



LIBRARY of PARLIAMENT  
BIBLIOTHÈQUE du PARLEMENT

## TRADE AND INVESTMENT



# ***Canadian Trade and Investment Activity: Canada–Brazil***

**Publication No. 2010-46-E  
22 July 2010**

**Michael Holden**

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

***Canadian Trade and Investment Activity:  
Canada–Brazil***  
**(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

Although the total value of two-way trade is not large, Brazil is one of Canada's most important trading partners in the Americas. In 2009, Canada's bilateral merchandise trade with Brazil totalled \$4.2 billion, consisting of \$1.6 billion in Canadian exports to, and \$2.6 billion in imports from, Brazil.

Brazil is Canada's second-largest export destination in Latin America (behind Mexico) and Canada's 15<sup>th</sup>-largest export destination worldwide. Brazil is Canada's third-largest source of imports in Latin America and 16<sup>th</sup>-largest source of imports worldwide.

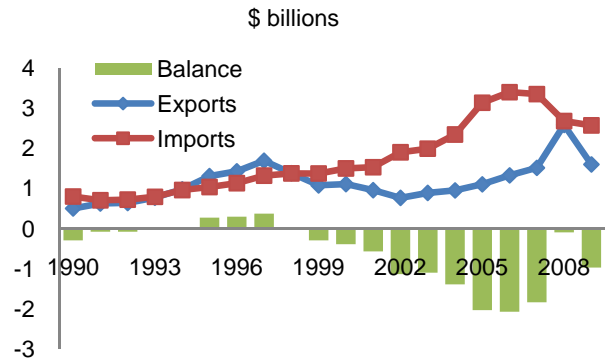
Canada's trade relationship with Brazil is expanding. Since 2004, Canada's trade with Brazil has grown more rapidly than its trade worldwide, especially in respect of exports. Notwithstanding the recession-induced decline in trade in 2009, exports to Brazil have grown by nearly 11% per year over the past five years (2004-2009).

At the provincial level, Quebec is the largest exporter to Brazil, followed by Ontario and British Columbia. In 2009, Quebec exported \$498 million in goods to Brazil compared to \$369 million for Ontario and \$254 million for BC.

Prince Edward Island and Manitoba have seen the fastest growth in exports to Brazil over the past five years. From 2004 to 2009, average export growth from PEI was 57% per year, and from Manitoba was 32% annually.

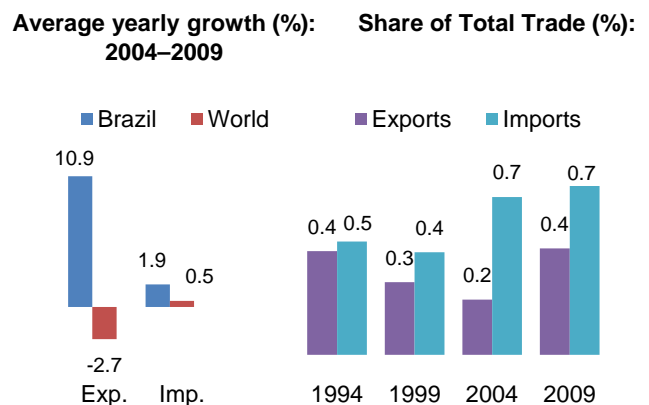
## Figure 1

Merchandise Trade



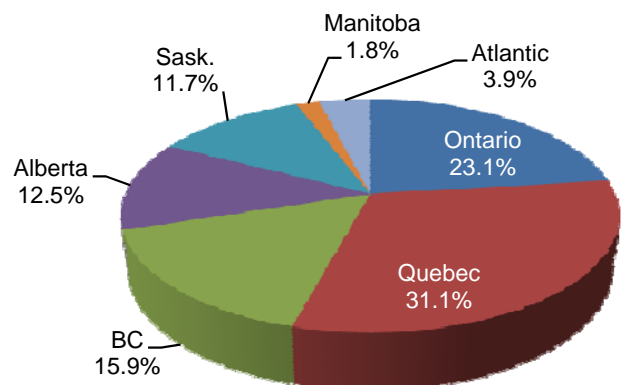
## Figure 2

Importance to Canada



## Figure 3

Exports by Province – 2009



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 made up about 60% of Canadian exports to Brazil in 2009, while resource-based goods accounted for the remaining 40%.

