



Potential for a Pakistan – Canada Free Trade Agreement



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Disclaimer

The findings, interpretations and conclusions expressed do not necessarily reflect the views of the Board of Directors and Members of the Pakistan Business Council or the companies they represent.

Any conclusions and analysis based on the data from ITC Trade Map, ITC Market Access Map, Pakistan Bureau of Statistics, Statistics Canada, The World Bank and World Integrated Trade Solution are the responsibility of the author(s) and do not necessarily reflect the opinion of the ITC, World Bank, or the European Commission. Although every effort has been made to cross-check and verify the authenticity of the data, the Pakistan Business Council, or the author(s), do not guarantee the data included in this work. All data and statistics used are correct as of 1st November, 2019 and may be subject to change.

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The Pakistan Business Council: An Overview

The Pakistan Business Council (PBC) is a business policy advocacy platform, established in 2005 by 14 (now 82) of Pakistan's largest private-sector businesses and conglomerates, including multinationals. PBC businesses cover nearly all sectors of the formal economy. It is a professionally-run organization headed by a full-time chief executive officer.

The PBC is a not-for-profit entity, registered under Section 42 of the Companies Ordinance 1984. Though it is not required under the law to do so, the PBC follows to the greatest extent possible, the Code of Corporate Governance as applicable to listed companies.

The PBC is a pan-industry advocacy group. It is not a trade body nor does it advocate for any specific business sector. Rather, its key advocacy thrust is on easing barriers to allow Pakistani businesses to compete in regional and global arenas. The PBC conducts research and holds conferences and seminars to facilitate the flow of relevant information to all stakeholders in order to help create an informed view on the major issues faced by Pakistan.

The PBC works closely with relevant government departments, ministries, regulators and institutions, as well as other stakeholders including professional bodies, to develop consensus on major issues which impact the conduct of business in and from Pakistan. The PBC has submitted key position papers and recommendations to the government on legislation and other government policies affecting businesses. It also serves on various taskforces and committees of the Government of Pakistan as well as those of the State Bank, the SECP and other regulators with the objective to provide policy assistance on new initiatives and reforms.

The PBC's Founding Objectives

- To provide for the formation and exchange of views on any question connected with the conduct of business in and from Pakistan.
- To conduct, organize, set up, administer and manage campaigns, surveys, focus groups, workshops, seminars and fieldwork for carrying out research and raising awareness in regard to matters affecting businesses in Pakistan.
- To acquire, collect, compile, analyze, publish and provide statistics, data analysis and other information relating to businesses of any kind, nature or description and on opportunities for such businesses within and outside Pakistan.
- To promote and facilitate the integration of businesses in Pakistan into the World economy and to encourage in the development and growth of Pakistani multinationals.
- To interact with governments in the economic development of Pakistan and to facilitate, foster and further the economic, social and human resource development of Pakistan.

The PBC's Member Companies





Executive Summary

Pakistan, a semi-industrialized, agri-based economy is one of the largest producers of natural commodities, and its labor market is the 10th largest in the world. Agriculture in Pakistan plays a central role in the economy as it contributes 18.9 percent to GDP and employs more than 42.3 percent of the country's labor force. The sector directly supports around three-quarters of the country's population and contributes a large share to foreign exchange earnings. Pakistan's exports to the world are mostly of cotton and textile goods (HS-50 to HS-63), which combined represents more than 57.4 percent of total exports. Imports, on the other hand, are mostly comprised of mineral fuels (HS-27), machinery and electrical equipment (HS-84 and HS-85) and oil seeds and miscellaneous grains (HS-12). Since 2010, Pakistan's imports have been on an increasing trend, whereas exports have followed an almost flat trajectory, during the same time period, leading to a rising trade deficit that in 2018 reached an all-time high of \$36.5 billion.

Canada is a highly developed market economy with a high-tech industrial society. It is one of the wealthiest nations, due to its wealth of natural resources; forests, minerals and fossil fuels. Important industries include transport, timber, paper products, metals, natural gas, fish products and chemicals. The country is the 10th largest economy in the world (in nominal dollars) with a GDP of \$1.7 trillion in 2018. The country has a booming services industry with over three-quarters of the population employed in the services sector. Canada's economy has grown steadily in the past ten years; however, on the trade front, growth has been in the negative. Exports over the past 10 – years posted a negative CAGR of 0.1 percent, with exports in 2018 valued at \$450.7 billion. Imports in the last 10 – years have increased by a CAGR of 1.1 percent, and amounted to \$459.8 billion in 2018. Canada has had a negative trade balance in the last ten years, posting a trade deficit of \$9.2, in 2018. Major Canadian exports are those of mineral fuels (HS-27), vehicles (HS-87), machinery (HS-84) and natural stones (HS-71). Canada imports significant quantities of mineral fuels (HS-27), vehicles (HS-87), machinery and electrical equipment (HS-84 and HS-85).

Trade is one of the core interests in the bilateral relations between the Pakistan and Canada. Canada is the 21st largest export partner of Pakistan, with a two-way trade of approximately \$860.0 million in 2018. Pakistan's major exports to Canada include rice, textile articles, cotton yarn, jewellery, etc. In 2017, stock of Canadian direct investment in Pakistan amounted to \$31.0¹ million.

One of Pakistan's major import items from Canada and which constitutes over 45.6 percent of total imports from Canada, is that of rapeseed, locally known as canola. In 2018, Pakistan imported more than 479,174 tons of canola oil worth \$214.7 million from Canada. Most of Pakistan's exports to Canada are commodities of textiles and textile articles, these in 2018 amounted to \$196.3 million – accounting for more than 58.3 percent of Pakistan's total exports to Canada.

1 Canadian Trade and Investment Activity: Canada-Pakistan by Marie Dumont

The top 20 commodities with the highest export potential to Canada from Pakistan have been identified in table 27. Roughly estimated, these goods have an export potential exceeding \$2.9 billion. Twelve of the items listed or 60.0 percent of the goods belong to the category of textiles and textile articles. This comes as no surprise as the textile sector is the largest and most important manufacturing sector of the country contributing nearly one-fourth of industrial value-added and employing over 40.0 percent of the industrial labor force. Most of the high potential textile items fall under the sub-category of kitted and woven apparel (HS-61 and HS-62). Rice is amongst those commodities that is currently imported by Canada in low quantities, with a value of \$10.1 million in 2018, but holds immense potential the value of which could exceed \$289.2 million. Moreover, analysis of Pakistan's top exports to the world in table 29 indicates that Pakistan is one of the top suppliers to Canada, especially in for textiles and textile articles. Countries competing with Pakistan for a larger share of Canada's market for these items are the United States and Bangladesh, both of which have signed trade treaties that give them tariff advantages.

This study also analyzes Canada's export potential to Pakistan, which calculated for 2018, exceeds \$6.1 billion. Most of these high potential items are categorized under iron and steel, machinery, motor vehicles and mechanical appliances.

This report also includes a section on Canada's agricultural industry with a specific focus on the impact on Pakistan's agricultural market in the light of a potential free trade agreement. Agriculture in Canada is among the most sophisticated and technologically advanced in the world. Canada is the 5th largest exporter of agriculture and agri-food products in the world. Canada's trade agreements have provided access to large foreign markets, which over the years, have positively impacted the growth of agri-exports. Analysis of Canada's major trade agreements shows us that agriculture plays a vital role in trade negotiations. If negotiations for a trade agreement were to be initiated between Pakistan and Canada, agriculture would be one of the contentious issues since Canadian producers would want maximum access to a market with high growth potential. In contrast, Pakistan would want to limit market access as it would increase competition where local businesses may suffer and be pushed out of the market. However, several benefits could be yielded if policy makers take a balanced approach where access to agricultural market could be given for certain products such as canola, soybeans, chickpeas and other grains which Pakistan imports significant quantities of. In return, Canada could provide access to rice, fruits and vegetables, sugar and sugar confectionary items.

In the final section of this report, the importance of the textile industry for Pakistan's economy has been highlighted with a special emphasis on Canada as a top potential export destination. The textile industry in Pakistan contributes over 57.0 percent (HS-50 to HS-63) to total exports of Pakistan where the share of apparel and home textile (HS-61 to HS-63) accounts for nearly 40.1 percent of total merchandise exports. Canada is the 13th largest importer of textiles and textile articles (HS-50 to HS-63) with an import value exceeding \$14.4 billion in 2018. Over \$11.0 billion or 76.8 percent of total textiles are imported under the category of apparel and home textiles (HS-61 to HS-63). Since Pakistan exports over \$9.4 billion of products under apparel and home textiles with a positive growth rate (CAGR calculated over the last 5 years) exceeding 3.4 percent, there exists high potential for Pakistan to increase its exports to Canada under this category. More importantly, Pakistan is the 11th largest exporter to Canada for textile articles (HS-50 to HS-63), where Canada imported over \$196.3 million in 2018 with a positive growth rate of 2.1 percent. This indicates growing demand for Pakistani textiles, in this case a well negotiated trade agreement could increase access to the Canadian textile market, favorably impacting Pakistan's textile exports to that country.

Majority of Pakistan's textiles exports to Canada are cotton based, whereas world and Canadian demand is shifting towards textiles primarily made from man-made fibers. Analysis done in 2016 indicates the share of cotton in global fiber consumption has fallen from nearly 70.0 percent in the 1960s to only 27.0 percent by the end of 2016. Its place has now been taken up by synthetic or man-made fibers (MMF) – especially

polyester². Table 43 identifies categories of textile goods in high demand by Canada and on which Pakistani manufacturers need to focus. Analysis of these top 50 textile imports of Canada shows us that 27 of the items listed (highlighted in red) in the table are made from man-made synthetic fiber of which Pakistan holds an insignificant share of 1.0 percent for two items only, with a negligible share in the rest of the 30 items made from man-made/synthetic fibres. Pakistani manufacturers therefore need to become part of the global synthetic or man-made fiber value chain which has long surpassed the demand for cotton articles. A table has been created (see page 8) based on the size of Canada's import demand as well as Pakistan ability to supply these imports. This table can be used by policy makers for inclusion in the list of textile articles for which Pakistan should ask for preferential access in any future negotiations with Canada on trade.

Key Findings

Pakistan – Canada Trade Dynamics

- Pakistan's total exports to the world, in 2018, amounted to \$23.6 billion whereas its total imports during the same year were valued at \$60.1 billion, indicating a trade deficit of \$36.5 billion. This trade deficit has increased by \$20.4 billion in the past eight years, from a value of \$16.1 billion in 2008 to a record high of \$36.5 billion in 2018. This is partly due to increased imports that depict a high CAGR of 3.5 percent whereas exports have shown a slow growth rate of 1.5 percent during the same time period. The country's major export partners are the U.S., China, the U.K. and the European Union. China, the U.A.E and Saudi Arabia are the top three countries which export their goods to Pakistan, with a total share of 43.8 percent.
- Canada is the 10th largest economy in the world (in nominal dollars) with a GDP of \$1.7 trillion as of 2018. In 2018, Canada exported over \$450.7 billion world of goods, and these mostly comprised of mineral fuels and oils (HS-27), motor vehicles and parts thereof (HS-87), and machinery (HS-84). On the other hand, Canada's import bill in 2018 amounted to \$459.8 billion, and mostly comprised of motor vehicles and parts (HS-87), machinery and mechanical equipment (HS-84) and Electrical machinery (HS-85). The value of imports has closely matched that of its exports; hence, the country has posted a trade deficit averaging \$8.0 billion over the past eight years.
- The share of trade in Canada's GDP is more than 52.6 percent and more than half of this trade occurs between countries with which Canada has signed trade agreements. Canada currently has Free Trade Agreements at varying stages of implementation with more than 40 countries.
- Canada grants autonomous and non-reciprocal tariff preferences to imports from developing countries under a Generalized System of Preferences (GSP) in an effort to promote the industrialization of developing countries. The list of GSP beneficiaries includes countries such as Bangladesh and Cambodia, amongst others, and these enjoy duty – free access into Canada for most products. Since textiles is included in the list of duty – free items, more than 82.7 percent and 91.9 percent of the exports from Cambodia and Bangladesh, are of textiles and textile articles (HS-50 to HS-63). Analysis of table 42 and table 43 shows us that, with the exception of China, Pakistan's main competitors in its exports of textile and apparel to Canada are countries that either benefit from Canada's Market Access Initiative, such as Cambodia and Bangladesh or are part of a Free-Trade Agreement such as the U.S. and Vietnam.
- Pakistan's exports to Canada for the year 2018 were reported at \$337.0 million. In the past 5 years, Pakistan's exports to Canada have increased from \$286.3 million in 2014 to \$336.5 million in 2018, posting a growth rate of 4.1 percent in the 5 – year period. Imports from Canada have been steadily increasing, rising from \$350.0 million in 2014 to \$470.4 million in 2018. Over the past 8 years, with the exception of 2013, Pakistan has had a trade deficit with Canada, averaging \$246.0 million in that time period.

- Pakistan's major current exports to Canada are commodities under textiles and textile goods, articles of leather, plastics, and surgical instruments. On the import side, 57.6 percent of imports from Canada, valued at \$342.2 million, comprised of canola, used primarily by Pakistan for edible oil and animal feed. Other major import categories include iron and steel, machinery and mechanical appliances, and wood and wood pulp.
- For Pakistan, there is high potential for exports to Canada under surgical goods, milled rice and articles of apparel and home textiles. In 2018, Pakistan exported over \$1.7 billion worth of rice to the world, whereas exports to Canada were only \$10.1 million, making rice a high potential export item to Canada with a value that could possibly exceed \$289.2 million.

Agriculture

- Agriculture in Canada is amongst the most sophisticated and technologically advanced in the world. Canada is the 5th largest exporter of agriculture and agri-food products in the world. Agriculture and food-processing are key components of the Canadian economy and account for almost 10.0 percent of the country's total merchandise trade. Key exports include beef/cattle, soybeans, pork, wheat, canola and pulses. Canada's exports of canola (HS-1205) represent 42.9 percent of world exports for this product. The country also imports a significant amount of agriculture produce, which in 2018, accounted for more than 7.5 percent of total merchandise imports. Canada's trade agreements have provided access to large foreign markets, which over the years, have positively impacted the growth of agri-exports.
- Agriculture in Pakistan plays a central role in the economy as it contributes 18.9 percent to GDP and employs more than 42.3 percent of the country's labour force. The main agriculture products are cotton, wheat, rice, maize, sugarcane, fruits and vegetables in addition to milk, beef, mutton and eggs. Analysis of Canada's trade agreements with partner countries shows that Canada would want unrestricted access to Pakistan's agriculture markets.
- Pakistan is a top importer of soybean where it imported more than 2.0 million tons in 2018, a value exceeding \$943.3 million. The country is also a large importer of rapeseed or canola, where it imported over 807,609 tons in the year, valued at \$398.9 million. Approximately 85.7 percent of canola was imported from Canada in 2018 – the largest exporter of canola in the world, whereas, most of soybean (71.3 percent) was imported from the U.S.

Textiles

- Canada is the 13th largest importer of textiles and textile articles with an import value exceeding \$14.4 billion in 2018. Over \$11.0 billion or 76.8 percent of total textiles are imported under the category of apparel and home textiles (HS-61 to HS-63). Pakistan's textile industry contributes over 57.0 percent to total exports of the country where the share of apparel and home textile (HS-61 to HS-63) accounts for nearly 40.1 percent of total merchandise exports. Pakistan is the 11th largest exporter to Canada for textile articles (HS-50 to HS-63) and Canada imported over \$196.3 million from Pakistan, under the same category, in 2018.
- Pakistan's long history in textile production has provided a foundation for its apparel industry. Pakistan's exports have been heavily dominated by textiles where over \$13.6 billion worth of goods or 57.0 percent were exported under textiles and textile articles (HS-50 to HS-63) categories in 2018. The share of apparel and home textile categories in the total merchandise exports of Pakistan is around 40.0 percent.

- Even though Pakistan is a significant contributor to the global value chain, its significance has been decreasing due to its inability to move its fibre composition from cotton to man-made or synthetic fibres – a move adopted by other similar economies. MMF has increased its share in total world exports significantly at the expense of cotton – in 2005, cotton exports accounted for 51.0 percent of worldwide apparel exports and MMF accounted for 26.0 percent but MMF's share increased to 35.0 percent in 2016 whereas cotton's share came down to 43.0 percent.
- Analysis of table 43 shows us that most of the top textile articles that Canada imports from the world are made from man-made fibre where Pakistan has limited to no capacity. Despite growing demand for synthetic and man-made fibres (MMF), Pakistan's fibre mix still significantly favours cotton. Moreover, Canada's imports of textile articles belonging to the man-made fibre category show a higher CAGR as compared to the CAGR of cotton-based textiles, clearly indicating Canada's shift in demand to man-made fibre textile articles.
- Most of Canada's top suppliers for textiles are beneficiaries of various trade agreements / unilateral preferences. Bangladesh and Cambodia which are top suppliers, both benefit from Canada's Market Access Initiative for least developed countries. These concessions allow greater access to the Canadian textile markets. The United States, Korea and members of the EU, are also listed as top suppliers to Canada, all of these benefit from duty-free access on account of various free trade agreements. Pakistan, however, is charged the MFN tariff rate.

Recommendations

Analyzing bilateral trade patterns, the PBC advises against the signing of a deep Free Trade Agreement (FTA) with Canada. With a minor share in Canada's textile imports, Pakistan stands to lose more especially in the agriculture sector as opposed to gains from greater access to Canada's textile market. Instead, the PBC recommends a limited Preferential Trade Agreement (PTA), in the first stage, which allows Pakistani manufacturers increased access to Canada's textile market, especially for apparel, in return for tariff concessions on certain agricultural goods such as Canadian canola and other fruits and vegetables.

Agriculture in a Pakistan – Canada PTA

- Canada is the top sourcing country for Pakistan's canola imports. Even though Pakistan is the 5th largest importer of Canadian canola, only behind China, Japan, Mexico and the U.S., Canada faces average tariffs on exports to Pakistan of 3.0 percent (2018). With the exception of China where Canada faces a tariff of 4.5 percent, the other three importers are charged zero tariff rates, due to various trade agreements. Canada's exports of canola to Pakistan could be further enhanced if tariff concessions were offered by Pakistan to Canada.

Top Importers of Canadian Canola	Applied Tariff
China	4.5%
Japan	0%
Mexico	0%
United States of America	0%
Pakistan	3.0%

Source: Data sourced from ITC Trade Map

- In 2018, Pakistan exported over \$673.0 million to the world under fruits and vegetables (HS-07 and HS-08) whereas its exports to Canada for the same items only amounted to just over \$2.0 million. Since Canada imports more than \$7.8 billion worth of vegetables and fruits, Pakistan has a large untapped potential in this area and where a well negotiated trade agreement can significantly enhance exports. During Canadian High Commissioner Wendy Gilmour's visit to Islamabad in January 2019, Her Excellency agreed to consider increased access for Pakistani mangoes. An PTA could pave the way for increased exports of fruits such as mangoes, guavas and dates, which are in high demand by Canadian consumers, and reduce tariffs for Pakistan that currently range between 4.0 and 6.0 percent.

Textiles

- As world demand shifts towards the use of synthetic and man-made fibres, Pakistan's fibre mix is still heavily dominated by cotton. This has led to it losing out in markets that are increasingly demanding apparel made from MMF. Pakistan is being replaced in these markets by countries such as Bangladesh and Vietnam that are importing man-made fibre to domestically produce finished goods. The demand

for man-made fibres such as polyester staple, viscose and tencel is increasing as a substitute for cotton, amid changes in the global fashion trend. Pakistani policy makers need to re-examine their position and policies, to become conversant in manufacturing MMF-based fabrics, in order to maintain, if not improve, its share in the world textile market.

- The following table lists down 43 textile articles that the PBC recommends be part of Canada's concession list for preferential access in any possible future negotiations on trade with Canada. This list has been created based on multiple criterion including Pakistan's high potential items indicating strong growth where the country is a substantial/potential sourcing market for Canadian imports, and the size of Canada's import demand.

HS-Code	Product Label
520852	Plain woven fabrics of cotton, containing \geq 85% cotton by weight and weighing $>$ 100 g to 200 g/m ² , printed
570320	Carpets and other floor coverings, of nylon or other polyamides, tufted "needle punched", whether or not made up
570330	Carpets and other floor coverings, of man-made textile materials, tufted "needle punched", whether or not made up (excluding those of nylon or other polyamides)
610342	Men's or boys' trousers, bib and brace overalls, breeches and shorts of cotton, knitted or crocheted (excluding swimwear and underpants)
610342	Men's or boys' trousers, bib and brace overalls, breeches and shorts of cotton, knitted or crocheted (excluding swimwear and underpants)
610343	Men's or boys' trousers, bib and brace overalls, breeches and shorts of synthetic fibres, knitted or crocheted (excluding swimwear and underpants)
610443	Women's or girls' dresses of synthetic fibres, knitted or crocheted (excluding petticoats)
610462	Women's or girls' trousers, bib and brace overalls, breeches and shorts of cotton, knitted or crocheted (excluding panties and swimwear)
610462	Women's or girls' trousers, bib and brace overalls, breeches and shorts of cotton, knitted or crocheted (excluding panties and swimwear)
610463	Women's or girls' trousers, bib and brace overalls, breeches and shorts of synthetic fibres, knitted or crocheted (excluding panties and swimwear)
610910	T-shirts, singlets and other vests of cotton, knitted or crocheted
610990	T-shirts, singlets and other vests of textile materials, knitted or crocheted (excluding cotton)
611011	Jerseys, pullovers, cardigans, waistcoats and similar articles, of wool, knitted or crocheted (excluding wadded waistcoats)
611020	Jerseys, pullovers, cardigans, waistcoats and similar articles, of cotton, knitted or crocheted (excluding wadded waistcoats)
611030	Jerseys, pullovers, cardigans, waistcoats and similar articles, of man-made fibres, knitted or crocheted (excluding wadded waistcoats)
611595	Full-length or knee-length stockings, socks and other hosiery, incl. footwear without applied ...
611596	Full-length or knee-length stockings, socks and other hosiery, incl. footwear without applied soles, of synthetic fibres, knitted or crocheted (excluding graduated compression hosiery, pantyhose and tights, women's full-length or knee-length stockings, measuring per single yarn $<$ 67 decitex, and hosiery for babies)
611610	Gloves, mittens and mitts, impregnated, coated or covered with plastics or rubber, knitted or crocheted
611692	Gloves, mittens and mitts, of cotton, knitted or crocheted (excluding impregnated, coated or ...)
620213	Women's or girls' overcoats, raincoats, car coats, capes, cloaks and similar articles, of man-made fibres (excluding knitted or crocheted)

HS-Code	Product Label
620342	Men's or boys' trousers, bib and brace overalls, breeches and shorts, of cotton (excluding knitted or crocheted, underpants and swimwear)
620462	Women's or girls' trousers, bib and brace overalls, breeches and shorts of cotton (excluding knitted or crocheted, panties and swimwear)
620462	Women's or girls' trousers, bib and brace overalls, breeches and shorts of cotton (excluding knitted or crocheted, panties and swimwear)
620630	Women's or girls' blouses, shirts and shirt-blouses of cotton (excluding knitted or crocheted and vests)
620640	Women's or girls' blouses, shirts and shirt-blouses of man-made fibres (excluding knitted or crocheted and vests)
621040	Men's or boys' garments of textile fabrics, rubberised or impregnated, coated, covered or laminated with plastics or other substances
621050	Women's or girls' garments of textile fabrics, rubberised or impregnated, coated, covered or laminated with plastics or other substances
621600	Gloves, mittens and mitts, of all types of textile materials (excluding knitted or crocheted ...
621600	Gloves, mittens and mitts, of all types of textile materials (excluding knitted or crocheted and for babies)
630130	Blankets and travelling rugs of cotton (excluding electric, table covers, bedspreads and articles ...
630140	Blankets and travelling rugs of synthetic fibres (excluding electric, table covers, bedspreads and articles of bedding and similar furnishing of heading 9404)
630210	Bedlinen, knitted or crocheted
630210	Bedlinen, knitted or crocheted
630221	Printed bedlinen of cotton (excluding knitted or crocheted)
630231	Bedlinen of cotton (excluding printed, knitted or crocheted)
630260	Toilet linen and kitchen linen, of terry towelling or similar terry fabrics of cotton (excluding floorcloths, polishing cloths, dishcloths and dusters)
630391	Curtains, incl. drapes, and interior blinds, curtain or bed valances of cotton (excluding knitted ...
630710	Floorcloths, dishcloths, dusters and similar cleaning cloths, of all types of textile materials
630710	Floorcloths, dishcloths, dusters and similar cleaning cloths, of all types of textile materials
630790	Made-up articles of textile materials, incl. dress patterns, n.e.s.
631010	Used or new rags, scrap twine, cordage, rope and cables and worn-out articles thereof, of textile ...
631010	Used or new rags, scrap twine, cordage, rope and cables and worn-out articles thereof, of textile materials, sorted
631090	Used or new rags, scrap twine, cordage, rope and cables and worn-out articles thereof, of textile ...

