

# TRADE AND INVESTMENT

## CANADA–TRANS-PACIFIC PARTNERSHIP COUNTRIES



### REGIONAL PROFILE

#### Trans-Pacific Partnership (TPP) Countries' Economy

- Gross domestic product (GDP) at purchasing power parity (PPP): US\$28.4 trillion (2013)
- GDP per capita at PPP: US\$35,400 (2013)
- Population: 802.1 million (2013)

#### Notable Trade and Investment Agreements between Canada and TPP Countries

- *North American Free Trade Agreement* (1994), with Mexico and the United States
- Free trade agreements with Chile (1997) and Peru (2009)
- Foreign investment promotion and protection agreements with Peru (2007) and Vietnam (under negotiation)

### NOTES

The Library of Parliament Trade and Investment series provides information on Canada's trade and investment relationship with the world and with selected countries. It also describes the trade relationship of each of Canada's 10 provinces and three territories with the world.

All figures were prepared using Statistics Canada data available in summer 2015.

To see the data tables used to generate the figures, view the HTML version of this paper at [Trade and Investment Series 2014](#). Detailed economic and population data on TPP countries are provided at the end of this paper.

The merchandise trade data are customs-based; the services trade data and foreign direct investment data are balance of payments-based. Services trade data do not include Brunei Darussalam and Peru, as data for Canada's services trade with these countries are not available for 2014.

Numbers in this paper have been rounded.

Definitions appear at the end of this paper.

All dollar amounts are in Canadian dollars unless otherwise noted.

The five most highly valued merchandise export and import categories have been identified based on 2014 values.

Data on Canadian foreign direct investment stocks do not include Brunei Darussalam and Vietnam, as data for these countries are not available. Data on foreign direct investment stocks in Canada do not include Brunei Darussalam, Chile, Malaysia, New Zealand, Peru and Vietnam, as data for these countries are not available for 2014.

Alexandre Gauthier  
Pascal Tremblay

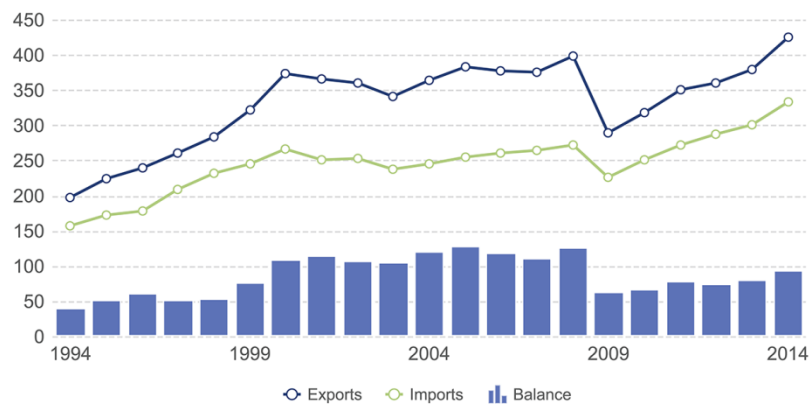
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## CANADA'S MERCHANDISE TRADE WITH TPP COUNTRIES

### Merchandise Trade

(\$ billions)

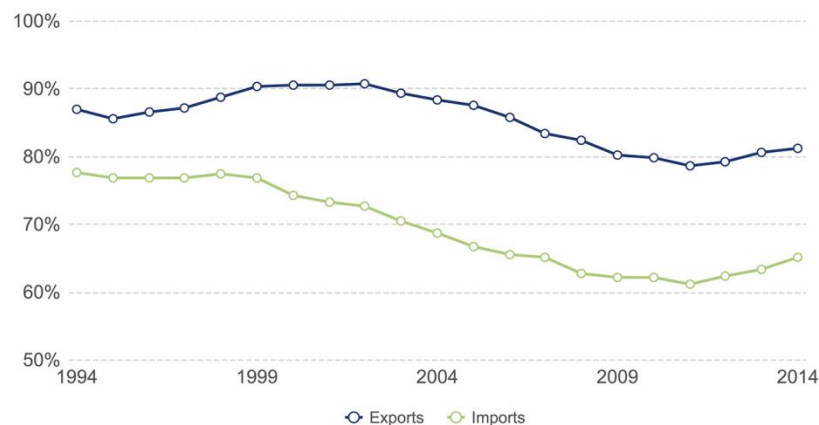


Total merchandise trade between Canada and TPP countries in 2014: \$759.4 billion