Although most Canadian exports to Brazil are in manufactured goods, many of its largest export products are from resource-based industries. Canada's largest export to Brazil in 2009 was coal, followed by newsprint, potash and wheat.

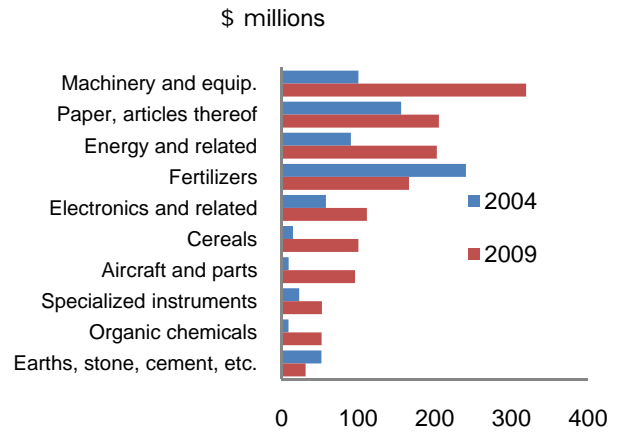
Imports from Brazil are nearly evenly divided between manufactured products and resource-based goods. While Canadian resource-based exports to Brazil are mostly in mines, metals and energy, its resource-based imports are largely in agricultural products. In terms of individual products, Canada's leading import from Brazil in 2009 was aluminum oxides, followed by raw cane sugar, vehicle parts, coffee, gold and orange juice.

Canada is a net exporter of machinery and equipment to Brazil. It has also become a large net exporter of extractive-industry products and a net exporter of forest products.

Canada's trade deficit in agricultural goods with Brazil is widening as that country continues to develop its natural advantage in agricultural production.

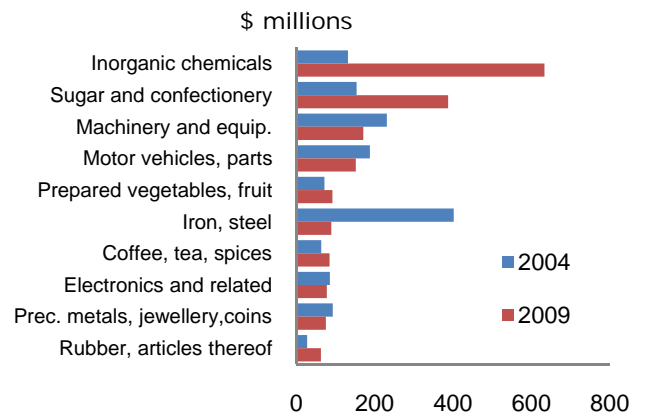
## Figure 4

**Major Export Products**



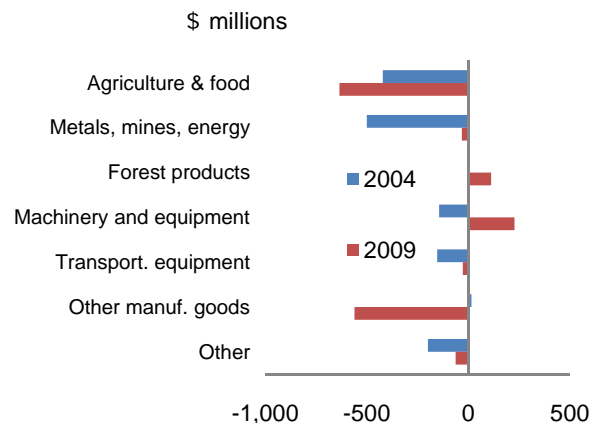
## Figure 5

**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

Canada is a net exporter of services to Brazil. In 2007, the most recent year for which data are available, Canadian services exports totalled \$305 million, while services imports were valued at \$171 million. Services exports have declined steadily since the late 1990s, while imports have remained largely unchanged.