Source: Data sourced from ITC Trade Map

Acronyms

ASEAN	Association of Southeast Asian Countries
BRCA	Bilateral Revealed Comparative Advantage
CAGR	Compound Annual Growth Rate
CETA	Comprehensive Economic and Trade Agreement
CPEC	China – Pakistan Economic Corridor
CPTPP	Comprehensive and Progressive Agreement for Trans-Pacific Partnership
FDI	Foreign Direct Investment
FTA	Free Trade Agreement
GDP	Gross Domestic Product
GPT	General Preferential Tariff
GoP	Government of Pakistan
GSP	Generalized System of Preferences
HS	Harmonized System of tariff nomenclature
LDBDC	Least Developed Beneficiary Developing Countries
LDC	Less Developed Countries
LDCT	Least Developed Country Tariff
MFN	Most Favored Nation
NAFTA	North American Free Trade Agreement
PTA	Preferential Trade Agreement
RMG	Ready-made Garments
SAARC	South Asian Association for Regional Cooperation
UNDP	United Nations Development Programme
UK	United Kingdom
USA	United States of America
USMCA	United States – Mexico – Canada Agreement
WTO	World Trade Organization

Pakistan – Economic Overview

Pakistan, located in South Asia, is bordered by the Arabian Sea to the south, Iran and Afghanistan to the west, India to the east and China to the north. The country has proximity to the natural resources of Central Asia and is part of the strategic corridor for the world’s major maritime oil supply lanes.

Pakistan is considered to be semi-industrialized, with centers of growth along the Indus River. As of 2018, the country’s estimated nominal GDP was \$312.6 billion. Also, in 2018, the country posted a GDP growth rate of 5.8 percent – the highest in the past ten years. According to the World Bank, Pakistan has significant strategic endowments and development potential with both a potential demographic dividend and a challenge to provide adequate services and employment. Pakistan is one of the largest producers of natural commodities, and its labor market is the 10th largest in the world. The country’s diaspora population is one of the largest in the world with over 5.9 million people from Pakistan living outside their land in 2015, according to a UN survey on international migrant trends³. This outflow of migrants has led to a positive inflow of remittances which reached \$19.9 billion in the fiscal year which ended on June 2018. The World Bank, in October 2019, revised Pakistan’s ranking in its business index where the country climbed 28 places and rose to the rank of 108 in the World Bank Ease of Doing Business Index and landed in the club of the world’s top 10 business climate improvers.

TABLE 1: Pakistan’s Economic Indicators

Indicator	Pakistan
GDP – 2018 (Current USD) ⁴	\$312.6 billion
GDP Growth Rate (%)	5.8%
GDP per Capita – 2018	\$1,641
Inflation – 2018 (%)	3.9%
Population – 2018	200,813,818
Human Development Index (HDI)	0.562
Business Environment Ranking Position (2019)	108 th

Source: Data sourced from Statista and UNDP

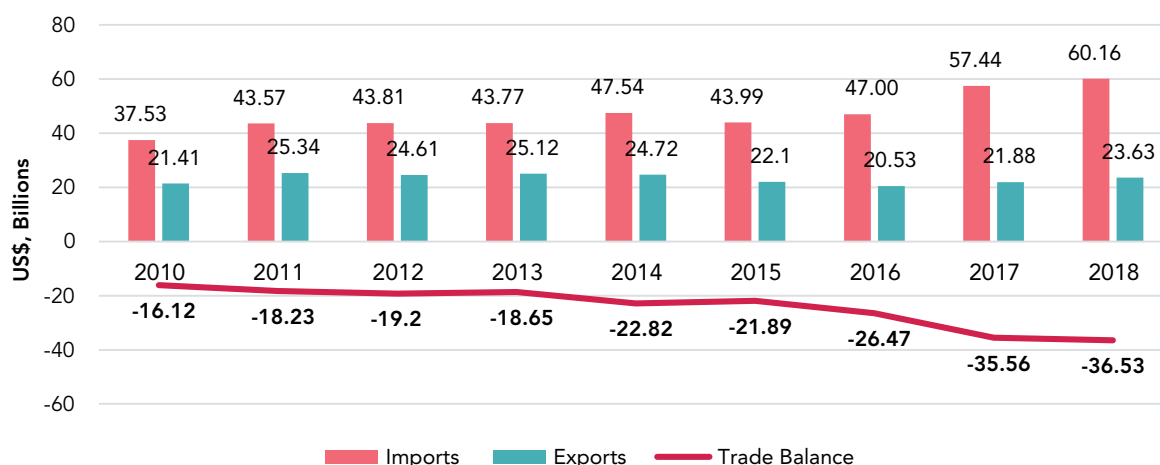
3 World Migration Report 2018 – The UN Migration Agency

4 Data taken from Statista and UNDP

Pakistan – Trade Overview

In 2018, Pakistan posted a record–high trade deficit of \$36.5 billion. Imports have increased with a CAGR of 3.5 percent in the past five years whereas exports have shown a decline in growth of 1.1 percent

FIGURE 1: Pakistan’s Trade Flow



Source: Data sourced from ITC Trade Map

The graph above depicts the growth in Pakistan’s imports as well as exports over the past 8 years along with the respective trade balance for each year.

Trends in Exports

Pakistan’s exports during the past decade have increased by a steady CAGR of 1.5 percent with the highest export value of \$25.1 billion occurring in 2013. The top four categories exported by Pakistan in 2018 were all classified under textile and textile articles, notably cotton, apparel and home textiles.

Trends in Imports

Pakistan’s imports have shown a steady increase in the last nine years, wherein the value of goods imported was \$37.5 billion in 2010, rising by more than 60.0 percent to reach \$60.1 billion in 2018. Pakistan’s top import categories at HS–02 included; mineral fuels, machinery and mechanical equipment, and iron & steel.

Trade Trends

Major Export Categories (HS–02)

The following table shows the top 10 categories that Pakistan exported in the past 5 years along with the share in total exports and growth rates for the past ten years.

TABLE 2: Pakistan’s Major Export Categories (HS–02)

HS-Code	Product Label	2014 (US\$)	2015 (US\$)	2016 (US\$)	2017 (US\$)	2018 (US\$)	% Share in Exports	CAGR (2008–2018)
	All products	24,722,182,000	22,089,018,000	20,533,793,000	21,877,787,000	23,630,893,000		1.54%
63	Other made-up textile articles; sets; worn clothing and worn textile articles; rags	3,906,465,000	3,759,721,000	3,803,987,000	3,955,808,000	4,051,510,000	17.14%	2.56%
52	Cotton	4,731,369,000	4,040,271,000	3,497,374,000	3,497,689,000	3,498,997,000	14.81%	–0.27%
61	Articles of apparel and clothing accessories, knitted or crocheted	2,402,619,000	2,359,608,000	2,347,471,000	2,515,943,000	2,860,768,000	12.11%	4.24%
62	Articles of apparel and clothing accessories, not knitted or crocheted	1,984,656,000	2,127,462,000	2,253,021,000	2,465,340,000	2,583,733,000	10.93%	34.23%
10	Cereals	2,211,315,000	1,942,267,000	1,717,085,000	1,751,542,000	2,325,637,000	9.84%	–0.75%
42	Articles of leather; saddlery and harness; travel goods, handbags and similar containers; articles . . .	742,028,000	687,621,000	644,930,000	631,953,000	660,414,000	2.79%	–1.48%
17	Sugars and sugar confectionery	439,338,000	358,000,000	250,787,000	511,945,000	500,788,000	2.12%	7.66%
27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral . . .	647,584,000	265,131,000	155,100,000	258,511,000	499,354,000	2.11%	–8.62%
22	Beverages, spirits and vinegar	352,272,000	310,032,000	250,602,000	382,204,000	455,266,000	1.93%	7.02%
25	Salt; sulphur; earths and stone; plastering materials, lime and cement	694,237,000	507,567,000	448,064,000	385,540,000	448,492,000	1.90%	–2.88%

Source: Data sourced from ITC Trade Map

Key Findings

- Textiles as a category comprising of HS–50 to HS–63 have the highest share in Pakistan’s export basket with cotton, knitted and woven apparel and other made-up textiles contributing over 57.0 percent of total exports to the world.
- Woven articles of apparel (HS–62) have registered the highest growth, followed by sugar (HS–17) and beverage (HS–22) categories.

Top Exports (HS-06)

The following table shows the top 25 items exported by Pakistan at the HS-06 Level for the period 2014–18 along with each commodity's share in total exports. Ten-year growth rates are also shown.

TABLE 3: Pakistan's Top Exports (HS-06)

HS-Code	Product Label	2014 (US\$)	2015 (US\$)	2016 (US\$)	2017 (US\$)	2018 (US\$)	% Share in Exports	CAGR (2008–2018)
TOTAL	All products	24,722,182,000	22,089,018,000	20,533,793,000	21,877,787,000	23,630,893,000		1.54%
100630	Semi-milled or wholly milled rice, whether or not polished or glazed	1,895,367,000	1,416,145,000	1,418,928,000	1,512,694,000	1,757,847,000	7.44%	-2.73%
620322	Mens or boys ensembles of cotton (excluding knitted or crocheted, ski ensembles and swimwear)	231,750,000	199,452,000	708,808,000	1,291,728,000	1,530,213,000	6.48%	78.27%
630231	Bedlinen of cotton (excluding printed, knitted or crocheted)	792,525,000	744,958,000	773,306,000	810,930,000	860,928,000	3.64%	1.15%
630260	Toilet linen and kitchen linen, of terry towelling or similar terry fabrics of cotton (excluding ...)	776,389,000	820,804,000	777,086,000	805,010,000	786,302,000	3.33%	1.73%
520512	Single cotton yarn, of uncombed fibres, containing >= 85% cotton by weight and with a linear ...	1,185,230,000	1,017,987,000	810,976,000	811,873,000	777,585,000	3.29%	6.91%
630239	Bedlinen of textile materials (excluding of cotton and man-made fibres, printed, knitted or ...)	620,064,000	588,002,000	651,871,000	669,978,000	697,689,000	2.95%	5.46%
630210	Bedlinen, knitted or crocheted	683,989,000	654,701,000	606,930,000	665,344,000	691,649,000	2.93%	3.06%
520942	Denim, containing >= 85% cotton by weight and weighing > 200 g/m ² , made of yarn of different ...	445,676,000	447,171,000	461,848,000	482,494,000	498,088,000	2.11%	13.66%
630710	Floorcloths, dishcloths, dusters and similar cleaning cloths, of all types of textile materials	392,749,000	396,831,000	384,886,000	407,123,000	438,961,000	1.86%	4.14%
220710	Undenatured ethyl alcohol, of actual alcoholic strength of >= 80%	246,212,000	231,498,000	221,817,000	361,533,000	425,499,000	1.80%	39.11%
170199	Cane or beet sugar and chemically pure sucrose, in solid form (excluding cane and beet sugar ...)	289,210,000	230,133,000	123,078,000	342,901,000	383,694,000	1.62%	15.49%
901890	Instruments and appliances used in medical, surgical or veterinary sciences, n.e.s.	319,526,000	332,642,000	326,028,000	360,575,000	373,182,000	1.58%	3.72%

HS-Code	Product Label	2014 (US\$)	2015 (US\$)	2016 (US\$)	2017 (US\$)	2018 (US\$)	% Share in Exports	CAGR (2008–2018)
620342	Mens or boys trousers, bib and brace overalls, breeches and shorts, of cotton (excluding ...	664,530,000	762,156,000	543,874,000	410,423,000	348,989,000	1.48%	-5.43%
610590	Mens or boys shirts of textile materials, knitted or crocheted (excluding of cotton or man-made ...	275,730,000	262,020,000	252,519,000	310,704,000	331,633,000	1.40%	5.33%
100119	Durum wheat (excluding seed for sowing)	5,000	1,312,000	20,000	-	272,587,000	1.15%	-
611090	Jerseys, pullovers, cardigans, waistcoats and similar articles, of textile materials, knitted ...	121,092,000	129,804,000	151,086,000	195,778,000	268,434,000	1.14%	24.22%
270900	Petroleum oils and oils obtained from bituminous minerals, crude	222,906,000	175,653,000	76,992,000	114,476,000	262,067,000	1.11%	-
420310	Articles of apparel, of leather or composition leather (excluding clothing accessories, footwear ...	378,656,000	320,981,000	297,991,000	275,584,000	258,648,000	1.09%	-5.84%
520812	Plain woven fabrics of cotton, containing >= 85% cotton by weight and weighing > 100 g to 200 ...	240,084,000	214,956,000	183,873,000	213,201,000	252,975,000	1.07%	11.86%
610910	T-shirts, singlets and other vests of cotton, knitted or crocheted	195,408,000	203,756,000	205,111,000	197,757,000	242,703,000	1.03%	-0.92%
271019	Medium oils and preparations, of petroleum or bituminous minerals, not containing biodiesel, ...	422,940,000	86,002,000	76,859,000	142,866,000	235,930,000	1.00%	-14.43%
610349	Mens or boys trousers, bib and brace overalls, breeches and shorts of textile materials, ...	123,682,000	135,664,000	159,059,000	175,670,000	230,689,000	0.98%	18.75%
420329	Gloves, mittens and mitts, of leather or composition leather (excluding special sports gloves)	210,557,000	201,507,000	187,615,000	196,402,000	219,331,000	0.93%	2.43%
611595	Full-length or knee-length stockings, socks and other hosiery, incl. footwear without applied ...	150,461,000	166,211,000	143,324,000	199,886,000	214,767,000	0.91%	71.20%
252329	Portland cement (excluding white, whether or not artificially coloured)	502,135,000	337,381,000	293,399,000	208,181,000	199,252,000	0.84%	-8.04%

Source: Data sourced from ITC Trade Map

Key Findings

- Of the top 25 items exported by Pakistan, 15 belong to the textile sector, where most of these items have depicted a positive growth rate indicating Pakistan's exports have increased over the past ten years.
- Exports of rice witnessed a decline in the past 2–3 years partly due to high competition in the international market and a reduction in export margins.
- Another notable category is that of '*undenatured ethyl alcohol*' (HS–220710) whose export growth has witnessed a sharp increase of 39.1 percent over the past eight years.

Top Export Partners

The following table shows the top ten export destinations of goods from Pakistan along with export values for each of these partners. The table lists each country's share in Pakistan's total exports along with the growth rates.

TABLE 4: Pakistan's Top Export Partners

Importers	2014 (US\$)	2015 (US\$)	2016 (US\$)	2017 (US\$)	2018 (US\$)	% Share in Exports	CAGR (2008– 2018)
World	24,722,182,000	22,089,018,000	20,533,793,000	21,877,787,000	23,630,893,000		1.54%
United States of America	3,646,509,000	3,661,588,000	3,429,743,000	3,560,301,000	3,802,500,000	16.09%	0.40%
China	2,252,900,000	1,934,926,000	1,590,858,000	1,508,080,000	1,818,069,000	7.69%	9.60%
United Kingdom	1,654,645,000	1,572,801,000	1,557,630,000	1,634,955,000	1,728,637,000	7.32%	5.62%
Afghanistan	1,879,143,000	1,722,216,000	1,369,768,000	1,390,081,000	1,347,934,000	5.70%	–0.71%
Germany	1,215,478,000	1,146,261,000	1,186,247,000	1,286,491,000	1,310,444,000	5.55%	4.06%
United Arab Emirates	1,324,075,000	899,030,000	784,747,000	869,050,000	983,575,000	4.16%	–6.90%
Netherlands	684,740,000	666,949,000	650,798,000	758,215,000	942,802,000	3.99%	5.34%
Spain	789,828,000	782,258,000	837,343,000	904,571,000	922,898,000	3.91%	6.51%
Bangladesh	687,641,000	700,567,000	656,160,000	646,404,000	783,825,000	3.32%	6.38%
Italy	767,190,000	618,159,000	667,285,000	703,343,000	771,593,000	3.27%	0.95%

Source: Data sourced from ITC Trade Map

Key Findings

- The United States is the largest export destination, with over 16.0 percent of the country's goods destined to the U.S. in 2018.
- Exports to China have been rising with a positive CAGR of 9.6 percent.
- Exports to Bangladesh in 2018 increased by \$145.0 million over 2017, with textiles, wheat and cement taking a sizable share of exports.

Top 25 Exports and their Destinations

The following table lists the top 25 items that Pakistan exported to the world at HS–06 in 2018 along with each item's top 3 export destinations and their share in total exports.

TABLE 5: Pakistan's Top 25 Exports and their Destinations

HS-Code	Product Label	Exported value in 2018 (US\$)	Major Export Destinations
TOTAL	All products	23,630,893,000	United States of America, 16.1% China, 7.7% United Kingdom, 7.3%
100630	Semi-milled or wholly milled rice, whether or not polished or glazed	1,757,847,000	Kenya, 10.3% China, 6.8% United Arab Emirates, 6.7%
620322	Mens or boys ensembles of cotton (excluding knitted or crocheted, ski ensembles and swimwear)	1,530,213,000	United States of America, 24.8% Spain, 14.6% Germany, 11.6%
630231	Bedlinen of cotton (excluding printed, knitted or crocheted)	860,928,000	United States of America, 14.40% Germany, 13.70% United Kingdom, 11.50%
630260	Toilet linen and kitchen linen, of terry towelling or similar terry fabrics of cotton (excluding ...)	786,302,000	United States of America, 42.90% United Kingdom, 9.60% Netherlands, 6.00%
520512	Single cotton yarn, of uncombed fibres, containing >= 85% cotton by weight and with a linear ...	777,585,000	China, 75.40% Bangladesh, 6.80% Japan, 3.20%
630239	Bedlinen of textile materials (excluding of cotton and man-made fibres, printed, knitted or ...)	697,689,000	United Kingdom, 31.50% United States of America, 18.10% Spain, 6.90%
630210	Bedlinen, knitted or crocheted	691,649,000	United States of America, 31.20% Germany, 13.20% United Kingdom, 12.40%
520942	Denim, containing >= 85% cotton by weight and weighing > 200 g/m ² , made of yarn of different ...	498,088,000	Bangladesh, 48.50% Turkey, 19.60% Egypt, 7.30%
630710	Floorcloths, dishcloths, dusters and similar cleaning cloths, of all types of textile materials	438,961,000	United States of America, 78.60% United Kingdom, 6.00% Netherlands, 2.10%
220710	Undenatured ethyl alcohol, of actual alcoholic strength of >= 80%	425,499,000	China, 30.10% Korea, Republic of, 24.60% Netherlands, 8.70%
170199	Cane or beet sugar and chemically pure sucrose, in solid form (excluding cane and beet sugar ...)	383,694,000	Afghanistan, 48.80% Taipei, 9.40% Djibouti, 7.60%
901890	Instruments and appliances used in medical, surgical or veterinary sciences, n.e.s.	373,182,000	United States of America, 26.8% Germany, 13.70% United Kingdom, 9.30%
620342	Mens or boys trousers, bib and brace overalls, breeches and shorts, of cotton (excluding ...)	348,989,000	Spain, 16.60% United States of America, 15.40% United Kingdom, 9.70%
610590	Mens or boys shirts of textile materials, knitted or crocheted (excluding of cotton or man-made ...)	331,633,000	United States of America, 41.80% United Kingdom, 21.90% Spain, 6.30%
100119	Durum wheat (excluding seed for sowing)	272,587,000	Bangladesh, 27.10% Indonesia, 24.30% Sri Lanka, 20.40%
611090	Jerseys, pullovers, cardigans, waistcoats and similar articles, of textile materials, knitted ...	268,434,000	United States of America, 39.70% United Kingdom, 22.00% Spain, 9.60%
270900	Petroleum oils and oils obtained from bituminous minerals, crude	262,067,000	United Arab Emirates, 52.30% Australia, 17.40% Papua New Guinea, 11.40%

HS-Code	Product Label	Exported value in 2018 (US\$)	Major Export Destinations
420310	Articles of apparel, of leather or composition leather (excluding clothing accessories, footwear ...	258,648,000	Germany, 28.50% United States of America, 12.60% France, 9.00%
520812	Plain woven fabrics of cotton, containing >= 85% cotton by weight and weighing > 100 g to 200 ...	252,975,000	Italy, 13.00%, China, 12.70%, Portugal, 11.90%
610910	T-shirts, singlets and other vests of cotton, knitted or crocheted	242,703,000	United States of America, 35.60% United Kingdom, 15.80% Germany, 11.50%
271019	Medium oils and preparations, of petroleum or bituminous minerals, not containing biodiesel, ...	235,930,000	Afghanistan, 69.80% Singapore, 19.60% Korea, Republic of, 4.00%
610349	Mens or boys trousers, bib and brace overalls, breeches and shorts of textile materials, ...	230,689,000	United States of America, 25.80%, United Kingdom, 21.10%, Spain, 14.80%
420329	Gloves, mittens and mitts, of leather or composition leather (excluding special sports gloves)	219,331,000	United States of America, 19.80%, Germany, 12.10%, Canada, 9.60%
611595	Full-length or knee-length stockings, socks and other hosiery, incl. footwear without applied ...	214,767,000	United States of America, 28.80%, Netherlands, 17.80%, Belgium, 16.60%
252329	Portland cement (excluding white, whether or not artificially coloured)	199,252,000	Afghanistan, 34.60%, India, 31.20%, Sri Lanka, 13.50%

Source: Data sourced from ITC Trade Map

Key Findings

- More than half the items in the list belong to the textile sector with made-up textile goods dominating the export basket. These textile goods are majorly cotton-based as cotton is the largest segment of textile production in the country. As can be seen from the last column, most textile articles were destined for the United States and Europe.
- 23.5 percent of textile exports (HS-50 to HS-63) were shipped to the United States in 2018, with the United Kingdom and Germany taking second and third place with shares of 10.2 percent and 7.2 percent, respectively.
- Rice is another major export category. Pakistan is the fourth largest exporter of rice to the world, with over \$2.0 billion exported in 2018 alone. During the past five years, exports of rice were lowest in 2015, partly due to lower economic returns to farmers on account of low rice prices domestically as well as globally. However, production and exports have both picked up since then with a CAGR for the past four years (2015–18) reaching 7.5 percent. The increase in demand presents Pakistan with an opportunity to increase its exports of the commodity and to increase supplies to existing markets such as Kenya, China and Afghanistan. There is an opportunity to look towards dynamic markets such as Canada which imported over \$350.0 million in 2018 and the United States that offers duty-free access to a particular rice variety – *Basmati rice*.

Major Import Categories (HS-02)

The table below lists the top ten imports categories of Pakistan at the HS-02 Level along with their share in total imports of the country. Their CAGRs are also shown for the last ten years.

TABLE 6: Pakistan's Major Import Categories (HS-02)

HS-Code	Product Label	2014 (US\$)	2015 (US\$)	2016 (US\$)	2017 (US\$)	2018 (US\$)	% Share in Imports	CAGR (2008–2018)
TOTAL	All products	47,544,889,000	43,989,645,000	46,998,269,000	57,440,013,000	60,162,862,000		3.58%
27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral ...	14,821,807,000	10,030,526,000	9,528,766,000	13,712,114,000	17,153,086,000	28.51%	2.01%
84	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	3,927,057,000	4,068,682,000	5,831,518,000	6,863,137,000	6,243,032,000	10.38%	4.75%
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television ...	3,346,273,000	3,801,815,000	4,431,285,000	4,745,358,000	4,295,941,000	7.14%	1.28%
72	Iron and steel	2,301,833,000	2,551,754,000	2,756,017,000	3,418,871,000	3,673,490,000	6.11%	8.47%
29	Organic chemicals	1,964,338,000	1,863,989,000	1,944,043,000	2,372,435,000	2,758,734,000	4.59%	4.59%
87	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	1,313,905,000	1,744,611,000	2,101,448,000	2,665,543,000	2,599,029,000	4.32%	8.18%
39	Plastics and articles thereof	1,952,119,000	1,933,164,000	1,938,113,000	2,296,468,000	2,488,578,000	4.14%	6.23%
15	Animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal ...	2,150,336,000	1,853,374,000	1,928,036,000	2,370,258,000	2,124,081,000	3.53%	1.23%
12	Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medicinal ...	780,735,000	784,899,000	1,047,858,000	1,399,201,000	1,467,229,000	2.44%	14.4%
52	Cotton	741,596,000	662,978,000	719,254,000	974,980,000	1,243,765,000	2.07%	0.29%

Source: Data sourced from ITC Trade Map

Key Findings

- The petroleum group, being the most significant contributor to the total import bill, showed a positive CAGR of 2.0 percent.
- The machinery group, with a sizable portion in total imports, witnessed a decline in the year 2018 over the preceding year partly due to completion of CPEC Early Harvest Projects and a cut in the Public Sector Development Program (PSDP) spending.
- Other notable categories which have depicted high growth rates included iron & steel, vehicles, and oilseeds which had CAGRs of 8.4 percent, 8.1 percent and 14.4 percent, respectively.

Top Imports (HS-06)

Pakistan's top 25 imports for the year 2018 are listed below at HS-06 Level along with each commodity's share in total imports and their growth trends since 2008.

