



# KCCI - Country Wrap: Canada (Dec.'18)



## Overview of Canadian Economy

Canada, a resource rich country, holds central position in the world economy due to its market oriented economic structure and production patterns. After the recession of 2008, Canadian economy has recovered relatively earlier as compared to its G-7 partners attributed to its robust banking sector and low interest rates.

## Industrial commodities contributing in Canadian GDP

The important industrial commodities contributing to the Canadian GDP include transportation equipment, chemicals, processed and unprocessed minerals, food, wood and paper, petroleum, fish and natural gas. The agri food industry of Canada is another important sector which adds about \$ 100Bn annually to the national GDP; producing range of items including fruits, barley, wheat, vegetables, dairy products, oilseed etc. These industries have largely helped in boosting its economy.

## Trading Commodities & Partners of Canada

Commodities imported by Canada include machinery & equipment, natural pearls, mineral fuels & oils, durable consumer goods etc. where its major import partners are U.S.A. (50.6%), China (11%) and Mexico (5.5%). Canadian exports include mineral fuels, oils, vehicles and machinery. U.S.A is the single largest export destination of Canada accounting for 76.4% of share in exports followed by China (4.3%).

## Pak-Canada friendly relations giving way to enhanced bilateral trade

Canada and Pakistan share longstanding economic and political relations by working together in various fields. The mutual relations between two countries have gradually shifted, from Canada providing development aid to engaging in bilateral trade with Pakistan. In this regard, Canada Pakistan Chamber of Commerce (CPCoC) was established in Ontario, Canada in June 2012 with the aim of providing platform to the Canadian and Pakistani public and private entities to seek business opportunities prevailing in both countries for extending trade and strengthening investment ties.

## Canada Pakistan Business Council (CPBC): A Canadian Non-Profit Organization

The CPBC is a structured organization engaged in fostering trade and investment opportunities between Canada and Pakistan. Through organizing trade and investment missions between Canada and Pakistan, trade has been promoted and investment has been brought in particularly Pakistan's energy, mining, education, consumable and industrial goods sectors.

## Bilateral trade relations between Pakistan and Canada

During 2016-17, trade volume between the two countries was recorded worth \$ 892Mn where Pakistan's exports to Canada were \$ 316.60Mn as against \$ 275.05Mn in 2015-16, whereas imports from Canada totaled \$ 575.41Mn in 2016-17 as against \$ 814.18Mn in 2015-16. In 2017, Pakistan was the Canada's 29th largest export destination for merchandise.

## Foreign Investment Promotion and Protection Agreement (FIPA)

Canadian companies had a significant share of investments in Pakistan until 2011; however since 2012 a sharp decline in investments has been observed, which is largely attributed to the absence of legal rights protection to Canadian investors in Pakistan (the Reko Dig case being in point). In this context, Pakistan and Canada are undergoing negotiations on binding Foreign Investment Promotion and Protection Agreement (FIPA) so as to provide their investors with investment rights. FIPA agreement is expected to bolster investments by reviving the confidence level of Canadian investors.

