

TRADE AND INVESTMENT

CANADA–JAPAN

JAPAN'S PROFILE

Economic Indicators

- Gross domestic product (GDP) at purchasing power parity (PPP): US\$5.3 trillion (2016)
- GDP per capita at PPP: US\$41,500 (2016)
- Population: 127.0 million (2016)
- International merchandise exports and imports: 25.3% of GDP at official exchange rates (2016)
- Canada's 4th largest merchandise trade partner (2016)
- Canada's 8th largest services trade partner (2015)
- Ease of Doing Business ranking: 34th among 190 countries (2016)
- World Competitiveness ranking: 8th among 138 countries (2016)

Notable Trade and Investment Agreements between Canada and Japan

- Canada–Japan Economic Partnership Agreement (under negotiation)
- *Trans-Pacific Partnership Agreement* (signed, but agreement not in force)



NOTES

The Library of Parliament's 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. In addition, it presents Canada's merchandise trade relationship with each of the United States' 50 states.

All figures were prepared using Statistics Canada data available in summer 2017.

To see the data tables used to generate the figures, view the HTML version of this profile at [Trade and Investment Series 2016](#).

The merchandise trade data are customs-based; the services trade data and foreign direct investment data are balance of payments-based.

Numbers in this profile have been rounded.

Definitions appear at the end of this profile.

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 2016 values.

In the Economic Indicators section, data for GDP at PPP, GDP per capita at PPP, population, and international merchandise exports and imports as a share of GDP are from the World Bank's World Development Indicators database. The merchandise and services trade rankings are based on Statistics Canada data. The Ease of Doing Business ranking is from the World Bank's Doing Business project. The World Competitiveness ranking is from the World Economic Forum's Global Competitiveness Report.

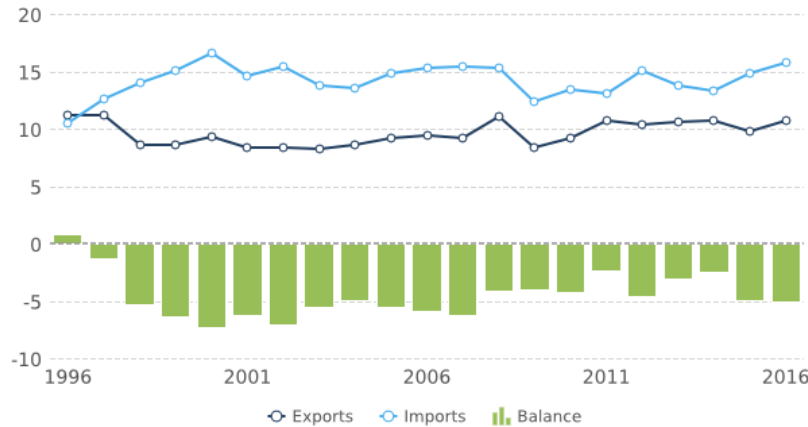
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CANADA'S MERCHANDISE TRADE WITH JAPAN

Merchandise Trade
(\$ billions)

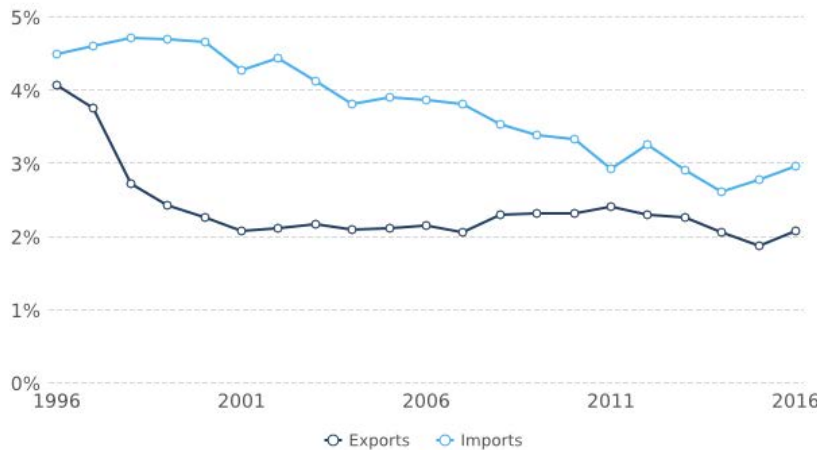


Bilateral merchandise trade in 2016: \$26.5 billion

- Exports: \$10.7 billion, a 9.7% increase from 2015
- Imports: \$15.8 billion, a 6.9% increase from 2015

