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## TRADE AND INVESTMENT



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

**Publication No. 2010-47-E  
22 July 2010**

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

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*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

In 2009, Canada's bilateral merchandise trade with Chile totalled \$2.4 billion, consisting of \$644 million in Canadian exports to, and just over \$1.7 billion in imports from, Chile. Canada's trade with Chile, especially in respect of imports, has grown considerably since the two countries implemented a bilateral free trade agreement in 1997.

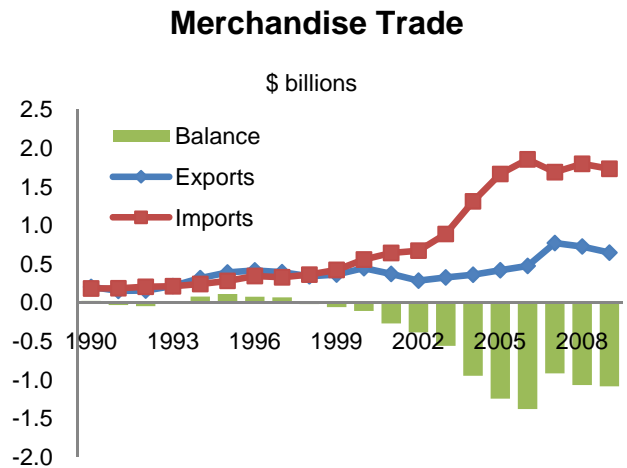
In 2009, Chile was Canada's third-largest export destination in Latin America (behind Mexico and Brazil) and was Canada's 27<sup>th</sup>-largest export destination worldwide. Chile was Canada's fourth-largest source of imports in Latin America and its 23<sup>th</sup>-largest source of imports worldwide.

Since 2004, Canada's trade with Chile has grown more rapidly than its trade worldwide, especially in respect of exports. Moreover, while trade levels declined in 2009 because of the global recession, the decrease in trade with Chile was less than the decrease in Canada's overall trade.

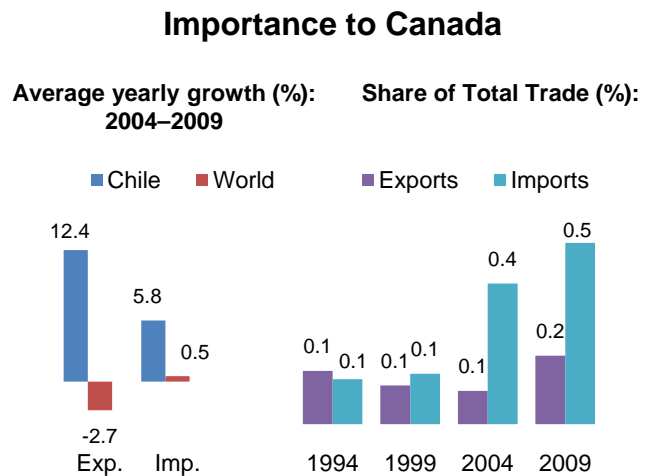
At the provincial level, exports to Chile are well-distributed across the four largest provinces. Exports from Ontario, BC, Quebec and Alberta were worth between \$116 and \$137 million each in 2009.

PEI, Alberta and BC have been the fastest-growing provincial exporters to Chile since 2004.

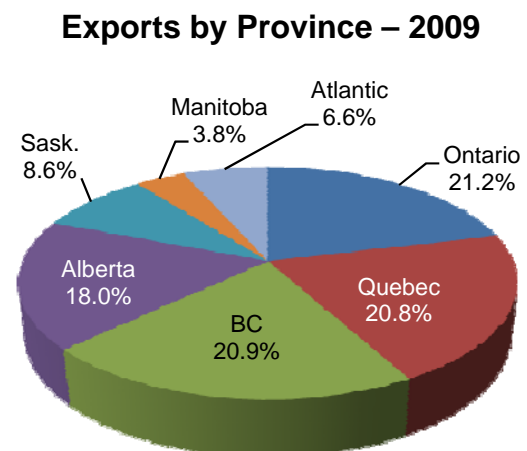
## Figure 1



## 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

In general, Canadian exports to Chile are evenly divided between resource-based goods and manufactured products; each category makes up about one-half of total exports to Chile. However, most of Canada's largest export products are from resource-based industries. Canada's largest export to Chile in 2009 was wheat, followed by coal and refined/crude petroleum.