- Exports: \$426.0 billion, a 12.2% increase over 2013
- Imports: \$333.4 billion, a 10.8% increase over 2013

Trade surplus in 2014: \$92.6 billion, an increase from \$78.7 billion in 2013

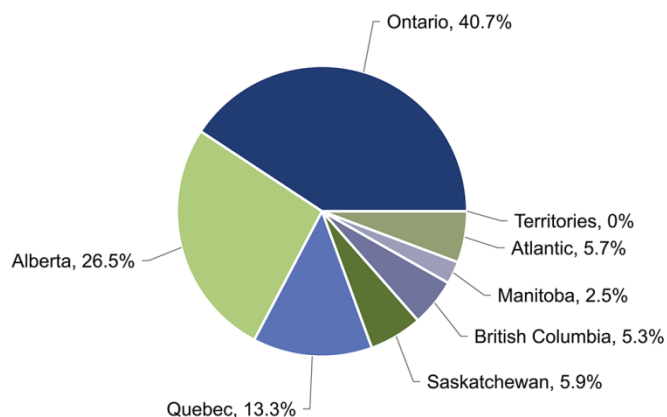
### Share of the Total Value of Canadian Trade



Exports to TPP countries in 2014: 81.1% of the total value of Canadian exports, an increase from 80.5% in 2013

Imports from TPP countries in 2014: 65.2% of the total value of Canadian imports, an increase from 63.3% in 2013

### Share of Canada's Total Exports by Province/Territory



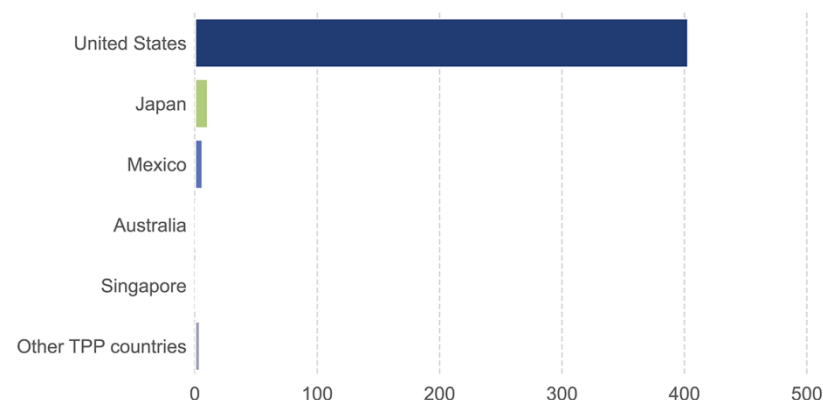
Highest-valued exporters to TPP countries in 2014:

- Ontario – \$173.5 billion, an increase from \$157.4 billion in 2013
- Alberta – \$113.1 billion, an increase from \$94.7 billion in 2013

## CANADA'S TRADING PARTNERS AMONG TPP COUNTRIES

### Destinations for Merchandise Exports by Country

(\$ billions)