Trade deficit in 2016: \$5.1 billion, an increase from \$5.0 billion in 2015

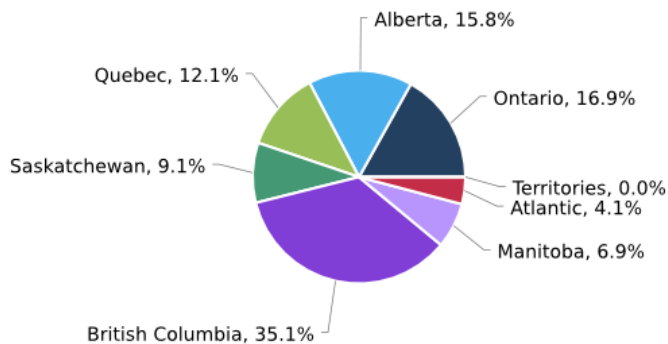
Share of the Total Value of Canadian Trade



Exports in 2016: 2.1% of the total value of Canadian exports, an increase from 1.9% in 2015

Imports in 2016: 3.0% of the total value of Canadian imports, an increase from 2.8% in 2015

Share of Exports by Province/Territory



Highest-valued exporters in 2016:

- British Columbia – \$3.8 billion, an increase from \$3.7 billion in 2015
- Ontario – \$1.8 billion, an increase from \$1.5 billion in 2015

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Share of Exports by Sector

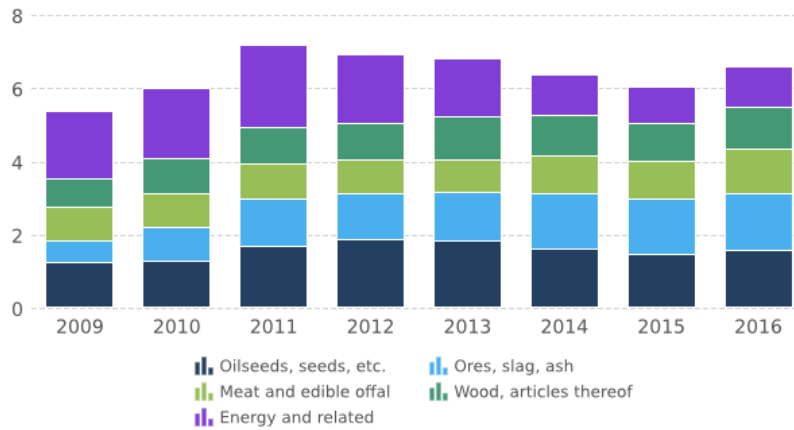


Exports in 2016:

- Resource-based goods – 48.1%, a decrease from 48.8% in 2015
- Manufactured goods – 51.9%, an increase from 51.2% in 2015

Most Highly Valued Exports by Product Category

(\$ billions)

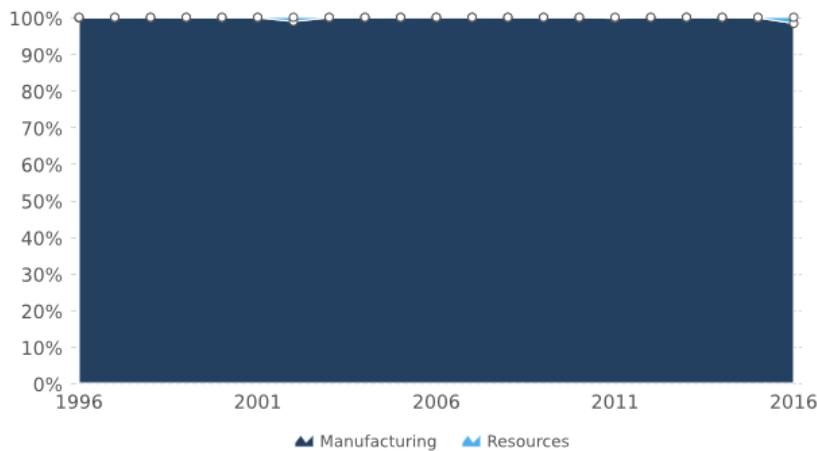


Highest-valued exports in 2016:

Canola seeds and coal, together accounting for 21.5% of the total value of Canadian exports to Japan

- Canola seeds: \$1.2 billion, an increase from \$1.1 billion in 2015
- Coal: \$1.1 billion, an increase from \$958.6 million in 2015

