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OFFICE OF THE CHIEF ECONOMIST



# Highlights of Canada's merchandise trade performance

## 2023 update

Office of the Chief Economist



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## Highlights

- After several years of robust growth, Canada's merchandise trade saw a more subdued performance in 2023, with imports growing by 1.4% and domestic exports declining by 2.2%. This was influenced by factors such as the lowering of commodity prices, and the easing of supply chain pressures.
- **Trade by sector:**
  - **Domestic exports:** While overall exports declined, there were notable increases in exports of motor vehicles and parts, and aircraft and other transportation equipment and parts. However, domestic exports of energy products, forestry products and building and packaging materials, and metal ores and non-metallic minerals declined significantly.
  - **Imports:** Growth in imports of motor vehicles and parts was prominent, along with industrial machinery and equipment. However, imports of basic and industrial chemical, plastic, and rubber products and energy products decreased.
- **Regional trade performance:**
  - **United States:** Canada's merchandise trade with its largest trading partner was mixed in 2023, with growth in imports from the United States and declines in domestic exports.
  - **Latin America & Caribbean:** While domestic exports declined slightly, led by exports to Mexico, imports from the region saw significant growth, particularly from Mexico.
  - **Europe & Central Asia:** Declines in domestic exports to the European Union were notable, but imports from the region increased, especially from Germany and Italy.
  - **Indo-Pacific:** Declines in domestic exports were observed, particularly exports to Japan and South Korea, while imports from the region also decreased, with the notable exception of Japan. Since 2000, there has been significant growth in trade with this region, primarily driven by China, with notable increases in both exports and imports.
  - **Africa & the Middle East:**
    - Middle East & North Africa: Domestic exports were essentially flat in 2023, but there was notable growth in exports to Saudi Arabia. Imports declined significantly due mainly to lower imports from Saudi Arabia
    - Sub-Saharan Africa: Domestic exports' growth was led by exports to Mozambique and Cameroon, while imports' growth was led mainly by imports from Nigeria.
- **Price and volume dynamics:** Commodity prices played a significant role in trade performance, with substantial declines in 2023, particularly in natural resource-based sectors. This caused merchandise export prices to decline 6.9% in 2023. Stripping out the effect of prices, export volumes grew 5.7%. On the imports side, prices grew 2.5% and volume decreased 1.1%.



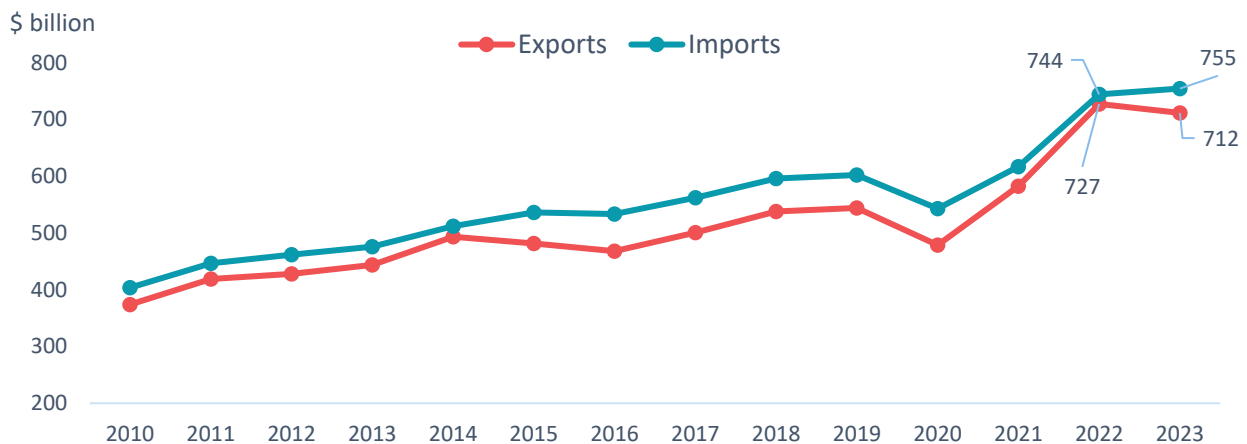
# 1. Overview

After two years of double-digit growth, the change in the value of Canadian merchandise trade in 2023 was much more subdued, with imports growing 1.4% and exports<sup>1</sup> declining by 2.2%. Commodity prices played a factor as the prices of many commodities declined from the elevated levels witnessed in 2022, causing the value of trade in many natural resource-based sectors to decline.

On the other hand, the easing of supply chain pressures supported growth in motor vehicles and parts. Similarly, trade in aircraft and other transportation equipment and parts was also supported by the aviation industry's attempt to catch up with post-pandemic's surging demand for travel.

On a regional basis, the decline in exports was broad-based with declines in four of five major regions. The growth in imports had more mixed support, with growth in three of the five major regions.

**Figure 1: Value of Canadian merchandise exports and imports**



Data: Statistics Canada Table 12-10-0173-01, customs-based, retrieved on 25-03-2024

Source: Office of the Chief Economist, Global Affairs Canada

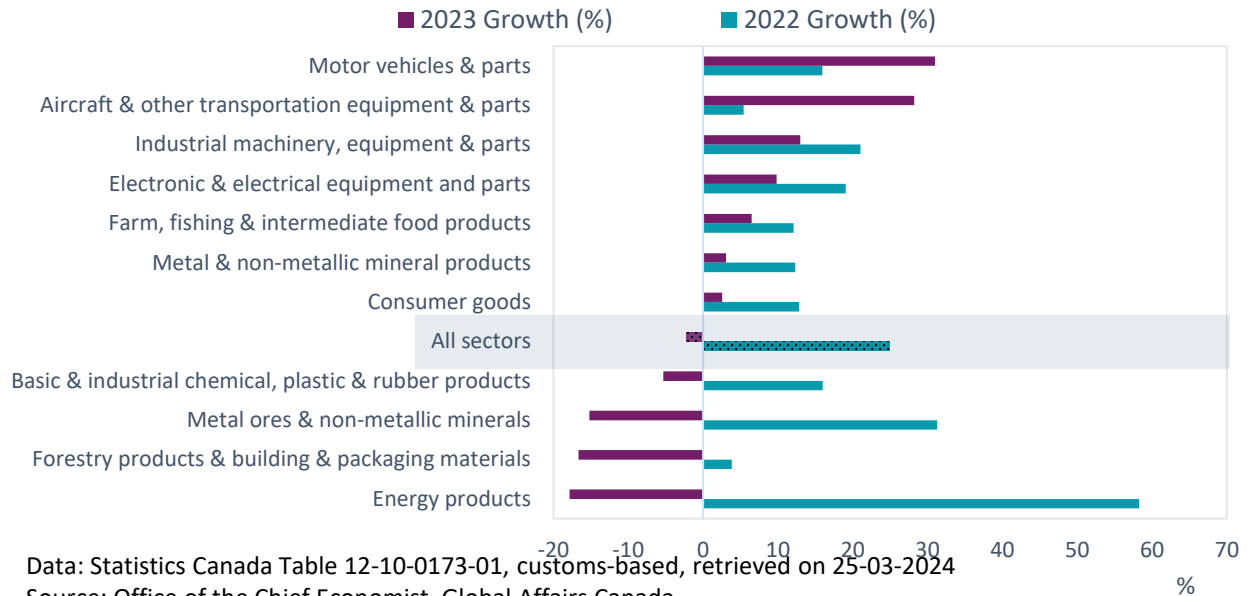
## 1.1. Trade by sector

Export declines in natural resource-based sectors were substantial, most notably in energy products (-17.9%), forestry products and building and packaging materials (-16.6%), and metal ores and non-metallic minerals (-15.2%). Commodity prices were a major factor in the contraction in these sectors. In 2022, Russia's invasion of Ukraine caused many commodity prices to rise, including energy (+60%), agriculture (+10.7%), fertilizers (+55%) and base metals (+4.0%). In 2023, due to lower demand as a result of weaker global economic growth, the price of many commodities has come down, including energy (-30%), agriculture (-7.2%), fertilizers (-35%), and base metals (-11%).

Meanwhile, growth in exports of motor vehicles and parts (+31.0%) outpaced its 2022 growth, one of the two sectors to achieve this feat in 2023. The motor vehicles and parts sector benefited from a return to normal conditions from supply chain pressures. The second sector to outpace its 2022 growth was aircraft and other transportation equipment and parts (+28.2%) as the aviation industry benefited from the post-pandemic surge in demand for travel.

<sup>1</sup> Merchandise exports in this report refers to domestic merchandise exports.

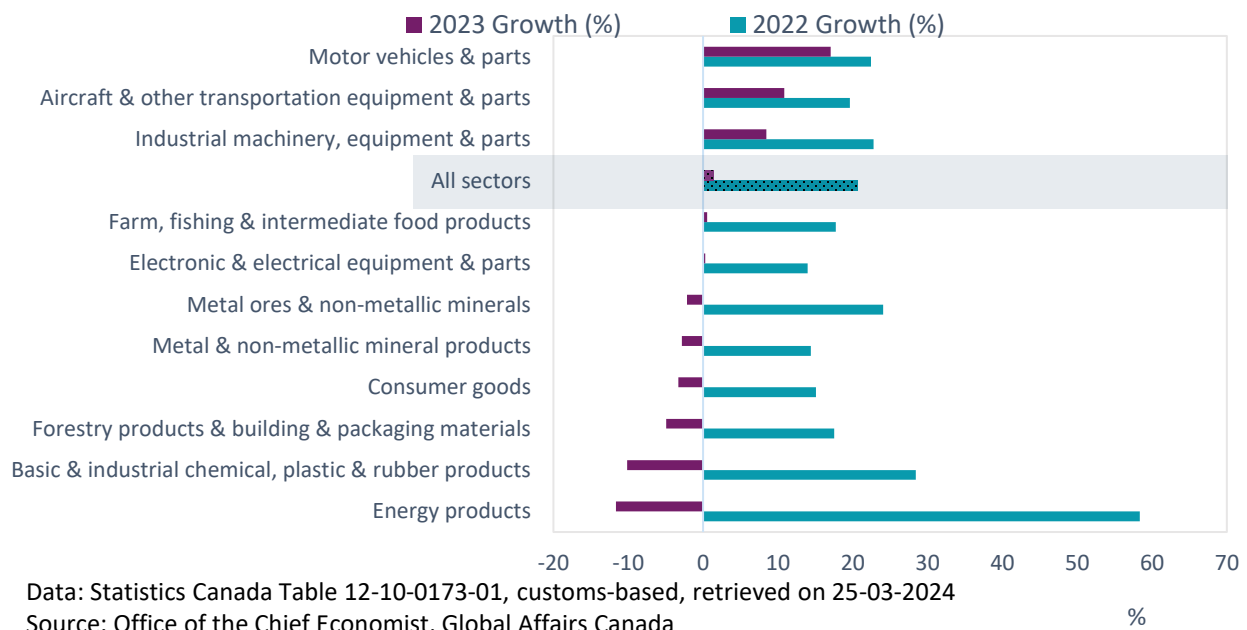
**Figure 2: Canadian merchandise export growth (%), by sectors**



Similar to exports, merchandise import growth in 2023 was led by motor vehicles and parts and many natural resource-based sector witnessed declines. Growth in imports of motor vehicles and parts (+17.1%) was supported by the normalization of supply chain conditions. The second largest contributor to growth was the industrial machinery, equipment and parts (+8.5%) sector, followed by aircraft and other transportation equipment and parts (+10.8%).

The largest detractor from merchandise import growth in 2023 was basic and industrial chemical, plastic, and rubber products (-10.1%), followed by energy products (-11.7%) which saw prices come down from elevated levels, followed by consumer goods (-3.3%) in third place.

**Figure 3: Canadian merchandise import growth (%), by sectors**

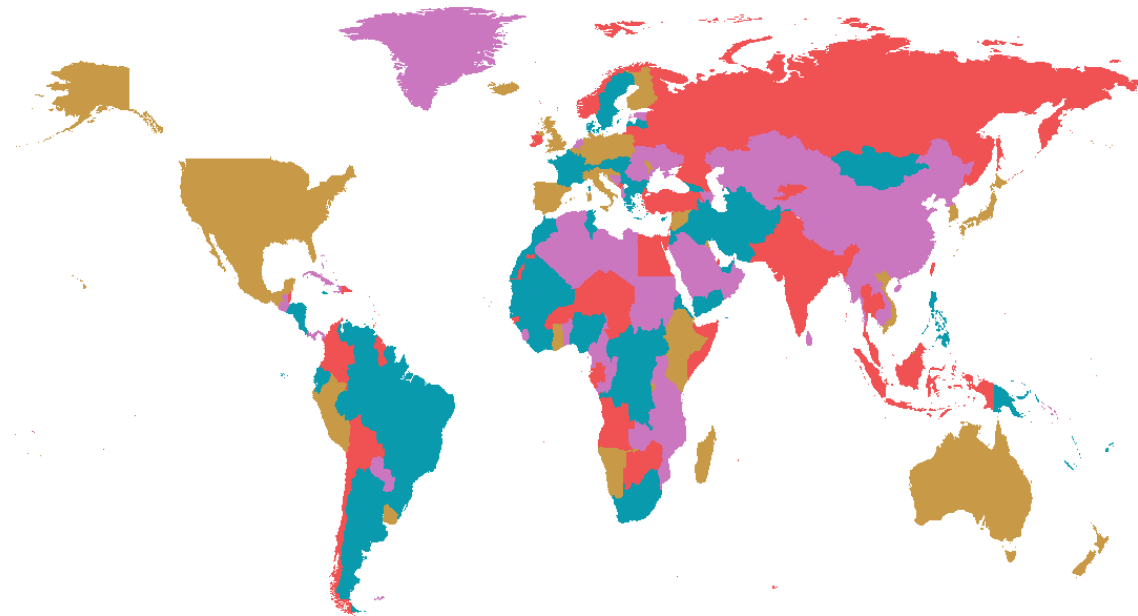




After reaching record-breaking highs for merchandise exports and imports with many partners in 2022, Canadian merchandise trade was much more subdued in 2023. Of the 224 partners that Canada traded merchandise with in 2023, there was growth in both exports and imports with 63 partners while trade with 57 partners witnessed neither growth in exports nor imports. There were 57 partners where only Canadian exports grew and 47 partners where only imports grew.

