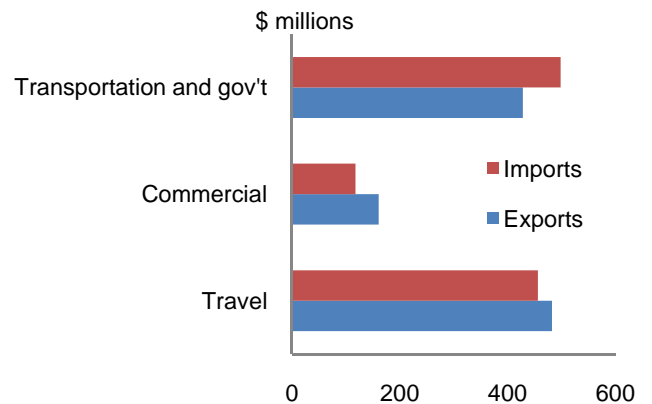


Figure 9