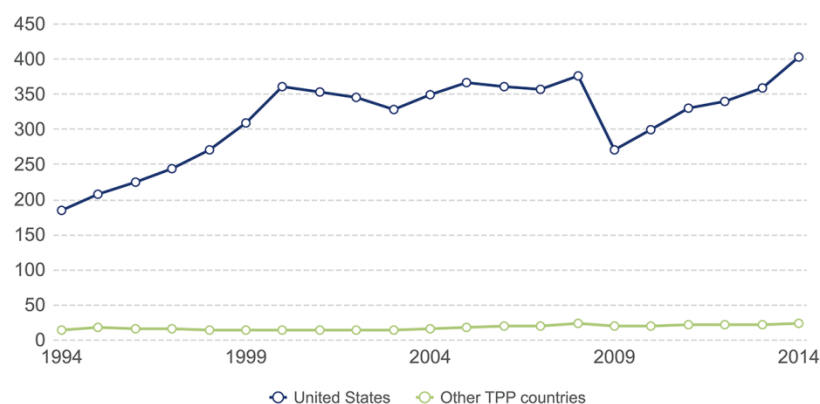


Destinations for merchandise exports to TPP countries, by country, in 2014:

- United States – 94.6%
- Japan – 2.5%
- Mexico – 1.3%
- Australia – 0.4%
- Singapore – 0.3%
- Other TPP countries – 0.9%

### Destinations for Merchandise Exports by Region

(\$ billions)

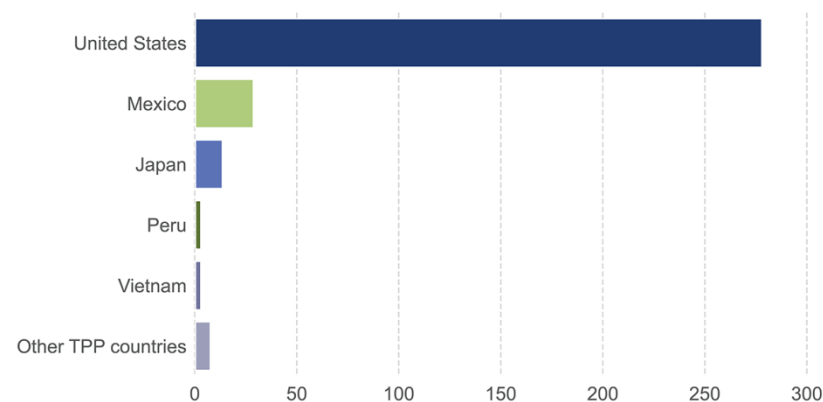


Merchandise exports to the United States and to other TPP countries in 2014:

- United States – \$403.1 billion, an increase from \$358.1 billion in 2013
- Other TPP countries – \$22.9 billion, an increase from \$21.7 billion in 2013

### Sources of Merchandise Imports by Country

(\$ billions)



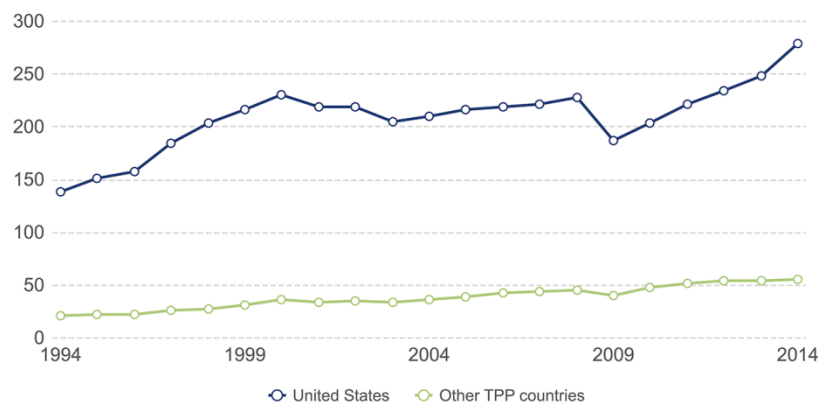
Sources of merchandise imports from TPP countries, by country, in 2014:

- United States – 83.4%
- Mexico – 8.6%
- Japan – 4.0%
- Peru – 0.9%
- Vietnam – 0.8%
- Other TPP countries – 2.2%

## CANADA–TRANS-PACIFIC PARTNERSHIP COUNTRIES

### Sources of Merchandise Imports by Region

(\$ billions)