**Figure 4: Change in the value of Canadian merchandise trade by trading partner, 2023 vs 2022**

■ Both exports and imports grew ■ Neither exports or imports grew ■ Only exports grew ■ Only imports grew



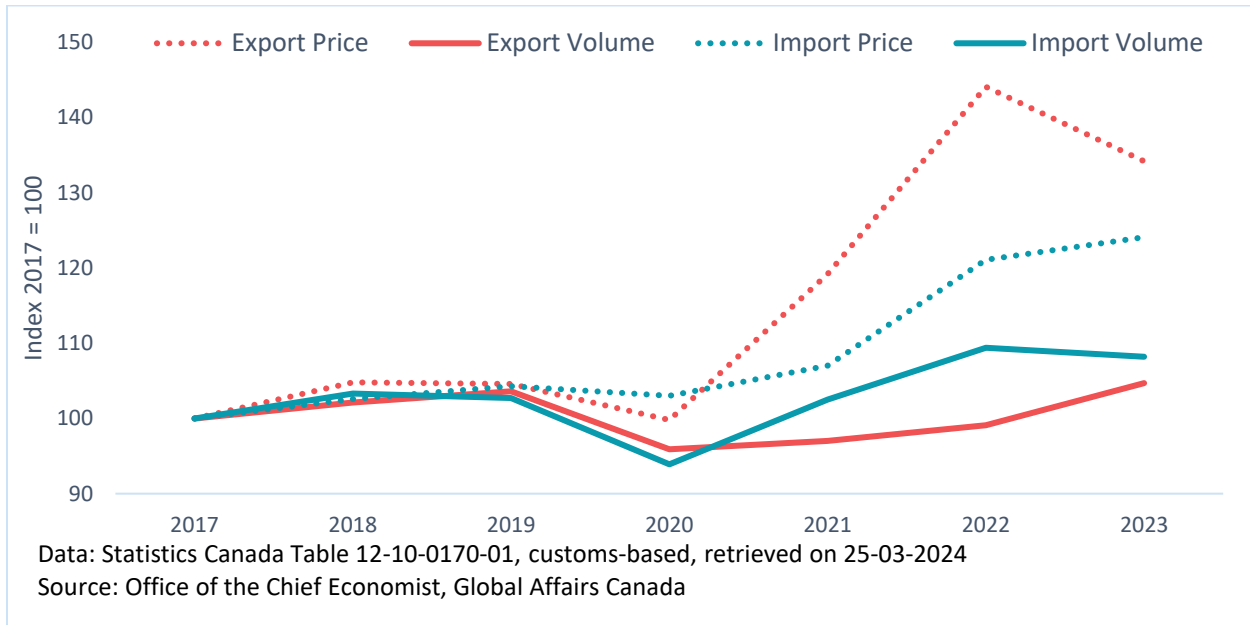
Data: Statistics Canada Table 12-10-0173-01, customs-based  
Source: Office of the Chief Economist - Global Affairs Canada

### 1.1.1. Prices and volumes

After extraordinary growth in the last few years, Canadian merchandise export prices declined 6.9% in 2023, mirroring the trends in global commodity prices. Stripping away price effects, export volumes grew 5.7% in 2023 to finally reach beyond the levels achieved prior to the pandemic.

Being less influenced by commodity prices, import prices grew 2.5% in 2023, a much slower pace than in 2022. Import volumes decreased 1.1% after two consecutive years of growth, but remained above pre-pandemic levels.

Figure 5: Canadian merchandise export and import price and volume index, 2017 = 100



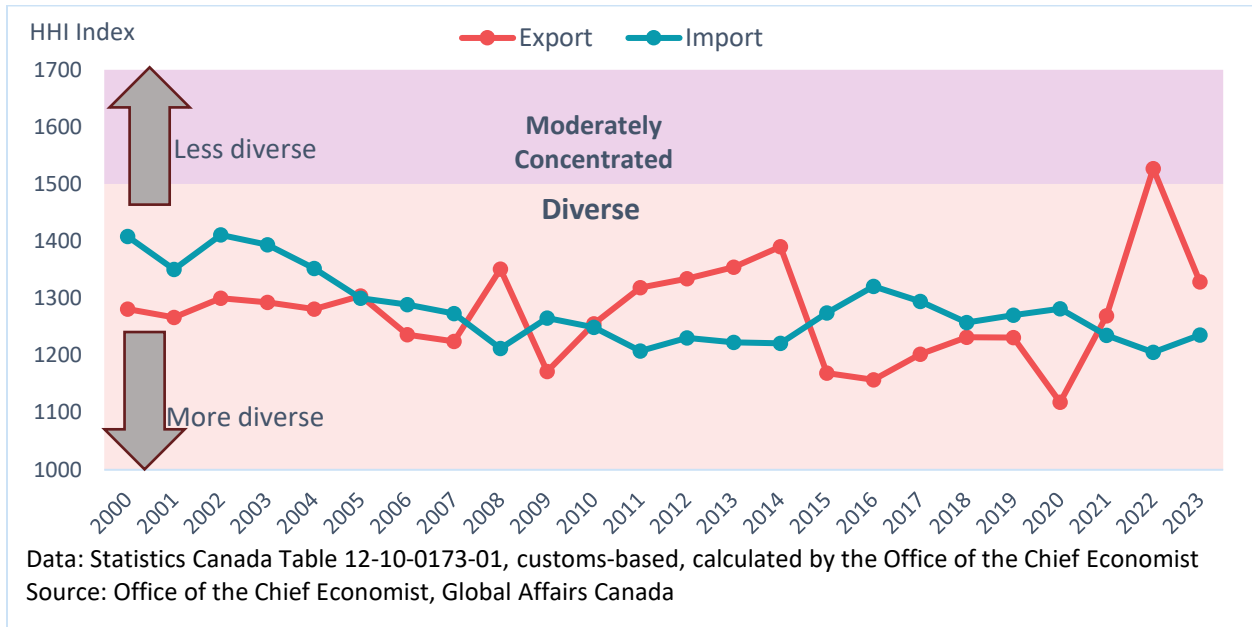
### 1.1.2. Sector diversity

A commonly used indicator to measure sectoral diversity is the Herfindahl-Hirschman Index<sup>2</sup> (HHI). For example, the Office of the Chief Economist at Global Affairs Canada has used this index to determine trade diversity by sectors and by trade partners. The U.S. Department of Justice also uses the HHI to determine the competitive nature of a market, with an HHI score of less than 1500 as the dividing line between a market that is competitive or diverse.

Using the same criteria, Canadian merchandise exports and imports can be considered diverse by sector, as there are no sectors that account for an overwhelmingly large share of either exports or imports. The only exception is 2022, where Canadian merchandise exports became moderately concentrated, due to the large increase in the prices of crude oil which caused the value of energy products exports to account for a large share (31%) of merchandise exports. As the prices of crude oil moderated in 2023, Canadian merchandise exports have returned to an HHI level that can be considered diverse in terms of sectors.

<sup>2</sup> The HHI is calculated by squaring the share of each sector then summing the resulting numbers.

Figure 6: Herfindahl-Hirschman Index (HHI) for Canadian merchandise trade diversity by sector







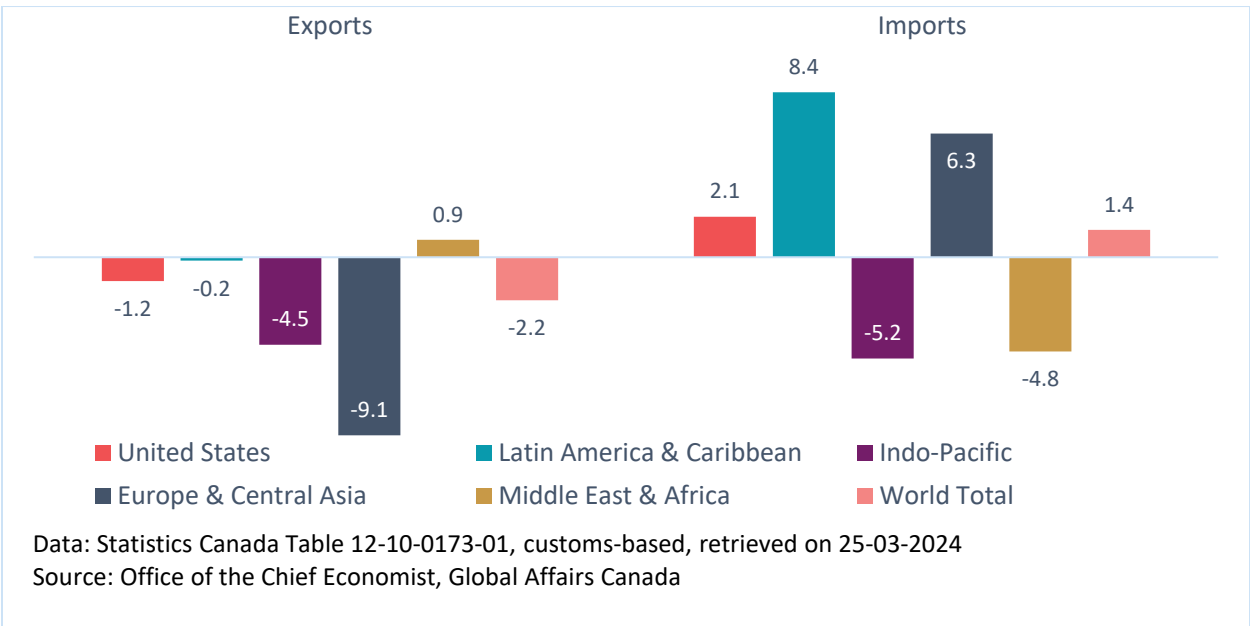
## 2. Regional Review

### 2.1. Regional trade performance in 2023

The 2023 decline in Canadian merchandise exports was widespread, with exports to most major regions experiencing negative growth. In percentage terms, the 2023 decline in Canadian merchandise exports was the largest in Europe & Central Asia (-9.1%), followed by the Indo-Pacific (-4.5%), the U.S. (-1.2%), and Latin America & Caribbean (-0.2%). Exports to the Middle East & Africa were a bright spot as it grew 0.9% in 2023 after experiencing negative growth in the previous year.

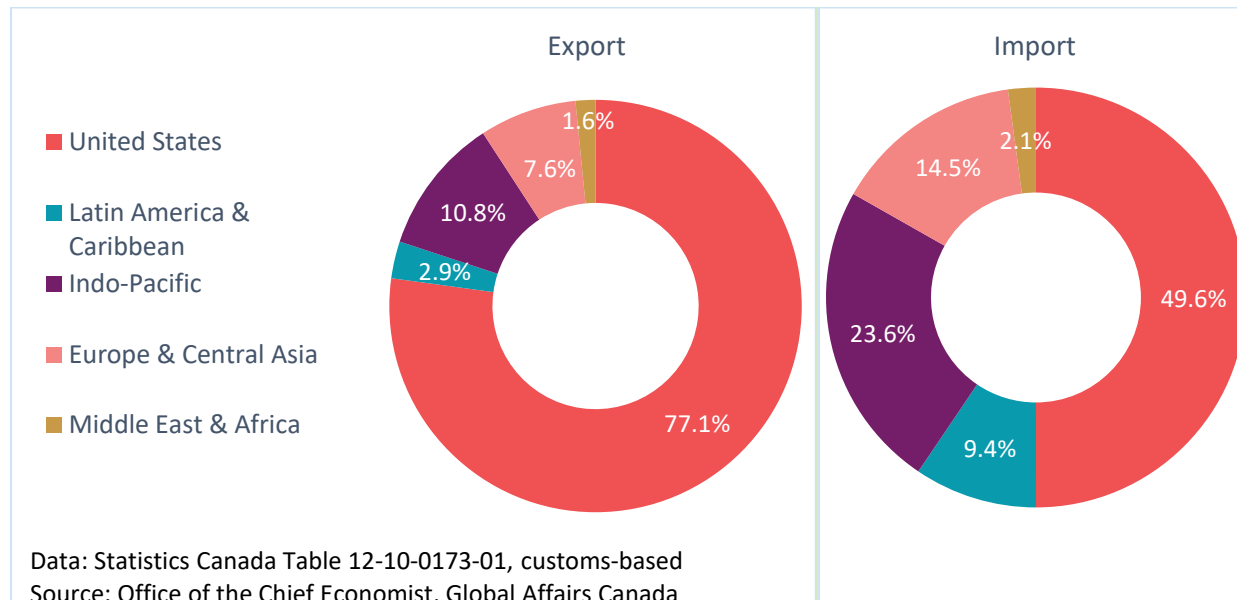
Canadian merchandise imports by major regions were more mixed, with growth being led in percentage terms by Latin America & Caribbean (+8.4%), Europe & Central Asia (+6.3%), and the U.S. (+2.1%). These growth were partially mitigated by declines in imports from the Middle East & Africa (-4.8%) and the Indo-Pacific (-5.2%).

Figure 7: Annual Canadian merchandise trade growth by region (2023, % change)



The U.S. remained Canada's largest merchandise trade partner, accounting for 77.1% of Canada's merchandise exports in 2023. The U.S. also dominates Canada's merchandise imports but to a lesser extent than exports. In 2023, 49.6% of Canada's merchandise imports came from the U.S. Figure 8 depicts the size of Canada's merchandise exports and imports by region.