## Trade Potentials between Pakistan and Canada

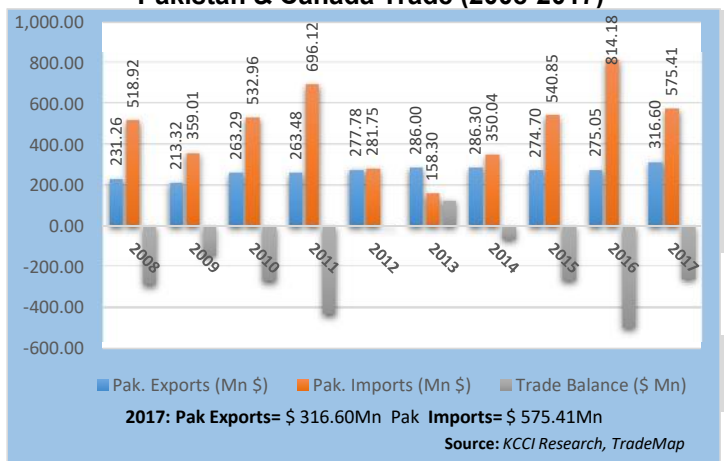
- Pakistan Railways may seek bids from Canadian Pacific Railway for procurement of locomotives.
- Canadian companies can invest in various sectors of Pakistan which includes mining, energy, agri-food, information and communication technologies, wood, and infrastructure sectors.
- Textile sector of Pakistan should look for opportunities in Canadian market of baby clothing as Canada has low import tariffs on baby clothes made from wool, cotton and synthetic fibers.
- Trade Facilitation Office (TFO) of Canada has tentatively approved Pakistan's inclusion into Market Access and Capacity Building Project 2019-23, designed to encourage exports from developing economies under preferential tariffs. Pakistan should make the most of this opportunity.
- The Canadian govt. is mulling a preferential trade partner status for Pakistan, which

## Economic Indicators

Indicators	Unit	2016	2017	Change
GDP (PPP)	\$ Bn	1,721	1,774	3.08%
GDP per Capita	\$	47,500	48,400	1.89%
GDP growth	%	1.40	3.00	1.60%
Forex Reserves	\$ Bn	82.72	86.68	4.79%
External Debt	\$ Bn	1,550	1,608	3.74%
Exports of Goods	\$ Bn	393.50	423.50	7.62%
Imports of Goods	\$ Bn	413.40	442.10	6.94%
Trade Balance	\$ Bn	-19.90	-18.60	6.53%
Current Account	\$ Bn	-49.32	-48.75	1.16%
FDI - at Home	\$ Bn	1,004	1,039	3.49%
FDI - at Abroad	\$ Bn	1,277	1,371	7.36%
CPI	%	1.4	1.6	0.20%
Prime Lending Rate	%	2.7	3.2	0.50%
Population	Mn	N/A	35.88	N/A
Unemployment	%	7.00	6.30	-0.70%

Sources: KCCI Research, CIA Factbook

## Pakistan & Canada Trade (2008-2017)



## Canada's Trade with World - Top 10 Trade Items (2017)

Exports Items	(\$ Mn)	Imports Items	(\$ Mn)
Mineral fuels, oils	84,589.99	Vehicle other than railway	74,158.54
Vehicles other than railway	62,406.43	Machinery, mech.appliances	63,400.78
Machinery, mech.appliances	32,367.54	Electrical mach., equip.	42,791.52
Commodities not elsewhere	19,256.25	Mineral fuels, oils	29,747.76
Natural pearls	18,178.61	Platics & art. thereof	16,036.72
Wood & art. of wood	14,085.76	Optical,photographic measures	12,299.00
Electrical mach., equip.	12,934.58	Pharmaceutical products	11,701.93
Plastics & articles thereof	12,583.84	Articles of iron	9,798.49
Aircraft & parts thereof	9,935.81	Natural pearls	9,723.27
Aluminium & art. thereof	9,815.17	Furniture & bedding	9,277.86

Sources: KCCI Research, Trademap

## Pakistan - Canada Top 10 Trade Items (2017)

Export Items	(\$ Mn)	Imports Items	(\$ Mn)
Other made-up textile articles	63.73	Oil seeds & fruit	337.54
Articles of appeal, knitted	53.82	Edible vegetables	64.62
Articles of appeal, unknitted	52.99	Machinery, mech.appliances	43.76
Article of leather	30.65	Wood & wood articles	36.97
Plastics & art. thereof	23.42	Iron & Steel	29.97
Articles of iron	10.97	Pulp of wood	12.02
Cereals	10.04	Other made-up textile articles	8.79
Furniture & bedding	9.37	Paper & paperboard	7.00
Sugars & confectionery	5.63	Electrical mach., equip.	4.76
Cotton	5.26	Optical, photographic measures	4.56

Sources: KCCI Research, Trademap

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