TABLE 7: Pakistan's Top Imported Products (HS-06)

HS-Code	Product Label	2014 (US\$)	2015 (US\$)	2016 (US\$)	2017 (US\$)	2018 (US\$)	% Share in Imports	CAGR (2008-2018)
TOTAL	All products	47,544,889,000	43,989,645,000	46,998,269,000	57,440,013,000	60,162,862,000		3.58%
270900	Petroleum oils and oils obtained from bituminous minerals, crude	5,609,124,000	3,022,858,000	1,983,027,000	3,135,388,000	4,903,910,000	8.15%	-1.82%
271012	Light oils and preparations, of petroleum or bituminous minerals which >= 90% by volume "incl. ...	2,291,332,000	2,182,835,000	2,217,539,000	3,010,655,000	3,720,919,000	6.18%	-
271111	Natural gas, liquefied	-	356,082,000	849,824,000	1,676,310,000	3,295,892,000	5.48%	234.13%
271019	Medium oils and preparations, of petroleum or bituminous minerals, not containing biodiesel, ...	6,266,719,000	3,715,142,000	3,532,113,000	4,398,819,000	3,115,618,000	5.18%	-7.90%
151190	Palm oil and its fractions, whether or not refined (excluding chemically modified and crude)	1,862,524,000	1,568,479,000	1,629,569,000	2,011,892,000	1,828,019,000	3.04%	5.36%
270112	Bituminous coal, whether or not pulverised, non-agglomerated	463,000	-	214,765,000	914,223,000	1,224,591,000	2.04%	152.12%
520100	Cotton, neither carded nor combed	521,640,000	543,748,000	580,537,000	761,455,000	1,048,967,000	1.74%	-1.04%
720449	Waste and scrap of iron or steel (excluding slag, scale and other waste of the production of ...	560,427,000	563,673,000	571,115,000	866,802,000	949,246,000	1.58%	12.91%
120110	Soya bean seed, for sowing	6,506,000	247,967,000	383,443,000	745,079,000	943,367,000	1.57%	-
310530	Diammonium hydrogenorthophosphate "diammonium phosphate" (excluding that in tablets or similar ...	477,718,000	619,441,000	472,960,000	647,877,000	842,345,000	1.40%	10.56%
851712	Telephones for cellular networks "mobile telephones" or for other wireless networks	643,116,000	749,985,000	707,648,000	760,264,000	833,074,000	1.38%	5.49%
720441	Turnings, shavings, chips, milling waste, sawdust, filings, trimmings and stampings of iron ...	302,193,000	414,966,000	426,134,000	543,373,000	585,063,000	0.97%	8.23%

HS-Code	Product Label	2014 (US\$)	2015 (US\$)	2016 (US\$)	2017 (US\$)	2018 (US\$)	% Share in Imports	CAGR (2008–2018)
090240	Black fermented tea and partly fermented tea, whether or not flavoured, in immediate packings ...	319,191,000	449,111,000	480,162,000	536,873,000	555,812,000	0.92%	9.24%
870321	Motor cars and other motor vehicles principally designed for the transport of persons, incl. ...	283,222,000	345,865,000	402,110,000	575,188,000	542,106,000	0.90%	9.64%
390210	Polypropylene, in primary forms	458,381,000	412,096,000	384,894,000	466,093,000	539,138,000	0.90%	5.12%
890800	Vessels and other floating structures for breaking up	581,146,000	474,831,000	389,797,000	556,433,000	515,542,000	0.86%	20.90%
720839	Flat-rolled products of iron or non-alloy steel, of a width of ≥ 600 mm, in coils, simply ...	153,831,000	148,014,000	260,790,000	347,492,000	465,926,000	0.77%	128.71%
300490	Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic purposes, ...	279,618,000	283,661,000	318,475,000	368,135,000	432,796,000	0.72%	9.04%
120510	Low erucic acid rape or colza seeds "yielding a fixed oil which has an erucic acid content ...	543,151,000	369,126,000	464,416,000	474,823,000	398,941,000	0.66%	2.54%
270119	Coal, whether or not pulverised, non-agglomerated (excluding anthracite and bituminous coal)	466,765,000	478,275,000	308,612,000	125,112,000	394,417,000	0.66%	-5.71%
854140	Photosensitive semiconductor devices, incl. photovoltaic cells whether or not assembled in ...	205,562,000	445,391,000	493,703,000	656,553,000	389,596,000	0.65%	64.31%
290243	P-Xylene	349,339,000	265,846,000	257,497,000	271,768,000	365,516,000	0.61%	-0.59%
390110	Polyethylene with a specific gravity of $< 0,94$, in primary forms	304,474,000	292,419,000	286,853,000	331,609,000	336,950,000	0.56%	5.92%
071320	Dried, shelled chickpeas "garbanzos", whether or not skinned or split	36,603,000	34,609,000	116,073,000	448,286,000	334,453,000	0.56%	21.73%
290531	Ethylene glycol "ethanediol"	202,907,000	209,693,000	201,493,000	286,672,000	333,800,000	0.55%	1.66%

Source: Data sourced from ITC Trade Map

Key Findings

- With six of the 25 items belonging to the petroleum group with a total share in imports of 28.0 percent, the energy group was the most significant contributor to the country's total import bill.
- Pakistani textile sector faces a shortage of domestic cotton, and since the country does not produce long-staple fiber, the commodity is imported from other countries such as the United States, India and Brazil. Total cotton imported during 2018 amounted to \$1.04 billion (making it a net importer of cotton), taking a share of 1.7 percent in total imports.

- Other notable import categories include iron and steel, and rape seeds (canola), with CAGRs of 12.9 percent and 2.5 percent, respectively. Soybean imports made up more than 1.5 percent of total imports due to the lack of indigenously available oilseeds.

Top Import Partners

The following table shows Pakistan's top ten import partners, the value of imports from these partners in the past five years, each partner's share in the country's import bill in 2018 and the CAGRs for imports from each partner for the ten years 2008–2018.

TABLE 8: Pakistan's Top Import Partners

Exporters	2014 (US\$)	2015 (US\$)	2016 (US\$)	2017 (US\$)	2018 (US\$)	% Share in Imports	CAGR (2008–2018)
World	47,544,889,000	43,989,645,000	46,998,269,000	57,440,013,000	60,162,862,000		3.58%
China	9,588,418,000	11,019,005,000	13,680,153,000	15,383,398,000	14,544,687,000	24.18%	11.87%
United Arab Emirates	7,077,180,000	5,734,688,000	6,202,090,000	7,523,994,000	8,668,637,000	14.41%	8.66%
Saudi Arabia	4,417,354,000	3,006,751,000	1,843,133,000	2,730,371,000	3,242,349,000	5.39%	-5.90%
United States of America	1,799,568,000	1,916,775,000	2,006,823,000	2,842,547,000	2,946,715,000	4.90%	3.64%
Indonesia	2,107,232,000	2,041,765,000	2,088,831,000	2,583,267,000	2,502,372,000	4.16%	7.70%
Qatar	180,898,000	319,313,000	774,256,000	1,608,305,000	2,386,183,000	3.97%	10.90%
Japan	1,752,971,000	1,725,910,000	1,961,395,000	2,293,951,000	2,273,024,000	3.78%	2.80%
India	2,104,804,000	1,669,286,000	1,644,388,000	1,696,136,000	1,928,465,000	3.21%	1.32%
Thailand	730,062,000	852,735,000	920,023,000	1,279,321,000	1,430,727,000	2.38%	9.11%
Kuwait	2,954,979,000	1,712,743,000	1,271,958,000	1,468,125,000	1,407,721,000	2.34%	-8.56%

Source: Data sourced from ITC Trade Map

Key Findings

- More than sixty percent of Pakistan's imports are sourced from the top 10 countries.
- China is the biggest import partner with imports of over \$14.5 billion along with a CAGR of 11.8 percent. Pakistan's trade deficit with China amounted to \$10.5 billion in 2018.
- The United Arab Emirates is the other notable import partner with imports of mineral fuels in 2018 of \$7.3 billion.

Top 25 Imports and their Sourcing Countries

The following table shows the top 25 items imported by Pakistan at the HS-06 Level. For each of the commodities listed, their respective import value as well as the top three import sourcing countries are also shown for 2018.

TABLE 9: Pakistan's Top Imports and their Sourcing Countries

HS-Code	Product Label	Imported value in 2018 (US\$)	Top 3 Import Sourcing Markets
TOTAL	All products	60,337,562,000	China, 24.20%, United Arab Emirates, 14.40%, Saudi Arabia, 5.40%
270900	Petroleum oils and oils obtained from bituminous minerals, crude	4,899,418,000	United Arab Emirates, 59.80%, Saudi Arabia, 38.60%, Qatar, 1.30%
271012	Light oils and preparations, of petroleum or bituminous minerals which >= 90% by volume "incl. ...	3,690,066,000	United Arab Emirates, 69.80%, Oman, 15.60%, Netherlands, 5.00%
271111	Natural gas, liquefied	3,287,137,000	Qatar, 63.40%, Nigeria, 10.40%, Bermuda, 2.90%
271019	Medium oils and preparations, of petroleum or bituminous minerals, not containing biodiesel, ...	3,133,091,000	United Arab Emirates, 53.30%, Kuwait, 34.80%, Korea, Republic of, 2.20%
151190	Palm oil and its fractions, whether or not refined (excluding chemically modified and crude)	1,833,848,000	Indonesia, 77.90%, Malaysia, 22.10%, United Arab Emirates, 0.01%
270112	Bituminous coal, whether or not pulverised, non-agglomerated	1,222,703,000	South Africa, 75.60%, Indonesia, 11.90%, Russian Federation, 4.30%
520100	Cotton, neither carded nor combed	1,099,615,000	United States of America, 43.60%, India, 32.80%, Brazil, 5.40%
720449	Waste and scrap of iron or steel (excluding slag, scale and other waste of the production of ...	949,430,000	United Arab Emirates, 22.50%, United States of America, 21.10%, United Kingdom, 14.50%
120110	Soya bean seed, for sowing	935,007,000	United States of America, 71.30%, Brazil, 28.30%, Ukraine, 0.20%
851712	Telephones for cellular networks "mobile telephones" or for other wireless networks	839,406,000	China, 62.70%, Vietnam, 13.30%, United Arab Emirates, 12.40%
310530	Diammonium hydrogenorthophosphate "diammonium phosphate" (excluding that in tablets or similar ...	827,100,000	China, 77.10%, Morocco, 12.80%, Australia, 10.00%
720441	Turnings, shavings, chips, milling waste, sawdust, filings, trimmings and stampings of iron ...	586,109,000	United Kingdom, 43.20%, United Arab Emirates, 8.10%, European Union, 7.50%
090240	Black fermented tea and partly fermented tea, whether or not flavoured, in immediate packings ...	554,512,000	Kenya, 79.30%, Rwanda, 7.70%, India, 4.30%
870321	Motor cars and other motor vehicles principally designed for the transport of persons, incl. ...	540,787,000	Japan, 57.60%, Indonesia, 21.20%, Thailand, 17.60%
390210	Polypropylene, in primary forms	540,031,000	Saudi Arabia, 54.50%, India, 14.10%, United Arab Emirates, 9.10%
890800	Vessels and other floating structures for breaking up	524,652,000	United Arab Emirates, 38.90%, Korea, Republic of, 16.2%, Singapore, 13.7%

HS-Code	Product Label	Imported value in 2018 (US\$)	Top 3 Import Sourcing Markets
720839	Flat-rolled products of iron or non-alloy steel, of a width of >= 600 mm, in coils, simply ...	469,982,000	Japan, 56.60%, Taipei, 33.10%, Ukraine, 2.80%
300490	Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic purposes, ...	431,486,000	Germany, 19.80%, Switzerland, 18.70%, Italy, 9.90%
120510	Low erucic acid rape or colza seeds "yielding a fixed oil which has an erucic acid content ...	403,587,000	Canada, 85.80%, Ukraine, 10.60%, Romania, 3.60%
270119	Coal, whether or not pulverised, non-agglomerated (excluding anthracite and bituminous coal)	397,730,000	Indonesia, 40.40%, South Africa, 27.80%, Mozambique, 19.70%
854140	Photosensitive semiconductor devices, incl. photovoltaic cells whether or not assembled in . . .	389,596,000	China, 92.00%, Malaysia, 1.50%, Korea, Republic of, 1.30%
290243	P-Xylene	365,516,000	Kingdom of Saudi Arabia, 46.20%, India, 44.50%, Kuwait, 9.20%
390110	Polyethylene with a specific gravity of < 0,94, in primary forms	336,950,000	Kingdom of Saudi Arabia, 38.80%, Qatar, 29.40%, United Arab Emirates, 8.40%
071320	Dried, shelled chickpeas "garbanzos", whether or not skinned or split	334,453,000	Australia, 34.10%, Russia, 9.50%, Iran, 8.80%
290531	Ethylene glycol "ethanediol"	333,800,000	Kuwait, 54.30%, Kingdom of Saudi Arabia, 38.30%, United Arab Emirates, 7.00%

Source: Data sourced from ITC Trade Map

Key Findings

- The top 4 imports in the list were categorized under '*Mineral fuels, mineral oils and products*' (HS–27xxxx), and amounted to \$14.0 billion.
- The top 25 imports at the HS–06 level accounted for about 48.0 percent of total imports.
- China is a main supplier of mechanical and electrical equipment, most of which is used as industrial equipment.

Pakistan's Trade Agreements

Pakistan has signed a number of market access agreements with its trading partners. Pakistan has signed Free Trade Agreements (FTA) with China, Malaysia, and Sri Lanka. The country has also signed Preferential Trade Agreements (PTA) with Indonesia, Iran and Mauritius.

The following table gives an overview of the bilateral agreements that Pakistan has with other countries, and the impact on the country's bilateral trade since these agreements came into effect.

Pakistan's Bilateral Trade Agreements

TABLE 10: Pakistan's Bilateral Trade Agreements

Country	Type of Agreement	Year Implemented	Pakistan's Exports in the Year of Implementation (US\$)	Pakistan's Trade Balance in the Year of Implementation (US\$)	Pakistan's Exports in 2018 (US\$)	Pakistan's Trade Balance in 2018 (US\$)
China	FTA	2007	506,642,000	-2,408,284,000	1,818,069,000	-12,726,618,000
Sri Lanka	FTA	2005	153,662,000	94,485,000	354,534,000	249,570,000
Malaysia	FTA	2008	138,068,000	-1,555,596,000	157,503,000	-1,002,445,000
Iran	PTA	2004	91,517,000	-189,035,000	22,774,000	-351,198,000
Indonesia	PTA	2013	144,380,000	-1,063,936,000	302,899,000	-2,199,473,000
Mauritius	PTA	2007	35,543,000	35,003,000	19,240,000	10,615,000

Source: Data sourced from ITC Trade Map

Other Bilateral and Multilateral Trade Agreements:

South Asian Free Trade Agreement

SAFTA comprises of Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka. SAFTA however has failed to create greater economic linkages among the member countries for a variety of reasons.

Preferential Trade Agreement – Group of 8 Developing Countries (PTA–D8)

The participating members include Pakistan, Indonesia, Bangladesh, Malaysia, Egypt, Iran, Turkey, and Nigeria. This agreement aims to improve each member's respective position in the world economy, create new opportunities in trade relations, become more influential in international decision-making mechanisms and raise life standards (still to be notified to the WTO).

Trade Agreements (under consideration, discussion and negotiation):

FTA with Turkey

FTA with Korea, Republic of

FTA with Saudi Arabia

FTA with Singapore

FTA with Thailand

FTA with Gulf Cooperation Council (GCC)

Pakistan – MERCOSUR

Canada – Economic Overview

The Dominion of Canada (Canada), is a North–American country. It has a highly developed market economy and is one of the wealthiest nations in the world. The country’s wealth is primarily due to natural resources; forests, minerals and fossil fuels. Important industries include transport, timber, paper products, metals, natural gas, fish products and chemicals. Canada is one of the leading producers of natural minerals such as gold, nickel, aluminum and crude oil. Other critical parts of its economy include transportation and telecommunications. The country is the 10th largest economy in the world (in nominal dollars) and posted a GDP of \$1.7 trillion in 2018. With a population of 37.1 million, Canada is considered relatively small in terms of population with a GDP per capita of \$46,261. The country has a booming services industry with over three–quarters of the population employed in the services sector. The labor force distribution industry–wise is estimated as follows: services 76.0 percent, manufacturing 13.0 percent, construction 6.0 percent, agriculture 2.0 percent, and others 3.0 percent. Canada’s natural resources had an estimated value of \$33.2 trillion in 2016.

TABLE 11: Canada’s Economic Indicators

Indicator	Canada
GDP – 2018 (Current USD) ⁵	\$1.7 trillion
GDP Growth Rate (%)	2.3%
GDP per Capita – 2018	\$46,261
Inflation – 2018 (%)	2.2%
Population – 2018	37,267,630
Human Development Index (HDI)	0.926
Business Environment Ranking Position (2014–2018)	22nd

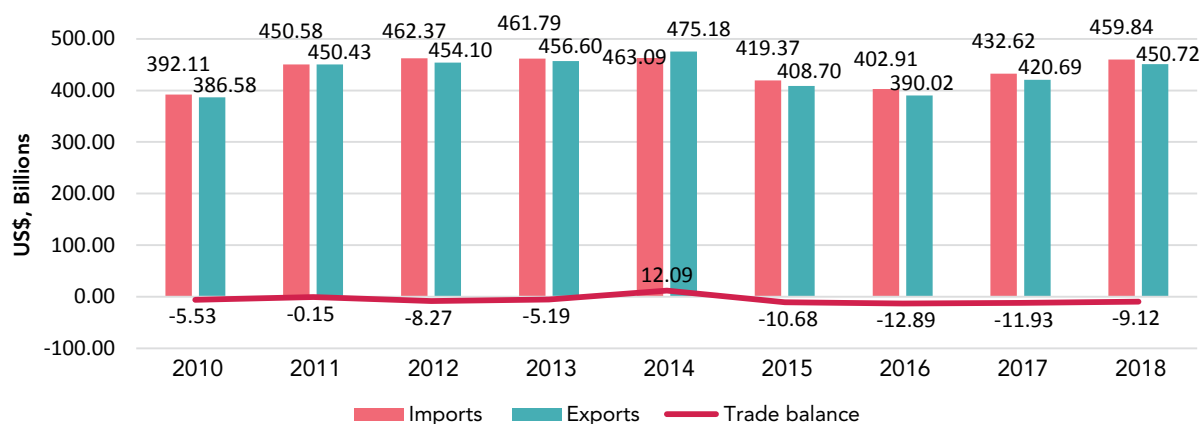
Source: Data sourced from Statista and UNDP

The Canadian economy grew by 2.3 percent in 2018. Through much of 2018, the unemployment rate hovered over a 40–year low at around 4.0 percent, and job creation remained strong. On the trade front, Canada went through a difficult time negotiating the updated version of NAFTA 2.0, more formally known as the United States–Mexico–Canada Agreement (USMCA). The USMCA is expected to bring benefits to Canada, and the federal government has predicted a 2.0 percent growth rate for 2019.

5 Data taken from Statista and UNDP

Canada – Trade Overview

FIGURE 2: Canada's Trade Flow



Source: Data sourced from ITC Trade Map

Canada's economy has grown steadily in the past ten years; however, on the trade front, the country's exports over the past decade posted a negative CAGR of 0.1 percent, with exports valued at \$450.7 billion in 2018. Imports however have increased in the same time period by a CAGR of 1.1 percent, and were valued at \$459.8 billion. This has led to a steady and negative trade balance throughout the ten years, with the country posting a trade deficit of \$9.12 billion, in 2018.

Trade Trends

Major Export Categories (HS-02)

The table below shows the top ten exported items by Canada at the HS-02 Level and their export patterns since 2014. Additionally, share of each product category in total exports along with their Cumulative Average Growth Rate (CAGR) over the 2008–2018 period is also shown.

TABLE 12: Canada's Major Export Categories (HS-02)

HS-Code	Product Label	2014 (US\$)	2015 (US\$)	2016 (US\$)	2017 (US\$)	2018 (US\$)	% Share in Exports	CAGR (2008–2018)
TOTAL	All products	475,177,176,000	408,697,324,000	390,020,604,000	420,688,035,000	450,722,776,000		-0.11%
27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	128,817,558,000	77,586,292,000	62,221,936,000	84,515,833,000	99,302,320,000	22.0%	-2.34%

HS-Code	Product Label	2014 (US\$)	2015 (US\$)	2016 (US\$)	2017 (US\$)	2018 (US\$)	% Share in Exports	CAGR (2008–2018)
87	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	59,993,114,000	60,281,960,000	64,246,344,000	62,216,244,000	60,513,404,000	13.4%	1.76%
84	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	32,644,194,000	31,097,520,000	29,889,357,000	32,270,194,000	34,483,236,000	7.7%	0.06%
99	Commodities not elsewhere specified	16,994,104,000	18,633,557,000	20,219,279,000	19,200,938,000	20,422,209,000	4.5%	2.02%
71	Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad with precious metal, and articles thereof; imitation jewellery; coin	20,640,343,000	17,841,181,000	18,899,681,000	18,875,031,000	18,328,271,000	4.1%	3.99%
44	Wood and articles of wood; wood charcoal	12,631,397,000	11,682,610,000	13,192,179,000	14,079,353,000	14,282,132,000	3.2%	4.40%
39	Plastics and articles thereof	13,173,242,000	12,475,510,000	12,124,830,000	12,561,804,000	13,621,526,000	3.0%	0.77%
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles	13,642,593,000	13,204,874,000	12,634,821,000	12,911,337,000	13,394,881,000	3.0%	-2.95%
88	Aircraft, spacecraft, and parts thereof	12,439,906,000	12,349,469,000	10,298,639,000	9,935,699,000	10,601,375,000	2.4%	1.07%
76	Aluminium and articles thereof	8,851,104,000	8,217,608,000	8,079,782,000	9,809,036,000	10,014,147,000	2.2%	-0.96%

Source: Data sourced from ITC Trade Map

Key Findings

- Canada's top exports ten export categories accounted for nearly two-thirds (62.7 percent) of its total exports in 2018. As can be seen from the negative CAGR in the second row, Canada's total exports have shown a declining trend over the past ten years. Exports increased by \$30.0 billion in 2017 over the previous year, and grew by a further \$30.0 billion in 2018, to reach \$450.0 billion.

- Canada's top exports are of *'Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes'* (HS-27), which combined represented 22.0 percent of total exports. This shows the heavy reliance on mineral products. Mineral fuels as a category were the fastest-growth sector among Canada's top 10 export categories; up 17.5 percent from 2017 to 2018 propelled by improved sales of both crude and refined petroleum oils as well as coal.
- Vehicles other than railway or tramway rolling stock, and parts and accessories thereof are one of the leading exports of Canada, contributing 13.4 percent to the country's exports. Vehicles have shown a positive CAGR of 1.7 percent in the past ten years.
- Exports of gems and precious metals dropped 2.9 percent in 2018 over the previous year.
- Wood and articles of wood; wood charcoal even though having a share of only 3.2 percent in the total exports have the highest CAGR of 4.4 percent in the past ten years.

Top Exports (HS-06)

The table below lists the top 25 exports of Canada at HS-06 Level for the period 2014 to 2018, along with the export values for each of these items. CAGR for the years 2008–2018 for each of the commodities is also listed in addition to each commodity's share of total exports in 2018.