Merchandise imports from the United States and from other TPP countries in 2014:

- United States – \$278.0 billion, an increase from \$247.8 billion in 2013
- Other TPP countries – \$55.3 billion, an increase from \$53.2 billion in 2013

## CANADA'S TRADE IN PRODUCTS WITH TPP COUNTRIES

### Share of Exports by Sector

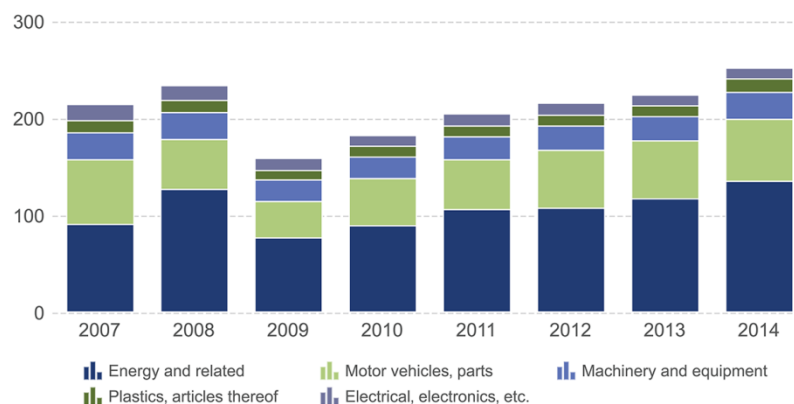


Exports in 2014:

- Resource-based goods – 33.8%, an increase from 32.2% in 2013
- Manufactured goods – 66.2%, a decrease from 67.8% in 2013

### Most Highly Valued Exports by Product Category

(\$ billions)



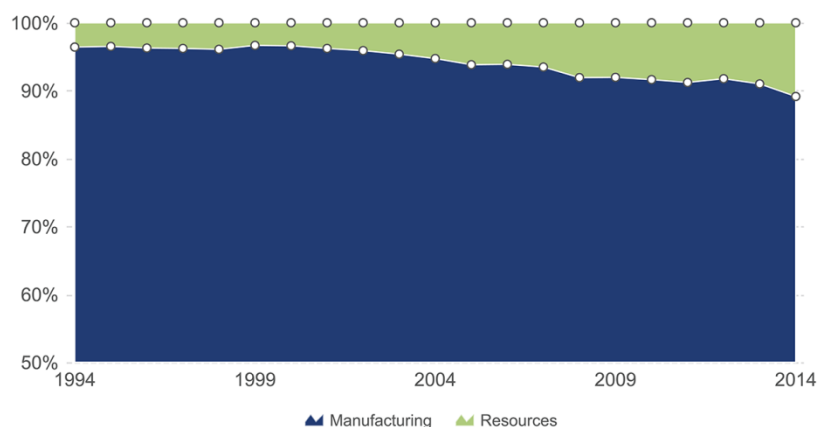
Highest-valued exports in 2014:

Crude oil and motor vehicles, together accounting for 33.6% of the value of Canadian exports

- Crude oil exports: \$94.5 billion, an increase from \$80.8 billion in 2013
- Motor vehicle exports: \$48.4 billion, an increase from \$45.6 billion in 2013

## CANADA-TRANS-PACIFIC PARTNERSHIP COUNTRIES

### Share of Imports by Sector

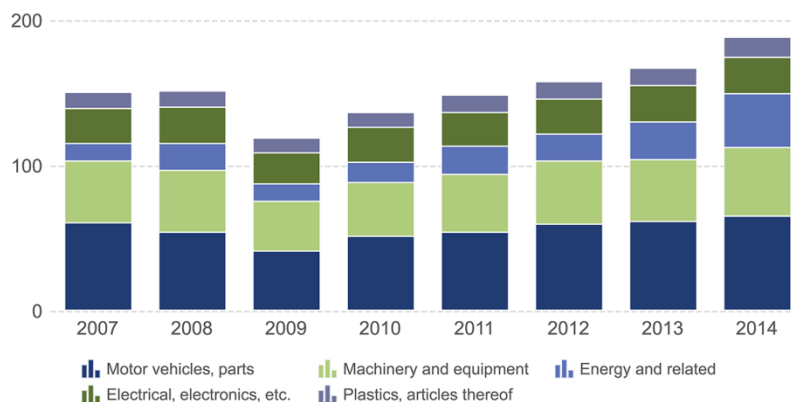


Imports in 2014:

- Resource-based goods in 2014 – 10.9%, an increase from 9.0% in 2013
- Manufactured goods – 89.2%, a decrease from 91.0% in 2013

### Most Highly Valued Imports by Product Category

(\$ billions)

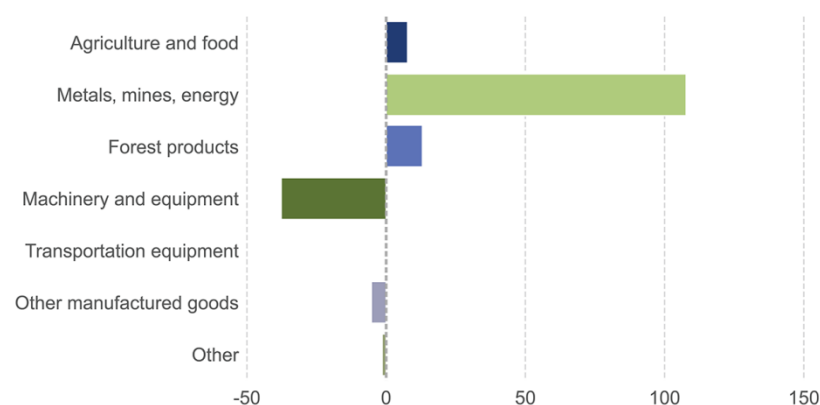


Highest-valued imports in 2014: Motor vehicles and motor vehicle parts, together accounting for 12.6% of the value of Canadian imports

- Motor vehicle imports: \$22.6 billion, an increase from \$20.1 billion in 2013
- Motor vehicle part imports: \$19.6 billion, an increase from \$19.4 billion in 2013

### Trade Balance by Product Category

(\$ billions)



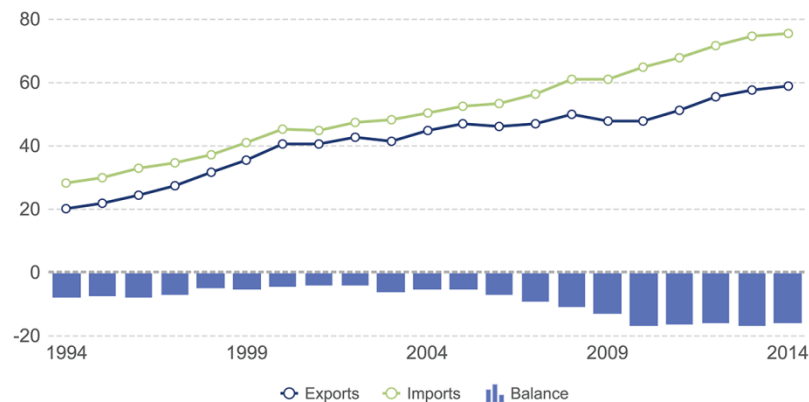
Largest merchandise trade deficit in 2014: Machinery and equipment, at \$37.7 billion

Largest merchandise trade surplus in 2014: Metals, mines and energy, at \$107.9 billion

## CANADA'S SERVICES TRADE WITH TPP COUNTRIES

### Services Trade

(\$ billions)