Figure 8: Share of Canada's merchandise exports and imports by region (2023)

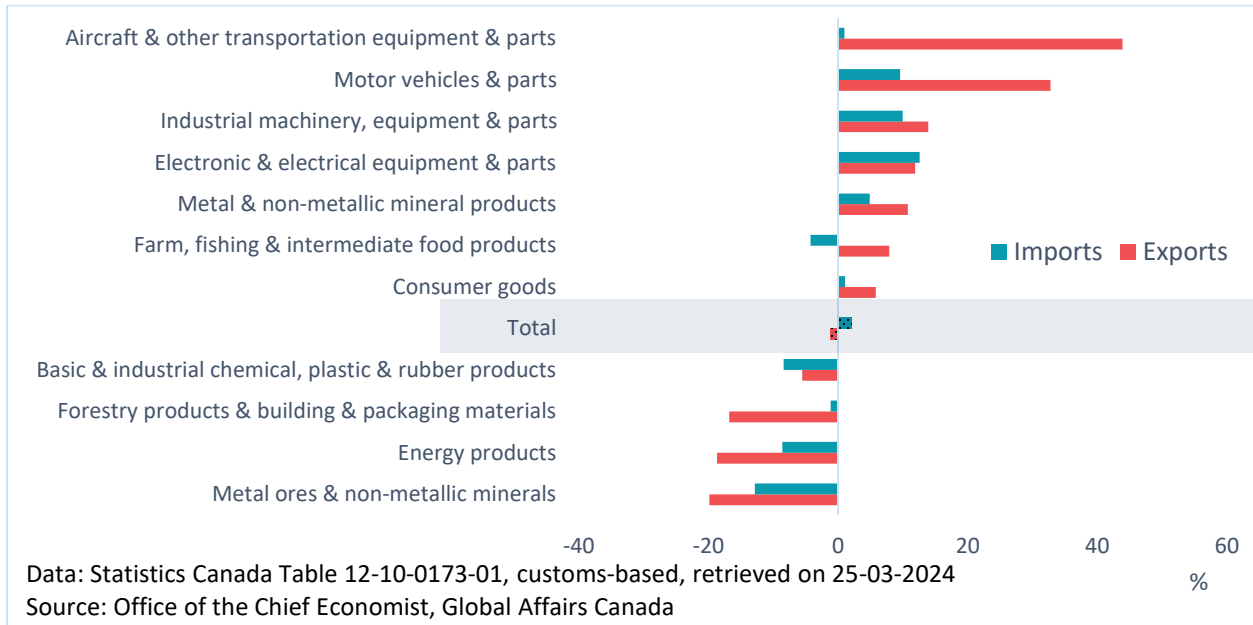


## 2.2. The United States

The decline in Canadian merchandise exports to the U.S. in 2023 was mostly due to sectors that are resource-based, led by decreases in exports of energy products (-18.7%), forestry products and building and packaging materials (-16.8%), basic and industrial chemical, plastic and rubber products (-5.5%), and metal ores and non-metallic minerals (-19.8%). The declines in these sectors can be largely attributed to commodity prices which came down from the elevated levels of 2022.

These declines were partially mitigated by growth in other sectors, with the largest positive contributor coming from motor vehicles and parts (+32.8%), followed by metal and non-metallic mineral products (+10.8%), and aircraft and other transportation equipment and parts (+43.9%). Motor vehicles and parts, and aircraft and other transportation equipment and parts were the only two sectors where growth in 2023 outpaced growth in 2022 as the former sector benefited from the normalization of supply chain pressure and the latter sector benefited from the aviation industry's response to post-pandemic travel demand.

The growth in merchandise imports from the U.S. in 2023 was led by imports of motor vehicles and parts (+9.6%), industrial machinery, equipment and parts (+10.0%), and electronic and electrical equipment and parts (+12.6%). The easing of supply chain pressures continued to benefit the motor vehicles and parts sector. These gains were partially offset by declines in other sectors, led by basic and industrial chemical, plastic and rubber products (-8.4%), and energy products (-8.6%). Once again, lowered commodity prices had an impact on energy products.

**Figure 9: Canadian merchandise trade with the United States (% change, 2023/2022)**

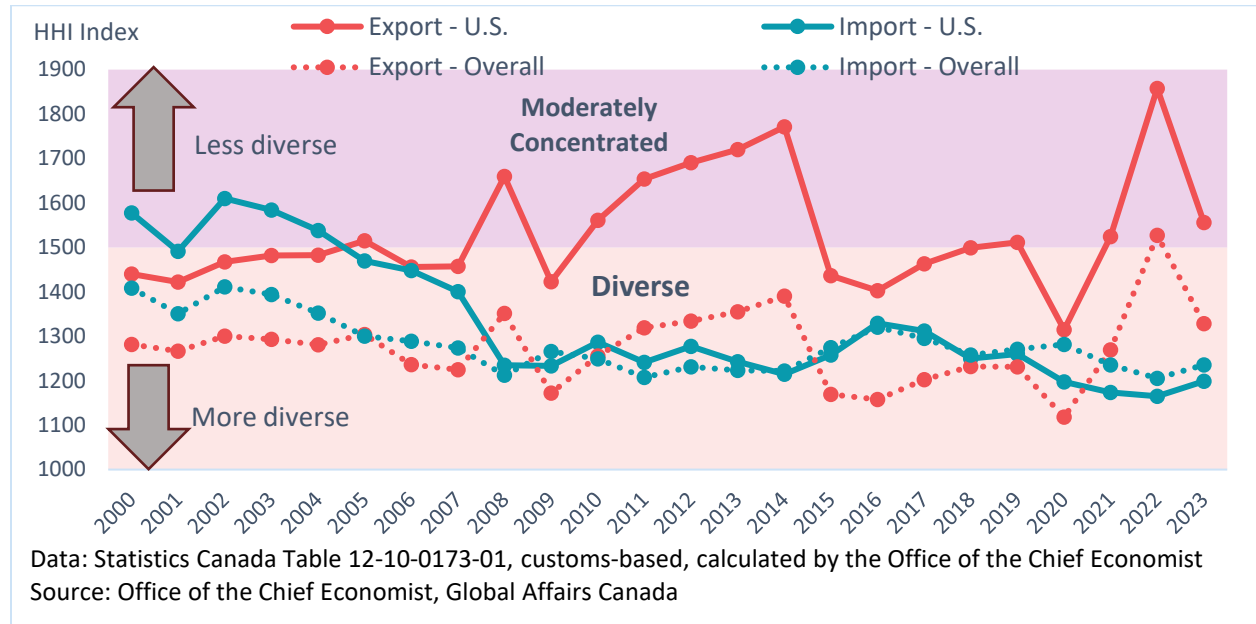
### 2.2.1. Sector diversity: The United States

The sector mix of Canadian merchandise exports to the U.S. fluctuates between being moderately concentrated and being diverse. This is often due to the movement of energy product exports.

Canadian merchandise exports to the U.S. are generally a little more concentrated than overall Canadian merchandise exports.

On the imports side, Canadian merchandise imports from the U.S. were moderately concentrated in the early 2000s but can be considered diverse in recent years.

**Figure 10: Herfindahl-Hirschman Index (HHI) for Canada-United States merchandise trade diversity by sectors**

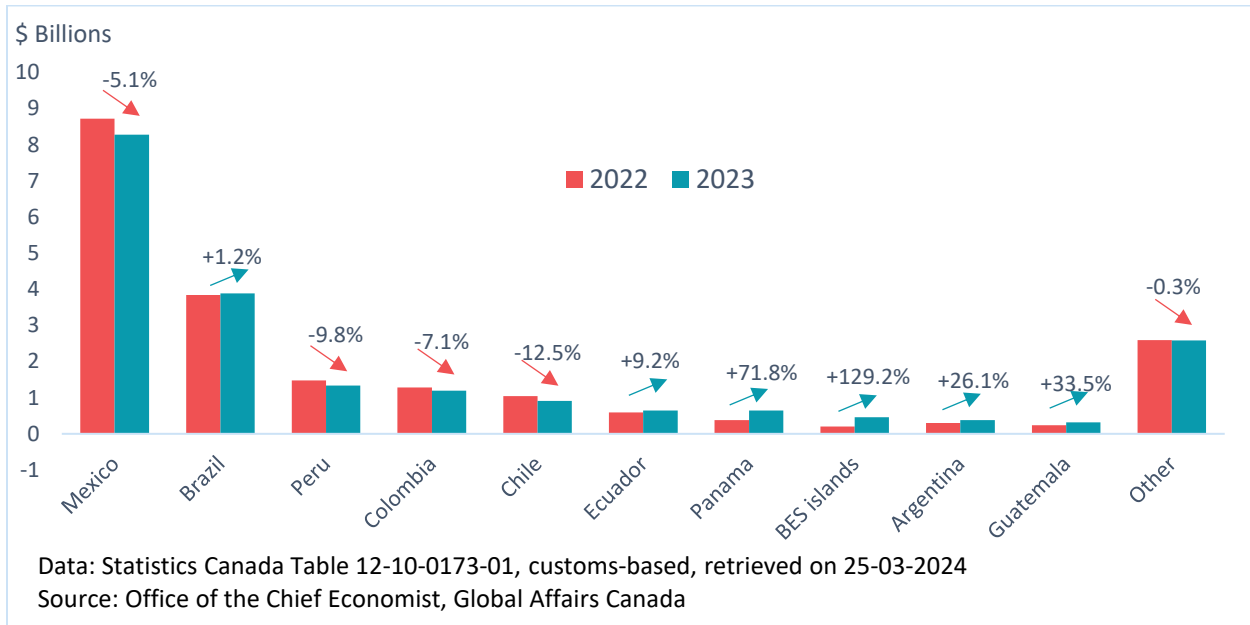


### 2.3. Latin American and the Caribbean

Canadian merchandise exports to Latin America and the Caribbean declined 0.2% in 2023, with declines in exports to top destinations such as Mexico (-5.1%), Peru (-9.8%), Colombia (-7.1%) and Chile (-12.5%). The decline in exports to Mexico, Canada's biggest export destination in Latin America and the Caribbean, was led by declines in farm, fishing and intermediate food products (-17.5%), energy products (-64.9%) and metal and non-metallic mineral products (-13.9%).

These declines were almost fully offset by growth to other destinations in Latin America and the Caribbean, such as Brazil (+1.2%), Ecuador (+9.2%), Panama (71.8%), BES (Bonaire, Sint Eustatius and Saba) Islands (+129.2%), Argentina (+26.1%), and Guatemala (+33.5%). The large growth to BES Islands was due to basic and industrial chemical, plastic and rubber products and energy products. The large growth to Panama was due almost entirely to energy products.

Figure 11: Canadian merchandise exports to top partners in Latin America and the Caribbean

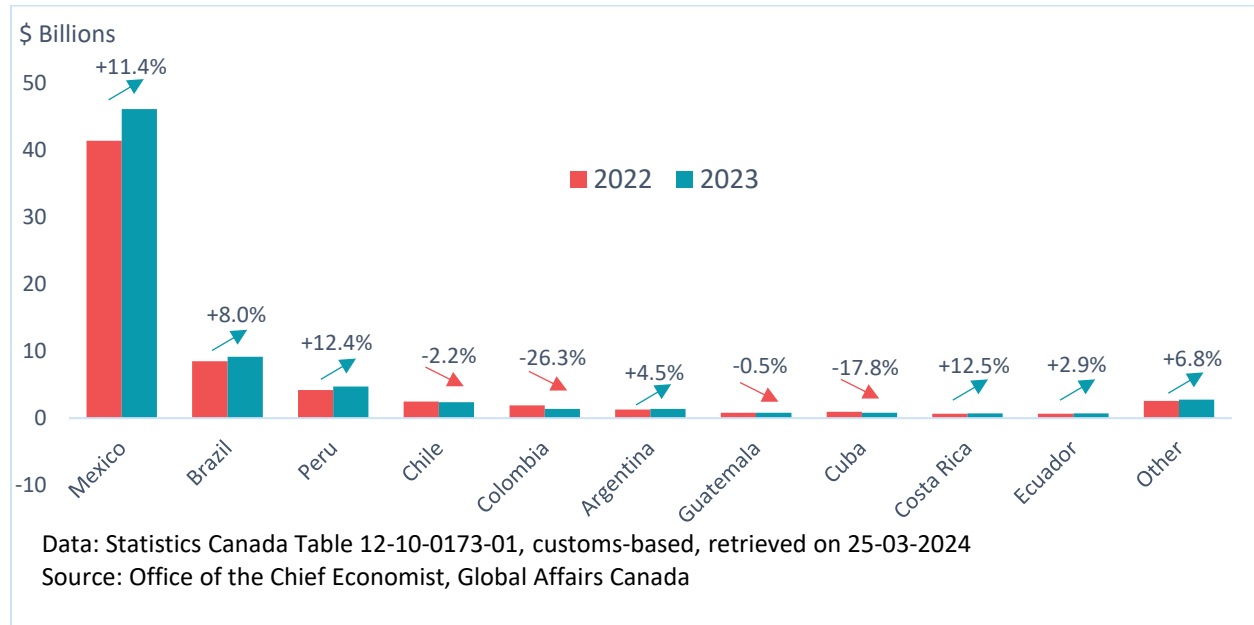


Declining commodity prices from the elevated levels seen in 2022 played a role in the decline of Canadian merchandise exports to Latin America and the Caribbean, as the largest contributors to the decline were metal ores and non-metallic minerals (-6.4%) and energy products (-8.9%), followed by aircraft and other transportation equipment and parts (-27.8%). However, growth in some sectors almost entirely offset the declines, led by industrial machinery, equipment and parts (+29.4%), consumer goods (+10.4%), and basic and industrial chemical, plastic and rubber products (+13.6%).

Canadian merchandise imports from Latin America and the Caribbean grew 8.4% in 2023, the fastest percentage growth among the main regions. Among the top partners, support for this growth was imports from Mexico (+11.4%), Brazil (+8.0%), Peru (+12.4%), Argentina (+4.5%), Costa Rica (+12.5%), and Ecuador (+2.9%).