TABLE 13: Canada's Top Exported Products (HS-06)

HS-Code	Product Label	2014 (US\$)	2015 (US\$)	2016 (US\$)	2017 (US\$)	2018 (US\$)	% Share in Exports in 2018	CAGR (2008–2018)
TOTAL	All products	475,177,176,000	408,697,324,000	390,020,604,000	420,688,035,000	450,722,776,000		-0.11%
270900	Petroleum oils and oils obtained from bituminous minerals, crude	88,119,818,000	50,189,997,000	39,486,266,000	53,999,311,000	66,915,582,000	14.8%	0.50%
999999	Commodities not elsewhere specified	16,994,104,000	18,633,557,000	20,219,279,000	19,200,938,000	20,422,209,000	4.5%	2.02%
870324	Motor cars and other motor vehicles principally designed for the transport of persons, incl. station wagons and racing cars, with spark-ignition internal combustion reciprocating piston engine of a cylinder capacity > 3.000 cm ³ ...	24,899,028,000	22,265,052,000	23,323,362,000	22,637,994,000	19,065,967,000	4.2%	-2.86%
870323	Motor cars and other motor vehicles principally designed for the transport of persons, incl. station wagons and racing cars, with spark-ignition internal combustion reciprocating piston engine ...	19,202,772,000	21,850,509,000	22,782,254,000	16,125,835,000	13,918,067,000	3.1%	7.66%
710812	Gold, incl. gold plated with platinum, unwrought, for non-monetary purposes (excluding gold in powder form)	14,921,683,000	12,353,363,000	12,369,105,000	13,109,091,000	12,138,205,000	2.7%	4.71%

HS-Code	Product Label	2014 (US\$)	2015 (US\$)	2016 (US\$)	2017 (US\$)	2018 (US\$)	% Share in Exports in 2018	CAGR (2008–2018)
440719	Coniferous wood sawn or chipped lengthwise, sliced or peeled, whether or not planed, sanded or end-jointed, of a thickness of > 6 mm (excl. pine "Pinus spp.", fir "Abies spp." and spruce "Picea spp.")	–	–	–	–	7,852,898,000	1.7%	–
271019	Medium oils and preparations, of petroleum or bituminous minerals, not containing biodiesel, n.e.s.	8,865,739,000	6,380,023,000	4,080,727,000	6,235,032,000	7,559,734,000	1.7%	–3.34%
271121	Natural gas in gaseous state	14,486,439,000	7,845,027,000	6,511,584,000	7,925,305,000	7,455,686,000	1.7%	–13.21%
270112	Bituminous coal, whether or not pulverised, non-agglomerated	3,765,669,000	2,707,753,000	3,343,313,000	5,193,971,000	5,771,257,000	1.3%	–0.07%
870322	Motor cars and other motor vehicles principally designed for the transport of persons, incl. station wagons and racing cars, with spark-ignition internal combustion reciprocating piston engine...	14,273,000	107,115,000	1,333,802,000	5,538,622,000	5,503,927,000	1.2%	96.53%
310420	Potassium chloride for use as fertiliser (excluding that in tablets or similar forms, or in packages with a gross weight of ≤ 10 kg)	4,698,191,000	5,343,734,000	3,523,539,000	3,899,197,000	4,918,899,000	1.1%	–1.88%
100199	Wheat and meslin (excluding seed for sowing, and durum wheat)	5,218,775,000	4,603,404,000	3,376,486,000	3,927,301,000	4,583,877,000	1.0%	–
470321	Semi-bleached or bleached coniferous chemical wood pulp, soda or sulphate (excluding dissolving grades)	4,027,591,000	3,834,492,000	3,404,304,000	3,658,620,000	4,537,681,000	1.0%	1.78%
271012	Light oils and preparations, of petroleum or bituminous minerals which ≥ 90% by volume "incl. losses" distil at 210°C "ASTM D 86 method" (excluding containing biodiesel)	5,743,281,000	4,807,235,000	3,844,452,000	4,899,112,000	4,507,077,000	1.0%	–

HS-Code	Product Label	2014 (US\$)	2015 (US\$)	2016 (US\$)	2017 (US\$)	2018 (US\$)	% Share in Exports in 2018	CAGR (2008–2018)
120510	Low erucic acid rape or colza seeds "yielding a fixed oil which has an erucic acid content of < 2% and yielding a solid component of glucosinolates of < 30 micromoles/g"	4,696,672,000	3,879,048,000	4,264,867,000	5,034,783,000	4,447,519,000	1.0%	1.96%
870829	Parts and accessories of bodies for tractors, motor vehicles for the transport of ten or more persons, motor cars and other motor vehicles principally designed for the transport of persons, motor vehicles for the transport of goods ...	3,798,361,000	3,923,595,000	3,713,811,000	3,682,415,000	4,215,222,000	0.9%	3.66%
880240	Aeroplanes and other powered aircraft of an of an unladen weight > 15000 kg (excluding helicopters and dirigibles)	5,325,416,000	4,978,845,000	3,672,116,000	3,844,518,000	4,023,306,000	0.9%	1.26%
300490	Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic purposes, put up in measured doses "incl. those in the form of transdermal administration" or ...	3,762,459,000	4,800,381,000	5,011,272,000	3,435,725,000	3,923,474,000	0.9%	-1.11%
760110	Aluminium, not alloyed, unwrought	2,659,855,000	2,348,800,000	2,685,732,000	3,526,182,000	3,312,532,000	0.7%	-2.06%
760120	Unwrought aluminium alloys	3,100,321,000	2,802,692,000	2,354,008,000	2,800,327,000	3,138,987,000	0.7%	0.90%
260300	Copper ores and concentrates	3,300,371,000	3,000,311,000	2,705,697,000	2,753,475,000	2,819,432,000	0.6%	5.73%
260111	Non-agglomerated iron ores and concentrates (excluding roasted iron pyrites)	2,440,518,000	1,493,276,000	1,573,691,000	1,760,753,000	2,607,276,000	0.6%	15.11%
870431	Motor vehicles for the transport of goods, with spark-ignition internal combustion piston engine, of a gross vehicle weight <= 5 t (excluding dumpers for off-highway use of subheading 8704.10 and special purpose motor vehicles of heading 8705)	290,313,000	514,947,000	754,983,000	790,797,000	2,411,535,000	0.5%	0.24%

HS-Code	Product Label	2014 (US\$)	2015 (US\$)	2016 (US\$)	2017 (US\$)	2018 (US\$)	% Share in Exports in 2018	CAGR (2008–2018)
870899	Parts and accessories, for tractors, motor vehicles for the transport of ten or more persons, motor cars and other motor vehicles principally designed for the transport of persons, motor vehicles for the transport of goods and special purpose motor vehicles, n.e.s.	2,589,642,000	2,403,467,000	2,444,704,000	2,395,378,000	2,349,375,000	0.5%	-1.36%
840734	Spark-ignition reciprocating piston engine, of a kind used for vehicles of chapter 87, of a cylinder capacity > 1.000 cm ³	2,525,943,000	2,510,732,000	2,544,360,000	2,257,113,000	2,341,517,000	0.5%	0.45%

Source: Data sourced from ITC Trade Map

Key Findings

- Canada's top 25 exports are dominated by '*Petroleum oils and oils obtained from bituminous minerals, crude*' (HS-27xxxx) which contribute nearly 15.0 percent to total exports.
- Canada has posted a decline mainly in the category of machinery and computers, including bulldozers and similar heavy construction equipment. This decline partly indicates Canada's competitive disadvantage in the international machinery market, including computer-related goods; however, targeted innovations can significantly improve the country's export position in the global economy.
- Even though '*Motor cars and other motor vehicles*' (870324) have shown a negative CAGR of 2.8 percent, they still contribute over 4.2 percent to the country's exports.
- Although the overall exports CAGR for Canada is a negative 0.1 percent, most items in the list above have shown a positive increase in exports.
- '*Motor cars and other motor vehicles principally designed for the transport of persons ...*' (HS-870322) have shown a positive CAGR of 96.5 percent in the last ten years, increasing from \$6.4 million in 2008 to \$5.5 billion in 2018. One explanation of this could be rising exports to the United States.

Top Export Partners

The table below shows the top ten export destinations of goods from Canada along with export values for the past 5 years for each of these destinations. Each country's share in total exports in 2018 along with ten-year growth rates from 2008–2018 is also included.

TABLE 14: Canada's Top Export Partners

Importers	2014 (US\$)	2015 (US\$)	2016 (US\$)	2017 (US\$)	2018 (US\$)	% Share in Exports 2018	CAGR (2008–2018)
World	475,177,176,000	408,697,324,000	390,020,604,000	420,688,035,000	450,722,776,000		–0.11%
United States of America	364,959,373,000	313,544,846,000	297,489,448,000	319,062,752,000	338,231,152,000	75.0%	–0.45%
China	17,447,756,000	15,783,682,000	15,826,201,000	18,197,291,000	21,286,263,000	4.7%	7.98%
United Kingdom	13,764,189,000	12,481,346,000	12,912,130,000	13,632,757,000	12,626,495,000	2.8%	0.29%
Japan	9,725,092,000	7,644,506,000	8,095,799,000	9,108,522,000	9,991,190,000	2.2%	–0.46%
Mexico	5,111,184,000	5,160,410,000	5,775,014,000	6,056,390,000	6,345,607,000	1.4%	1.41%
Korea, Republic of	3,776,821,000	3,144,960,000	3,306,370,000	4,082,121,000	4,522,267,000	1.0%	2.24%
Germany	2,687,178,000	2,705,141,000	3,070,716,000	3,186,996,000	3,724,824,000	0.8%	–1.24%
Netherlands	3,475,104,000	2,782,431,000	2,145,838,000	2,421,491,000	3,665,894,000	0.8%	0.49%
India	2,914,562,000	3,378,051,000	3,004,792,000	3,282,769,000	3,309,664,000	0.7%	3.78%
Hong Kong, China	4,156,095,000	3,058,774,000	1,755,009,000	1,721,794,000	3,013,754,000	0.7%	6.07%

Source: Data sourced from ITC Trade Map

Key Findings

- From a continental perspective, over three-quarters of Canadian exports went to its North American trade partners, namely the United States and Mexico.
- Asian importers bought 12.3 percent worth of Canadian goods, with China being the most significant Asian export destination, importing around 4.7 percent or \$21.3 billion worth of goods from Canada. Exports to Europe contributed another 8.5 percent. Growth in exports to all top ten countries was either negative or marginally positive.

Top 25 Exports and their Destinations

The table below lists the top 25 exports of Canada at HS–06 Level in calendar year 2018. For each of these items, the top export destination markets along with each country's relative share in total exports is shown.

TABLE 15: Canada's Top 25 Exports and their Destinations

HS-Code	Product Label	Exported value in 2018 (US\$)	Major Export Destinations
TOTAL	All products	450,722,776,000	United States of America, 75.00% China, 4.70% United Kingdom, 2.80%
270900	Petroleum oils and oils obtained from bituminous minerals, crude	66,915,582,000	United States of America, 95.70% United Kingdom, 1.20% China, 0.60%
999999	Commodities not elsewhere specified	20,422,209,000	United States of America, 93.00% Germany, 1.20% United Kingdom, 0.50%

HS-Code	Product Label	Exported value in 2018 (US\$)	Major Export Destinations
870324	Motor cars and other motor vehicles principally designed for the transport of persons, incl. station wagons and racing cars, with spark-ignition internal combustion reciprocating piston engine of a cylinder capacity > 3.000 cm ³ ...	19,065,967,000	United States of America, 94.90% China, 2.30% Germany, 0.40%
870323	Motor cars and other motor vehicles principally designed for the transport of persons, incl. station wagons and racing cars, with spark-ignition internal combustion reciprocating piston engine of a cylinder capacity > 1.500 cm ³ but <= 3.000 cm ³ ...	13,918,067,000	United States of America, 93.30% China, 3.00% Mexico, 0.60%
710812	Gold, incl. gold plated with platinum, unwrought, for non-monetary purposes (excluding gold in powder form)	12,138,205,000	United Kingdom, 67.20% United States of America, 12.80% Hong Kong – China, 12.03%
440719	Coniferous wood sawn or chipped lengthwise, sliced or peeled, whether or not planed, sanded or end-jointed, of a thickness of > 6 mm ...	7,852,898,000	United States of America 73.03%, China, 10.03% Japan, 9.02%
271019	Medium oils and preparations, of petroleum or bituminous minerals, not containing biodiesel, n.e.s.	7,559,734,000	United States of America, 81.01% Netherlands, 7.07% Bahamas, 3.07%
271121	Natural gas in gaseous state	7,455,686,000	United States of America, 100%
270112	Bituminous coal, whether or not pulverised, non-agglomerated	5,771,257,000	Japan, 24.50% Korea, Republic of 20.80% India, 13.70%
870322	Motor cars and other motor vehicles principally designed for the transport of persons, incl. station wagons and racing cars, with spark-ignition internal combustion reciprocating piston engine of a cylinder capacity > 1.000 cm ³ but <= 1.500 cm ³ ...	5,503,927,000	United States of America, 99.50% Ghana, 0.20% Iceland, 0.10%
310420	Potassium chloride for use as fertiliser (excluding that in tablets or similar forms, or in packages with a gross weight of <= 10 kg)	4,918,899,000	United States of America, 48.40% Brazil, 13.70% China, 11.10%
100199	Wheat and meslin (excluding seed for sowing, and durum wheat)	4,583,877,000	Indonesia, 11.40% United States of America, 11.00% China, 9.80%
470321	Semi-bleached or bleached coniferous chemical wood pulp, soda or sulphate (excluding dissolving grades)	4,537,681,000	China, 44.8% United States of America, 33.90% Indonesia, 6.40%
271012	Light oils and preparations, of petroleum or bituminous minerals which >= 90% by volume "incl. losses" distil at 210°C "ASTM D 86 method" (excluding containing biodiesel)	4,507,077,000	United States of America, 99.50% Netherlands. 0.40% Latvia. 0.10%
120510	Low erucic acid rape or colza seeds "yielding a fixed oil which has an erucic acid content of < 2% and yielding a solid component of glucosinolates of < 30 micromoles/g"	4,447,519,000	China, 47.20% Japan, 22.30% Mexico, 12.10%
870829	Parts and accessories of bodies for tractors, motor vehicles for the transport of ten or more persons, motor cars and other motor vehicles principally designed for the transport of persons, motor vehicles for the transport of goods and special purpose motor vehicles ...	4,215,222,000	United States of America, 93.10% Mexico, 5.00% United Kingdom, 0.80%
880240	Aeroplanes and other powered aircraft of an of an unladen weight > 15000 kg (excluding helicopters and dirigibles)	4,023,306,000	United States of America, 24.60% Switzerland, 18.00% Latvia, 13.60%
300490	Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic purposes, put up in measured doses "incl. those in the form of transdermal administration" or in forms or packings for retail sale	3,923,474,000	United States of America, 77.40% Belgium, 2.70% Japan, 2.60%
760110	Aluminium, not alloyed, unwrought	3,312,532,000	United States of America, 79.20% Netherlands, 13.90% Japan, 3.00%
760120	Unwrought aluminium alloys	3,138,987,000	United States of America, 82.90% Mexico, 9.70% Japan, 6.00%
260300	Copper ores and concentrates	2,819,432,000	Japan, 26.5.00% Korea, Republic of, 22.00% China, 20.40%

HS-Code	Product Label	Exported value in 2018 (US\$)	Major Export Destinations
260111	Non-agglomerated iron ores and concentrates (excluding roasted iron pyrites)	2,607,276,000	China, 26.20% Japan, 12.80% Netherlands, 10.80%
870431	Motor vehicles for the transport of goods, with spark-ignition internal combustion piston engine, of a gross vehicle weight <= 5 t (excluding dumpers for off-highway use of subheading 8704.10 and special purpose motor vehicles of heading 8705)	2,411,535,000	United States of America, 98.80% China, 0.40% Sweden, 0.10%
870899	Parts and accessories, for tractors, motor vehicles for the transport of ten or more persons, motor cars and other motor vehicles principally designed for the transport of persons, motor vehicles for the transport of goods and special purpose motor vehicles, n.e.s.	2,349,375,000	United States of America, 87.20% Mexico, 7.70% China, 0.80%
840734	Spark-ignition reciprocating piston engine, of a kind used for vehicles of chapter 87, of a cylinder capacity > 1.000 cm ³	2,341,517,000	United States of America, 99.80% Thailand, 0.20% Mexico, 0%

Source: Data sourced from ITC Trade Map

Key Findings

- The United States, China and Mexico dominate Canada's export markets as most goods are destined for these three countries. Eight out of the 25 items listed above belong to motor cars, vehicles, aircraft and their parts group, where the U.S. is one of the major export destinations.
- Fourteen of Canada's top 15 trading partners increased their purchases from the country year on year led by double – digit gains for Hong Kong (up 75.0 percent), the Netherlands (up 51.4 percent), Italy (up 32.9 percent), Brazil (up 27.9 percent), Norway (up 22.0 percent), and China (up 17.0 percent).
- Canadian – grown canola, is mostly exported to China with a share of 47.2 percent. Over the past decade, China has become a significant and reliable market for Canadian canola exports with just under 4.0 million tons bought in the 2016–17 crop year, China accounts for a significant portion of total canola exports, with Japan as the second–largest export destination at the HS–04 Level (HS–1205 *Rape or colza seeds*).

Major Import Categories (HS–02)

Canada's top ten imports are listed below at HS–02 Level along with their share in total imports of the country, import values for the last 5 years and their CAGRs calculated for the period 2010–18 are also shown.

TABLE 16: Canada's Major Import Categories (HS–02)

HS-Code	Product Label	2014 (US\$)	2015 (US\$)	2016 (US\$)	2017 (US\$)	2018 (US\$)	% Share in Imports	CAGR (2008 – 2018)
TOTAL	All products	463,088,977,000	419,374,729,000	402,906,596,000	432,615,608,000	459,839,192,000		1.18%
87	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	70,526,488,000	66,803,030,000	67,541,829,000	74,213,567,000	75,457,961,000	16.4%	2.39%
84	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	67,555,368,000	63,535,941,000	61,837,359,000	63,420,923,000	68,909,088,000	15.0%	1.41%

HS-Code	Product Label	2014 (US\$)	2015 (US\$)	2016 (US\$)	2017 (US\$)	2018 (US\$)	% Share in Imports	CAGR (2008 – 2018)
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles	44,090,197,000	41,303,023,000	39,656,990,000	42,864,651,000	44,859,935,000	9.8%	1.16%
27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	47,806,725,000	29,477,488,000	25,328,220,000	29,752,406,000	36,814,114,000	8.0%	-3.13%
39	Plastics and articles thereof	16,071,861,000	14,944,032,000	14,736,475,000	16,025,366,000	17,002,003,000	3.7%	2.52%
90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof	12,819,718,000	12,259,184,000	11,954,033,000	12,297,999,000	12,594,036,000	2.7%	1.40%
30	Pharmaceutical products	12,478,393,000	11,392,032,000	11,385,407,000	11,717,272,000	12,518,591,000	2.7%	1.57%
73	Articles of iron or steel	11,715,283,000	9,778,439,000	8,440,151,000	9,798,125,000	10,811,062,000	2.4%	0.61%
99	Commodities not elsewhere specified	8,688,897,000	8,290,858,000	8,197,299,000	8,796,557,000	9,731,112,000	2.1%	2.74%
94	Furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings; lamps and lighting fittings, not elsewhere specified or included; illuminated signs, illuminated nameplates and the like; prefabricated buildings	9,214,660,000	8,740,824,000	8,761,298,000	9,260,670,000	9,344,900,000	2.0%	1.82%

Source: Data sourced from ITC Trade Map

Key Findings

- Canada imported over \$459.8 billion worth of goods in the year 2018. CAGR for the past 10 years stood at 1.1 percent indicating that imports have increased on an average by 1.0 percent per annum since 2008. The top ten imports accounted for almost two-thirds of total of Canadian imports.
- Among these import categories, mineral fuels including oil had the fastest growth rate, increasing in value over 2017, by 21.3 percent. In second place, articles of iron and steel posted an increase of 10.4 percent. Trailing this category were imports of machinery including computers with an increase in value of 8.6 percent over 2017.
- Articles of jewellery posted a decline of 9.5 percent in 2018.

Top Imports (HS–06)

The table below shows the top 25 imported commodities at the HS–06 Level that Canada imported in the past 5 years along with each commodity’s share in total imports and their growth trends since 2008.

TABLE 17: Canada’s Top Imported Products (HS–06)

HS-Code	Product Label	2014 (US\$)	2015 (US\$)	2016 (US\$)	2017 (US\$)	2018 (US\$)	% Share in Imports	CAGR (2008–2018)
TOTAL	All products	463,088,977,000	419,374,729,000	402,906,596,000	432,615,608,000	459,839,192,000		1.18%
270900	Petroleum oils and oils obtained from bituminous minerals, crude	21,513,345,000	13,031,716,000	10,886,017,000	12,772,303,000	14,950,494,000	3.3%	–7.32%
870323	Motor cars and other motor vehicles principally designed for the transport of persons, incl. station wagons and racing cars, with spark-ignition internal combustion reciprocating piston engine of a cylinder capacity > 1.500 cm ³ but <= 3.000 cm ³ ...	14,041,879,000	13,576,653,000	13,770,130,000	13,735,564,000	14,393,158,000	3.1%	0.30%
271012	Light oils and preparations, of petroleum or bituminous minerals which >= 90% by volume “incl. losses”	11,802,480,000	7,141,653,000	7,540,975,000	8,292,366,000	11,152,132,000	2.4%	–
870324	Motor cars and other motor vehicles principally designed for the transport of persons, incl. station wagons and racing cars, with spark-ignition internal combustion reciprocating piston engine of a cylinder capacity > 3.000 cm ³ ...	9,133,159,000	9,465,705,000	9,970,181,000	10,921,338,000	10,241,042,000	2.2%	1.50%
999999	Commodities not elsewhere specified	8,688,897,000	8,290,858,000	8,197,299,000	8,796,557,000	9,731,112,000	2.1%	2.74%
870431	Motor vehicles for the transport of goods, with spark-ignition internal combustion piston engine, of a gross vehicle weight <= 5 t...	8,445,299,000	7,862,608,000	9,026,265,000	10,770,489,000	8,876,953,000	1.9%	5.76%
851712	Telephones for cellular networks “mobile telephones” or for other wireless networks	4,477,215,000	5,254,374,000	4,642,488,000	5,567,547,000	6,114,658,000	1.3%	12.42%

HS-Code	Product Label	2014 (US\$)	2015 (US\$)	2016 (US\$)	2017 (US\$)	2018 (US\$)	% Share in Imports	CAGR (2008–2018)
300490	Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic purposes, put up in measured doses "incl. those in the form of transdermal administration" or in forms or packings for retail sale ...	7,125,831,000	6,131,673,000	5,850,381,000	5,704,292,000	5,987,892,000	1.3%	-1.22%
271019	Medium oils and preparations, of petroleum or bituminous minerals, not containing biodiesel, n.e.s.	6,533,432,000	4,699,206,000	3,531,998,000	3,990,038,000	5,693,512,000	1.2%	0.03%
870829	Parts and accessories of bodies for tractors, motor vehicles for the transport of ten or more persons, motor cars and other motor vehicles principally designed for the transport of persons ...	5,438,131,000	5,091,461,000	5,514,404,000	5,436,155,000	5,356,461,000	1.2%	1.00%
710812	Gold, incl. gold plated with platinum, unwrought, for non-monetary purposes (excluding gold in powder form)	7,936,353,000	6,499,284,000	5,562,463,000	5,425,968,000	4,802,469,000	1.0%	3.07%
847130	Data-processing machines, automatic, portable, weighing <= 10 kg, consisting of at least a central processing unit, a keyboard and a display (excluding peripheral units)	4,115,473,000	3,550,814,000	3,499,788,000	3,837,721,000	4,280,229,000	0.9%	3.94%
840734	Spark-ignition reciprocating piston engine, of a kind used for vehicles of chapter 87, of a cylinder capacity > 1.000 cm ³	3,731,421,000	3,718,996,000	4,631,727,000	4,523,254,000	4,127,189,000	0.9%	-0.96%
851762	Machines for the reception, conversion and transmission or regeneration of voice, images or other data, incl. switching and routing apparatus ...	3,442,807,000	3,313,718,000	3,403,273,000	3,770,544,000	4,031,694,000	0.9%	7.49%

HS-Code	Product Label	2014 (US\$)	2015 (US\$)	2016 (US\$)	2017 (US\$)	2018 (US\$)	% Share in Imports	CAGR (2008–2018)
870899	Parts and accessories, for tractors, motor vehicles for the transport of ten or more persons, motor cars and other motor vehicles ...	3,554,201,000	3,639,270,000	3,689,963,000	3,725,991,000	3,478,855,000	0.8%	4.21%
841191	Parts of turbojets or turbopropellers, n.e.s.	2,162,084,000	2,420,010,000	2,369,208,000	2,639,824,000	3,368,636,000	0.7%	4.83%
880330	Parts of aeroplanes or helicopters, n.e.s. (excluding those for gliders)	3,100,765,000	2,927,199,000	2,795,412,000	3,046,831,000	3,287,805,000	0.7%	1.97%
870120	Road tractors for semi-trailers	2,447,168,000	2,446,918,000	1,653,293,000	2,145,143,000	2,915,022,000	0.6%	10.97%
880240	Aeroplanes and other powered aircraft of an of an unladen weight > 15000 kg (excluding helicopters and dirigibles)	2,264,222,000	3,533,100,000	2,400,074,000	2,474,347,000	2,892,502,000	0.6%	1.21%
870840	Gear boxes and parts thereof, for tractors, motor vehicles for the transport of ten or more persons...	3,084,587,000	2,619,096,000	2,761,445,000	2,810,410,000	2,862,322,000	0.6%	-0.43%
848180	Appliances for pipes, boiler shells, tanks, vats or the like ...	2,346,388,000	2,235,907,000	1,952,667,000	2,071,147,000	2,341,772,000	0.5%	3.53%
847150	Processing units for automatic data-processing machines, whether or not containing in the same housing one or two of the following types of unit: storage units, input units, output units ...	1,959,262,000	1,725,612,000	1,657,380,000	2,020,288,000	2,243,303,000	0.5%	1.40%
870322	Motor cars and other motor vehicles principally designed for the transport of persons, incl. station wagons and racing cars, with spark-ignition internal combustion reciprocating piston engine of a cylinder capacity > 1.000 cm ³ but <= 1.500 cm ³ ...	1,261,559,000	1,011,830,000	1,238,391,000	1,614,517,000	2,192,840,000	0.5%	8.51%
271121	Natural gas in gaseous state	4,434,792,000	2,211,343,000	1,593,792,000	2,618,828,000	2,175,333,000	0.5%	-6.44%
281820	Aluminum oxide (excluding artificial corundum)	1,224,931,000	1,229,609,000	1,184,199,000	1,623,101,000	2,040,637,000	0.4%	1.93%

Source: Data sourced from ITC Trade Map

Key Findings

- Under the category of mineral fuels (HS–27), Canada’s top imports include processed petroleum oils, crude oil, petroleum gasses and coal. Under these import subcategories, Canadian purchases of electrical energy, high–temperature distillation coal tar oils and natural bitumen, asphalt or shale grew at the fastest rate in 2018 over the previous year.
- Canada imported a significant number of goods under the category of machinery and mechanical appliances. This category included computers, optical readers, turbo–jets, piston engines and heavy motors such as bulldozers and excavators.
- Motor vehicles, including cars and automobile parts, in addition to others, as well as electronics, including smartphones, TV receivers/monitors, circuits, etc. were also significant imports in 2018.

Top Import Partners

The following table shows Canada’s top ten import partners, the value of imports from them in the last five years, the partner’s share in the country’s import bill in 2018 and well as the CAGRs for imports of each partner country in the period 2008–2018.

