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Canadian Trade and Investment Activity: Canada–Peru

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***Canadian Trade and Investment Activity:
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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

Because of a surge in imports since 2004, Peru has become one of Canada's most important trading partners in the Americas. In 2009, Canada's bilateral merchandise trade with Peru totalled \$3.3 billion, consisting of \$429 million in Canadian exports to, and \$2.9 billion in imports from, Peru.

Peru is not a major export destination for Canada. It is Canada's sixth-largest export destination in Latin America and Canada's 38th-largest export destination. In respect of imports, however, Peru is Canada's second-largest source of imports in Latin America, behind Mexico, and is the 15th-largest source of imports worldwide.

Since 2004, the value of Canada's trade with Peru has soared, both in terms of exports and, especially, imports. Even in 2009, when the global recession caused Canada's worldwide trade to fall, Canada's total exports to Peru rose by 13%, and imports from that country grew by 17%.

At the provincial level, Saskatchewan and Alberta are the largest exporters to Peru. In 2009, Saskatchewan exported \$118 million in goods to Peru compared to \$116 million for Alberta.

Nova Scotia and Manitoba have seen the fastest growth in exports to Peru over the past five years. From 2004 to 2009, average export growth from Nova Scotia was 45% per year, and from Manitoba was 23% annually.

Figure 1

Merchandise Trade

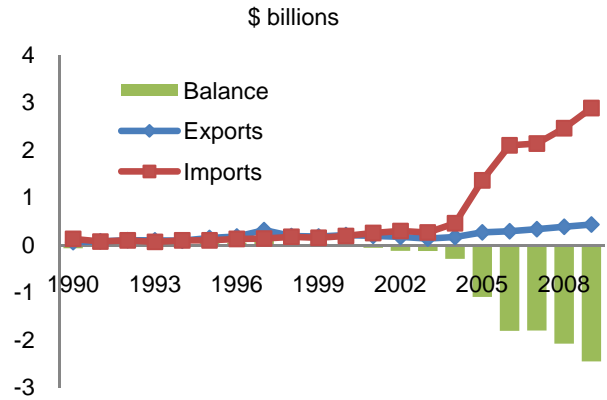


Figure 2

Importance to Canada

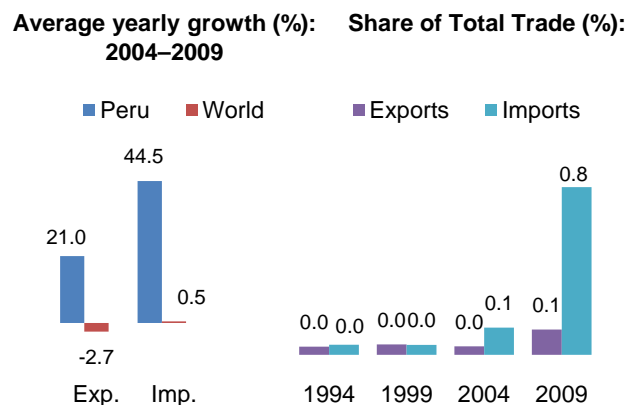
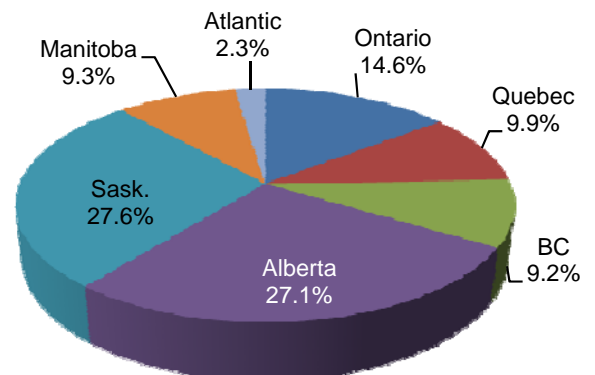


Figure 3

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

Canadian exports to Peru are largely comprised of resource-based goods, which made up about two-thirds of the value of total exports in 2009. Wheat (including durum) was Canada's largest export products to Peru and is among the fastest-growing. These commodities accounted for 46% of total exports to Peru in 2009. Other major export products included pulses, newsprint, mobile phones and helicopters.