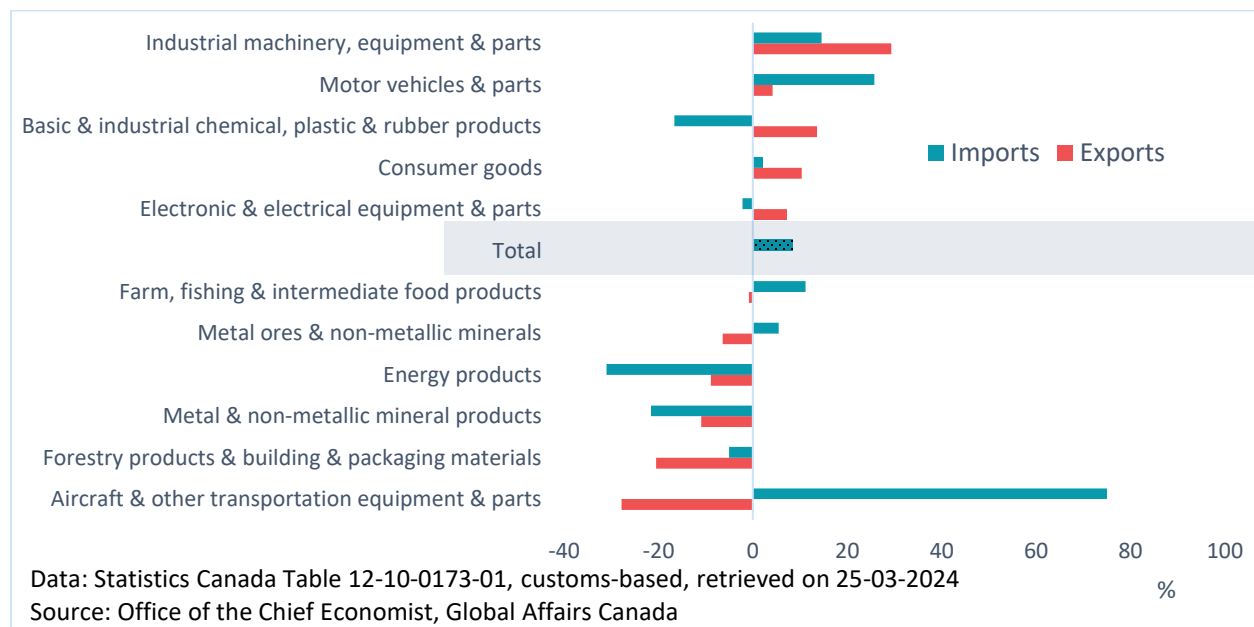
The growth in imports from Mexico, Canada's largest import origin in Latin America and the Caribbean, was almost entirely due to motor vehicles and parts (+26.0%), which benefited from the easing of supply chain pressure in 2023. Among the top import origins in Latin America and the Caribbean, declines in imports in 2023 came from Chile (-2.2%), Colombia (-26.3%), Guatemala (-0.5%), and Cuba (-17.8%).

**Figure 12: Canadian merchandise imports from top partners in Latin America and the Caribbean**



The increase in merchandise imports from Latin America and the Caribbean was led by growth in motor vehicles and parts (+25.7%), aircraft and other transportation equipment and parts (+75.1%), farm, fishing and intermediate food products (+11.2%), and metal ores and non-metallic minerals (+5.5%). While overall merchandise imports from Latin America and the Caribbean increased in 2023, there were declines in metal and non-metallic mineral products (-21.6%), energy products (-31.0%), and basic and industrial chemical, plastic and rubber products (-16.7%).

**Figure 13: Canadian merchandise trade with Latin America and the Caribbean (% change, 2023/2022)**

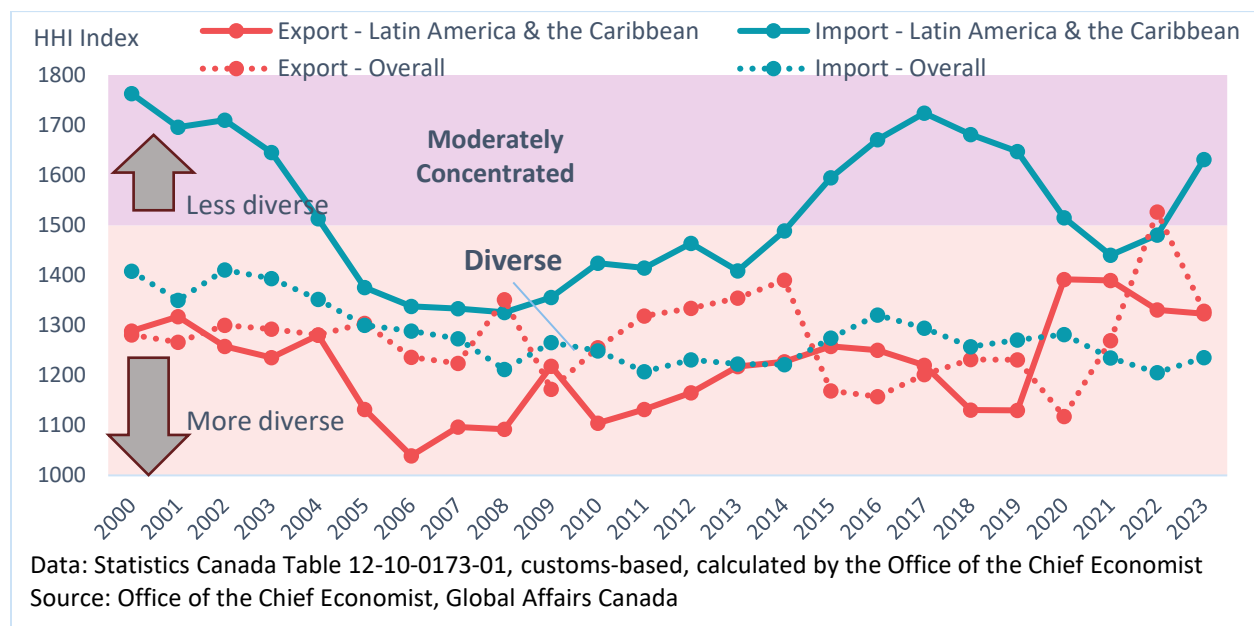


### 2.3.1. Sector diversity: Latin America and the Caribbean

In terms of diversity by sectors, Canadian merchandise exports to Latin America and the Caribbean generally can be considered diverse.

On the imports side, Canadian merchandise imports from Latin America and the Caribbean are more concentrated than overall Canadian imports. The HHI value shows that imports from Latin America and the Caribbean were moderately concentrated in the early 2000s, followed by a period where imports were in the diverse zone, before returning to being moderately concentrated. This trend was mainly caused by imports of motor vehicles and parts, as periods of strong imports of motor vehicles and parts from Latin America and the Caribbean usually coincided with HHI value moving into the moderately concentrated zone.

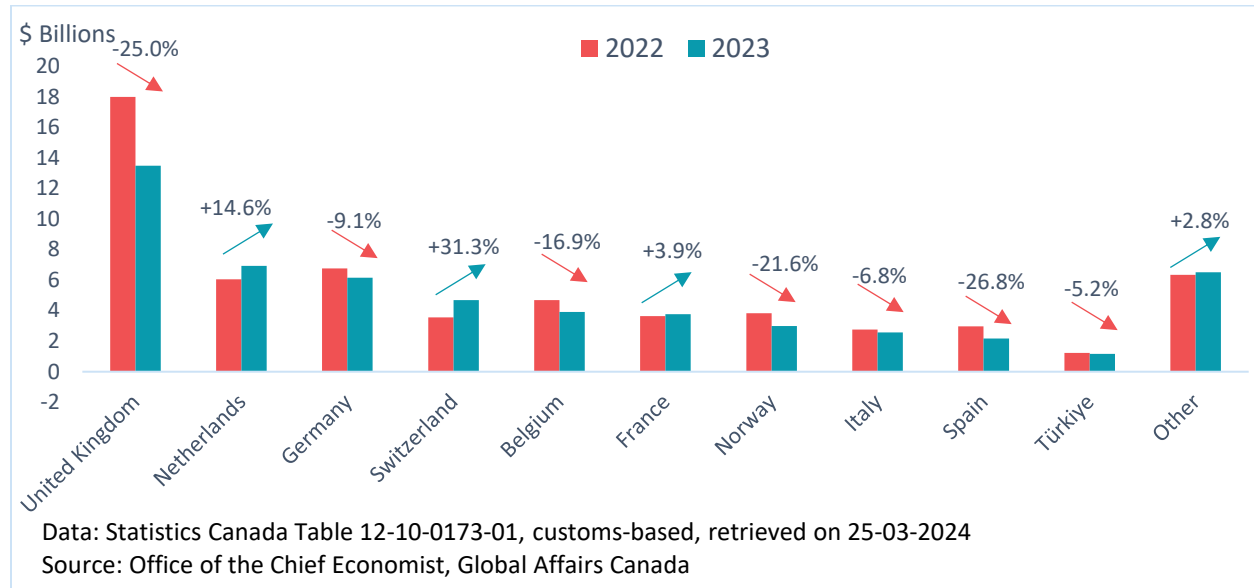
**Figure 14: Herfindahl-Hirschman Index (HHI) for Canada-Latin America and the Caribbean merchandise trade diversity by sectors**



## 2.4. Europe and Central Asia

Canadian merchandise exports to Europe and Central Asia declined in 2023, with declines in exports to top destinations such as the United Kingdom (-25.0%), Germany (-9.1%), Belgium (-16.9%), Norway (-21.6%), Italy (-6.8%), Spain (-26.8%), and Türkiye (-5.2%). Among the top export destinations in the region, there was growth in exports to the Netherlands (+14.6%), Switzerland (+31.3%), and France (+3.9%). The decline in exports to the United Kingdom can be mostly attributed to metal and non-metallic mineral products (-35.9%), in particular gold. With impressive exports growth in the past few years, the Netherlands is now Canada's top merchandise export destination in the European Union, overtaking Germany. Export growth to the Netherlands in 2023 was supported by energy products (+98.6%).

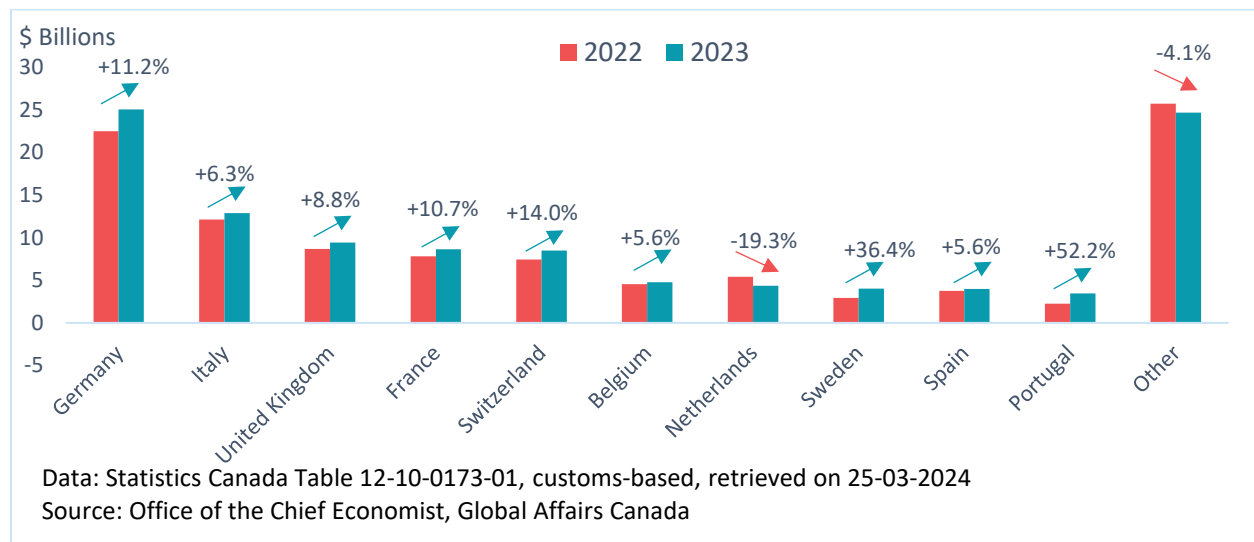
Figure 15: Canadian merchandise exports to top partners in Europe and Central Asia



The decline in Canadian merchandise exports to the region was led by metal and non-metallic mineral products (-19.0%), consumer goods (-22.1%), and metal ores and non-metallic minerals (-9.4%). The decline in metal and non-metallic mineral products was mostly due to lower exports of gold to the United Kingdom. Within consumer goods, there was large declines in exports of cleaning products, appliances, and miscellaneous goods and supplies, and pharmaceutical and medicinal products to the European Union. Despite these declines, some sectors witnessed exports growth to Europe and Central Asia, led by aircraft and other transportation equipment and parts (+31.4%).

Canadian merchandise imports from Europe and Central Asia grew in 2023, with broad-based growth in imports from many top partners such as Germany (+11.2%), Italy (+6.3%), the United Kingdom (+8.8%), France (+10.7%), Switzerland (+14.0%), Belgium (+5.6%), Sweden (+36.4%), Spain (+5.6%), and Portugal (+52.2%). Among the top partners, only imports from the Netherlands (-19.3%) declined.

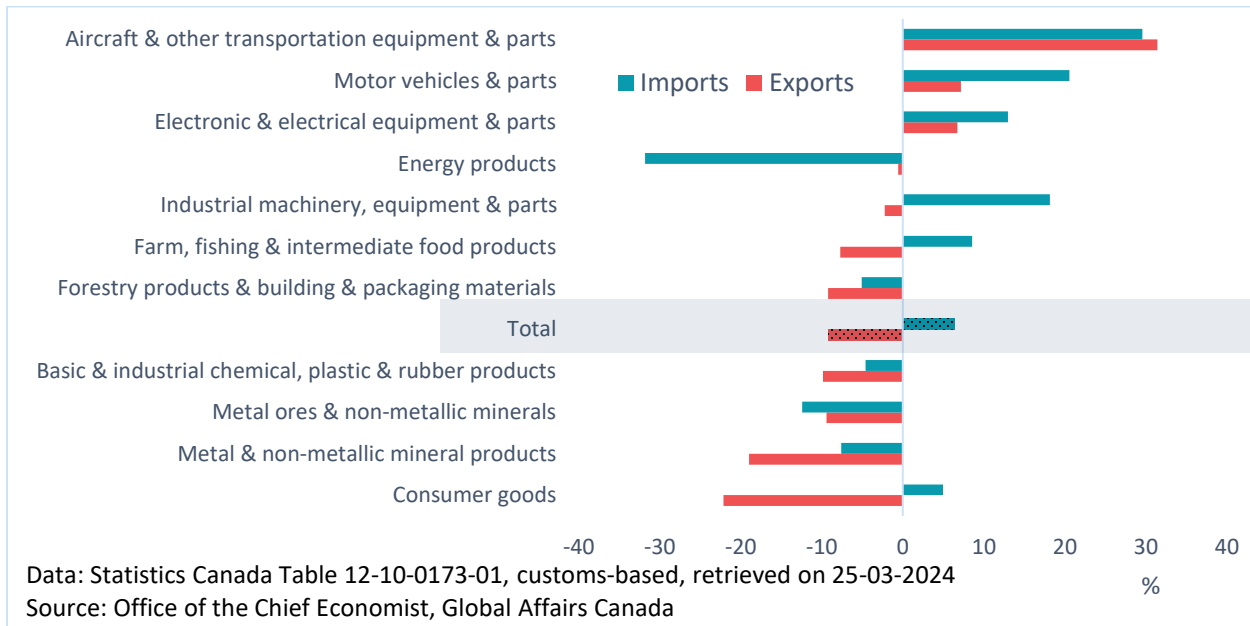
Figure 16: Canadian merchandise imports from top partners in Europe and Central Asia





The increase in imports from Europe and Central Asia was led by industrial machinery, equipment and parts (+18.2%), motor vehicles and parts (+20.6%), consumer goods (+5.0%), aircraft and other transportation equipment and parts (+29.6%), and electronic and electrical equipment and parts (+13.0%). At the other end, there were decline in imports of some sectors, led by energy products (-31.8%), and metal and non-metallic mineral products (-7.6%).