TABLE 18: Canada’s Top Import Partners

Exporters	2014 (US\$)	2015 (US\$)	2016 (US\$)	2017 (US\$)	2018 (US\$)	% Share in Imports 2018	CAGR (2008 – 2018)
World	463,088,977,000	419,374,729,000	402,906,596,000	432,615,608,000	459,839,192,000		1.18%
United States of America	251,814,356,000	223,174,131,000	210,217,861,000	222,059,351,000	235,151,935,000	51.1%	0.94%
China	53,066,196,000	51,368,522,000	48,599,712,000	54,761,584,000	58,263,593,000	12.7%	3.79%
Mexico	26,070,727,000	24,410,295,000	25,064,565,000	27,346,640,000	28,398,562,000	6.2%	5.35%
Germany	14,436,100,000	13,568,536,000	13,020,565,000	13,816,980,000	14,708,055,000	3.2%	2.08%
Japan	12,046,255,000	11,561,572,000	11,942,055,000	13,486,286,000	13,005,587,000	2.8%	–1.02%
Korea, Republic of	6,551,468,000	6,448,132,000	8,034,953,000	6,630,375,000	7,282,671,000	1.6%	2.55%
United Kingdom	8,323,162,000	7,194,445,000	6,245,065,000	6,854,094,000	7,100,761,000	1.5%	–4.97%
Italy	5,807,776,000	5,766,788,000	5,695,447,000	6,283,387,000	6,942,660,000	1.5%	3.71%
France	5,390,799,000	5,324,051,000	4,482,888,000	4,775,634,000	5,545,611,000	1.2%	–0.28%
Taipei, Chinese	4,181,627,000	4,270,336,000	3,831,631,000	4,193,797,000	4,536,787,000	1.0%	1.94%

Source: Data sourced from ITC Trade Map

Key Findings

- From a continental perspective, more than 57.3 percent of Canada’s total imports in 2018 were from its North American partners, namely the United States and Mexico.
- On an aggregate level, 24.1 percent of imports were sourced from Asian countries, while 13.8 percent of goods originated in Europe. As seen from the table, imports from Mexico have posted the highest growth in the past ten years, with the CAGR exceeding 5.3 percent.

Top 25 Imports and their Sourcing Countries

The table below shows the top 25 items imported by Canada at the HS–06 Level in 2018 with the top 3 import sourcing countries along with their relative share in total imports.

TABLE 19: Canada’s Top Imports and their Sourcing Countries

HS-Code	Product Label	Imported value in 2018 (US\$)	Top 3 Import Sourcing Markets
TOTAL	All products	459,839,192,000	United States of America, 51.10%, China, 12.70%, Mexico, 6.20%
270900	Petroleum oils and oils obtained from bituminous minerals, crude	14,950,494,000	United States of America, 64.20 %, Saudi Arabia, 18.30%, Azerbaijan, 5.70%
870323	Motor cars and other motor vehicles principally designed for the transport of persons, incl. station wagons and racing cars, with spark-ignition internal combustion reciprocating piston engine of a cylinder capacity > 1.500 cm ³ but <= 3.000 cm ³ ...	14,393,158,000	United States of America, 25.90%, Mexico, 21.20%, Japan, 15.00%
271012	Light oils and preparations, of petroleum or bituminous minerals which >= 90% by volume "incl. losses" distil at 210°C "ASTM D 86 method" (excluding containing biodiesel)	11,152,132,000	United States of America, 67.20%, Netherlands, 11.30%, United Kingdom, 4.90%
870324	Motor cars and other motor vehicles principally designed for the transport of persons, incl. station wagons and racing cars, with spark-ignition internal combustion reciprocating piston engine of a cylinder capacity > 3.000 cm ³ ...	10,241,042,000	United States of America, 79.30%, Japan, 6.20%, Germany, 5.50%
999999	Commodities not elsewhere specified	9,731,112,000	United States of America, 70.90%, Mexico, 12.10%, Cuba, 5.60%
870431	Motor vehicles for the transport of goods, with spark-ignition internal combustion piston engine, of a gross vehicle weight <= 5 t ...	8,876,953,000	United States of America, 83.90% Mexico, 15.30% Spain, 0.40%
851712	Telephones for cellular networks "mobile telephones" or for other wireless networks	6,114,658,000	China 81.40%, Korea, Republic of, 10.50%, Vietnam, 7.10%
300490	Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic purposes, put up in measured doses "incl. those in the form of transdermal administration" or in forms or packings for retail sale ...	5,987,892,000	United States of America, 27.60%, Germany, 13.10%, Switzerland, 11.90%
271019	Medium oils and preparations, of petroleum or bituminous minerals, not containing biodiesel, n.e.s.	5,693,512,000	United States of America, 74.20%, Korea, Republic of, 6.10% Kazakhstan, 3.20%
870829	Parts and accessories of bodies for tractors, motor vehicles for the transport of ten or more persons, motor cars and other motor vehicles principally designed for the transport of persons ...	5,356,461,000	United States of America, 81.30%, Mexico, 7.60%, China, 3.70%
710812	Gold, incl. gold plated with platinum, unwrought, for non-monetary purposes (excluding gold in powder form)	4,802,469,000	United States of America, 18.20%, Argentina, 18.10%, Egypt, 12.40%
847130	Data-processing machines, automatic, portable, weighing <= 10 kg, consisting of at least a central processing unit, a keyboard and a display (excluding peripheral units)	4,280,229,000	China, 89.40%, United States of America, 5.10%, Vietnam, 3.20%
840734	Spark-ignition reciprocating piston engine, of a kind used for vehicles of chapter 87, of a cylinder capacity > 1.000 cm ³	4,127,189,000	United States of America, 77.60%, Mexico, 14.20%, Japan, 3.40%
851762	Machines for the reception, conversion and transmission or regeneration of voice, images or other data, incl. switching and routing apparatus ...	4,031,694,000	China, 42.50%, United States of America, 17.60%, Mexico, 14.80%

HS-Code	Product Label	Imported value in 2018 (US\$)	Top 3 Import Sourcing Markets
870899	Parts and accessories, for tractors, motor vehicles for the transport of ten or more persons, motor cars and other motor vehicles principally designed for the transport of persons, motor vehicles for the transport of goods and special purpose motor vehicles, n.e.s.	3,478,855,000	United States of America, 62.60%, Mexico, 10.60%, Japan, 9.90%
841191	Parts of turbojets or turbopropellers, n.e.s.	3,368,636,000	United States of America, 50.60%, United Kingdom, 10.30%, Canada, 10.20%
880330	Parts of aeroplanes or helicopters, n.e.s. (excluding those for gliders)	3,287,805,000	United States of America, 42.10%, United Kingdom, 19.60%, Mexico, 11.40%
870120	Road tractors for semi-trailers	2,915,022,000	United States of America, 63.60%, Mexico, 36.30%, Canada, 0%
880240	Aeroplanes and other powered aircraft of an of an unladen weight > 15000 kg (excluding helicopters and dirigibles)	2,892,502,000	United States of America, 88.30%, France, 7.90%, Canada, 3.10%
870840	Gear boxes and parts thereof, for tractors, motor vehicles for the transport of ten or more persons, motor cars and other motor vehicles principally designed for the transport of persons, motor vehicles for the transport of goods and special purpose motor vehicles ...	2,862,322,000	United States of America, 80.20%, Mexico, 13.10%, Germany, 1.40%
848180	Appliances for pipes, boiler shells, tanks, vats or the like ...	2,341,772,000	United States of America, 52.50%, China, 18.50%, Mexico, 4.80%
847150	Processing units for automatic data-processing machines, whether or not containing in the same housing one or two of the following types of unit: storage units, input units, output units	2,243,303,000	Mexico, 50.80%, United States of America, 26.80%, China, 16.90%
870322	Motor cars and other motor vehicles principally designed for the transport of persons, incl. station wagons and racing cars, with spark-ignition internal combustion reciprocating piston engine of a cylinder capacity > 1.000 cm ³ but <= 1.500 cm ³	2,192,840,000	United States of America, 50.20%, Mexico, 11.80%, Japan, 11.70%
271121	Natural gas in gaseous state	2,175,333,000	United States of America, 100%,
281820	Aluminum oxide (excluding artificial corundum)	2,040,637,000	Brazil, 68.30%, Australia, 23.60%, Jamaica, 3.70%

Source: Data sourced from ITC Trade Map

Key Findings

- Canada had a trade deficit of \$9.1 billion in 2018, this was down by 23.6 percent over the previous year. The United States is the top sourcing country for Canada contributing 51.1 percent to total imports. Imports from the United States grew in 2018 by 5.7 percent to reach \$235.0 billion.
- In 2018, the top ten source countries were responsible for 82.8 percent of total Canadian imports, down from 83.3 percent in the previous year.

Canada's Trade Agreements

Canada's total bilateral trade is more than 52.6 percent of its GDP and more than half of this trade is with countries with which Canada has a Free Trade Agreement. Canada currently has Free Trade Agreements at varying degrees of implementation with more than 40 countries.

The following table gives an overview of the bilateral agreements that Canada has with other countries and their impact on bilateral trade since these agreements came into effect.

TABLE 20: Canada's Bilateral Trade Agreements

Country	Trade Agreement	Year Implemented	Canada's Exports in the Year of Implementation (US\$)	Canada's Trade Balance in the Year of Implementation (US\$)	Canada's Exports in 2018 (US\$)	Canada's Trade Balance in 2018 (US\$)
United States, Mexico	North American Free Trade Agreement (NAFTA)	1994	130,026,038,984	14,056,699,055	344,576,759,000	81,026,262,000
All 28 Members of the European Union ⁶	Comprehensive and Economic Trade Agreement (CETA)	2017	32,052,782,000	-19,117,619,000	34,344,660,000	-22,444,757,000
Costa Rica	FTA	2002	49,048,000	-108,256,000	126,418,000	-274,552,000
Peru	FTA	2009	375,121,000	-2,154,042,000	581,688,000	-513,757,000
Korea	FTA	2015	3,144,960,000	-3,303,172,000	4,522,267,000	-2,760,404,000
Honduras	FTA	2014	40,535,000	-180,794,000	40,406,000	-260,581,000
Panama	FTA	2013	91,952,000	20,449,000	121,450,000	115,737,000

Source: Data sourced from ITC Trade Map

Other Trade Agreements in Effect

- Canada – European Free Trade Association Free Trade Agreement (CEFTA): The European Union (EU) is Canada's second largest trading partner. The Canada–European Union (EU) Comprehensive Economic and Trade Agreement (CETA) was signed on October 30, 2016 and entered into force on September 21, 2017. In its first year, CETA generated significant benefits and increases in trade between Canada and the EU
- Canada – Chile FTA 1997
- Canada – Israel FTA 1997
- Canada – Colombia 2011
- Canada – Jordan FTA 2012
- Canada – Ukraine 2017

⁶ 15 of the 28 members have not ratified the agreement

Canada and its North American Trade Partners: The United States – Mexico – Canada Agreement

The North American Free Trade Agreement, or NAFTA, is a three-country accord negotiated by the governments of Canada, Mexico, and the United States that entered into force in January 1994. NAFTA's terms eliminate most tariffs on products traded between the three countries. Liberalization of trade in agriculture, textiles, and automobile manufacturing has been a significant focus of the agreement. In 2018, under President Trump's administration, the three countries reached a new deal called the United States – Mexico – Canada Agreement (USMCA), which replaces NAFTA. The United States – Mexico – Canada Agreement (USMCA) was signed on November 30, 2018, and aimed to create a modernized free-trade system between the three parties that addresses recent and emerging critical issues, such as the harmonization of regulatory policies, e-commerce and the protection of intellectual property. Also, the USMCA changes some of the rules and processes governing how certain goods are traded within North America and the mechanisms available for how trade disputes are resolved.

NAFTA's Bilateral Trade Statistics on Canada

In 2018, Canada's bilateral trade with the U.S. amounted to \$573.3 billion with a trade surplus of \$103.0 billion. On the other hand, Canada had a trade deficit of \$22.0 billion with Mexico in 2018 with total bilateral trade valued at \$34.7 billion.

Canada's Exports under NAFTA

Under NAFTA, Canada's total exports amounted to \$344.5 billion. According to Trade Statistics under 2-digit HS Code; Canada's top exports are of mineral fuels, including oil. Canada traded over \$89.1 billion worth of '*mineral products*' (HS-27) with its NAFTA partners in 2018. Canada's mineral products account for 25.8 percent of its total merchandise exports to its NAFTA partners. The second-largest exports are of '*vehicles and vehicle parts*' (HS-87), with a share in exports of 16.3 percent. '*Machinery*' (HS-84), '*Plastics*' (HS-39), '*Wood*' (HS-44) and '*Electronic equipment*' (HS-85) are other broad export categories. Canada exports much of the same merchandise to Mexico, although products under '*Meat*' (HS-02) and '*Cereals*' (HS-10) represent two of the largest categories in the top ten. The CAGR percentage ranges from low to negative among Canada's products even though they make up most of the share of Canada's total exports.

The table below lists the top 10 exported items by Canada to NAFTA partners at the HS–06 Level along with each category’s share in total exports, and their CAGRs calculated over the past 5 years.

TABLE 21: Canada’s Exports to North American Free Trade Agreement (NAFTA)

HS-Code	Product Label	Canada’s exports to North American Free Trade Agreement (NAFTA)					% Share in Exports	CAGR (2014–18)
		2014 (US\$)	2015 (US\$)	2016 (US\$)	2017 (US\$)	2018 (US\$)		
TOTAL	All products	370,070,557,000	318,705,256,000	303,264,462,000	325,119,142,000	344,576,759,000		–1.77%
270900	Petroleum oils and oils obtained from bituminous minerals, crude	85,197,086,000	49,685,567,000	38,823,105,000	53,173,687,000	64,016,809,000	18.58%	–6.90%
999999	Commodities not elsewhere specified	15,808,987,000	17,336,080,000	18,930,342,000	17,929,256,000	19,066,840,000	5.53%	4.80%
870324	Motor cars and other motor vehicles principally designed for the transport of persons, incl. ...	24,213,810,000	21,534,618,000	22,300,345,000	21,651,110,000	18,097,409,000	5.25%	–7.02%
870323	Motor cars and other motor vehicles principally designed for the transport of persons, incl. ...	18,934,492,000	21,513,345,000	22,160,970,000	15,382,708,000	13,064,896,000	3.79%	–8.86%
271121	Natural gas in gaseous state	14,486,439,000	7,845,027,000	6,511,584,000	7,925,305,000	7,455,686,000	2.16%	–15.30%
271019	Medium oils and preparations, of petroleum or bituminous minerals, not containing biodiesel, ...	7,622,212,000	5,811,800,000	3,449,184,000	5,069,319,000	6,189,663,000	1.80%	–5.07%
440719	Coniferous wood sawn or chipped lengthwise, sliced or peeled, whether or not planed, sanded ...	–	–	–	–	5,773,884,000	1.68%	–
870322	Motor cars and other motor vehicles principally designed for the transport of persons, incl. ...	6,380,000	95,607,000	1,319,494,000	5,500,002,000	5,475,985,000	1.59%	441.27%
271012	Light oils and preparations, of petroleum or bituminous minerals which >= 90% by volume “incl. ...	5,738,064,000	4,752,835,000	3,801,080,000	4,844,134,000	4,485,819,000	1.30%	–5.97%
870829	Parts and accessories of bodies for tractors, motor vehicles for the transport of ten or more ...	3,753,497,000	3,869,785,000	3,646,393,000	3,601,291,000	4,131,870,000	1.20%	2.43%

Source: Data sourced from ITC Trade Map

Key Findings

- Canada's exports at HS–06 level show that four of Canada's top ten exports fall in the category of '*Mineral fuels, mineral oils and products of their distillation...*' (HS–27). In 2018, Canada was the largest foreign supplier of crude oil to the U.S., accounting for 48.0 percent of total U.S. crude oil imports and for 22.0 percent of U.S. refinery crude oil intake. Canada exported 3.5 million barrels per day to the U.S. in 2018, accounting for 96.0 percent of all Canadian crude oil exports.⁷
- Products under '*Coniferous wood sawn or chipped lengthwise...*' (HS–440719) were not exported in the previous five years with the exception of 2018. This was because the U.S. had imposed several import duties on Canadian lumber – some as high as 24.1 percent.⁸
- Canada's automotive industry plays a key role in the Canadian economy. With a \$19.0 billion contribution to GDP, it is one of Canada's largest manufacturing sectors. The industry is part of an integrated North American market with more than 480 million consumers.⁹ This is evident from the table above as '*Motor Vehicles and parts thereof*', clustered, have four products in the list of the top ten exports of Canada.
- Over 90.0 percent of vehicles manufactured in Canada are exported, as well as nearly 60.0 percent of automotive parts.

Canada's Imports under NAFTA

Canada's imports from its NAFTA partners amounted to \$266.9 billion in 2018. The country's top merchandise imports, at the HS–02 Digit Level, from its NAFTA partners include '*mineral fuels*' (HS–27), '*motor vehicles*' (HS–87), and '*commodities not elsewhere specified*' (HS–99). Vehicles are one of Canada's top import categories amounting to \$57.0 billion in 2018, with a share of 21.3 percent and a growth rate of 0.9 percent. Canada also imported mineral fuels under HS Code–27 from its NAFTA partners with a share of 9.73 percent. However, the growth rate of its imports of mineral fuels is a negative 6.0 percent. Machinery, plastics, wood and electrical equipment are also among Canada's top imports from its NAFTA partners.

The table below lists the top 10 imported items by Canada from its NAFTA partners at HS–06 Level along with each item's share in total imports, and their CAGRs calculated for the last 5 years.

TABLE 22: Canada's Imports from North American Free Trade Agreement (NAFTA)

HS-Code	Product Label	Canada's imports from North American Free Trade Agreement (NAFTA)					% Share in Imports	CAGR (2014–18)
		2014 (US\$)	2015 (US\$)	2016 (US\$)	2017 (US\$)	2018 (US\$)		
TOTAL	All products	281,212,446,000	250,669,235,000	238,241,216,000	252,528,681,000	266,920,553,000		-1.30%
270900	Petroleum oils and oils obtained from bituminous minerals, crude	11,960,989,000	7,858,055,000	5,524,499,000	6,644,555,000	9,602,115,000	3.60%	-5.34%
870431	Motor vehicles for the transport of goods, with spark-ignition internal combustion piston engine, ...	8,367,140,000	7,751,137,000	8,941,725,000	10,673,210,000	8,793,758,000	3.29%	1.25%
870324	Motor cars and other motor vehicles principally designed for the transport of persons, incl. ...	6,752,735,000	6,944,863,000	7,482,423,000	8,601,410,000	8,178,976,000	3.06%	4.91%

7 Natural Resources Canada, Crude oil facts

8 Gro Intelligence, Canadian Agriculture Is Not Prepared for the End of NAFTA, 4th January, 2018

9 Government of Canada, Canadian automotive industry

HS-Code	Product Label	Canada's imports from North American Free Trade Agreement (NAFTA)					% Share in Imports	CAGR (2014–18)
		2014 (US\$)	2015 (US\$)	2016 (US\$)	2017 (US\$)	2018 (US\$)		
999999	Commodities not elsewhere specified	7,280,864,000	7,027,912,000	7,088,523,000	7,510,644,000	8,156,234,000	3.06%	2.88%
271012	Light oils and preparations, of petroleum or bituminous minerals which \geq 90% by volume "incl. ...	8,615,340,000	4,948,953,000	5,211,084,000	5,479,188,000	7,659,154,000	2.87%	-2.90%
870323	Motor cars and other motor vehicles principally designed for the transport of persons, incl. ...	8,542,679,000	7,977,850,000	7,466,821,000	6,598,035,000	6,788,303,000	2.54%	-5.58%
870829	Parts and accessories of bodies for tractors, motor vehicles for the transport of ten or more ...	4,939,885,000	4,599,658,000	5,007,432,000	4,928,289,000	4,810,024,000	1.80%	-0.66%
271019	Medium oils and preparations, of petroleum or bituminous minerals, not containing biodiesel, ...	5,425,390,000	3,842,796,000	2,670,905,000	2,804,386,000	4,228,736,000	1.58%	-6.04%
840734	Spark-ignition reciprocating piston engine, of a kind used for vehicles of chapter 87, of a ...	3,579,338,000	3,560,225,000	4,367,357,000	4,334,407,000	3,790,947,000	1.42%	1.45%
870120	Road tractors for semi-trailers	2,446,947,000	2,446,441,000	1,652,833,000	2,144,717,000	2,914,054,000	1.09%	4.46%

Source: Data sourced from ITC Trade Map

Key Findings

- Canada represents the second largest automotive market in North America. From the table above, it can be seen that the category of motor vehicles and parts thereof are part of Canada's top five imports. In 2018, 65.0 percent of the total value of Canadian automotive sector imports originated from the United States.¹⁰
- Three categories under '*Mineral fuels, mineral oils and products of their distillation...*' (HS-27) are among the top imports of Canada, with the U.S having a share of 65.0 percent.¹¹

10 Export.gov, Canada – Automotive

11 Natural Resources Canada, Crude oil facts

NAFTA's Impact on the Canadian Economy

According to the Council on Foreign Relations, Canada has seen the most robust economic gains among the three NAFTA countries. Since 1993, U.S. and Mexican investments in Canada have tripled. U.S. investments, which account for more than half of Canada's FDI stock, grew from \$70.0 billion in 1993 to over \$368.0 billion in 2013. However, the most important aspect for Canada of opening its economy to the U.S. market before NAFTA was the 1989 entry into force of the Canada – U.S. Free Trade Agreement (CUSFTA). Overall, Canada – U.S. trade increased rapidly in the wake of Canada's trade liberalization. Post-NAFTA, Canadian exports to the United States grew from \$110.0 billion in 1993 to \$346.0 billion in 2018, while imports from the United States increased by almost the same amount.

Agriculture, in particular, has seen a major boost. As an example, lumber which is Canada's most prominent agricultural export, specifically sawn wood accounted for \$7.7 billion of exports in 2016. As a group, however, cereals and leguminous row crops accounted for a more substantial proportion of Canadian export value. Canadian agricultural trade with the United States has more than tripled since 1994, as has Canada's total agriculture exports to NAFTA partners. Canada imports a wide variety of fruits and vegetables from Mexico, but its top imports are of beer, followed by tomatoes, guavas and mangos, peppers, and avocados. Canada's importation of fruits and vegetables from Mexico has been growing at around 9.0 percent per year since NAFTA.¹²

FIGURE 3: 20 Facts about NAFTA



Is the USMCA Different from NAFTA?

The USMCA is essentially NAFTA 2.0, with a few updates. The pact has been tweaked to include changes for automakers, tariffs on aluminum and steel, dairy market access, stricter labor and environmental standards, intellectual property protections, and digital trade provisions. Analysis of some of the major industries is given below:

Automotive Industry: Rules of Origin and Regional Value Content

- Automobiles must have 75.0 percent of their components manufactured in Mexico, the U.S., or Canada to qualify for zero tariffs (up from 62.5 percent under NAFTA). This change has the intention of strengthening the three countries' manufacturing abilities as well as increasing the automotive workforce. Furthermore, 70.0 percent of all steel, aluminum, and glass used in the production of the automobile must originate in North America.
- Quotas totaling 2.6 million Canadian and Mexican vehicles were established, and quotas of \$32.4 billion in Canadian auto parts imports were established in the USMCA.

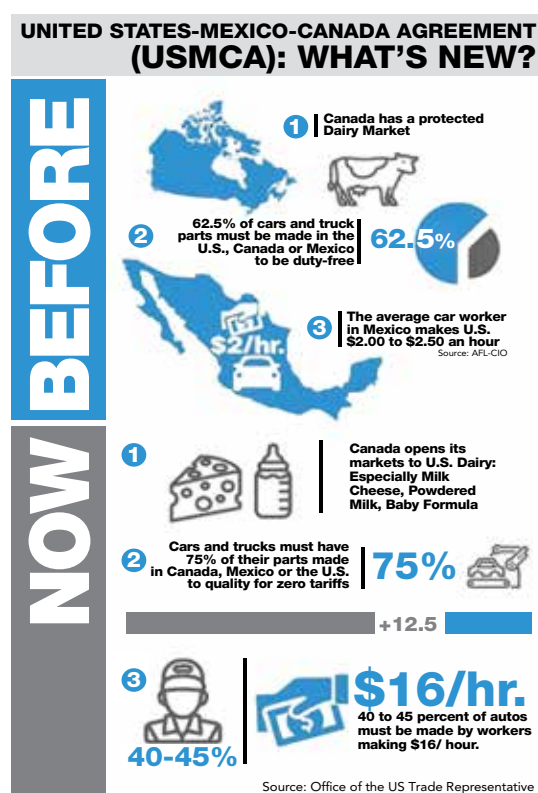
Dairy Industry: Market Access

- With USMCA, Canada has to give up its dairy market access as restrictions on the import of U.S. ultra-filtered milk into Canada have been removed.
- Canada's dairy supply management system, which places limits on imports is maintained.
- Canada had already conceded 3.25 percent of its dairy market to the United States in its negotiation of the Trans-Pacific Partnership (TPP). However, the United States withdrew from the TPP before it could be ratified, preventing it from gaining that access. As part of the USMCA, Canada agreed to provide access to 3.6 percent of its dairy sector to U.S. producers, but maintain its dairy supply management system.
- This agreement weakens Canada's dairy sector, which employs more than 220,000 Canadians and contributes some \$20.0 billion a year to Canada's GDP. The Dairy Farmers of Canada, an industry group, claimed that 220,000 Canadians in the sector were "sacrificed" to secure a deal.

