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Canadian Trade and Investment Activity: Canada–Venezuela

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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

In 2009, Canada's bilateral merchandise trade with Venezuela totalled \$1.5 billion, consisting of \$629 million in Canadian exports to, and \$908 million in imports from, Venezuela. Both exports and imports in 2009 were at about the same level as ten years earlier.

Although Venezuela ranks among Canada's largest trading partners in Latin America, it is not a significant export destination, and nor is it a major source of imports for Canada. Venezuela was Canada's fourth-largest export destination in Latin America in 2009, but was Canada's 29th-largest export destination worldwide. It was Canada's fifth-largest source of imports in Latin America that year and was the 38th-largest source of imports worldwide.

At the provincial level, Saskatchewan and Alberta accounted for one-half of Canada's total exports to Venezuela in 2009. That year, Saskatchewan exported \$182 million in goods to Venezuela compared to \$139 million for Alberta.

Nova Scotia and Saskatchewan have seen the fastest growth in exports to Venezuela over the past five years. From 2004 to 2009, average export growth from Nova Scotia was 20% per year, and for Saskatchewan was 11% annually.

Figure 1

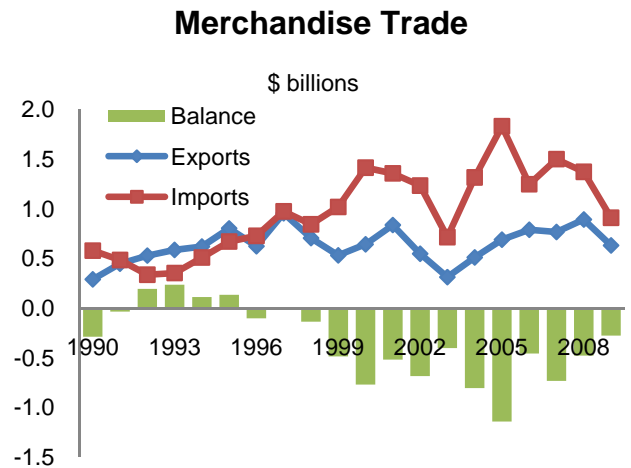


Figure 2

Importance to Canada

Average yearly growth (%): 2004–2009 **Share of Total Trade (%):**

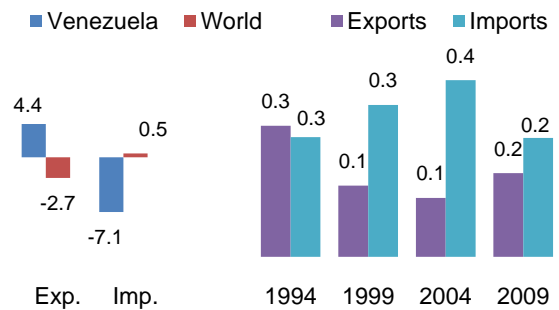
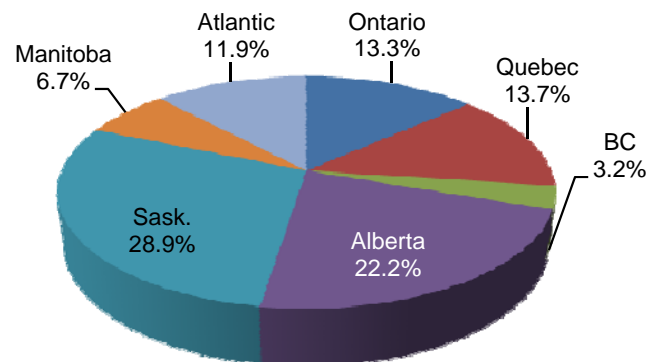


Figure 3

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 Venezuela are largely comprised of grains and other resource-based goods. Resource products accounted for about 80% of the value of Canada's total exports to Venezuela in 2009. In particular, wheat (including durum) and newsprint together made up 60% of Canada's total exports to Venezuela that year. The value of wheat exports has seen strong growth since 2004, while the value of many other export products has fallen. Other significant Canadian exports to Venezuela include potatoes, pulses and vehicle parts.

Imports from Venezuela are dominated by crude oil. In 2009, Canadian oil imports were valued at \$778 million, making up nearly 86% of Canada's total imports from that country. Fluctuations in oil imports account for the volatility in Canada's total imports from Venezuela in recent years.

Because of Canada's significant oil imports from Venezuela, Canada is a large net importer of extractive industry products.

For most other product categories, Canada-Venezuela trade is roughly balanced. The one exception is agriculture and food, where Canada is a growing net exporter to Venezuela.