Imports from Peru are dominated by a single product: gold. Of the \$2.9 billion in imports from Peru in 2009, more than \$2.0 billion was in gold. Gold also accounted for nearly all the surge in Canadian imports from Peru since 2004. That surge was largely due to the increased presence of Canadian mining companies in Peru, which shipped gold to Canada for processing. Other imports from Peru include some petroleum products, silver, copper and other metals.

Because gold dominates Peruvian exports to Canada, it also entirely accounts for Canada's trade deficit with that country. Net imports from Peru in the metals, mines and energy category reached \$2.7 billion in 2009.

Canada was a small net exporter to Peru in nearly all other product categories in 2009.

Figure 4

Major Export Products

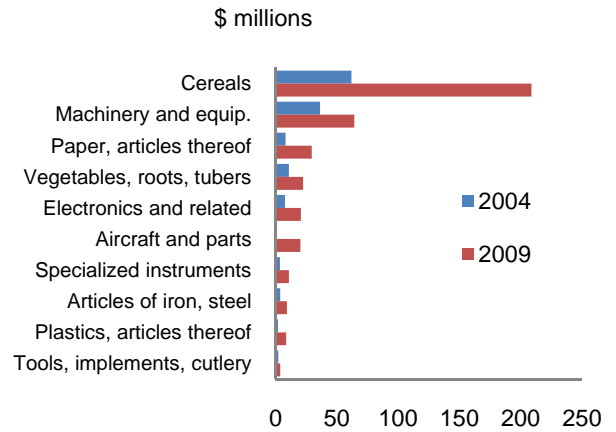


Figure 5

Major Import Products

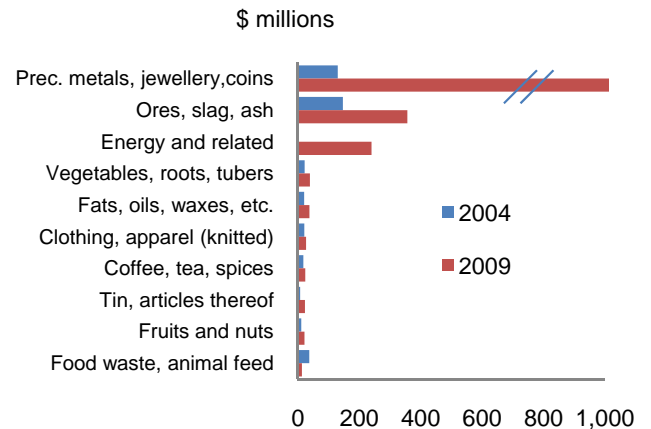
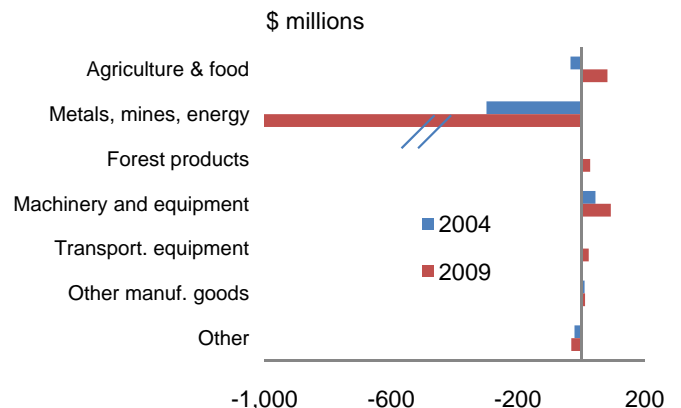


Figure 6

Balance by Category



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Services and Investment

Data on Canadian services trade with Peru are not available. However, based on data for other countries in South America, Peru is not a large trading partner in services for Canada.