Aluminum and Steel Industry: Tariffs

- The US had imposed tariffs of 25.0 percent on imported steel and 10.0 percent on imported aluminium. President Trump lifted tariffs on steel and aluminium imports from Canada and Mexico on May 17, 2019, clearing the way for the three countries to sign the US-Mexico-Canada Agreement, a replacement for the North American Free Trade Agreement (NAFTA).¹³ The move happened just a few days after the president moved to escalate a trade war with China. However, getting rid of the tariffs is viewed as a critical hurdle to the approval of the US-Mexico-Canada Agreement (USMCA) trade deal as Canada had suggested it would not ratify any agreement while the tariffs were still in place. However, the removal of tariffs is unlikely to have much impact on Canadian economic growth given the relatively small share of companies that rely on steel and aluminium, as predicted by CIBC economists Benjamin Tal and Katherine.¹⁴

FIGURE 4: What is New in USMCA?



13 BBC News, US lifts steel and aluminium tariffs on Canada, 17th May, 2019

14 Financial Post, Trump drops steel and aluminum tariffs, clearing path for USMCA, 17th May, 2019

Pharmaceutical Industry

- Pharmaceutical companies won 10 years of protection for patents on certain types of treatments known as biologics, as well as an expanded scope of products eligible for protection. Canada agreed to extend its monopoly period from eight years to 10 years and Mexico from five to 10 years. This protection is shorter under current US law, which protects drug patents for 12 years. There are concerns this part of the agreement will raise the cost of drugs in Canada and affect its national healthcare system. The move has faced opposition from generic manufacturers because it would delay getting their products to market. There has been a growth of Canadian exports of pharmaceutical products of 4.5 percent with its USMCA partners in the last 5 years.

Investor–State Dispute System

- NAFTA Chapter 11, the Investor–State Dispute System (ISDS), was a mechanism that allowed private corporations to take legal action against a foreign government if it believed that the foreign government’s policies infringe on the corporation’s rights to engage in commerce in that country in accordance with the terms of NAFTA. In USMCA, ISDS has been removed between the United States and Canada, but maintained for certain instances between the United States and Mexico. The removal of ISDS is considered more of a win for Canada than the United States as the United States government has never had to pay damages to a foreign corporation throughout NAFTA’s history. Conversely, Canada has been forced to pay damages of more than \$300 million to U.S. corporations through ISDS resolutions.¹⁵

Anti–Dumping Duties

- The USMCA maintains NAFTA Chapter 19, which provides for a bi–national dispute–resolution mechanism to resolve disputes over the imposition of anti–dumping and countervailing duties by one country on another. Canada, which has effectively used Chapter 19 on more than one occasion to reverse the application of duties on Canadian imports into the U.S. (such as softwood lumber), insisted the dispute–resolution system be maintained.¹⁶

Potential Impact of USMCA

The USMCA maintains free trade across an economically influential, integrated and competitive regional market of 486 million consumers and a combined GDP of \$22.0 trillion.¹⁷

Canada can also use the USMCA to its advantage with China — a country many times its size. While NAFTA was in doubt, Canada was in a weaker position negotiating with China on an FTA. Now, by fully securing continental trade, Canada can leverage its more secure position at the bargaining table to more credibly insist on a deal that works for North America.¹⁸

To summarize, the USMCA, while imperfect, is overall a positive development for Canada. It has several structural elements that may very well leave Canada stronger when negotiating trade pacts in the future.

15 Livingston, From NAFTA To USMCA Free Trade in North America Today & Tomorrow

16 Livingston, From NAFTA To USMCA Free Trade in North America Today & Tomorrow

17 Cision Canada, USMCA is good for Canada and good for Sherbrooke, 18th October, 2018

18 The Conversation, How the new USMCA strengthens Canada in future trade deals, 22nd October, 2018

Canada – EU: Comprehensive Economic and Trade Agreement

The EU and Canada signed the Comprehensive Economic and Trade Agreement (CETA) on October 30th 2016. The European Union and Canada have provisionally applied the agreement since September 21st 2017. As it is a mixed agreement, Canada has ratified CETA, but so far only 14 of the EU's 28 member countries have done the same. The EU members who have high bilateral trade with Canada and have ratified the agreement include; UK, France, Spain, Poland. On the hand, the EU members who have high bilateral trade with Canada but haven't ratified the agreement include Germany, Netherlands, Belgium, and Italy.

Before CETA's entry into force, only 25.0 percent of EU tariff lines for Canadian goods were duty-free. With CETA, 98.0 percent of EU tariff lines are now tax-free for Canadian merchandise. Once CETA is fully implemented after ratifications, the EU will have eliminated tariffs on 99.0 percent of its tariff lines.

CETA is expected to give Canadian firms preferred access to a \$24.0 trillion market and 500 million European consumers.¹⁹ It creates new business opportunities in Canada for companies across the EU and protects consumers and the environment.

On the trade front, the most significant change is the recognition of geographic indications ("GIs"). A GI identifies an agricultural product or foodstuff as originating in a particular territory where a given quality or reputation is primarily attributable to its origin. A geographical indication serves to identify a product if a quality, status or other characteristics of the product is mostly due to its geographical origin. It prevents the adoption and use of GIs by a third party whose product does not originate from the territory identified by the GIs. Under CETA, Canada has agreed to protect 143 Geographical Indications (GIs) – distinctive food and drink products from specific towns or regions in the EU. Many of these products are among the EU's top food and drink exports.

Canada will protect these traditional European products from imitations in much the same way as the EU does.²⁰ The protection of geographical indications (GIs) is an essential feature of modern trade agreements. As their name suggests, GIs are symbols or labels that indicate a product has a relationship to a particular geographic region.

19 Financial Post, Ottawa is working hard to land trade deals abroad that businesses at home have never heard of — and may never use, July 19th, 2019

20 European Commission, CETA Explained

Canada's Bilateral Trade with the European Union (EU 28)

Exports

With the implementation of CETA, there has been a growth of 6.6 percent in Canadian Exports to the EU over 2016 (Pre-CETA period) with total exports being \$34.3 billion in 2018 (Post-CETA).

The slow Canadian export growth is also a function of the type of merchandise Canada exports to the EU. Over the past five years, on average, more than a third of Canadian exports to the EU were accounted for by 'Natural or cultured pearls, precious or semi-precious stones, precious metals...' (HS-71), and most of these exports were of unwrought gold destined for the United Kingdom. These exports are highly susceptible to gold prices, which can see large fluctuations from year to year. Canada's biggest market in the EU is the United Kingdom, an economy suffering from business uncertainty, due to its pending departure from Europe's common market. Thus, this affects the future terms for Canada's trade.²¹

The fastest-growing exports from Canada to the EU are; 'Natural or cultured pearls with precious or semi-precious stones' (HS-71), 'Mineral fuels, mineral oils and products of their distillation' (HS-27) and 'Machinery and mechanical appliances' (HS-84).

The slow export growth in recent years is likely due to a variety of factors, including lower demand from Europe due to slower economic growth in the region resulting from a slow recovery following the global financial crisis. This has been further impacted by the sovereign debt crisis in several EU countries. In the past five years, EU's annual real GDP growth has averaged 1.7 percent, compared to 2.2 percent average growth in both Canada and the U.S.²²

Canada's Top Exports to the EU

The following table lists down the top 10 commodities exported by Canada to the EU at the HS-06 Level from 2016 – 18, along with each commodity's CAGR calculated over the past three years and their share in total exports.

TABLE 23: Canada's Top Exports to the EU

HS-Code	Product Label	Canada's exports to European Union (EU 28)			% Share in Exports	CAGR (2016-18)
		2016 (US\$)	2017 (US\$)	2018 (US\$)		
TOTAL	All products	30,186,110,000	32,052,782,000	34,344,660,000		6.67%
710812	Gold, incl. gold plated with platinum, unwrought, for non-monetary purposes (excluding gold ...	8,519,569,000	9,594,906,000	8,160,313,000	23.76%	-2.13%
270900	Petroleum oils and oils obtained from bituminous minerals, crude	599,981,000	545,379,000	2,099,803,000	6.11%	87.08%
880240	Aeroplanes and other powered aircraft of an of an unladen weight > 15000 kg (excluding helicopters ...	1,495,965,000	1,380,979,000	1,172,941,000	3.42%	-11.45%
260111	Non-agglomerated iron ores and concentrates (excluding roasted iron pyrites)	656,595,000	701,422,000	1,008,440,000	2.94%	23.93%
260112	Agglomerated iron ores and concentrates (excluding roasted iron pyrites)	724,915,000	975,566,000	849,974,000	2.47%	8.28%
271019	Medium oils and preparations, of petroleum or bituminous minerals, not containing biodiesel, ...	372,974,000	738,973,000	812,312,000	2.37%	47.58%

21 CBC News, Canada-EU trade, one year on: Canada's imports are rising faster than exports Social Sharing, September 16th, 2018

22 Global Affairs Canada, Canada's Merchandise Trade Performance with the EU under CETA, December 3rd, 2018

HS-Code	Product Label	Canada's exports to European Union (EU 28)			% Share in Exports	CAGR (2016–18)
		2016 (US\$)	2017 (US\$)	2018 (US\$)		
300439	Medicaments containing hormones or steroids used as hormones but not antibiotics, put up in ...	441,340,000	463,130,000	762,528,000	2.22%	31.44%
270112	Bituminous coal, whether or not pulverised, non-agglomerated	305,443,000	645,075,000	684,442,000	1.99%	49.69%
999999	Commodities not elsewhere specified	560,020,000	624,640,000	617,287,000	1.80%	4.99%
710210	Diamonds, unsorted	375,804,000	459,769,000	547,553,000	1.59%	20.71%

Source: Data sourced from ITC Trade Map

Key Findings

- The EU is Canada's second-largest customer for metals and minerals. CETA has removed tariffs on aluminium, nickel, lead and zinc and other non-ferrous metals and products.
- Canada produces more oil than it consumes and as a result, Canada is a significant net exporter of crude oil²³. Under CETA, Canadian oil and gas products enjoy duty-free, quota-free market access to the EU. Thus, as can be seen from the table above, three products under the category '*Mineral fuels, mineral oils and products of their distillation*' (HS-27) are among the top ten exports of Canada to EU.
- The EU's aerospace industry is the second largest in the world, and the EU is the world's largest importer of aerospace products. Canadian companies can potentially benefit from provisions in CETA related to temporary entry, government procurement, regulatory cooperation and conformity assessment.

Imports

Canada's total imports from the EU exceeds its total exports to the union. Total imports, in 2018, amounted to \$56.7 billion with a compound annual growth rate of 11.1 percent. Products that saw the largest declines in tariffs as a result of CETA also saw the largest trade gains. The fastest-growing imports, from the EU to Canada are; '*Machinery and mechanical appliances*', '*Motor vehicles and parts thereof*', '*Pharmaceutical products*' and '*Mineral fuels, mineral oils and products of their distillation*'.

In the EU, Germany is the largest exporter to Canada – its economy has outperformed the rest of Europe.²⁴ Even though Germany hasn't ratified CETA till date, Canada's imports from Germany as of 2018 amounted to \$14.7 billion.

Canada's Top Imports from the EU

The following table lists down the top 10 Canadian imports from the EU at the HS-06 Level from 2016–18, with each commodity's CAGR and its share in imports.

TABLE 24: Canada's Top Imports from the EU

HS-Code	Product Label	Canada's imports from European Union (EU 28)			% Share in Imports	CAGR (2016–18)
		2016 (US\$)	2017 (US\$)	2018 (US\$)		
TOTAL	All products	46,019,401,000	51,170,401,000	56,789,417,000		11.09%
870323	Motor cars and other motor vehicles principally designed for the transport of persons, incl. ...	2,596,173,000	3,191,847,000	3,450,624,000	6.08%	15.29%
300490	Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic purposes, ...	2,435,205,000	2,732,901,000	2,881,459,000	5.07%	8.78%

²³ Natural Resources Canada, Oil Supply and Demand

²⁴ CBC News, Canada-EU trade, one year on: Canada's imports are rising faster than exports Social Sharing, September 16th, 2018

HS-Code	Product Label	Canada's imports from European Union (EU 28)			% Share in Imports	CAGR (2016–18)
		2016 (US\$)	2017 (US\$)	2018 (US\$)		
271012	Light oils and preparations, of petroleum or bituminous minerals which \geq 90% by volume "incl. ...	2,086,183,000	2,516,818,000	2,743,038,000	4.83%	14.67%
870324	Motor cars and other motor vehicles principally designed for the transport of persons, incl. ...	1,655,935,000	1,387,981,000	1,157,810,000	2.04%	-16.38%
841191	Parts of turbojets or turbopropellers, n.e.s.	735,957,000	844,407,000	989,920,000	1.74%	15.98%
880330	Parts of aeroplanes or helicopters, n.e.s. (excluding those for gliders)	947,932,000	957,013,000	972,353,000	1.71%	1.28%
220421	Wine of fresh grapes, incl. fortified wines, and grape must whose fermentation has been arrested ...	768,105,000	832,931,000	879,337,000	1.55%	7.00%
293729	Steroidal hormones, their derivatives and structural analogues, used primarily as hormones ...	262,727,000	381,070,000	808,190,000	1.42%	75.39%
300215	Immunological products, put up in measured doses or in forms or packings for retail sale	–	589,831,000	793,094,000	1.40%	–
999999	Commodities not elsewhere specified	617,211,000	638,434,000	741,027,000	1.30%	9.57%

Source: Data sourced from ITC Trade Map

Key Findings

- EU exports to Canada were dominated by pharmaceutical and medicinal products, passenger cars and light trucks, and other general-purpose machinery and equipment.
- Organic chemicals and pharmaceutical products are among Canada's top imports from the EU. 'Steroidal hormones, their derivatives and structural analogues...' (HS-293729) saw a boost of 75.39 percent in their compound annual growth.

Impact of CETA on the Canadian Economy

Trade

On the trade front, a recent survey²⁵ conducted by the Canadian government, suggests that the vast majority of small and medium-sized exporters, who have the potential to benefit from the agreement are not even aware of CETA. The survey showed that only 7.0 percent of the surveyed businesses were familiar with details of the Canada–EU deal, while fewer than three quarters had heard of it. Only 9.0 percent said they took advantage of CETA and 17.0 percent planned to use it.

According to the Prime Minister, Justin Trudeau, CETA has already helped lift trade between Canada and Europe. He acknowledged, however, that Canada needs to do more to make sure it's taking full advantage. "Perhaps, the early numbers show that Europeans have been quicker to increase their trade towards Canada than Canadian companies have been able to engage with Europe".²⁶ However, according to Trudeau, in time, Canadian companies will continue to benefit and increase their opportunities to grow their businesses through selling more to Europe.

Industry²⁷

Agricultural Sector: CETA opens new agriculture and agri–food market opportunities for Canadian exporters in the EU. With almost 94.0 percent of EU agriculture goods free from duty under CETA, Canadian exporters now have an advantage over competitors in countries that do not have a free trade agreement with the EU.²⁸ EU tariffs on products like maple syrup, frozen potato products, cooking oils, processed pulses and grains, and baked goods will be eliminated immediately upon the agreement coming into effect. Other products, like grains and starches, will become duty–free in seven years. Canadian tariffs will also be significantly liberalized, with 93.6 percent of agricultural tariff lines set at zero percent immediately on entry into force of CETA. Furthermore, there are limited quotas for a few sensitive products such as beef, pork and sweetcorn for the EU and dairy products for Canada. CETA won't open up the market for poultry or eggs in the EU or Canada, and the agreement will respect the EU's entry–price system.

Forest Products and Metal Products: Under CETA, all Canadian products will be free from tariffs currently ranging up to 10.0 percent. This will confer a significant advantage to Canadian exports into the EU over competing exports from the U.S. and China.

Fish and Seafood: Approximately 96.0 percent of Canadian goods will be tariff–free on implementation and the remainder will see tariffs reduced to zero in the next three to seven years. Tariffs currently average 11.0 percent and can be as high as 25.0 percent. This, again, will confer a significant advantage to Canadian exports of those products over competing exports from the U.S. and China.

Automotive Sector: EU tariffs will be immediately eliminated on all Canadian auto parts. Tariffs will also be eliminated immediately on some vehicles such as road tractors and fire–fighting vehicles. Tariffs on all remaining types of vehicles will be phased out over the following seven years. CETA will allow Canada to export up to 100,000 vehicles annually to the EU under more liberal rules of origin. However, since the EU is

FIGURE 5: Canada – EU Merchandise trade



25 Global News, Just 7% of Canadian exporters familiar with CETA as Trudeau pushes trade diversity: survey, July 19th 2019

26 Global News, Just 7% of Canadian exporters familiar with CETA as Trudeau pushes trade diversity: survey, July 19th 2019

27 OSLER, The Canada–Europe Free Trade Agreement: Advantages for Canadian and European businesses, February 27th, 2017

28 Government of Canada, CETA: A progressive trade agreement for a strong middle class – Key sectors

a major exporter of vehicles, the impact of tariff elimination is likely to be felt mostly in Canada. The phasing out of the 6.1 percent Canadian tariff over seven years should make vehicles produced in EU more price competitive in Canada. The impact of this can be seen as the growth rate for exports of article in HS Code 87 has increased by 57.5 percent over the last three years, after implementation of CETA.

Oil and Gas Sector: Canadian oil and gas products will immediately become tariff-free and quota-free. This will confer a significant advantage over competing exports from countries such as Russia.

Pharmaceutical Products: As can be seen in the table above, medicaments hold a big share in Canadian imports from the EU. It is estimated that CETA's provisions will increase Canadian drug costs by between 6.2 percent and 12.9 percent starting in 2023. The Canadian government committed to compensating provinces for the rise in costs for their public drug plans. Importantly, this means that people paying out-of-pocket for their drugs or receiving them through private insurance, will be charged twice: once through higher drug costs and once more through their federal taxes.²⁹

Investments

CETA offers unique investment opportunities for the two regions to strengthen and develop their economic bond, and to shift Canada's commercial reliance away from the US and towards the EU. Experts forecast that Canadians will considerably increase investments made in the EU, which already represent more than 22.0 percent of the country's total direct foreign investments. These investments are expected to encourage market growth, particularly in the financial services, automotive, aerospace, transport and corporation services industries. They will also lead directly to the creation of new jobs in CETA member countries. With the EU representing a market of 500 million consumers, research led by both regions concluded that CETA would help Canada's annual revenue increase by C\$12.0 billion (€8.2 billion). This would lead to an annual increase in bilateral trade between the two regions of nearly 12.0 percent, which would help create more than 80,000 new jobs.³⁰ In 2017, EU was the second largest destination for Canadian exports (after the U.S.), and Canada's third largest source for imports (after the U.S. and China).³¹ Thus, the EU is a significant trading partner for Canada.

29 CETA and pharmaceuticals: impact of the trade agreement between Europe and Canada on the costs of prescription drugs, May 6th, 2014

30 EUROPEANCEO, How CETA is forging a new economic relationship between Canada and the EU, July 31st, 2019

31 Global Affairs Canada, Canada's Merchandise Trade Performance with the EU under CETA, December 3rd, 2018

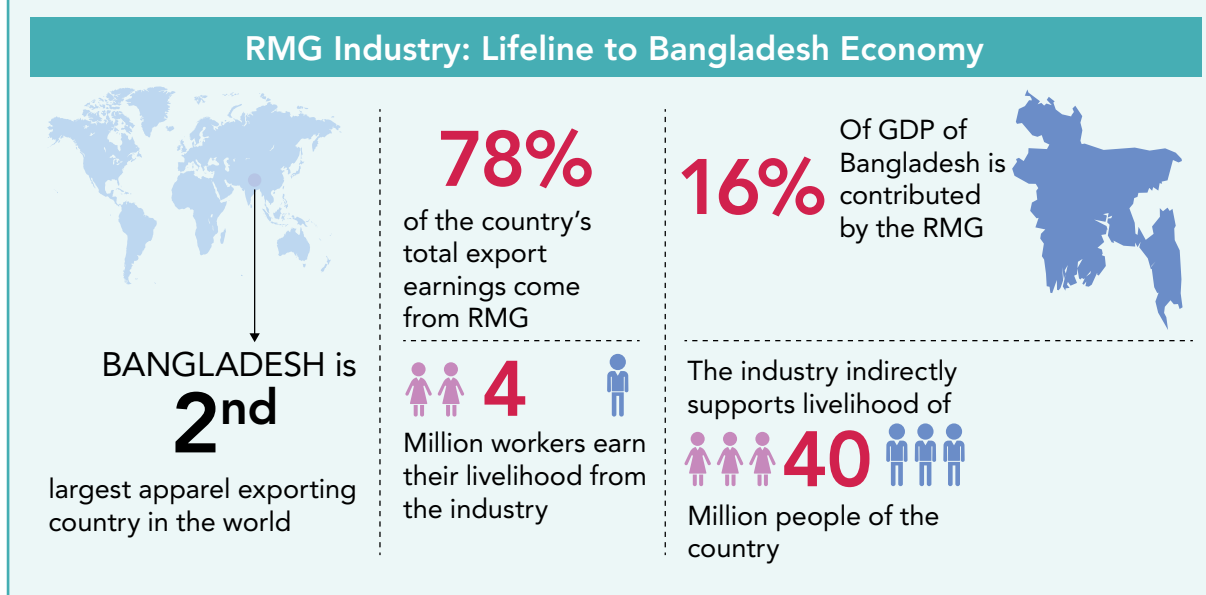
General Preferential Tariff (GPT) Access – Canada

One of the long-standing concerns of Canada has been to address poverty issues in developing countries where it aims to increase the integration of developing economies into the global economy via economic growth. Canada's General Preferential Tariff (GPT), first implemented in 1974, provides duty-free or reduced tariff rates for designated developing country beneficiaries. The idea is to encourage development in LDCs through duty-free and quota-free access to the Canadian market for exports from those countries, thereby promoting economic growth. This program is reviewed and amended every ten years, where significant shifts in the income level and trade competitiveness of developing countries determines a beneficiary country's eligibility. Currently, preferential access is given to 103 beneficiaries, 48 of which benefit from Canada's Least Developed Country Tariff (LDCT).

Canada grants tariff preferences for selected agricultural and industrial products of export interest to developing countries. Some products, such as certain textiles and apparel, footwear, and chemical products, are excluded from GPT. For LDCs, except for dairy, poultry and egg products, Canada provides access for all imports from these countries. The GPT rates range from duty-free to reductions in the most-favored-nation rate, while the LDCT rates are duty-free.

Bangladesh and Cambodia are two of the 48 beneficiaries of Canada's LDCT scheme. Market access is provided for all goods including textiles. This has increased exports to Canada by many folds. In 2003, the Government of Canada expanded the product coverage under LDCT to include textiles, apparel and footwear that in turn, increased exports from LDC countries to Canada by many folds. For example, in 2003, exports to Canada of textiles and textile articles (HS-50 to HS-63) from Bangladesh and Cambodia were valued at \$234.3 million and \$59.1 million, respectively. However, in 2018, imports under the same category were valued at \$1.2 billion and \$941.1 million for the two countries, an increase of 420.4 percent and 1,494.0 percent in the past 15 years, respectively. More than 90.0 percent of these exports fall under the category of apparel (HS-61 and HS-62), making Bangladesh and Cambodia the second and third largest exporters of apparel to Canada.

FIGURE 6: Importance of Textile Industry to the Bangladeshi Economy



Pakistan – Canada Bilateral Trade

Bilateral Ties

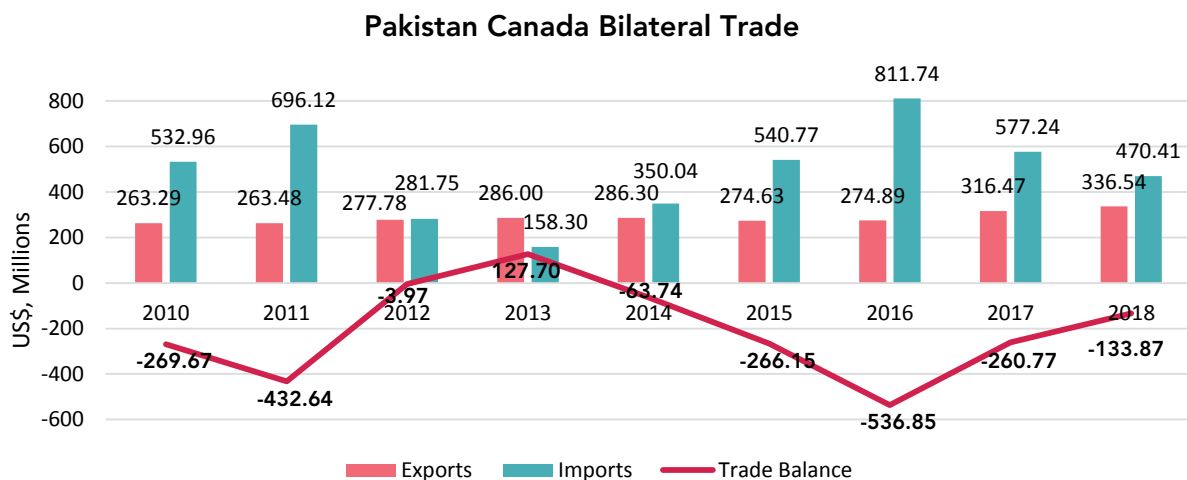
Shortly after Pakistan’s independence in 1947, Pakistan and Canada established diplomatic relations. The two countries share a broad range of interests in their bilateral ties, including governance & diplomacy, human rights, climate change, development assistance, regional security & defense, and trade & investment. Canada is also one of the countries from where the flow of workers’ remittances received is sizeable, reaching \$50.4³² million in FY 2018 (Jul – Sept).