Share of Imports by Sector



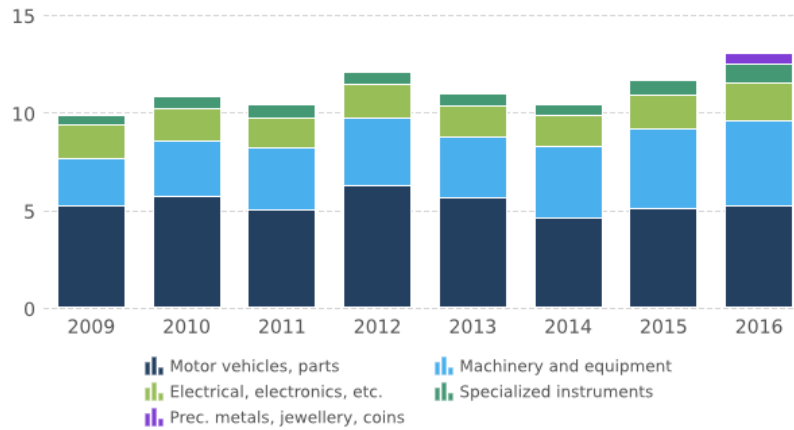
Imports in 2016:

- Resource-based goods – 1.7%, an increase from 0.1% in 2015
- Manufactured goods – 98.3%, a decrease from 99.9% in 2015

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Most Highly Valued Imports by Product Category

(\$ billions)

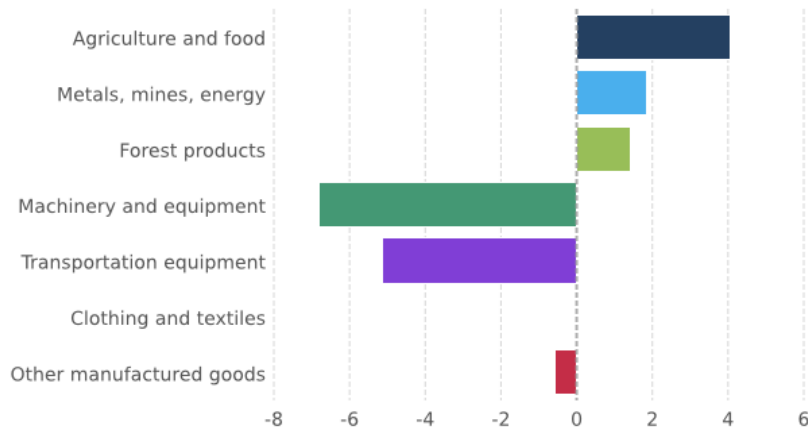


Highest-valued imports in 2016: Motor vehicles, and transmission shafts, cranks, bearing housings, gears and similar machinery hardware, together accounting for 32.4% of the total value of Canadian imports from Japan

- Motor vehicles: \$3.7 billion, an increase from \$3.2 billion in 2015
- Transmission shafts, cranks, bearing housings, gears and similar machinery hardware: \$1.4 billion, an increase from \$1.1 billion in 2015

Trade Balance by Product Category

(\$ billions)

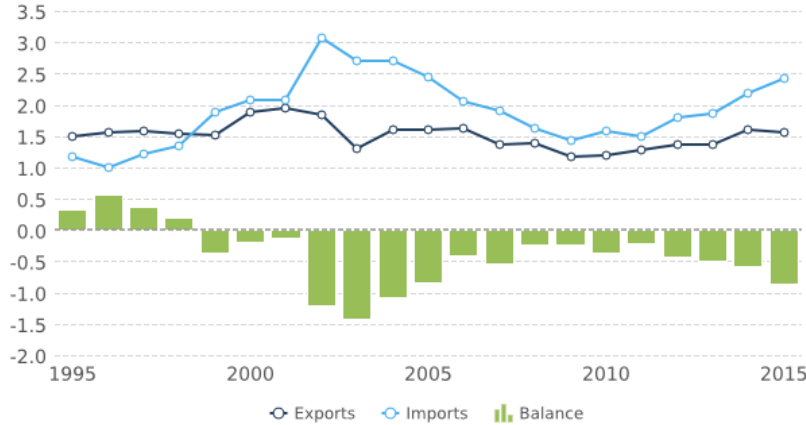


Largest merchandise trade deficit in 2016: Machinery and equipment, at \$6.8 billion

Largest merchandise trade surplus in 2016: Agriculture and food, at \$4.1 billion

CANADA'S SERVICES TRADE WITH JAPAN

Services Trade
(\$ billions)