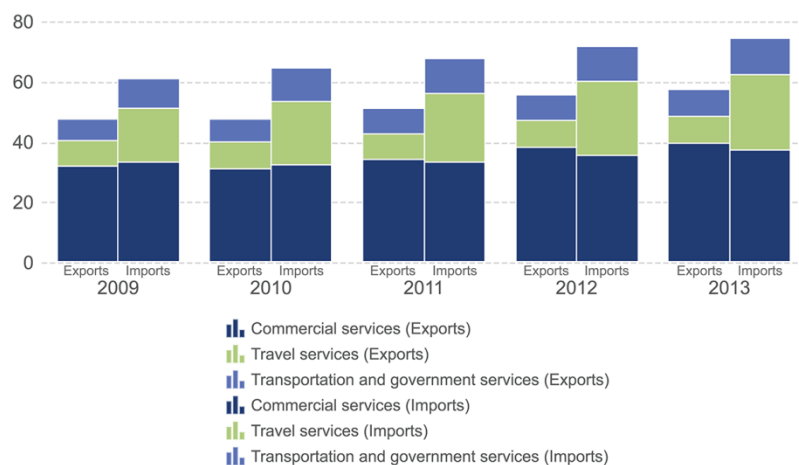
Total services trade between Canada and TPP countries in 2014: \$134.0 billion

- Exports: \$58.8 billion, a 2.6% increase over 2013
- Imports: \$75.2 billion, a 1.2% increase over 2013

Trade deficit in 2014: \$16.5 billion, a decrease from \$17.1 billion in 2013

### Services Trade by Type

(\$ billions)



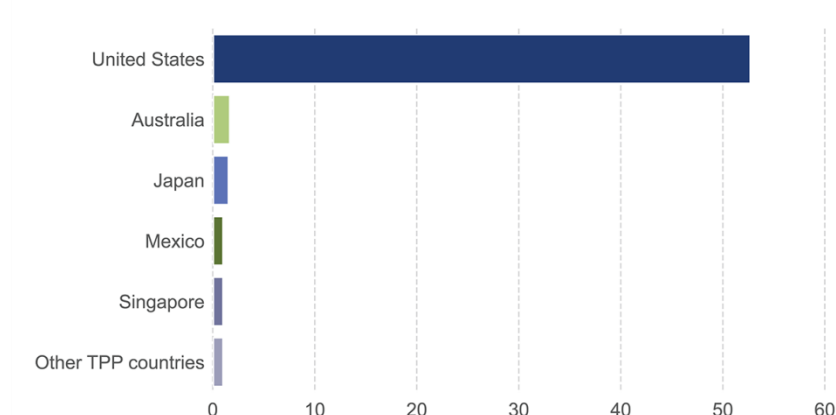
Services trade deficit in 2013, the most recent year for which services data by type are available: Largely due to travel services trade

- Travel services exports: \$9.0 billion
- Travel services imports: \$25.2 billion

## CANADA-TRANS-PACIFIC PARTNERSHIP COUNTRIES

### Destinations for Services Exports

(\$ billions)

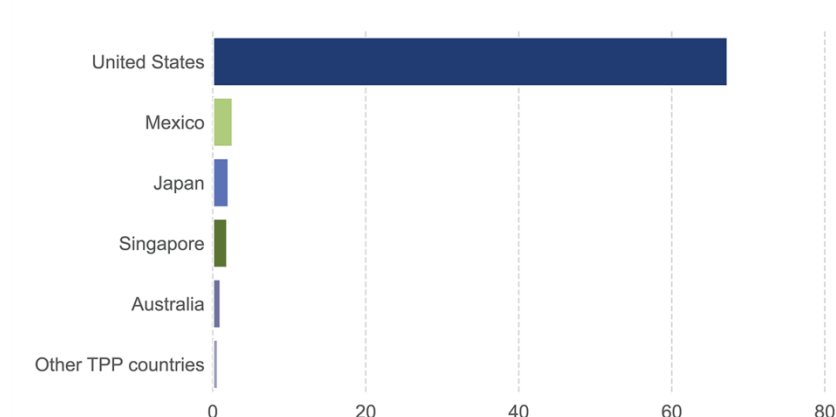


Destinations for services exports to TPP countries in 2014:

- United States – 89.6%
- Australia – 2.7%
- Japan – 2.6%
- Mexico – 1.8%
- Singapore – 1.6%
- Other TPP countries – 1.7%

### Sources of Services Imports

(\$ billions)



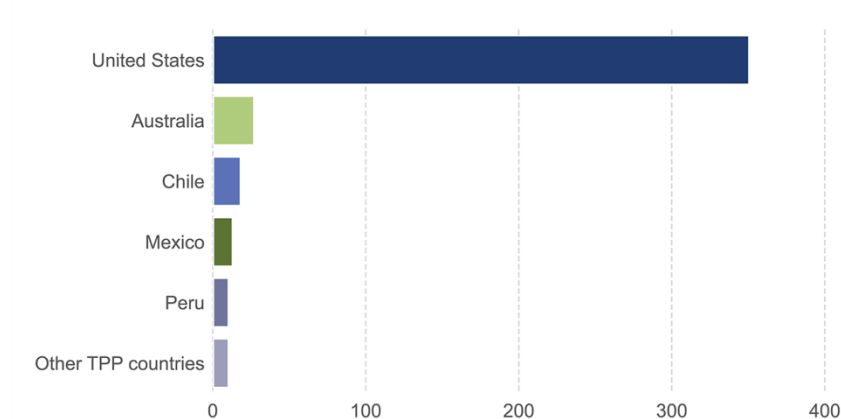
Sources of services imports from TPP countries in 2014:

- United States – 89.3%
- Mexico – 3.4%
- Japan – 2.6%
- Singapore – 2.4%
- Australia – 1.3%
- Other TPP countries – 1.0%

## CANADA'S FOREIGN DIRECT INVESTMENT WITH TPP COUNTRIES

### Destinations for Canadian Direct Investment

(\$ billions)



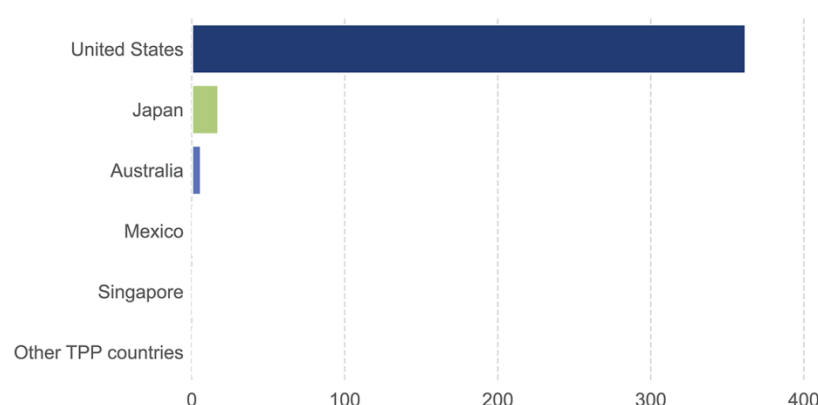
Destinations for Canadian foreign direct investment in TPP countries in 2014:

- United States – 81.7%
- Australia – 6.2%
- Chile – 4.3%
- Mexico – 3.0%
- Peru – 2.4%
- Other TPP countries – 2.4%

## CANADA–TRANS-PACIFIC PARTNERSHIP COUNTRIES

### Sources of Foreign Direct Investment in Canada

(\$ billions)



Sources of foreign direct investment in Canada from TPP countries in 2014:

- United States – 93.6%
- Japan – 4.5%
- Australia – 1.4%
- Mexico – 0.2%
- Singapore – 0.2%
- Other TPP countries – 0.4%

## PROFILE OF THE TPP COUNTRIES

The TPP was initially envisioned in 2005 with four originating countries: Brunei Darussalam, Chile, New Zealand and Singapore. The first agreement included a clause containing a commitment to encourage accession to the agreement by other countries. Since then, the following countries have joined the TPP negotiations: Australia, Peru, the United States and Vietnam in 2008; Malaysia in 2010; Canada and Mexico in 2012; and Japan in 2013. In October 2015, representatives of the TPP countries announced that they had successfully concluded negotiations for a free trade agreement. Ratification by each country is needed before the agreement enters into force.