Trade is one of the core interests in the bilateral relations between the two countries. Canada is the 21st largest export partner of Pakistan, with two-way trade of approximately \$860.0 million in 2018. Pakistan’s major exports to Canada include rice, textile articles, cotton yarn, jewelry, etc. In 2017, stock of Canadian direct investment in Pakistan amounted to \$31.0³³ million.

Bilateral Trade

As of 2018, Canada was the 21st largest export destination for Pakistani goods whereas it was the 20th largest source of imports for the country. Pakistan’s export to Canada in 2018 amounted to \$337.0 million whereas imports amounted to \$470.0 million.

FIGURE 7: Pakistan – Canada Bilateral Trade



Source: Data sourced from ITC Trade Map

32 <http://www.sbp.org.pk/ecodata/Homeremit.pdf>

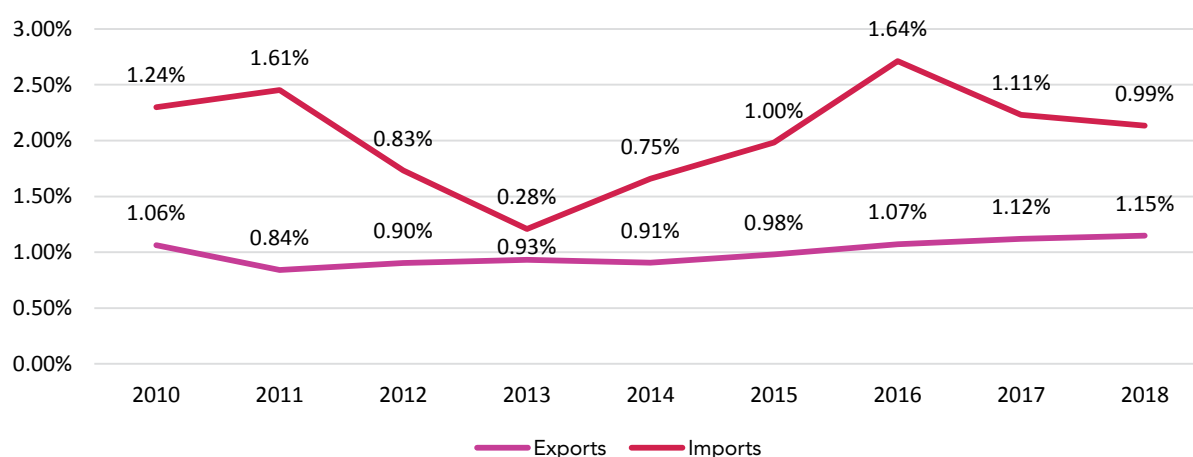
33 https://lop.parl.ca/sites/PublicWebsite/default/en_CA/ResearchPublications/TradeAndInvestment/2018591E#investment

For the nine years ending 2018, the highest exports recorded by Pakistan to Canada were in 2018, at \$336.5 million. This was marked by a negative trade balance of \$133.8 million as imports stood at \$470.4 million for the same year. After peaking in 2013 with a positive value of \$127.6 million, the trade balance kept falling to negative levels, posting the lowest recorded value of negative \$536.8 million in 2016 before slowly recovering in 2017 and 2018.

Canada’s Share in Pakistan’s Global Trade

The figure below shows the share that Canada has had in Pakistan’s global trade between 2010 and 2018.

FIGURE 8: Canada’s Share in Pakistan’s Global Trade



Source: Data sourced from ITC Trade Map

The graph above depicts Canada’s share in Pakistan’s total exports from and total imports to the World. Over the past eight years, Canada’s exports to Pakistan ranged between 0.3 percent and 1.6 percent of Pakistan’s imports indicating that it is not a significant trading partner for Canada. Assessing the trends of the past nine years, it appears that Canada’s exports to Pakistan are more significant as compared to Canada’s imports from Pakistan.

Compounded Annual Growth Rate in Bilateral Trade

The graphs below show the Compounded Annual Growth Rate (CAGR) in bilateral trade between Pakistan and Canada over ten years (2008 – 18). As can be seen from the table below, Pakistan’s total exports to Canada increased with a CAGR of 3.7 percent whereas Pakistan’s exports to the world and Canada’s imports from the world increased by a CAGR of 1.5 percent and 1.1 percent, respectively. This shows that Pakistan’s share in Canada’s imports from the world grew over this period.

On the other hand, as can be seen from figure 10, Pakistan’s imports from Canada decreased by a CAGR of 0.08 percent in line with Canada’s fall in the growth rate of its exports to the world. Pakistan’s imports from the world increased by a CAGR of 3.5 percent, indicating that Canada’s overall importance as an import sourcing country for Pakistan decreased in the last eleven years.

FIGURE 9: Pakistan’s Export to Canada, CAGR

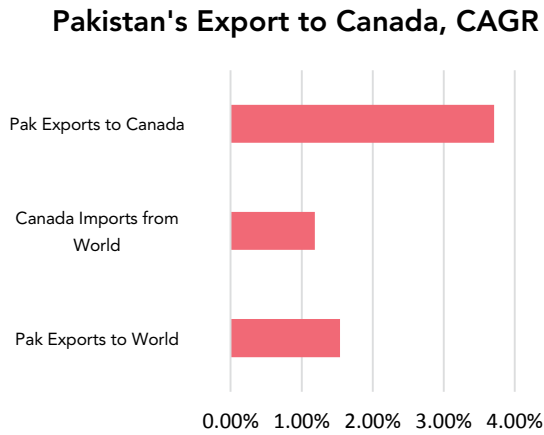
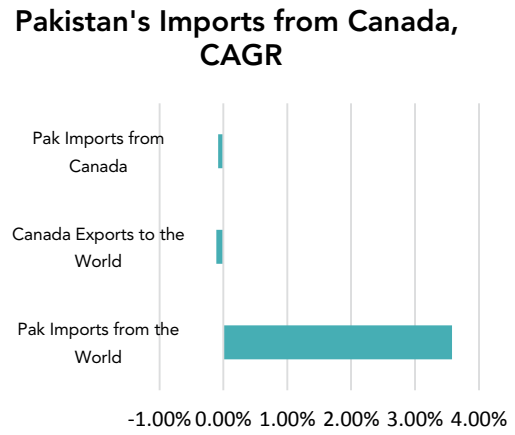


FIGURE 10: Pakistan’s Imports from Canada, CAGR



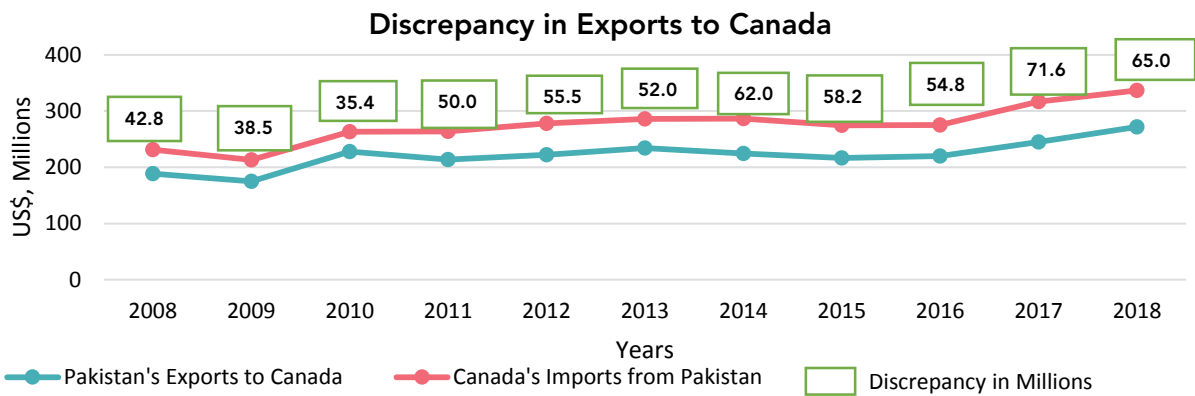
Source: Data sourced from ITC Trade Map

Discrepancy in Trade Data

The graphs below show the discrepancy in imports from and exports to Canada, as per data reported by both the countries. Figure 9 shows Pakistan’s exports to Canada over the past eleven years are lower than imports from Pakistan as reported by Canada.

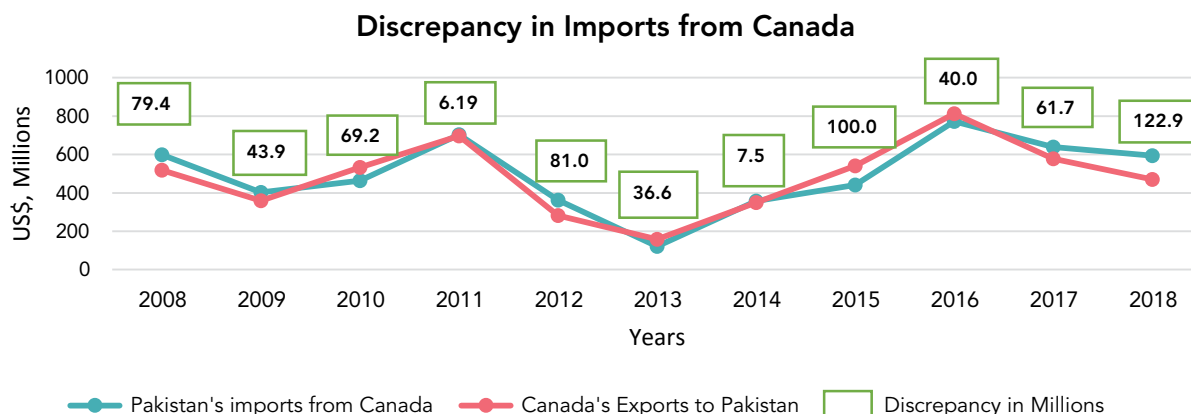
There is also a discrepancy in Pakistan’s reported imports from Canada and Canada’s reported exports to Pakistan. In 2018, Pakistan reported imports worth \$593.3 million while Canada reported exports worth \$470.4 million to Pakistan.

FIGURE 11: Discrepancy in Exports to Canada



Source: Data sourced from ITC Trade Map

FIGURE 12: Discrepancy in Imports from Canada



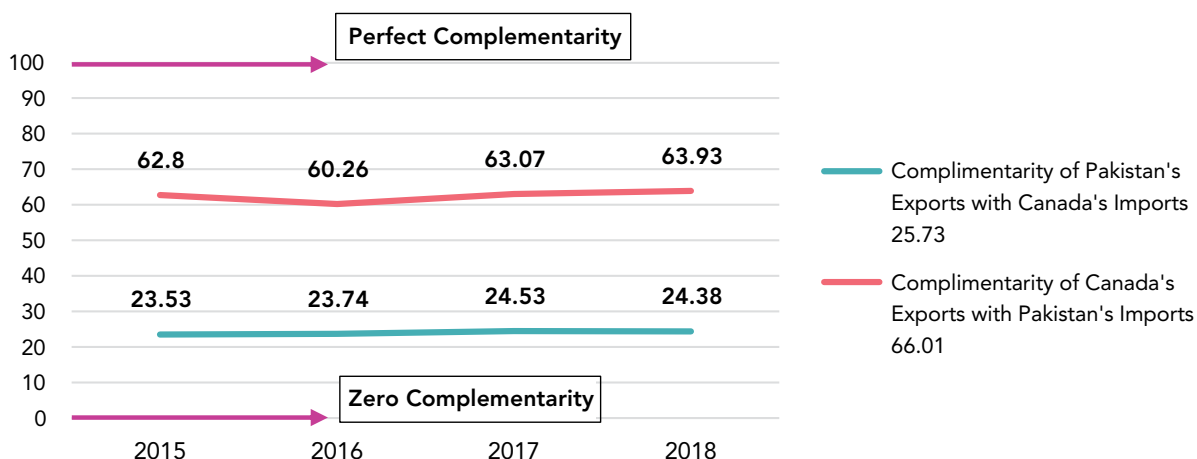
Source: Data sourced from ITC Trade Map

Trade Complementarity Index³⁴

The trade complementarity index (TCI) shows how well the structures of a country’s imports and exports match those of a trade partner. A value of 100 indicates perfect complementarity while a value of 0 means no complementarity. The table below illustrates the trade complementarity index of Pakistan’s exports with Canada’s import, which remained around 23 – 24 from 2015–2018. The TCI for Canada’s exports with Pakistan’s imports was higher with values ranging from 60 – 63.

These figures imply that Canada’s exports complement or meet the demand more effectively of Pakistan’s import pattern, as compared to Pakistan’s export pattern with Canada’s import pattern. Given these figures, Canada stands to benefit more from an increase in bilateral trade.

FIGURE 13: Trade Complementarity Index



Source: Data sourced from Statista and UNDP

34 **Complementarity of country i's exports with country j' s imports** = $100 * \left\{ 1 - \sum \left(\frac{m_{jk} - x_{ik}}{2} \right) \right\}$
 Where 'x_{ik}' is the share of product 'k' in exports of reporting country to the world and 'm_{jk}' is the share of product 'k' in imports of partner country from the world.
Complementarity of country j's exports with country i's imports = $100 * \left\{ 1 - \sum \left(\frac{m_{ik} - x_{jk}}{2} \right) \right\}$
 Where 'x_{jk}' is the share of product 'k' in exports of reporting country to the world and 'm_{ik}' is the share of product 'k' in imports of partner country from the world.

Trade Trends³⁵

Pakistan's Top 25 Exports to Canada (HS–06 Level)

The table below lists the top 25 commodities exported over the last 5 years by Pakistan to Canada at HS–06 Level. For each of the items listed, their export trends, share in total exports in 2018 and growth rates for the past 5 years starting 2014 are given.

TABLE 25: Pakistan's Top 25 Exports to Canada (HS–06 Level)

HS-Code	Product Label	2014 (US\$)	2015 (US\$)	2016 (US\$)	2017 (US\$)	2018 (US\$)	% Share in Exports (2018)	CAGR (2014–18)
		286,302,000	274,628,000	274,888,000	316,468,000	336,541,000		4.12%
420329	Gloves, mittens and mitts, of leather or composition leather (excluding special sports gloves)	10,793,000	14,785,000	16,142,000	21,589,000	25,982,000	7.72%	24.56%
390769	Poly"ethylene terephthalate", in primary forms, having a viscosity number of < 78 ml/g	–	–	–	21,632,000	22,126,000	6.57%	–
620342	Men's or boys' trousers, bib and brace overalls, breeches and shorts, of cotton (excluding ...	18,968,000	16,286,000	19,123,000	22,628,000	22,113,000	6.57%	3.91%
630231	Bedlinen of cotton (excluding printed, knitted or crocheted)	20,419,000	17,747,000	18,592,000	16,176,000	20,043,000	5.96%	–0.46%
611020	Jerseys, pullovers, cardigans, waistcoats and similar articles, of cotton, knitted or crocheted ...	10,496,000	9,091,000	8,267,000	12,746,000	16,800,000	4.99%	12.48%
620462	Women's or girls' trousers, bib and brace overalls, breeches and shorts of cotton (excluding ...	9,219,000	11,441,000	12,446,000	15,248,000	14,084,000	4.18%	11.18%
630260	Toilet linen and kitchen linen, of terry towelling or similar terry fabrics of cotton (excluding ...	15,515,000	13,855,000	14,881,000	11,986,000	12,792,000	3.80%	–4.71%
730630	Tubes, pipes and hollow profiles, welded, of circular cross-section, of iron or non-alloy steel ...	5,001,000	4,877,000	6,640,000	9,606,000	10,983,000	3.26%	21.74%
100630	Semi-milled or wholly milled rice, whether or not polished or glazed	11,254,000	10,406,000	7,963,000	8,895,000	10,092,000	3.00%	–2.69%
630221	Printed bedlinen of cotton (excluding knitted or crocheted)	10,613,000	10,404,000	12,883,000	12,269,000	9,382,000	2.79%	–3.04%
610910	T-shirts, singlets and other vests of cotton, knitted or crocheted	4,028,000	3,548,000	4,729,000	6,042,000	7,120,000	2.12%	15.30%
611030	Jerseys, pullovers, cardigans, waistcoats and similar articles, of man-made fibres, knitted ...	1,110,000	1,869,000	2,567,000	3,546,000	6,119,000	1.82%	53.23%
611595	Full-length or knee-length stockings, socks and other hosiery, incl. footwear without applied ...	13,276,000	11,341,000	6,753,000	6,038,000	6,063,000	1.80%	–17.79%

35 To maintain consistency, bilateral trade data has been analyzed according to values reported by Canada

HS-Code	Product Label	2014 (US\$)	2015 (US\$)	2016 (US\$)	2017 (US\$)	2018 (US\$)	% Share in Exports (2018)	CAGR (2014–18)
250100	Salts, incl. table salt and denatured salt, and pure sodium chloride, whether or not in aqueous ...	1,623,000	2,170,000	3,473,000	5,163,000	5,697,000	1.69%	36.88%
420310	Articles of apparel, of leather or composition leather (excluding clothing accessories, footwear ...	14,853,000	12,994,000	6,148,000	5,833,000	5,248,000	1.56%	-22.90%
630710	Floorcloths, dishcloths, dusters and similar cleaning cloths, of all types of textile materials	3,426,000	3,086,000	3,866,000	4,449,000	4,975,000	1.48%	9.77%
170230	Glucose in solid form and glucose syrup, not containing added flavouring or colouring matter ...	2,830,000	3,445,000	3,795,000	4,669,000	4,954,000	1.47%	15.03%
940490	Articles of bedding and similar furnishing, fitted with springs or stuffed or internally filled ...	5,453,000	4,264,000	4,057,000	4,930,000	4,843,000	1.44%	-2.92%
610342	Men's or boys' trousers, bib and brace overalls, breeches and shorts of cotton, knitted or ...	2,600,000	3,441,000	2,428,000	4,360,000	4,402,000	1.31%	14.07%
611610	Gloves, mittens and mitts, impregnated, coated or covered with plastics or rubber, knitted ...	4,931,000	4,209,000	2,922,000	3,538,000	3,503,000	1.04%	-8.19%
631010	Used or new rags, scrap twine, cordage, rope and cables and worn-out articles thereof, of textile ...	265,000	250,000	489,000	1,111,000	3,088,000	0.92%	84.76%
901890	Instruments and appliances used in medical, surgical or veterinary sciences, n.e.s.	2,132,000	2,201,000	2,258,000	2,429,000	2,812,000	0.84%	7.17%
091091	Mixtures of different types of spices	1,776,000	2,935,000	2,185,000	3,557,000	2,553,000	0.76%	9.50%
520852	Plain woven fabrics of cotton, containing >= 85% cotton by weight and weighing > 100 g to 200 ...	2,015,000	2,102,000	1,817,000	2,009,000	2,413,000	0.72%	4.61%
611692	Gloves, mittens and mitts, of cotton, knitted or crocheted (excluding impregnated, coated or ...	788,000	847,000	1,204,000	1,566,000	2,339,000	0.70%	31.26%

Source: Data sourced from ITC Trade Map

Key Findings

- 15 of the top 25 commodities exported by Pakistan to Canada fall under textiles and textile articles (HS-50 to HS-63) which make up more than 40.0 percent of Pakistan's total exports to Canada. CAGR for half of these items was positive and in double-digits, indicating a strong demand where producers have the opportunity to increase capacity, and hence, exports.
- Pakistan's leather industry is the second-largest export sector after textiles. Two of the items in the table above are made of leather which make up more than 9.0 percent of Pakistan's total exports. CAGR for 'Gloves, mittens and mitts, of leather or composition leather' (HS-420329) was 24.5 percent, indicating a strong domestic demand in Canada for the commodity. Canadian import statistics show that the import volume of leather products grew by 33.0 percent in just four years (2013 – 2017). Popular products imported include: leather handbags, clothing, gloves and sporting goods.

Pakistan's Top 25 Imports from Canada (HS–06 Level)

The table below lists the top 25 products imported by Pakistan from Canada at the HS–06 Level. For each of the items listed below, their export trends, share in total imports in 2018 and growth rates for the past 5 years starting 2014 are given.

TABLE 26: Pakistan's Top 25 Imports from Canada (HS–06 Level)

HS-Code	Product Label	2014 (US\$)	2015 (US\$)	2016 (US\$)	2017 (US\$)	2018 (US\$)	% Share in Imports (2018)	CAGR (2014–18)
TOTAL	All products	350,042,000	540,774,000	811,738,000	577,238,000	470,414,000		7.67%
120510	Low erucic acid rape or colza seeds "yielding a fixed oil which has an erucic acid content ...	165,689,000	284,078,000	531,605,000	339,309,000	214,680,000	45.64%	6.69%
880230	Aeroplanes and other powered aircraft of an unladen weight > 2000 kg but <= 15000 kg (excluding ...	–	–	–	–	51,818,000	11.02%	–
071340	Dried, shelled lentils, whether or not skinned or split	50,338,000	77,560,000	92,188,000	29,749,000	35,564,000	7.56%	–8.32%
440719	Coniferous wood sawn or chipped lengthwise, sliced or peeled, whether or not planed, sanded ...	–	–	–	–	20,039,000	4.26%	–
071320	Dried, shelled chickpeas "garbanzos", whether or not skinned or split	2,430,000	16,570,000	23,205,000	26,255,000	18,611,000	3.96%	66.36%
630900	Worn clothing and clothing accessories, blankets and travelling rugs, household linen and articles ...	8,231,000	7,792,000	7,167,000	8,664,000	10,142,000	2.16%	5.36%
470321	Semi-bleached or bleached coniferous chemical wood pulp, soda or sulphate (excluding dissolving ...	3,759,000	4,408,000	5,028,000	7,904,000	8,814,000	1.87%	23.74%
440711	Pine "Pinus spp." sawn or chipped lengthwise, sliced or peeled, whether or not planed, sanded ...	–	–	–	–	8,739,000	1.86%	–
480100	Newsprint as specified in Note 4 to chapter 48, in rolls of a width > 36 cm or in square or ...	7,280,000	3,014,000	5,509,000	6,362,000	7,741,000	1.65%	1.55%
720449	Waste and scrap of iron or steel (excluding slag, scale and other waste of the production of ...	2,087,000	2,835,000	1,813,000	11,287,000	4,990,000	1.06%	24.35%
470500	Wood pulp obtained by a combination of mechanical and chemical pulping processes	2,706,000	778,000	1,608,000	1,582,000	4,359,000	0.93%	12.66%
270112	Bituminous coal, whether or not pulverised, non-agglomerated	–	5,442,000	–	–	4,252,000	0.90%	–
040210	Milk and cream in solid forms, of a fat content by weight of <= 1,5%	–	304,000	–	3,319,000	3,926,000	0.83%	–
720441	Turnings, shavings, chips, milling waste, sawdust, filings, trimmings and stampings of iron ...	4,626,000	3,933,000	3,521,000	3,713,000	3,455,000	0.73%	–7.04%

HS-Code	Product Label	2014 (US\$)	2015 (US\$)	2016 (US\$)	2017 (US\$)	2018 (US\$)	% Share in Imports (2018)	CAGR (2014–18)
847130	Data-processing machines, automatic, portable, weighing <= 10 kg, consisting of at least a ...	1,548,000	1,855,000	3,095,000	3,521,000	3,152,000	0.67%	19.45%
720990	Flat-rolled products of iron or steel, of a width of >= 600 mm, cold-rolled "cold-reduced", ...	217,000	955,000	1,085,000	2,280,000	2,616,000	0.56%	86.34%
999999	Commodities not elsewhere specified	1,190,000	1,050,000	1,018,000	3,438,000	2,374,000	0.50%	18.85%
300390	Medicaments consisting of two or more constituents mixed together for therapeutic or prophylactic ...	445,000	810,000	1,596,000	1,105,000	2,129,000	0.45%	47.90%
721049	Flat-rolled products of iron or non-alloy steel, of a width of >= 600 mm, hot-rolled or cold-rolled ...	800,000	1,191,000	3,948,000	6,623,000	1,789,000	0.38%	22.29%
841121	Turbopropellers of a power <= 1.100 kW	–	–	–	–	1,648,000	0.35%	–
841122	Turbopropellers of a power > 1.100 kW	–	5,332,000	–	5,883,000	1,579,000	0.34%	–
760200	Waste and scrap, of aluminium (excluding slags, scale and the like from iron and steel production, ...	2,109,000	1,966,000	4,060,000	1,870,000	1,542,000	0.33%	–7.53%
848071	Injection or compression-type moulds for rubber or plastics	–	–	881,000	747,000	1,541,000	0.33%	–
847150	Processing units for automatic data-processing machines, whether or not containing in the same ...	1,231,000	46,000	56,000	119,000	1,498,000	0.32%	5.03%
842951	Self-propelled front-end shovel loaders	614,000	1,335,000	1,641,000	2,341,000	1,426,000	0.30%	23.45%

Source: Data sourced from ITC Trade Map

Key Findings

- In 2018, imports from Canada fell by \$106.8 million or 18.5 percent over the previous year.
- One of the major imported items, that constitutes over 45.6 percent of total imports from Canada, was rapeseed, locally known as canola. Pakistan imported more than 800,000 tons or \$399.3 million worth of canola from the world, of which more than 479,174 tons or \$214.7 million was imported from Canada.
- Four of the items in the table above exported by Canada are categorized under iron and steel, having a share of around 2.7 percent of the top 25 imports of Pakistan. This includes multiple categories of flat-rolled products of iron, waste and scrap of iron and turnings, shavings, chips, etc. of iron however some of these imports witnessed a decline in import value from the previous year possibly due to lower construction activity and PSDP spending.