**Figure 17: Canadian merchandise trade with Europe and Central Asia (% change, 2023/2022)**



**Canadian merchandise trade with the European Union**

Canadian merchandise exports to the European Union (EU) dropped 7.1% in 2023, led by drop in exports to top partners such as Germany (-9.1%), Belgium (-16.9%), Italy (-6.8%), Spain (-26.8%), Poland (-9.8%), Ireland (-21.2%) and Finland (-24.1%). Despite this, there was growth in exports to some top partners such as the Netherlands (+14.6%), France (+3.9%) and Sweden (+2.7%). The Netherlands is now Canada’s top export destination in the EU, overtaking Germany.

The drop in exports to the EU was led by consumer goods (-31.7%), and metal ores and non-metallic minerals (-10.5%). Within consumer goods, there was large declines in exports of cleaning products, appliances, and miscellaneous goods and supplies, and pharmaceutical and medicinal products.

Canadian merchandise imports from the EU grew 8.6% in 2023, with broad-based growth in imports from most top partners such as Germany (+11.2%), Italy (+6.3%), France (+10.7%), Belgium (+5.6%), Sweden (+36.4%), Spain (+5.6%), Portugal (+52.2%), and Austria (+11.6%). Among the top partners, only imports from the Netherlands (-19.3%) and Ireland (-16.4%) declined.

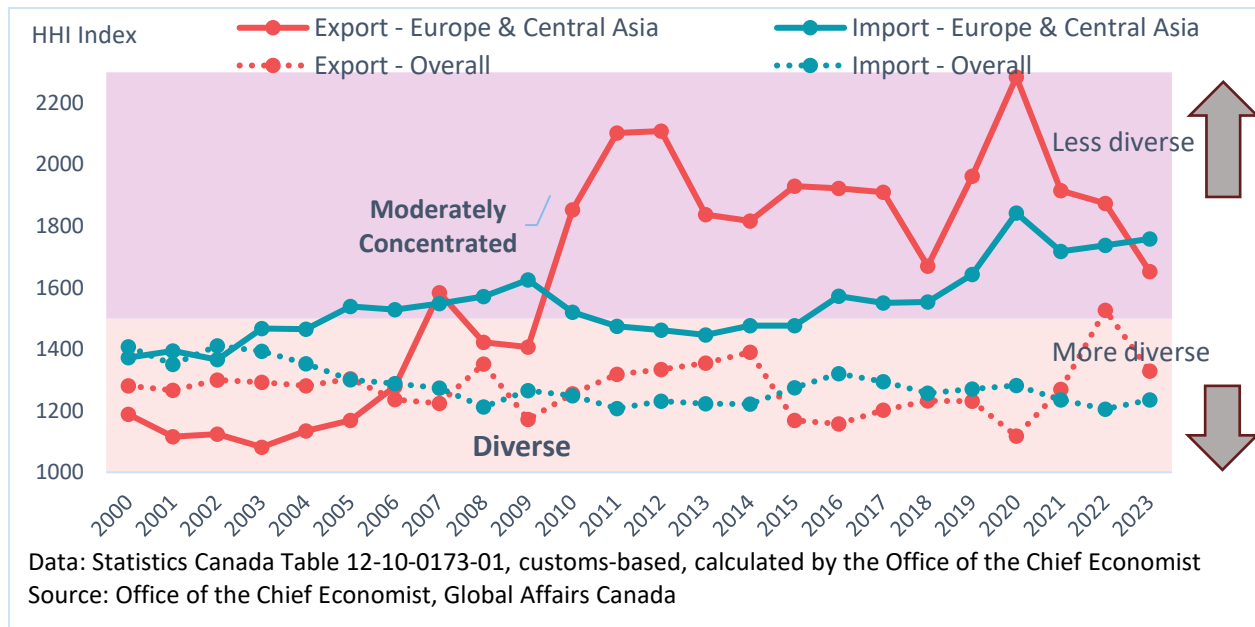
The growth in imports from the EU was led by industrial machinery, equipment and parts (+17.7%), motor vehicles and parts (+21.2%), consumer goods (+5.9%), aircraft and other transportation equipment and parts (+28.3%), and electronic and electrical equipment and parts (+13.3%). Despite these growth, imports of some resource-based sectors declined, such as energy products (-25.0%) and basic and industrial chemical, plastic and rubber products (-9.8%).

### 2.4.1. Sector diversity: Europe and Central Asia

Canadian merchandise exports to Europe and Central Asia were diverse in the early 2000s but have since become moderately concentrated due to the increasing importance of metal and non-metallic mineral products, mainly due to gold exports to the United Kingdom. Imports from the region have also become moderately concentrated due to the increasing importance of consumer goods.

The HHI value shows that Canadian merchandise exports to the European Union can be considered diverse by sectors. On the other hand, Canadian merchandise imports from the European Union can be considered moderately concentrated by sectors, with consumer goods accounting for a relatively large share of imports.

**Figure 18: Herfindahl-Hirschman Index (HHI) for Canada’s merchandise trade diversity by sectors with Europe and Central Asia**



## 2.5. Indo-Pacific

Canadian merchandise exports to the Indo-Pacific declined 4.5% in 2023, with widespread declines in exports to top partners such as Japan (-12.4%), South Korea (-19.9%), India (-4.7%), Australia (-0.4%), Indonesia (-29.6%), Taiwan (-23.6%), Bangladesh (-16.8%). Resource-based sectors played a major role in these declines, for example, the decline in exports to Japan was led by forestry products and building and packaging materials (-43.2%), energy products (-11.1%), and farm, fishing and intermediate food products (-18.2%).

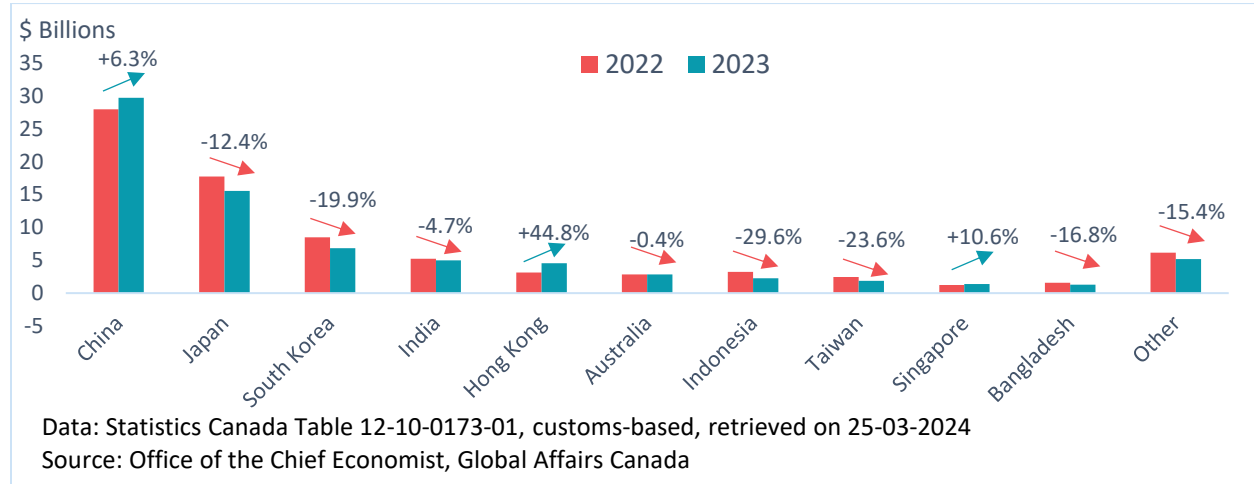
On the other hand, there was growth in exports to top partners such as China (+6.3%), Hong Kong (44.8%), and Singapore (+10.6%). The growth in exports to China was supported by farm, fishing and intermediate food products (+21.1%) and consumer goods (+33.6%).

The decline in Canadian merchandise exports to the Indo-Pacific region was led by energy products (-15.9%), metal ores and non-metallic minerals (-15.4%), and forestry products and building and packaging materials (-16.7%). The price of many commodity-based products reached elevated levels in 2022, before declining in 2023, which pulled down export values.

Partially offsetting these declines were notable growth in exports of metal and non-metallic mineral products (+22.0%), and farm, fishing and intermediate food products (+7.3%). Growth in exports of metal and

non-metallic mineral products was mainly supported by gold to Hong Kong while exports of farm, fishing and intermediate food products was mainly supported by canola seeds to China.

**Figure 19: Canadian merchandise exports to top partners in Indo-Pacific region**



Canadian imports from the Indo-Pacific decreased 5.2% in 2023. Leading the decreases were imports from China (-10.9%), Taiwan (-14.4%), India (-9.8%), Thailand (-6.7%), Malaysia (-16.2%), and Indonesia (-3.2%). The drop in imports from China was led by consumer goods (-13.6%), electronic and electrical equipment and parts (-12.0%).

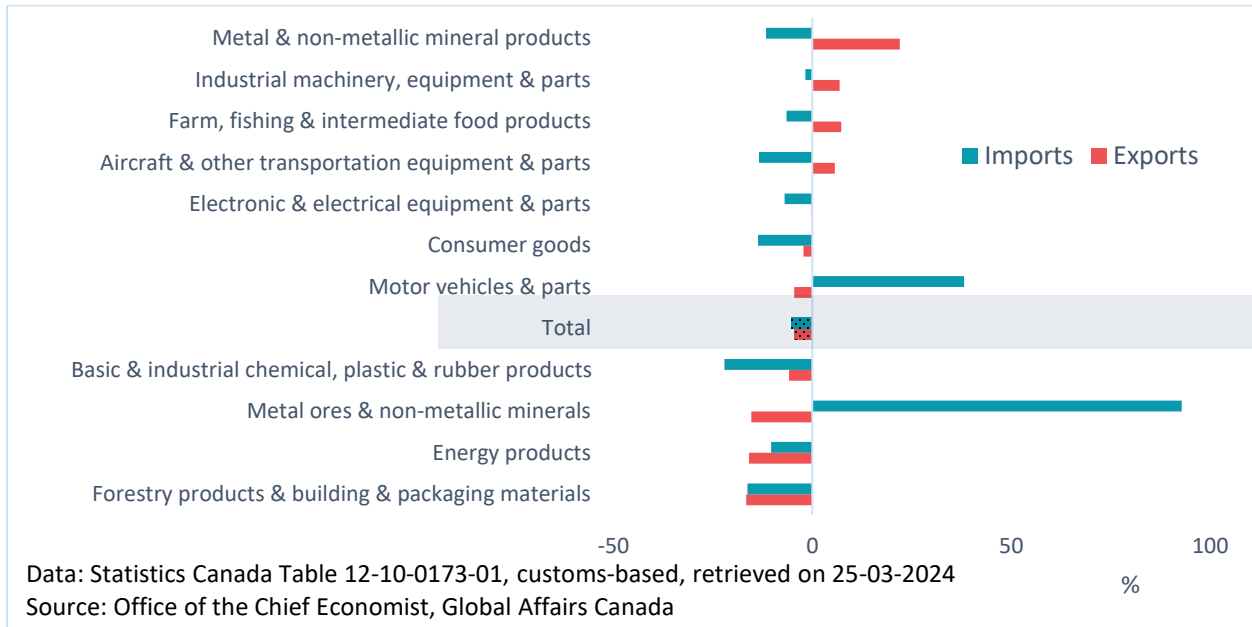
Elsewhere, there was growth in imports from top partners in the Indo-Pacific region such as Japan (+20.9%), South Korea (+4.1%), Vietnam (+3.1%), and Australia (+22.0%). The growth in imports from Japan was led by motor vehicles and parts (+38.2%).

**Figure 20: Canadian merchandise imports from top partners in Indo-Pacific region**



The decline in Canadian merchandise imports from the Indo-Pacific regions was led by consumer goods (-13.6%), electronic and electrical equipment and parts (-6.9%), basic and industrial chemical, plastic and rubber products (-22.1%), metal and non-metallic mineral products (-11.6%), and forestry products and building and packaging materials (-16.3%). Partially offsetting these declines was a large gain in imports of motor vehicles and parts (+38.2%), mainly coming from Japan, China, and South Korea.

**Figure 21: Canadian merchandise trade with the Indo-Pacific region (% change, 2023/2022)**

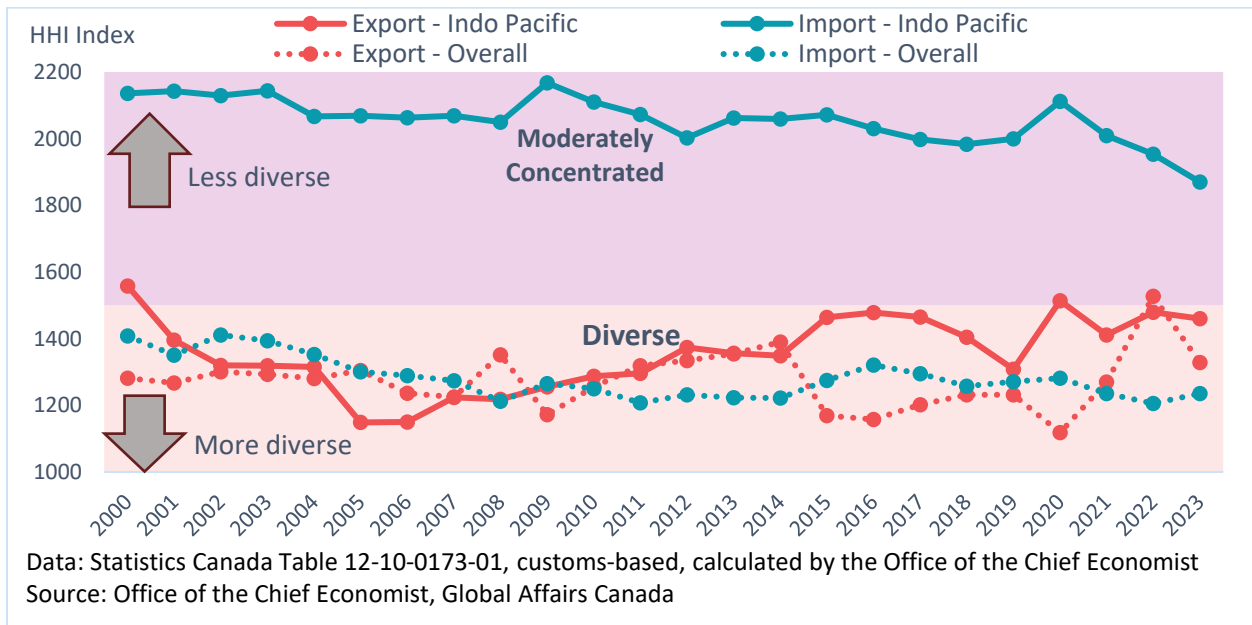


### 2.5.1. Sector diversity: Indo-Pacific

The HHI value shows that sectors for Canadian merchandise exports to the Indo-Pacific are considered diverse. Although in recent years, it has been trending towards being less diverse than overall Canadian exports.