In 2007, the most recent year for which data are available, the value of Canada's total services exports to South America was \$932 million, of which \$727 million went to Argentina, Brazil, Chile, Colombia and Venezuela collectively. Peru, Ecuador, Paraguay, Uruguay, Bolivia, Guyana, French Guiana, Suriname and the Falkland Islands (Malvinas) together accounted for the remaining \$205 million.

Canada's total services imports from South America were valued at \$528 million in 2007. Of that total, Argentina, Brazil, Chile, Colombia and Venezuela accounted for \$365 million, meaning that the other South American countries listed above, including Peru, together accounted for the remaining \$163 million.

Canada is a major source of foreign direct investment (FDI) in Peru. The total value of Canadian FDI in Peru was \$2.8 billion in 2009. Mining and related supplier and service companies make up a significant share of Canada's investment presence in that country.

Information on Peruvian investment in Canada is not available.

Figure 7

Services Exports

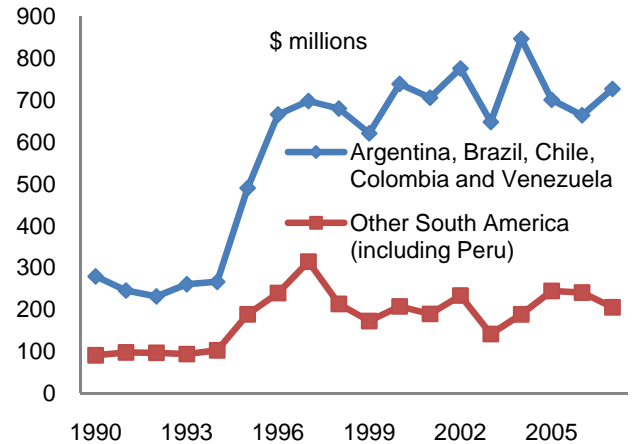


Figure 8

Services Imports

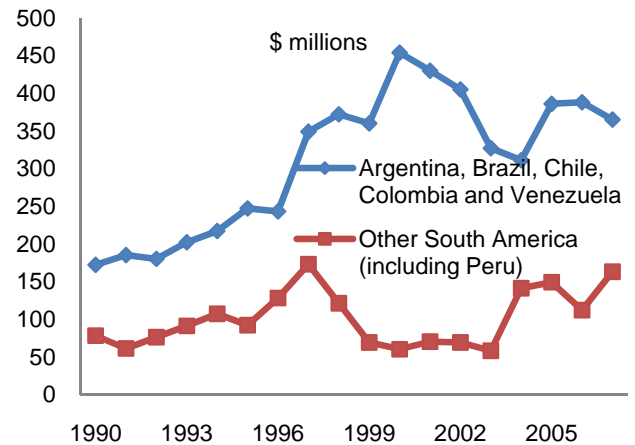
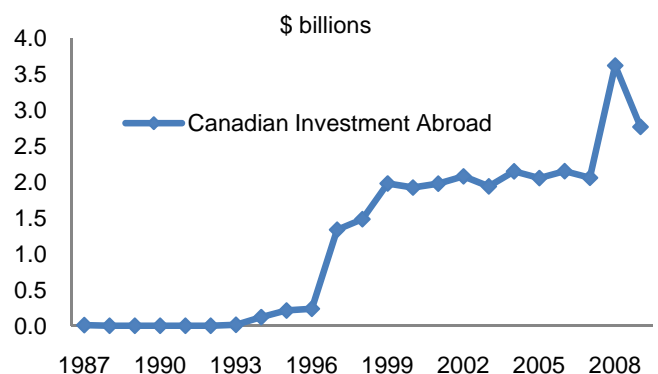


Figure 9

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.