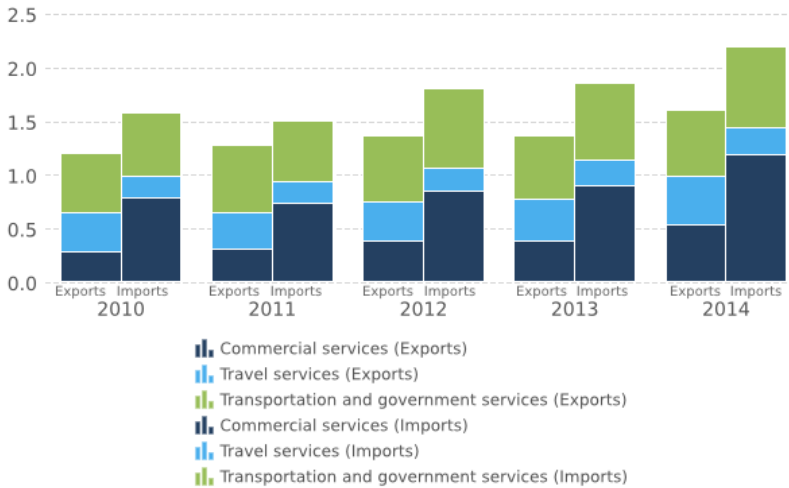


Bilateral services trade in 2015:
\$4.0 billion

- Exports: \$1.6 billion, a 1.9% decrease from 2014
- Imports: \$2.4 billion, an 11.1% increase from 2014

Trade deficit in 2015:
\$863.0 million, an increase from \$590.0 million in 2014

Services Trade by Type
(\$ billions)

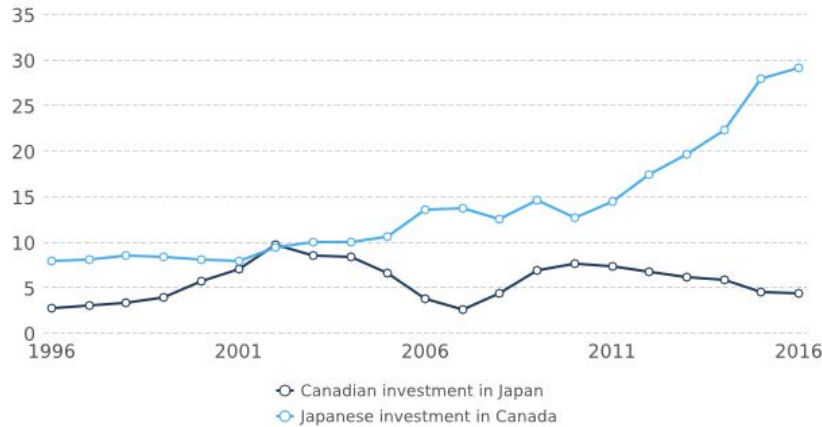


Services trade deficit in 2014, the most recent year for which services data by type are available: Largely due to commercial services trade

- Commercial services exports: \$539.0 million
- Commercial services imports: \$1.2 billion

CANADA'S FOREIGN DIRECT INVESTMENT WITH JAPAN

Stock of Foreign Direct Investment
(\$ billions)



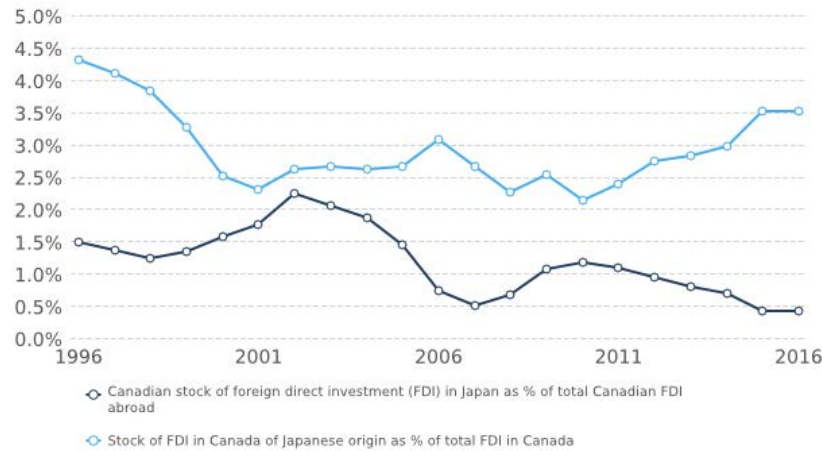
Stock of Canadian direct investment in Japan in 2016: \$4.3 billion, a 1.8% decrease from 2015

Japan as a destination for Canadian foreign direct investment among the 120 countries for which data were available for 2016: 20th largest

Stock of Japanese direct investment in Canada in 2016: \$29.1 billion, a 4.7% increase from 2015

Japan as a source of foreign direct investment in Canada among the 55 countries for which data were available for 2016: 6th largest

Share of Foreign Direct Investment Stock



0.4% of Canada's foreign direct investment stock was in Japan in 2016, unchanged from 2015

3.5% of the foreign direct investment stock in Canada was of Japanese origin in 2016, unchanged from 2015

DEFINITIONS

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.

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.