On the other hand, Canadian merchandise imports from the Indo-Pacific can be considered moderately concentrated, with electronic and electrical equipment and parts and consumer goods sectors accounting for a relatively large share of imports.

**Figure 22: Herfindahl-Hirschman Index (HHI) for Canada-Indo Pacific merchandise trade diversity by sectors**



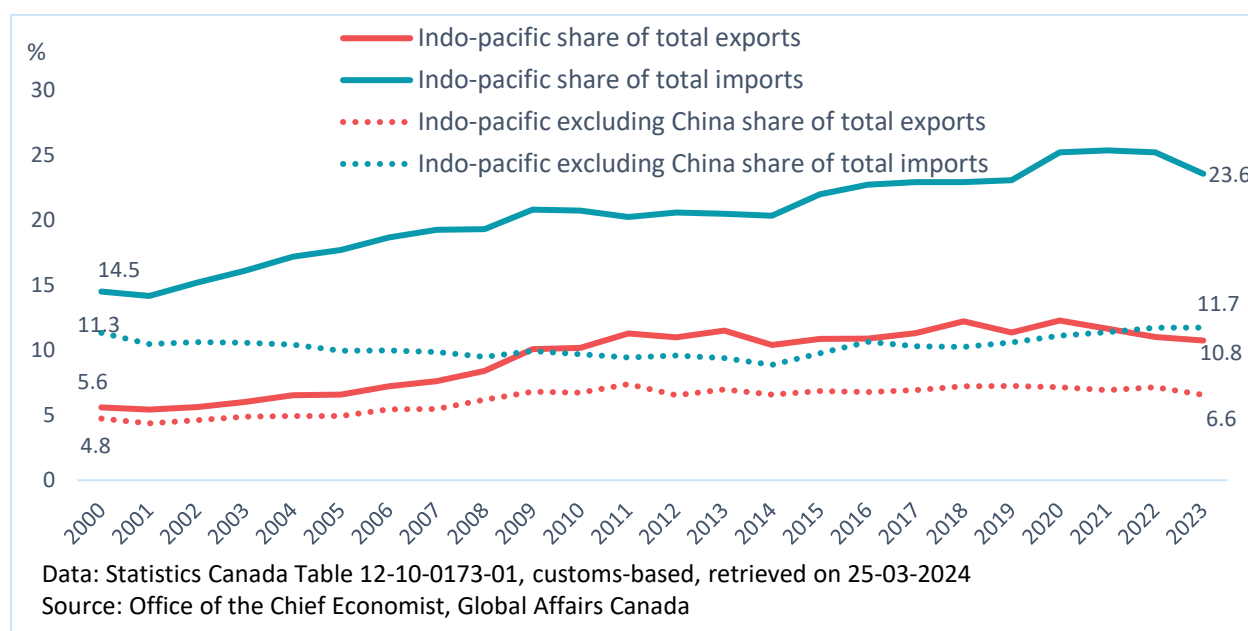
## 2.5.2. Special issue: Evolution of Canada's trade relationship with the Indo-Pacific region

Canada's Indo-Pacific Strategy, announced in 2022, offers a comprehensive framework for Government of Canada engagement in the Indo-Pacific region over the next decade. An important strategic objective from this strategy is to expand trade, investment, and supply chain resilience. This section provides a longer-term view of Canada's trade performance with the Indo-Pacific region.

Canadian merchandise trade with the Indo-Pacific have grown much faster than overall Canadian trade since 2000 and as a result, the Indo-Pacific's share of Canadian's exports and imports have increased since 2000.

The Indo-Pacific accounted for 10.8% of Canadian exports in 2023, almost doubling its share from 5.6% in 2000. Its share of Canadian imports has grown even faster (+9.1 percentage points) from 14.5% in 2000 to 23.6% in 2023. However, much of this growth was driven by trade with China. If China was excluded, the Indo-Pacific's share of exports and imports would have much smaller growth of 1.8 percentage points and 0.4 percentage points, respectively.

**Figure 23: Indo-Pacific's share of Canadian merchandise trade**



Since 2000, Canadian exports to the Indo-Pacific have more than tripled to reach \$76.5 billion. A large part of the growth coming from exports to China, which have grown by \$26.5 billion or over 9 times its 2000 value.

There was also extraordinary growth in exports to India (+\$4.4 billion or 802%) and Bangladesh (+\$1.2 billion or 920%). On the other hand, exports growth to top partners such as Japan (+\$6.4 billion or 70%) and Taiwan (+\$0.7 billion or 64%) were slower than overall export growth, and as a result, these countries' share of Canadian merchandise exports have declined.

**Table 1: Canadian merchandise export with top partners in the Indo-Pacific**

Export partner	2023 Export value (\$ billion)	Growth from 2000 (\$ billion)	Growth from 2000 (%)
<b>Total Indo-Pacific</b>	76.5	54.9	254.0
<b>China</b>	29.8	26.5	803.5

<b>Japan</b>	15.5	6.4	69.6
<b>South Korea</b>	6.8	4.5	195.7
<b>India</b>	5.0	4.4	802.3
<b>Hong Kong</b>	4.5	3.2	244.7
<b>Australia</b>	2.8	1.7	147.1
<b>Indonesia</b>	2.3	1.6	240.9
<b>Taiwan</b>	1.9	0.7	64.0
<b>Singapore</b>	1.4	1.0	310.0
<b>Bangladesh</b>	1.3	1.2	920.2
<b>Other</b>	5.2	3.6	234.0

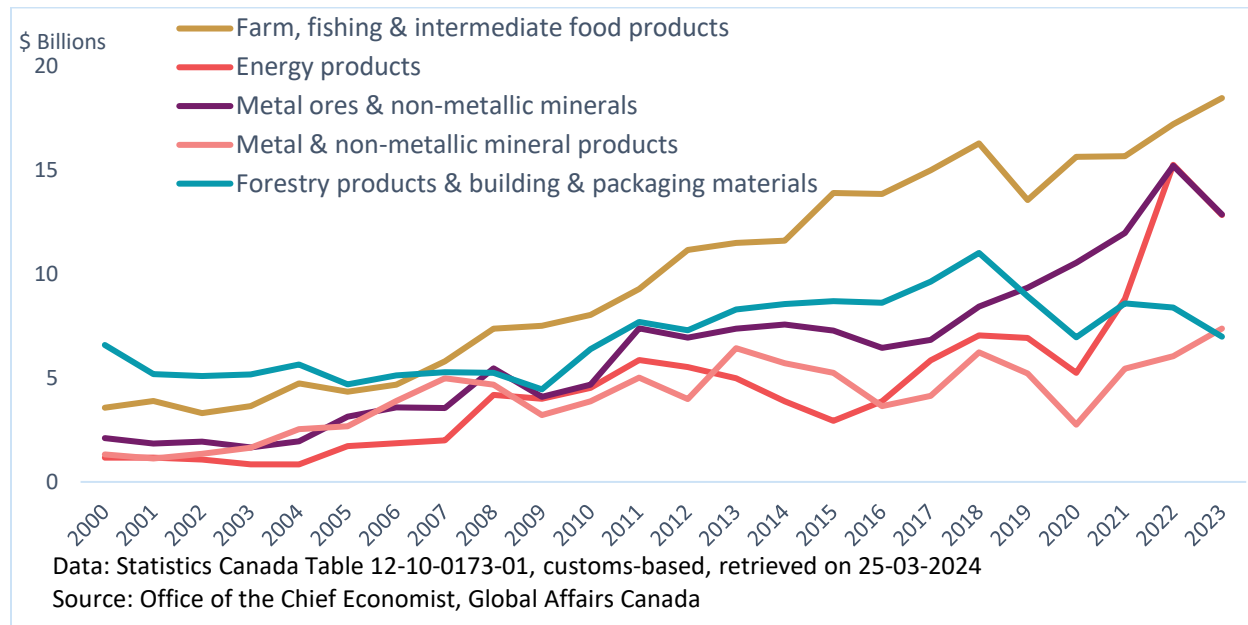
Data: Statistics Canada Table 12-10-0173-01, customs-based, retrieved on 25-03-2024  
Source: Office of the Chief Economist, Global Affairs Canada

Canadian exports growth to this region has been driven by resource-based sectors as the fast industrial growth in this region have led to surging demand for natural resources over the past 2 decades. Likewise, the growth in income and population in this region have also led to demand for Canadian agricultural and food products. The growth in Canadian merchandise exports to the Indo-Pacific region since 2000 was led by farm, fishing and intermediate food products (+\$14.9 billion or 417%), energy products (+11.7 billion or 1,006%), metal ores and non-metallic minerals (+\$10.8 billion or 511%), and metal and non-metallic mineral products (+\$6.0 billion or 455%).

The growth in Canada's exports of farm, fishing and intermediate food products to the region have been led by exports to China, but there is also notable growth to Japan and Indonesia. The growth in exports of Canada's energy products have been led by exports to Japan, China, South Korea and India.

On the other hand, growth in exports of some sectors to the Indo-Pacific have been subdued such as motor vehicles and parts (+\$0.3 billion or 71.4%), forestry products and building and packaging materials (+\$0.4 billion or 6.1%) and aircraft and other transportation equipment and parts (+\$0.7 billion or 154%). The forestry products and building and packaging materials sector was Canada's top exports to the region in the early 2000s, but subdued growth has led this sector to lose its stop spot.

Figure 24: Canada’s merchandise exports to the Indo-Pacific, selected sectors



Similar to exports, the growth in merchandise imports from the Indo-Pacific more than tripled to reach \$177.8 billion in 2023. This was in large part due to growth in imports from China (+\$78.0 billion or 690%) since 2000.

Among other top partners, there was also explosive growth in imports from Vietnam since 2000, as imports have increased by \$13.1 billion or around 62 times its value. Elsewhere, imports growth from top partners such as Japan (+\$4.1 billion or 24.4%), Taiwan (+\$3.1 billion or 62.6%), Malaysia (+\$1.0 billion or 39.3%) and Australia (+\$1.7 billion or 109%) were slower than overall imports growth.

Table 2: Canadian merchandise imports from top partners in the Indo-Pacific

Import Partner	2023 Import Value (\$ billion)	Growth from 2000 (\$ billion)	Growth from 2000 (%)
<b>Total Indo-Pacific</b>	177.8	126.0	243.5
<b>China</b>	89.2	78.0	690.2
<b>Japan</b>	20.7	4.1	24.4
<b>South Korea</b>	13.9	8.6	163.1
<b>Vietnam</b>	13.3	13.1	6181.0
<b>Taiwan</b>	8.1	3.1	62.6
<b>India</b>	7.5	6.3	511.1
<b>Thailand</b>	4.9	3.2	190.7
<b>Malaysia</b>	3.5	1.0	39.3
<b>Australia</b>	3.2	1.7	109.3
<b>Indonesia</b>	2.8	1.9	213.4
<b>Other</b>	10.7	5.2	93.7

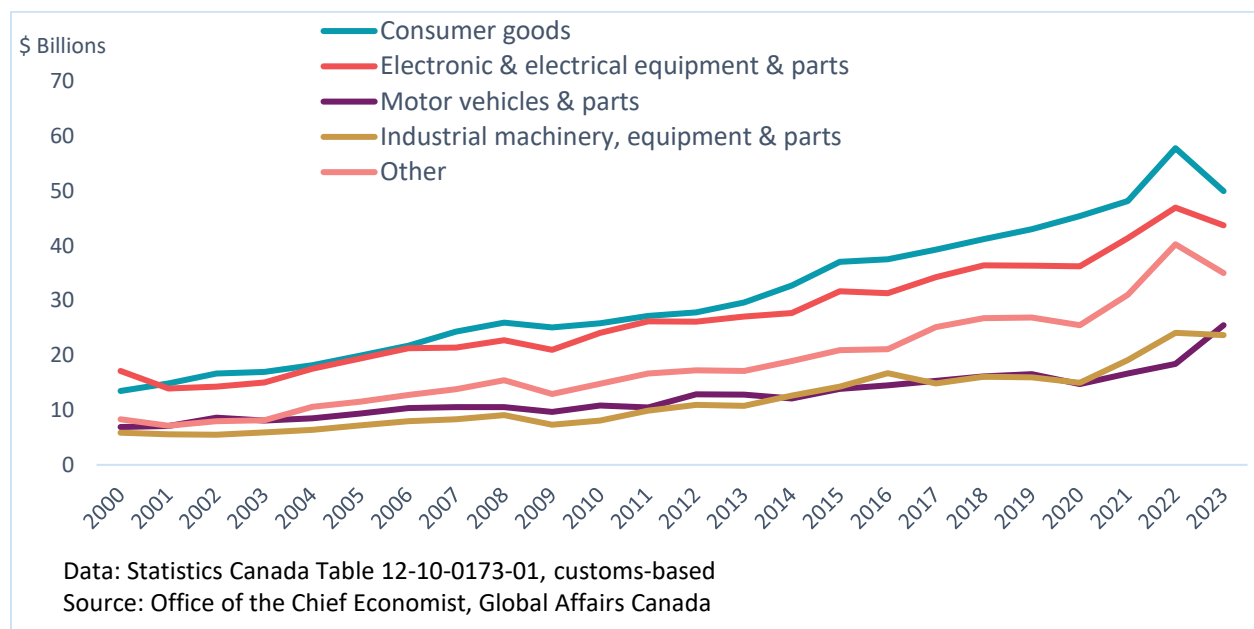
Data: Statistics Canada Table 12-10-0173-01, customs-based, retrieved on 25-03-2024  
Source: Office of the Chief Economist, Global Affairs Canada

Canadian merchandise imports growth from the Indo-Pacific region since 2000 have been led by consumer goods (+\$36.4 billion or 270%), electronic and electrical equipment and parts (+\$26.5 billion or 155%), motor vehicles and parts (+\$18.6 billion or 269%), and industrial machinery, equipment and parts (+\$17.8 billion or 304%).