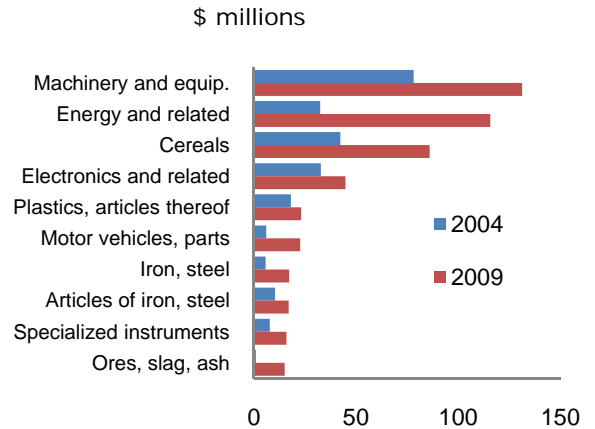
By contrast, imports from Chile are dominated by resource-based goods, which accounted for 94% of total imports in 2009. In particular, Canada is a large importer of mineral products like copper, gold and silver, the result of Canada's strong investment presence in the Chilean mining sector. Canada's other major imports from Chile include fruits (grapes, cranberries, apples, etc.), fish and wines.

Agriculture and food, along with metals and minerals, largely accounted for Canada's overall trade deficit with Chile in 2009. Canada is a large and growing net importer of those products.

In most other product categories, Canada's trade with Chile is approximately in balance. The one exception is in machinery and equipment, where Canada is a small net exporter.

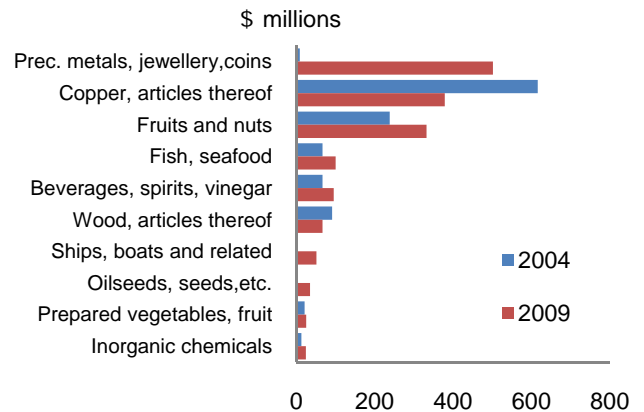
## Figure 4

**Major Export Products**



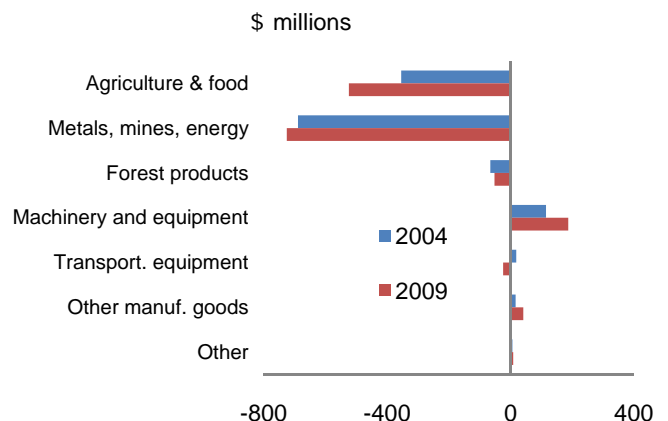
## Figure 5

**Major Import Products**



## Figure 6

**Balance by Category**



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## Services and Investment

In 2007, the most recent year for which data are available, Canadian services exports to Chile totalled \$89 million, while services imports were valued at \$63 million. Chile accounts for about 10% of Canada's total services exports to South America and about 12% of its services imports from the region.