Canada has a large surplus in travel services trade with Brazil. In 2007, Brazilians purchased \$129 million in Canadian travel services while Canadians spent \$31 million in Brazil. Canada also provides Brazil with more commercial services and transportation/government services than it receives in return.

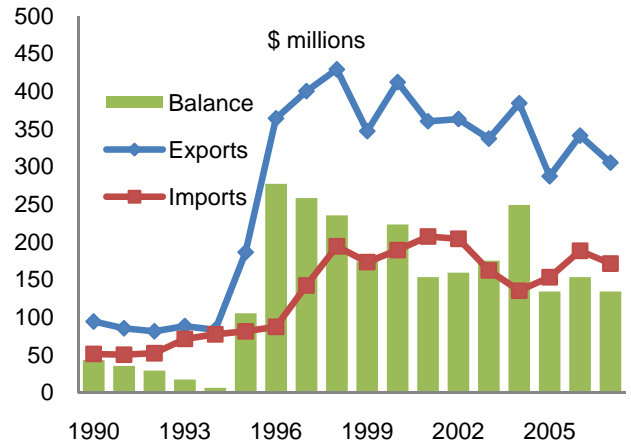
Canada and Brazil are major sources of mutual foreign direct investment (FDI). Canadian direct investment in Brazil reached \$11.4 billion in 2009, making it the 11<sup>th</sup>-largest international destination for Canadian investors.

The total value of Brazilian investment in Canada was even larger, at \$14.8 billion in 2009. Brazil was the sixth-largest source of FDI in Canada that year.

The surge in Brazilian FDI in Canada in 2006 is related to the purchase of Inco by Brazilian mining company Vale (formerly CVRD).

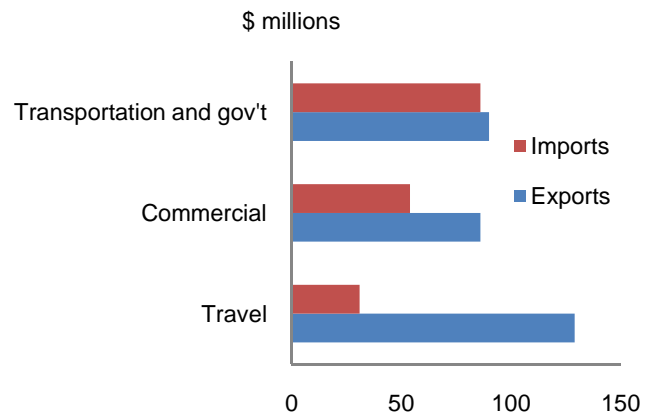
## Figure 7

Services Trade



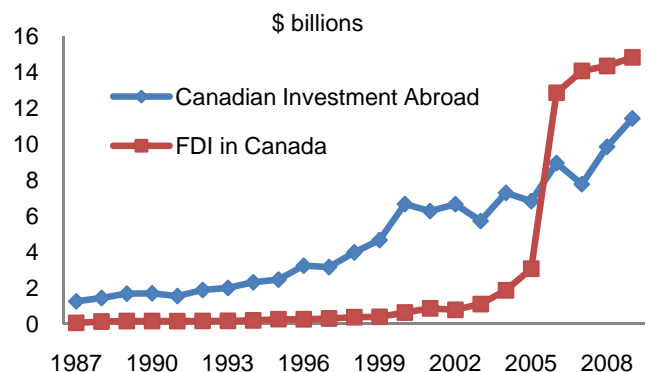
## Figure 8

Services Trade by Type – 2007



## Figure 9

Foreign Direct Investment



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.