Figure 4

Major Export Products

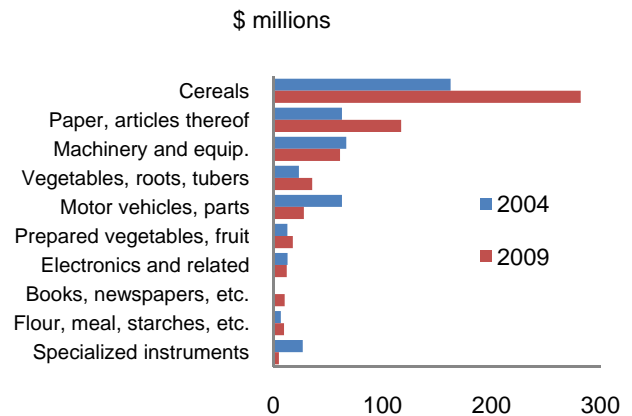


Figure 5

Major Import Products

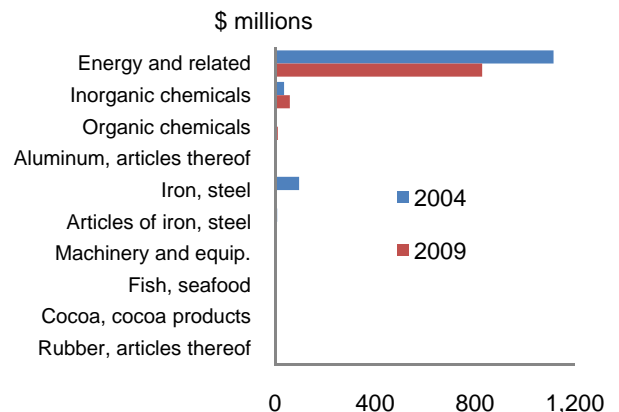
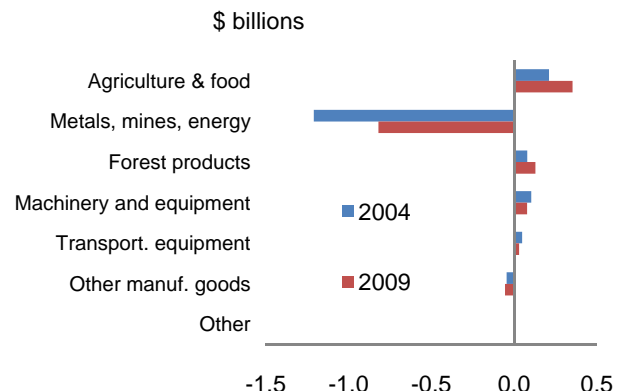


Figure 6

Balance by Category



All figures were prepared by the author using annual data from Statistics Canada.

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Services and Investment

In contrast to its merchandise trade relationship, Canada is a significant net exporter of services to Venezuela. In 2007, the most recent year for which data are available, Canadian services exports totalled \$152 million while services imports were valued at \$38 million. Services exports have grown steadily since the 1990s, while imports have declined since the early 2000s.

Although volatile on a year-to-year basis, commercial services made up the majority – about 62% – of Canada's services exports to Venezuela in 2007. Travel services exports, which have grown steadily since the late 1990s, were valued at \$40 million in 2007, and transportation and government services totalled \$19 million that year.

Venezuela is not a major destination for Canadian direct investment abroad, but foreign direct investment (FDI) from Canada has increased considerably in recent years. In 2009, outbound FDI reached \$1.0 billion, nearly double its 2006 level. Venezuela is the 34th-largest international destination for Canadian investors.

Data on Venezuelan direct investment in Canada are not available.

Figure 7

Services Trade

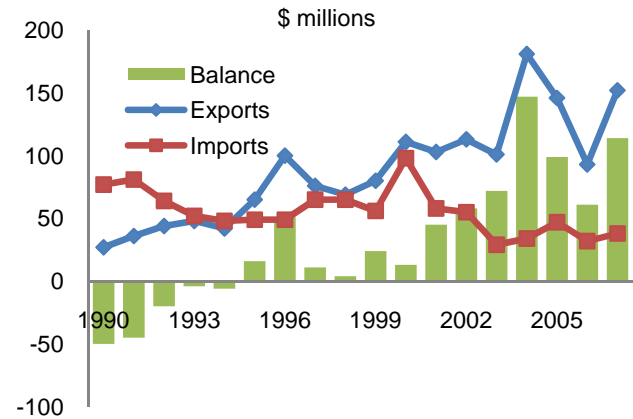


Figure 8

Services Trade by Type – 2007

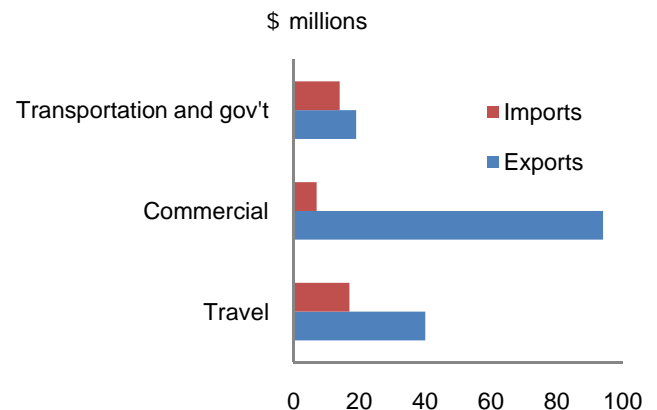


Figure 9

Foreign Direct Investment