Growth in imports of consumer goods and electronic and electrical equipment and parts have mainly come from China, but there was also notable growth from Vietnam. Growth in imports of motor vehicles and parts have come from mainly China, South Korea and Japan. Similarly, China have led the growth in imports of industrial machinery, equipment and parts.

On the other hand, growth in imports of some resource-based sectors have been subdued, including metal ores and non-metallic minerals (+\$0.4 billion or 56%) and energy products (+\$0.6 billion or 173%).

**Figure 25: Canada's merchandise imports from the Indo-Pacific, selected sectors**



## 2.6. Africa & the Middle East

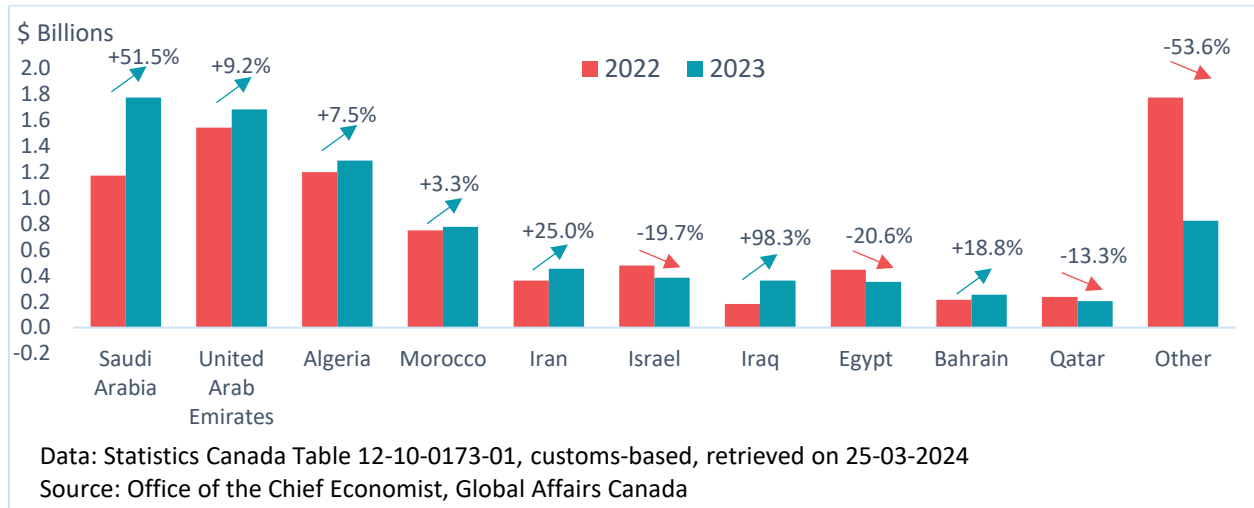
### 2.6.1. The Middle East and North Africa

The value of Canadian merchandise exports to the Middle East and North Africa was essentially unchanged in 2023. There were gains in exports to top partners in the region such as Saudi Arabia (+51.5%), United Arab Emirates (+9.2%), Algeria (+7.5%), Morocco (+3.3%), Iran (+25.0%), Iraq (+98.3%) and Bahrain (+18.8%).

The notable growth in exports to Saudi Arabia was support mainly by aircraft and other transportation equipment and parts (+68.6%). These gains were offset by declines in exports to other locations including to top partners such as Israel (-19.7%), Egypt (-20.6%), and Qatar (-13.3%).



**Figure 26: Canadian merchandise exports to top partners in the Middle East and North Africa**

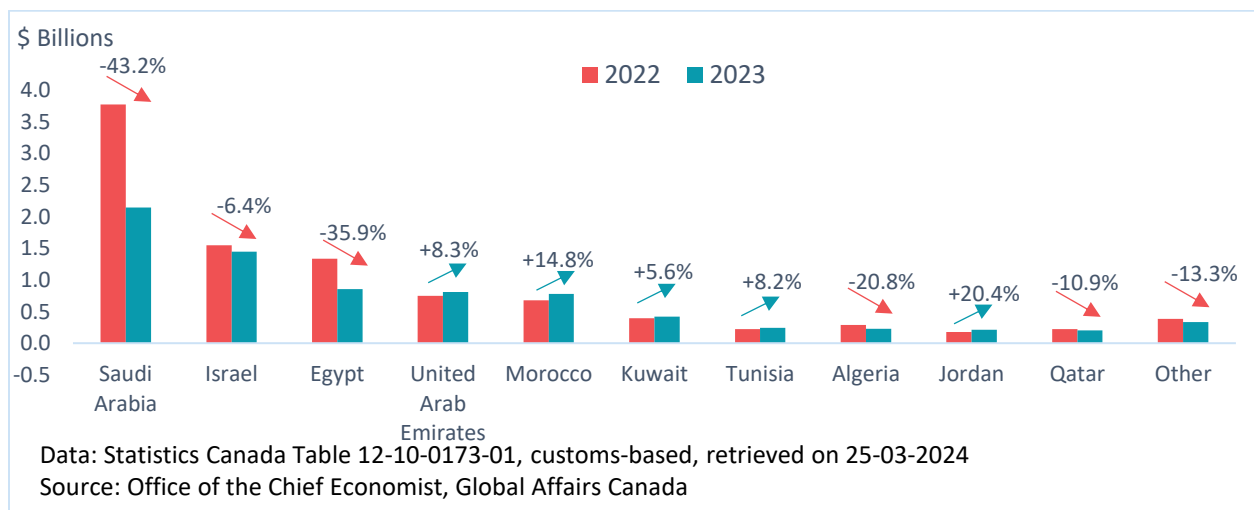


There was notable growth in farm, fishing and intermediate food products (+18.9%), electronic and electrical equipment and parts (+30.1%), industrial machinery, equipment and parts (+20.2%), and motor vehicles and parts (+31.0%) being offset by notable declines in exports of aircraft and other transportation equipment and parts (-22.3%), metal ores and non-metallic minerals (-36.5%), and consumer goods (-15.6%).

Canadian merchandise imports from the Middle East and North Africa declined 21.5% in 2023, with a large decrease in imports from Saudi Arabia (-43.2%) leading the way. The decline in imports from Saudi Arabia was almost entirely due to imports of energy products (-42.9%).

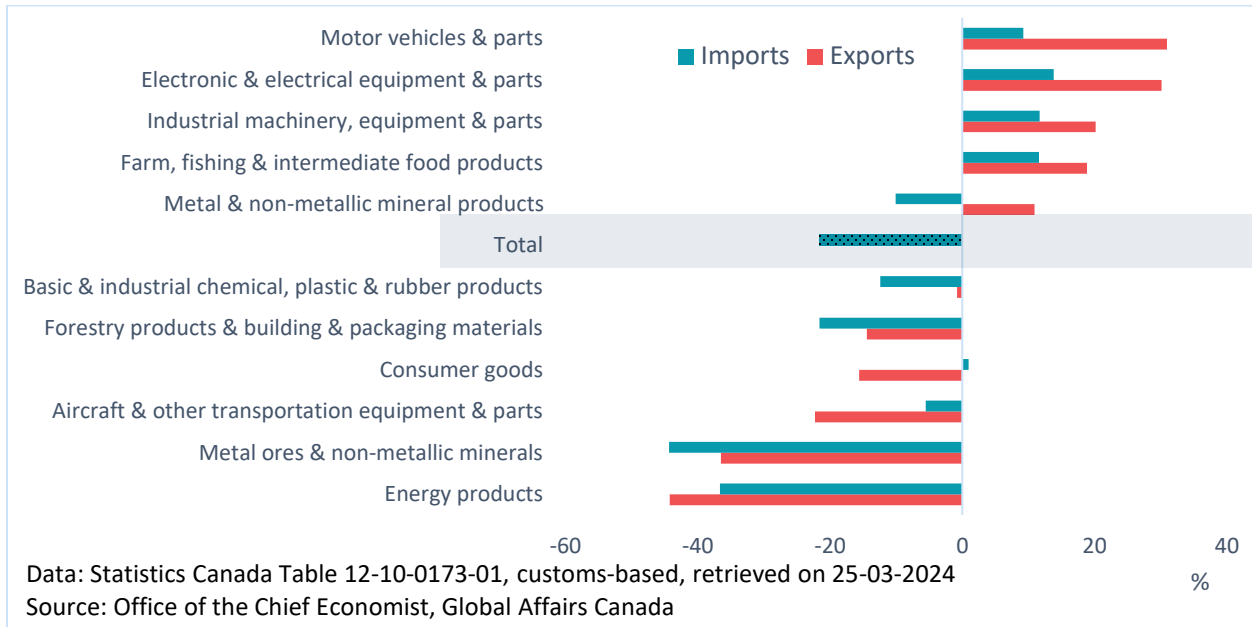
Imports from some other top partners in the region also witnessed declines in 2023, such as Israel (-6.4%), Egypt (-35.9%), Algeria (-20.8%), and Qatar (-10.9%). Despite these declines, there were growth in imports from some top partners, such as the United Arab Emirates (+8.3%), Morocco (+14.8%), Kuwait (+5.6%), Tunisia (+8.2%), and Jordan (+20.4%).

**Figure 27: Canadian merchandise imports from top partners in the Middle East and North Africa**



The decline in Canadian merchandise imports from the Middle East and North Africa was mainly driven by resource-based sectors, with notable decreases in imports of energy products (-36.7%), and metal ores and non-metallic minerals (-44.3%). These declines were largely driven by commodity prices which were lower in 2023. Growth in imports of some other sectors were too marginal to significantly offset these declines.

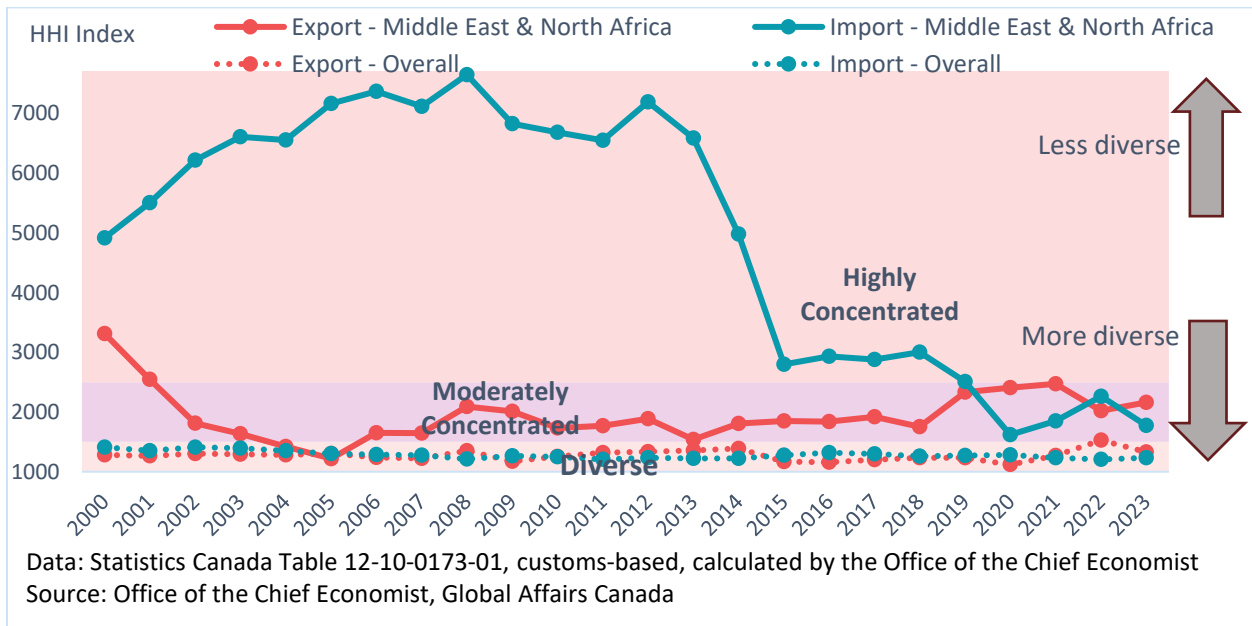
**Figure 28: Canadian merchandise trade with the Middle East and North Africa (% change, 2023/2022)**



Canadian merchandise exports to the Middle East and North Africa are considered moderately concentrated with a relatively high share of farm, fishing and intermediate food products.

On the imports side, sectors were highly concentrated due to energy products' large share of imports. In recent years, energy products' share of imports has decreased, which has lowered sector concentrations to more moderate levels.