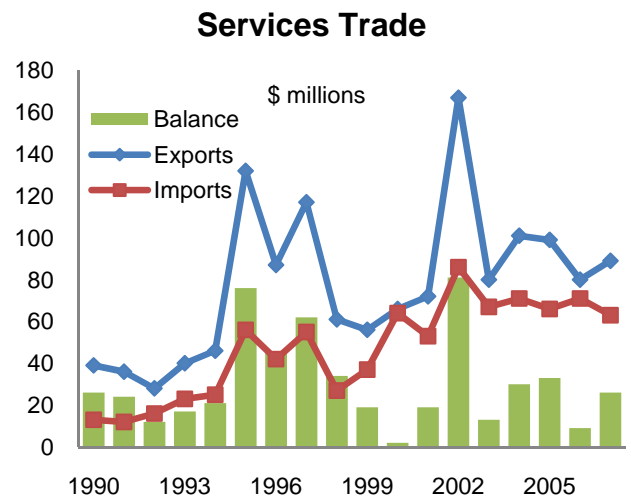
Owing in part to the strong presence of Canadian financial companies in the country, Canada has a large surplus in commercial services trade with Chile. In 2007, Chileans purchased \$50 million in Canadian commercial services while Canadians bought \$9 million in commercial services from Chile. Canada has a small trade deficit in travel services and in transportation and government services.

Canada is a major source of foreign direct investment (FDI) for Chile. The total stock of Canadian direct investment in Chile was worth \$8.3 billion in 2009, making it the 14<sup>th</sup>-largest international destination for Canadian investors and the second most important in South America.

Mining and exploration companies account for a significant share of Canada's total FDI in Chile. These companies export minerals and metals to Canada for processing, explaining Canada's large trade deficit with Chile.

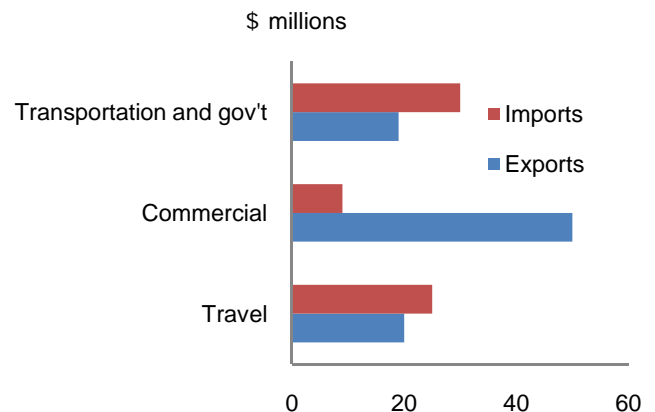
Data are not available on Chilean investment in Canada.

### Figure 7



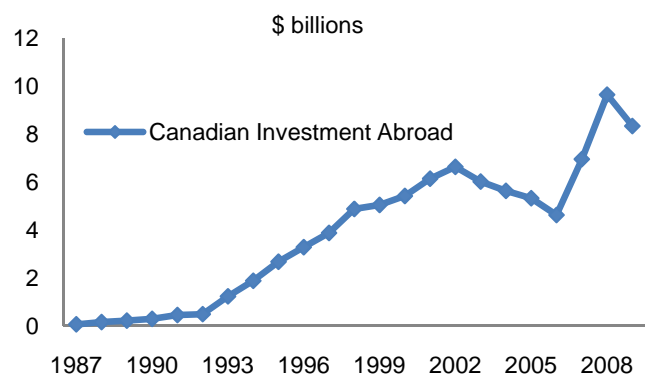
### Figure 8

## Services Trade by Type – 2007



### Figure 9

## Foreign Direct Investment



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