### TPP Countries

Country	GDP at PPP (2013, US\$)	GDP per Capita at PPP (2013, US\$)	Population (2013)	Merchandise Exports and Imports as a Percentage of GDP at Official Exchange Rates (2013)
Australia	999.2 billion	43,200	23.1 million	32%
Brunei Darussalam	30.0 billion	71,800	417,800	93%
Canada	1.5 trillion	43,000	35.2 million	51%
Chile	386.1 billion	21,900	17.6 million	56%
Japan	4.6 trillion	36,200	127.3 million	31%
Malaysia	693.5 billion	23,300	29.7 million	139%
Mexico	2.0 trillion	16,400	122.3 million	61%
New Zealand	156.4 billion	35,200	4.4 million	42%
Peru	357.6 billion	11,800	30.4 million	42%
Singapore	433.5 billion	80,300	5.4 million	259%
United States	16.8 trillion	53,000	316.5 million	23%
Vietnam	475.0 billion	5,300	89.7 million	154%
<b>TPP (estimates)</b>	<b>28.4 trillion</b>	<b>35,400</b>	<b>802.1 million</b>	<b>N/A</b>

Data are from the World Bank.

GDP at PPP for the TPP countries collectively was calculated by summing the values for the 12 TPP countries.

GDP per capita at PPP was calculated by dividing the estimated GDP at PPP for the TPP countries collectively by the estimated population of the TPP countries collectively.

The estimated population for the TPP countries collectively was calculated by summing the population for the 12 TPP countries.



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## DEFINITIONS

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**Balance of payments–based data:** Balance of payments–based data calculate trade flows using surveys of international trade and investment activity of firms and other entities.

**Balance of trade:** The trade balance is the difference between the value of exports and the value of imports. There is a trade surplus if the value of exports exceeds the value of imports. There is a trade deficit if the value of imports exceeds the value of exports.

**Customs-based data:** Customs-based data are compiled from declarations filed with the Canada Border Services Agency and are used to track the flow of goods into and out of Canada, with one exception: exports to the United States. Since 1990, customs-based data on Canadian exports to the United States have been based on declarations filed with U.S. Customs and Border Protection.

**Foreign direct investment (FDI):** FDI occurs when an investor residing in one country holds at least 10% equity in an enterprise resident in another country. The stock of FDI is the value of the accumulated equity owned by investors abroad; the stock changes from year to year based on flows of FDI.

**Gross domestic product (GDP):** GDP measures an economy's total production in a given year. As one entity's income is another entity's spending, GDP is equal to the total value of final sales or to the total value of incomes.

**Manufactured goods:** Manufactured goods are finished or semi-finished products resulting from the transformation of materials and substances into new products (North American Industry Classification System, or NAICS codes 31 to 33) and the output of establishments primarily engaged in operating electric, gas and water utilities (NAICS code 22).

**Merchandise trade:** Merchandise trade refers to trade in physical goods, such as cars, wheat and iron ore.

**Purchasing power parity (PPP):** To adjust for price differences across countries for identical products, a calculation of GDP that uses PPP assumes that a given product has the same price in each country.

**Resource-based goods:** Resource-based goods are products of the agriculture, forestry, fishing and hunting sector (NAICS code 11), as well as the mining, quarrying, and oil and gas extraction sector (NAICS code 21).

**Services trade:** Services trade is trade in travel, transportation and government, and commercial services. Travel services are goods and services purchased abroad by travellers, with one exception: cross-border transportation. Transportation services are the transportation of goods and cross-border travellers, and related services. Government services arise largely from official representation and military activities, and some governmental commercial activities. Commercial services are all other services, such as management, financial or engineering services; the category also includes charges for the use of intellectual property.