**Figure 29: Herfindahl-Hirschman Index (HHI) for Canada-Middle East and North Africa merchandise trade diversity by sectors**



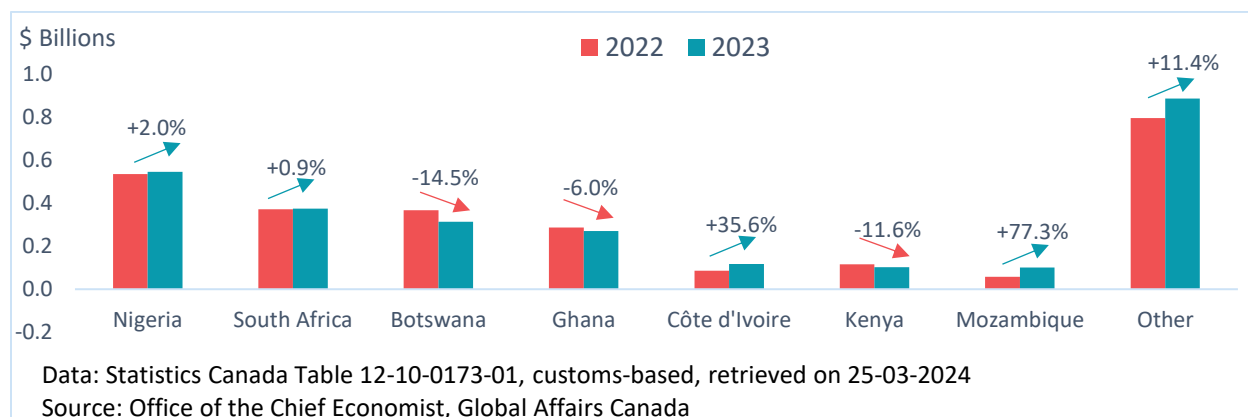
## 2.6.2. Sub-Saharan Africa

Canadian merchandise exports to Sub-Saharan Africa grew 3.7% in 2023, with growth in exports to top partners in the region such as Nigeria (+2.0%), South Africa (+0.9%), Côte d'Ivoire (+35.6%), and Mozambique (+77.3%). The growth in exports to Nigeria was led by farm, fishing and intermediate food products (+46.8%) but a large decline in exports of metal ores and non-metallic minerals (-86.6%) partially offset the growth.

Farm, fishing and intermediate food products was also the main reason for the strong growth in exports to Mozambique over the past two years, making Mozambique one of the top destinations for Canadian exports in Sub-Saharan Africa.

Partially offsetting this growth was declines in exports to top destination such as Botswana (-14.5%), Ghana (-6.0%), and Kenya (-11.6%). The drop in exports to Botswana was mainly due to lower exports of metal ores and non-metallic minerals as the prices of many commodities fell in 2023.

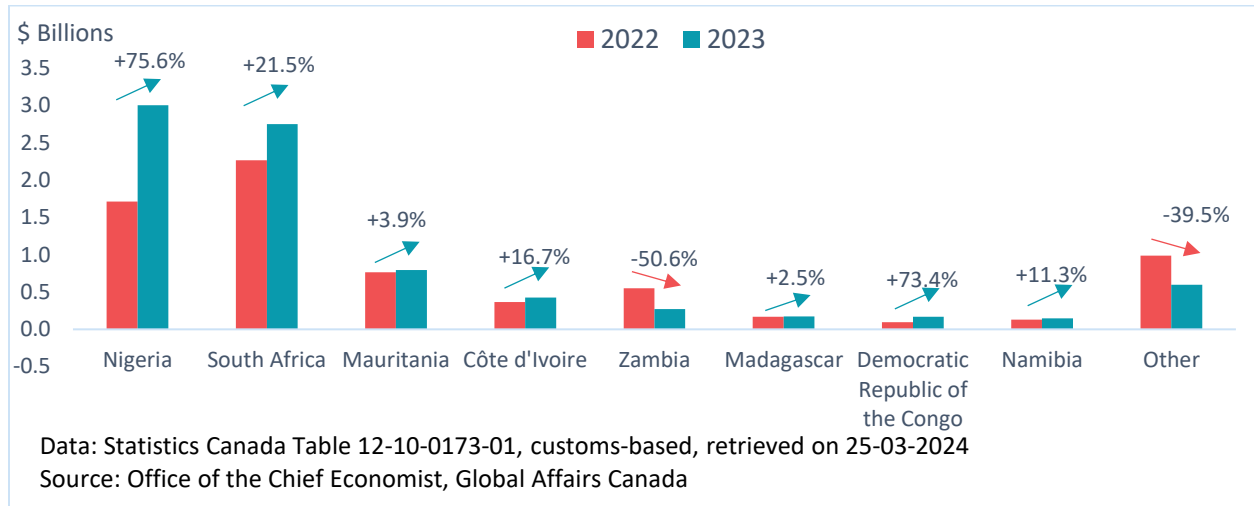
**Figure 30: Canadian merchandise exports to top partners in Sub-Saharan Africa**



The growth in Canadian merchandise exports to Sub-Saharan Africa in 2023 was led mainly by farm, fishing and intermediate food products (+42.4%). Partially offsetting this growth were declines in some sectors, led by metal ores and non-metallic minerals (-31.0%) and aircraft and other transportation equipment and parts (-51.7%).

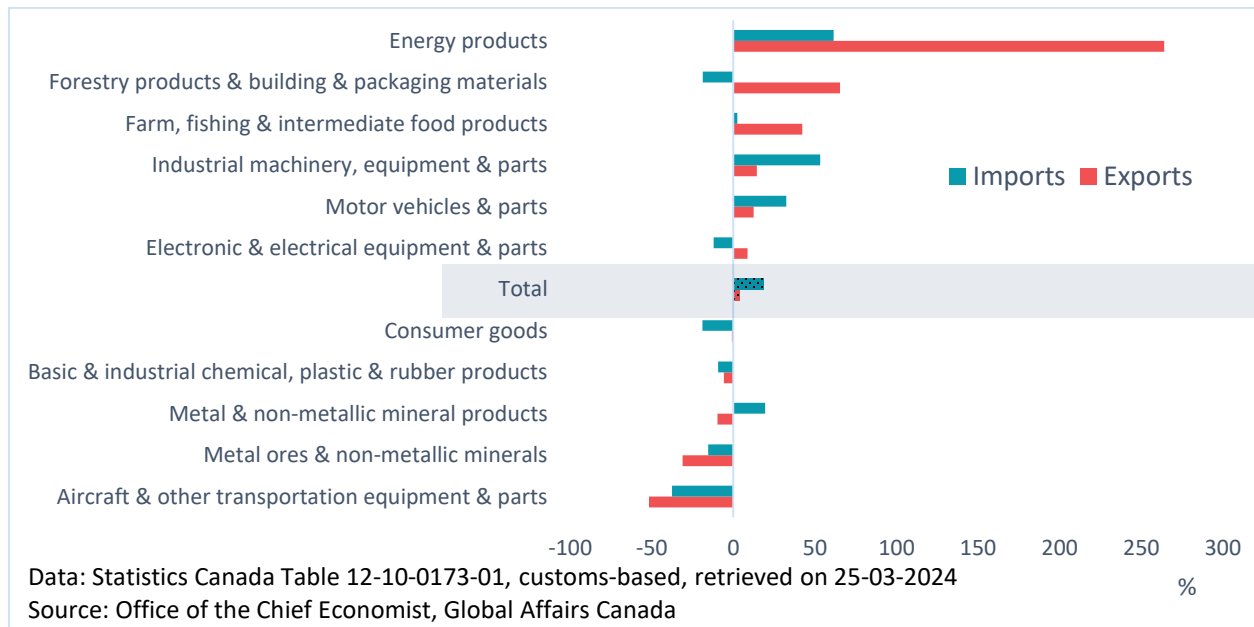
Canadian merchandise imports from Sub-Saharan Africa grew 18.3% in 2023, with growth coming from most top partners in the region such as Nigeria (+75.6%), South Africa (+21.5%), Mauritania (+3.9%), Côte d'Ivoire (+16.7%), Madagascar (+2.5%), Democratic Republic of the Congo (+73.4%), and Namibia (+11.3%). The large growth in imports from Nigeria was led by energy products (+78.2%) and the growth from South Africa was led by metal and non-metallic mineral products (+48.2%). Among the top partners in Sub-Saharan Africa, only imports from Zambia declined in 2023, due almost entirely to lowered imports of metal and non-metallic mineral products (-55.6%).

**Figure 31: Canadian merchandise imports from top partners in Sub-Saharan Africa**



Import growth was led by energy products (+61.5%) and metal and non-metallic mineral products (+19.5%), with the growth in imports of energy products mainly coming from Nigeria.

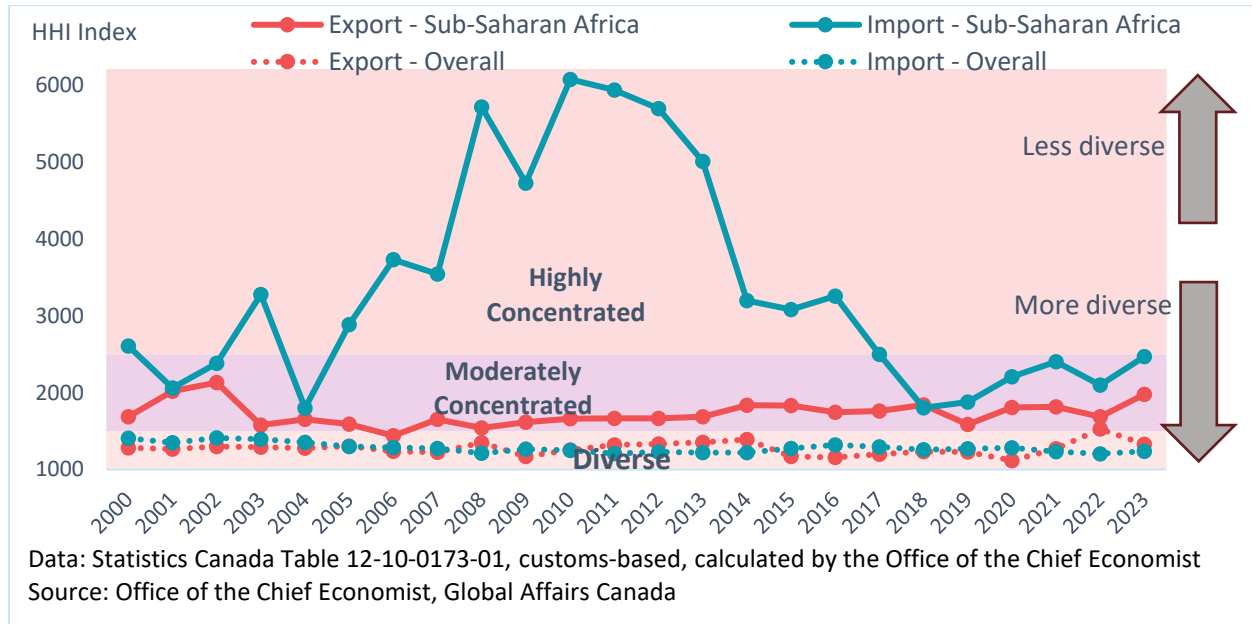
**Figure 32: Canadian merchandise trade with Sub-Saharan Africa (% change, 2023/2022)**



Canadian merchandise exports to Sub-Saharan Africa are moderately concentrated, due to the relatively high share of farm, fishing, and intermediate food products.

Sectoral imports were highly concentrated between 2005 and 2016, due to the prominence of energy products. However, in recent years, imports from Sub-Saharan Africa have become moderately less concentrated as the importance of energy products have declined relative to other imports.

**Figure 33: Herfindahl-Hirschman Index (HHI) for Canada-Sub-Saharan Africa merchandise trade diversity by sectors**



### 3. Appendix

**Table 3: Canadian merchandise exports and imports by regions and selected top trade partners**

Export Partner	Export Value (\$ billions, 2023)	Growth in export value (%)	Import Partner	Import Value (\$ billions, 2023)	Growth in import value (%)
<b>Total</b>	711.5	-2.2	<b>Total</b>	754.6	1.4
United States	548.8	-1.2	United States	374.1	2.1
<b>Latin America and the Caribbean</b>	20.6	-0.2	<b>Latin America and the Caribbean</b>	70.9	8.4
Mexico	8.3	-5.1	Mexico	46.1	11.4
Brazil	3.9	1.2	Brazil	9.2	8.0
<b>Europe &amp; Central Asia</b>	54.4	-9.1	<b>Europe &amp; Central Asia</b>	109.7	6.3
United Kingdom	13.5	-25.0	Germany	25.0	11.2
Netherlands	6.9	14.6	Italy	12.9	6.3
Germany	6.2	-9.1	United Kingdom	9.4	8.8
Switzerland	4.7	31.3	France	8.6	10.7
Belgium	3.9	-16.9	Switzerland	8.5	14.0
<b>Indo-Pacific</b>	76.5	-4.5	<b>Indo-Pacific</b>	177.8	-5.2
China	29.8	6.3	China	89.2	-10.9
Japan	15.5	-12.4	Japan	20.7	20.9
South Korea	6.8	-19.9	South Korea	13.9	4.1
India	5.0	-4.7	Vietnam	13.3	3.1
Hong Kong	4.5	44.8	Taiwan	8.1	-14.4

<b>The Middle East and North Africa</b>	8.4	0.0	<b>The Middle East and North Africa</b>	7.7	-21.5
Saudi Arabia	1.8	51.5	Saudi Arabia	2.1	-43.2
United Arab Emirates	1.7	9.2	Israel	1.4	-6.4
<b>Sub-Saharan Africa</b>	2.7	3.7	<b>Sub-Saharan Africa</b>	8.3	18.3
Nigeria	0.5	2.0	Nigeria	3.0	75.6
South Africa	0.4	0.9	South Africa	2.8	21.5

Data: Statistics Canada Table 12-10-0173-01, customs-based, retrieved on 25-03-2024  
Source: Office of the Chief Economist, Global Affairs Canada

Table 4: Canadian merchandise exports and imports by sectors

Sector	Export Value (\$ billions, 2023)	Growth in export value (%)	Import Value (\$ billions, 2023)	Growth in import value (%)
<b>All sectors</b>	711.5	-2.2	754.6	1.4
<b>Resource sectors</b>	449.4	-10.3	243.7	-6.2
Farm, fishing and intermediate food products	60.5	6.5	28.5	0.6
Energy products	188.1	-17.9	43.7	-11.7
Metal ores and non-metallic minerals	30.6	-15.2	18.9	-2.1
Metal and non-metallic mineral products	82.1	3.1	59.0	-2.8
Basic and industrial chemical, plastic and rubber products	41.3	-5.3	60.0	-10.1
Forestry products and building and packaging materials	46.8	-16.6	33.6	-4.9
<b>Non-resource sectors</b>	256.0	15.9	494.3	5.4
Industrial machinery, equipment and parts	41.2	13.0	90.2	8.5
Electronic and electrical equipment and parts	24.5	9.8	86.4	0.3
Motor vehicles and parts	87.2	31.0	142.0	17.1
Aircraft and other transportation equipment and parts	24.9	28.2	26.3	10.8
Consumer goods	78.2	2.6	149.5	-3.3

Data: Statistics Canada Table 12-10-0173-01, customs-based, retrieved on 25-03-2024  
Source: Office of the Chief Economist, Global Affairs Canada