Trade Potential

Pakistan's High Potential Exports to Canada at HS-06 Level

The following table shows a comparison between Pakistan's actual exports to Canada as well as Pakistan's potential exports to Canada for the top 20 commodities exported by Pakistan to Canada in 2018. This will help us understand how much of additional export potential is there for these goods.

TABLE 27: Pakistan's High Potential Exports to Canada at HS-06 Level

HS-Code	Product Label	Canada's imports from Pakistan 2018 (US\$)	Pakistan's exports to world 2018 (\$)	Canada's imports from world 2018 (\$)	Trade Potential (\$)
901890	Instruments and appliances used in medical, surgical or veterinary sciences, n.e.s.	2,812,000	373,182,000	1,280,202,000	370,370,000
620342	Men's or boys' trousers, bib and brace overalls, breeches and shorts, of cotton (excluding ...	22,113,000	348,989,000	476,310,000	326,876,000
100630	Semi-milled or wholly milled rice, whether or not polished or glazed	10,092,000	1,757,847,000	299,296,000	289,204,000
610910	T-shirts, singlets and other vests of cotton, knitted or crocheted	7,120,000	242,703,000	487,793,000	235,583,000
610990	T-shirts, singlets and other vests of textile materials, knitted or crocheted (excluding cotton)	1,137,000	157,263,000	244,128,000	156,126,000
630260	Toilet linen and kitchen linen, of terry towelling or similar terry fabrics of cotton (excluding ...	12,792,000	786,302,000	143,939,000	131,147,000
630231	Bedlinen of cotton (excluding printed, knitted or crocheted)	20,043,000	860,928,000	139,473,000	119,430,000
070190	Fresh or chilled potatoes (excluding seed)	–	120,537,000	87,059,000	87,059,000
620462	Women's or girls' trousers, bib and brace overalls, breeches and shorts of cotton (excluding ...	14,084,000	100,307,000	443,964,000	86,223,000
610510	Men's or boys' shirts of cotton, knitted or crocheted (excluding nightshirts, T-shirts, singlets ...	1,634,000	152,857,000	87,492,000	85,858,000
611595	Full-length or knee-length stockings, socks and other hosiery, incl. footwear without applied ...	6,063,000	214,767,000	91,333,000	85,270,000
940490	Articles of bedding and similar furnishing, fitted with springs or stuffed or internally filled ...	4,843,000	88,742,000	359,246,000	83,899,000
640399	Footwear with outer soles of rubber, plastics or composition leather, with uppers of leather ...	325,000	78,133,000	488,081,000	77,808,000
300490	Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic purposes, ...	380,000	73,543,000	5,987,892,000	73,163,000
080450	Fresh or dried guavas, mangoes and mangosteens	559,000	73,429,000	101,821,000	72,870,000
420329	Gloves, mittens and mitts, of leather or composition leather (excluding special sports gloves)	25,982,000	219,331,000	98,039,000	72,057,000
252329	Portland cement (excluding white, whether or not artificially coloured)	–	199,252,000	69,211,000	69,211,000
481159	Paper and paperboard, surface-coloured, surface-decorated or printed, coated, impregnated or ...	–	68,318,000	93,521,000	68,318,000
611610	Gloves, mittens and mitts, impregnated, coated or covered with plastics or rubber, knitted ...	3,503,000	96,707,000	66,411,000	62,908,000
030617	Frozen shrimps and prawns, even smoked, whether in shell or not, incl. shrimps and prawns in ...	–	62,472,000	353,861,000	62,472,000
610342	Men's or boys' trousers, bib and brace overalls, breeches and shorts of cotton, knitted or ...	4,402,000	66,792,000	90,441,000	62,390,000
300439	Medicaments containing hormones or steroids used as hormones but not antibiotics, put up in ...	–	60,485,000	694,453,000	60,485,000
610711	Men's or boys' underpants and briefs of cotton, knitted or crocheted	573,000	58,660,000	66,772,000	58,087,000

HS-Code	Product Label	Canada's imports from Pakistan 2018 (US\$)	Pakistan's exports to world 2018 (\$)	Canada's imports from world 2018 (\$)	Trade Potential (\$)
740400	Waste and scrap, of copper (excluding ingots or other similar unwrought shapes, of remelted ...	–	57,826,000	379,303,000	57,826,000
611020	Jerseys, pullovers, cardigans, waistcoats and similar articles, of cotton, knitted or crocheted ...	16,800,000	74,241,000	608,072,000	57,441,000
	Top 25 Commodities				2,912,081,000

Source: Data sourced from ITC Trade Map

Key Findings

- The top 20 high potential goods at the HS–06 Level have an export potential of \$2.9 billion.
- Twelve of the items listed or 60.0 percent of the goods belong to the category of textiles and textile articles. This comes as no surprise as the textile sector is the largest and most important manufacturing sector of the country. Most of the high potential textile items fall under the sub–category of kitted and woven apparel (HS–61 and HS–62).
- Rice is amongst those commodities that is currently imported by Canada from Pakistan in low quantities, with a value of \$10.1 million in 2018, but holds immense potential, a value which could possibly exceed \$289.2 million.
- Six of the items shown in the table are not currently exported to Canada but hold a combined potential value of \$405.3 million. This includes items such as ‘*Fresh or chilled potatoes*’, ‘*Portland cement*’, ‘*Paper and paperboard*’, ‘*Frozen shrimps and prawns*’, ‘*Medicaments*’, and ‘*Waste & scrap, of copper*’.

Canada's High Potential Exports to Pakistan at HS–06 Level

The table below lists the top 20 commodities that have the highest potential export for Canada. This would help us better understand which goods, currently traded, could be put forward for inclusion in a concessions list by Canada if a free trade agreement were to be signed in future between the two countries.

TABLE 28: Canada's High Potential Exports to Pakistan at HS–06 Level

HS-Code	Product Label	Canada's exports to Pakistan 2018 (US\$)	Pakistan's imports from world 2018 (US\$)	Canada's exports to world 2018 (US\$)	Trade Potential (US\$)
720449	Waste and scrap of iron or steel (excluding slag, scale and other waste of the production of ...	4,990,000	949,246,000	723,588,000	718,598,000
300490	Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic purposes, ...	742,000	432,796,000	3,923,474,000	432,054,000
720441	Turnings, shavings, chips, milling waste, sawdust, filings, trimmings and stampings of iron ...	3,455,000	585,063,000	432,942,000	429,487,000
390110	Polyethylene with a specific gravity of < 0,94, in primary forms	–	336,950,000	618,499,000	336,950,000
290531	Ethylene glycol "ethanediol"	–	333,800,000	1,094,987,000	333,800,000
390120	Polyethylene with a specific gravity of >= 0,94, in primary forms	–	298,870,000	1,482,777,000	298,870,000
870322	Motor cars and other motor vehicles principally designed for the transport of persons, incl. ...	532,000	291,880,000	5,503,927,000	291,348,000
847130	Data–processing machines, automatic, portable, weighing <= 10 kg, consisting of at least a ...	3,152,000	286,173,000	421,675,000	283,021,000
851712	Telephones for cellular networks "mobile telephones" or for other wireless networks	–	833,074,000	272,620,000	272,620,000
870323	Motor cars and other motor vehicles principally designed for the transport of persons, incl. ...	331,000	266,725,000	13,918,067,000	266,394,000
300220	Vaccines for human medicine	–	247,600,000	569,181,000	247,600,000

HS-Code	Product Label	Canada's exports to Pakistan 2018 (US\$)	Pakistan's imports from world 2018 (US\$)	Canada's exports to world 2018 (US\$)	Trade Potential (US\$)
851762	Machines for the reception, conversion and transmission or regeneration of voice, images or ...	241,000	242,742,000	1,241,143,000	242,501,000
720839	Flat-rolled products of iron or non-alloy steel, of a width of >= 600 mm, in coils, simply ...	200,000	465,926,000	203,186,000	202,986,000
854140	Photosensitive semiconductor devices, incl. photovoltaic cells whether or not assembled in ...	58,000	389,596,000	186,214,000	186,156,000
120510	Low erucic acid rape or colza seeds "yielding a fixed oil which has an erucic acid content ...	214,680,000	398,941,000	4,447,519,000	184,261,000
847989	Machines and mechanical appliances, n.e.s.	42,000	170,309,000	838,197,000	170,267,000
840991	Parts suitable for use solely or principally with spark-ignition internal combustion piston ...	–	151,090,000	865,160,000	151,090,000
730890	Structures and parts of structures, of iron or steel, n.e.s. (excluding bridges and bridge-sections, ...	360,000	144,087,000	890,725,000	143,727,000
722530	Flat-rolled products of alloy steel other than stainless, of a width of >= 600 mm, not further ...	–	298,230,000	141,877,000	141,877,000
401120	New pneumatic tyres, of rubber, of a kind used for buses and lorries (excluding tyres with ...	–	137,223,000	783,796,000	137,223,000
848180	Appliances for pipes, boiler shells, tanks, vats or the like (excluding pressure-reducing valves, ...	1,335,000	138,465,000	587,682,000	137,130,000
870829	Parts and accessories of bodies for tractors, motor vehicles for the transport of ten or more ...	–	135,909,000	4,215,222,000	135,909,000
841989	Machinery, plant or laboratory equipment, whether or not electrically heated, for the treatment ...	1,238,000	157,722,000	135,930,000	134,692,000
382499	Chemical products and preparations of the chemical or allied industries, incl. those consisting ...	–	133,232,000	417,211,000	133,232,000
841590	Parts of air conditioning machines, comprising a motor-driven fan and elements for changing ...	7,000	131,270,000	211,277,000	131,263,000
	Top 25 Commodities				6,143,056,000

Source: Data sourced from ITC Trade Map

Key Findings

- Canada's top 20 high potential exports have a value exceeding \$6.1 billion.
- Potential exports from Canada to Pakistan mainly comprise of items under the iron and steel category. Canada is a top exporter of iron and steel and since Pakistan imports iron & steel mostly for construction related activities, Canada has high potential to export the categories mentioned in the table above, a value that could exceed \$1.4 billion, annually.
- Great potential for Canada also lies in the exports of machinery and mechanical appliances and motor cars and vehicles. Pakistan's automotive industry is one of the fastest-growing in the country and demand for motor vehicles is constantly on the rise. Canadian exporters can take advantage of the growing demand.

Canada's Imports of Pakistan's Top Exported Commodities

The table below lists the top commodities exported by Pakistan to the world at the HS-06 Level and compares Canadian imports for each of the listed items.

The table is divided into two parts. The first part contains an overview of the top items that Pakistan exported to the world in 2018. The second part of the table contains data showing Canadian imports of each of these items. The table further shows Canada's total share in Pakistan's exports for these items, the top '3' import partners for Canada for these items as well as the tariff currently applied by Canada on these top '3' import sources and on Pakistan.

TABLE 29: Canada's Imports of Pakistan's Top Exported Commodities

Pakistan			Canada			
HS-Code	Product	Export Value in 2018 (US\$)	Imports from the World 2018 (US\$)	% Share in Pakistan's Exports	Top 3 Import Sourcing Markets	Tariffs Applied by Canada on these Countries
TOTAL	All products	23,696,528,000				
100630	Semi-milled or wholly milled rice	1,757,847,000	299,296,000	0.57%	United States of America, 40.90% Thailand, 26.90% India, 21.00%	0% on all
620322	Mens or boys ensembles of cotton (excluding knitted or crocheted ...)	1,530,213,000	3,867,000	0.01%	United States of America, 56.70% China, 17.00% Germany, 3.70%	United States of America, 0% China, 17.00% Germany, 0%
630231	Bedlinen of cotton (excluding printed, knitted or crocheted)	860,928,000	139,473,000	2.33%	India, 31.50% China, 30.40% Pakistan, 14.40%	India, 17.00% China, 17.00% Pakistan, 17.00%
630260	Toilet linen and kitchen linen, of terry toweling	786,302,000	143,939,000	1.62%	India, 27.70% Bangladesh, 27.70% China, 20.70%	India, 17.00% Bangladesh, 0% China, 17.00% Pakistan, 17.00%
520512	Single cotton yarn, of uncombed fibres	777,585,000	3,998,000	0.02%	United States of America, 84.00% China, 4.40% Pakistan, 3.30%	0% for all
630239	Bedlinen of textile materials (excluding of cotton and man-made fibres)	697,689,000	7,347,000	0.03%	China, 68.60% India, 9.40% Pakistan, 2.90%	China, 17.00% India, 17.00% Pakistan, 17.00%
630210	Bedlinen, knitted or crocheted	691,649,000	22,885,000	0.32%	China, 77.00% Pakistan, 9.70% Spain, 4.70%	China, 18.00% Pakistan, 18.00% Spain, 0%
520942	Denim	498,088,000	1,683,000	0.00%	Japan, 39.03% United States of America, 37.10% China, 18.40%	Japan, 0% United States of America, 0% China, 0%
630710	Floorcloths and similar cleaning cloths, of all types of textile materials	438,961,000	42,174,000	1.13%	China, 51.10% United States of America, 20.60% Pakistan, 11.80%	China, 17.00% United States of America, 0% Pakistan, 8.50%
220710	Undenatured ethyl alcoho	425,499,000	51,378,000	0.00%	United States of America, 78.70% Guyana, 6.90% Barbados, 6.10%	United States of America, 0% Guyana, 0% Barbados, 0%
170199	Cane or beet sugar	383,694,000	23,148,000	0.02%	Brazil, 30.10% United States of America, 19.40% Pakistan, 0.40%	Brazil, 2.20% United States of America, 0% Pakistan, 2.20%

Pakistan			Canada			
HS-Code	Product	Export Value in 2018 (US\$)	Imports from the World 2018 (US\$)	% Share in Pakistan's Exports	Top 3 Import Sourcing Markets	Tariffs Applied by Canada on these Countries
901890	Instruments and appliances used in medical, surgical or veterinary sciences	373,182,000	1,280,202,000	0.00%	United States of America, 46.50% Mexico, 16.30% Germany, 7.30%	United States of America, 0% Mexico, 0% Germany, 0%
620342	Men's or boys' trousers	348,989,000	476,310,000	6.31%	Bangladesh, 32.20% China, 20.10% Pakistan, 4.60%	Bangladesh, 0% China, 17.00% Pakistan, 17.00%
610590	Men's or boys' shirts of textile materials	331,633,000	331,633,000	0.00%	United States of America, 41.80% United Kingdom, 21.90% Spain, 6.30%	United States of America, 7.10% United Kingdom, 0% Spain, 0%
100119	Durum wheat (excluding seed for sowing)	272,587,000	2,719,000	0.00%	United States of America, 89.20% Belgium, 8.90% Turkey, 1.90%	United States of America, 0% Belgium, 0% Turkey, 49.00%
611090	Jerseys, similar articles, of textile materials, knitted ...	268,434,000	23,955,000	0.07%	China, 58.20% Italy, 11.10% Pakistan, 0.70%	China, 18.00% Italy, 0% Pakistan, 18.00%
270900	Petroleum oils and oils obtained from bituminous minerals	262,067,000	14,950,494,000	0.00%	United States of America, 64.20% Saudi Arabia, 18.30% Azerbaijan, 5.70%	United States of America, 0% Saudia Arabia, 0% Azerbaijan, 0%
420310	Articles of apparel, of leather	258,648,000	46,391,000	2.03%	India, 27.90% China, 17.40% Italy, 17.00%	India, 13.00% China, 13.00% Italy, 0%
520812	Plain woven fabrics of cotton	252,975,000	1,190,000	0.16%	Pakistan, 34.10% India, 22.30% China, 20.30%	Pakistan, 0% India, 0% China, 0%
610910	T-shirts, singlets and other vests of cotton, knitted or crocheted	242,703,000	487,793,000	2.94%	Bangladesh, 22.20% Cambodia, 11.90% Pakistan, 1.50%	Bangladesh, 0% Cambodia, 0% Pakistan, 18.00%

Source: Data sourced from ITC Trade Map

Key Findings

- For 10 of Pakistan's top 20 exports to the world, Pakistan is one of the top three import sources for Canada.
- Pakistan only meets one percent of Canada's total import demand for textiles and textile articles however, in the table above, the country is meeting around 10 percent for at least 3 items. *'Bedlinen of cotton'* (HS-630231), *'Bedlinen, knitted or crocheted'* (HS-630210), *'Floorcloths and similar cleaning cloths'* (HS-630710), and *'Plain women fabrics of cotton'* (HS-520812) which have a share in total Canadian imports of 14.4 percent, 9.7 percent, 11.8 percent and 34.1 percent, respectively.
- Countries competing against Pakistan in some of the above categories are the United States and Bangladesh, both of which have signed trade treaties that give them tariff advantages. The United States is a member of the NAFTA (now USMCA) whereas Bangladesh is a recipient of Canada's General Preferential Tariff (GPT) scheme that allows 98.9 percent of goods to enter duty free into Canada. GPT covers textiles including Bangladeshi RMG products (both woven and knitted).

Bilateral Revealed Comparative Advantage (BRCA)

The BRCA is an index which indicates whether or not a country has revealed comparative advantage over its trading partner. This index would help determine which products Pakistan has a comparative advantage in over Canada and vice versa, indicating which industrial sectors can successfully export their products to the partner country.

BRCA to Pakistan by Exporting Goods to Canada

The following table shows the top 20 commodities exported by Pakistan to Canada in 2018 at the HS-06 Level along with each item's revealed comparative advantage.

TABLE 30: BRCA to Pakistan of Exporting Goods to Canada

HS-Code	Product Label	BRCA
420329	Gloves, mittens and mitts, of leather or composition leather (excluding special sports gloves)	8.39
620322	Mens or boys' ensembles of cotton (excluding knitted or crocheted, ski ensembles and swimwear)	1.18
390761	Polyethylene terephthalate", in primary forms, having a viscosity number of ≥ 78 ml/g	13.40
730690	Tubes, pipes and hollow profiles "e.g., open seam, riveted or similarly closed", of iron or ...	23.47
100630	Semi-milled or wholly milled rice, whether or not polished or glazed	0.54
630260	Toilet linen and kitchen linen, of terry towelling or similar terry fabrics of cotton (excluding ...	1.16
630231	Bedlinen of cotton (excluding printed, knitted or crocheted)	1.04
630210	Bedlinen, knitted or crocheted	1.19
630710	Floor cloths, dishcloths, dusters and similar cleaning cloths, of all types of textile materials	1.61
610590	Mens or boys' shirts of textile materials, knitted or crocheted (excluding of cotton or man-made ...	2.09
630239	Bedlinen of textile materials (excluding of cotton and man-made fibres, printed, knitted or ...	0.95
610339	Mens or boys' jackets and blazers of textile materials (excluding of wool, fine animal hair, ...	2.37
390769	Polyethylene terephthalate", in primary forms, having a viscosity number of < 78 ml/g	5.98
420310	Articles of apparel, of leather or composition leather (excluding clothing accessories, footwear ...	1.56
610910	T-shirts, singlets and other vests of cotton, knitted or crocheted	1.66
420321	Specially designed gloves for use in sport, of leather or composition leather	3.21
611090	Jerseys, pullovers, cardigans, waistcoats and similar articles, of textile materials, knitted ...	1.37
091091	Mixtures of different types of spices	5.45
610349	Mens or boys' trousers, bib and brace overalls, breeches and shorts of textile materials, ...	1.55
620349	Mens or boys' trousers, bib and brace overalls, breeches and shorts of textile materials (excluding ...	2.93

Source: Data sourced from ITC Trade Map

Key Findings

- 60.0 percent of the items in the list belong to the textile sector.
- Pakistan enjoys a comparative advantage in 18 of the 20 products listed above, with the exception of 'Semi-milled or wholly milled rice' (HS-100630) and 'Bedlinen of textile materials' (HS-630239) with a BRCA of 0.54 and 0.95, respectively.
- With the exception of 'Tubes, pipes, ... of iron' (HS-730690), 'Polyethylene' (HS-390761), and 'Gloves, mittens ... of leather' (HS-420329), with a BRCA of 23.4, 13.4 and 8.3, respectively, the country has a low comparative advantage in all other exports where none of them have a BRCA greater than 6.0. This tells us that Pakistan's exports to Canada are comparatively insignificant as opposed to its exports to the world. Similarly, Canada fulfils its demand for the above-mentioned items from countries other than Pakistan.

BRCA to Canada of Exporting Goods to Pakistan

The table below lists the top commodities that Canada exported to Pakistan in 2018 at the HS–06 Level along with each commodity’s revealed comparative advantage.

TABLE 31: BRCA to Canada of Exporting Goods to Pakistan

HS-Code	Product Label	BRCA
120510	Low erucic acid rape or colza seeds “yielding a fixed oil which has an erucic acid content ...	46.25
880230	Aeroplanes and other powered aircraft of an unladen weight > 2000 kg but <= 15000 kg (excluding ...	27.63
071340	Dried, shelled lentils, whether or not skinned or split	43.04
440719	Coniferous wood sawn or chipped lengthwise, sliced or peeled, whether or not planed, sanded ...	2.44
071320	Dried, shelled chickpeas “garbanzos”, whether or not skinned or split	257.01
630900	Worn clothing and clothing accessories, blankets and travelling rugs, household linen and articles ...	70.88
470321	Semi-bleached or bleached coniferous chemical wood pulp, soda or sulphate (excluding dissolving ...	1.86
440711	Pine “Pinus spp.” sawn or chipped lengthwise, sliced or peeled, whether or not planed, sanded ...	167.17
480100	Newsprint as specified in Note 4 to chapter 48, in rolls of a width > 36 cm or in square or ...	4.24
720449	Waste and scrap of iron or steel (excluding slag, scale and other waste of the production of ...	6.61
470500	Wood pulp obtained by a combination of mechanical and chemical pulping processes	3.33
270112	Bituminous coal, whether or not pulverized, non-agglomerated	0.71
040210	Milk and cream in solid forms, of a fat content by weight of <= 1,5%	33.47
720441	Turnings, shavings, chips, milling waste, sawdust, filings, trimmings and stampings of iron ...	7.65
847130	Data-processing machines, automatic, portable, weighing <= 10 kg, consisting of at least a ...	7.16
720990	Flat-rolled products of iron or steel, of a width of >= 600 mm, cold-rolled “cold-reduced”, ...	814.06
999999	Commodities not elsewhere specified	0.11
300390	Medicaments consisting of two or more constituents mixed together for therapeutic or prophylactic ...	42.91
721049	Flat-rolled products of iron or non-alloy steel, of a width of >= 600 mm, hot-rolled or cold-rolled ...	2.54
841121	Turbopropellers of a power <= 1.100 kW	2.03

Source: Data sourced from ITC Trade Map

Key Findings

- Canada enjoys a comparative advantage in all the goods listed above, with the exception of ‘*Bituminous coal*’ (HS–270112) which has a BRCA of 0.71.
- With a booming and highly competitive steel, forestry and agricultural industry, it comes as no surprise that Canada has the highest comparative advantage in ‘*Flat-rolled products of iron*’ (HS–720990), ‘*Pine sawn or chipped ...*’ (HS440711) and ‘*Dried chickpeas ...*’ (HS–071320), with a BRCA of 814.0, 167.1 and 257.0, respectively.
- Half of the items listed enjoy a high BRCA as these goods are exported by Canada to Pakistan in large quantities as compared to Canada’s exports to the world. This makes Pakistan an important import partner for a majority of the items listed above.

Agriculture in a Pakistan – Canada Free Trade Agreement

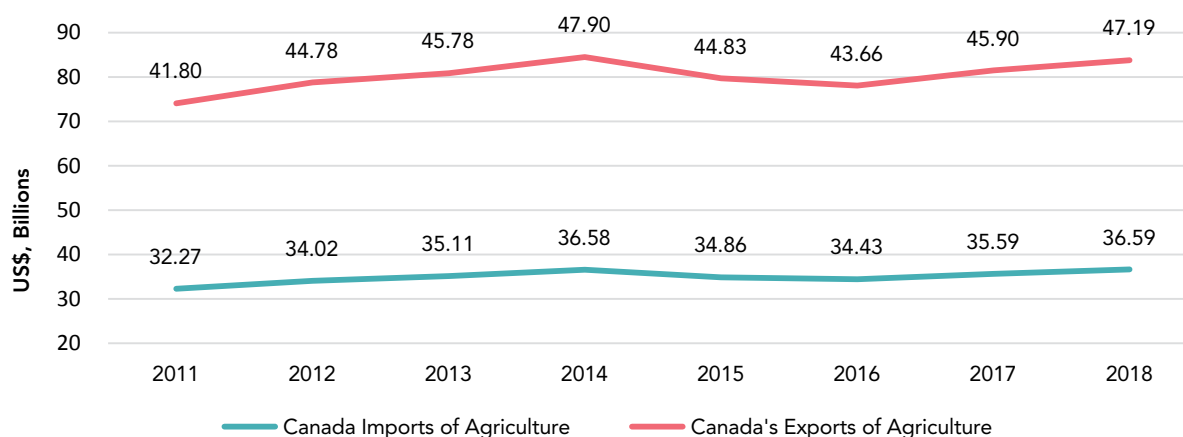
The Importance of Agriculture in Canada’s Trade

Agriculture in Canada is among the most sophisticated and technologically advanced in the world. Canada is the 5th largest exporter of agriculture and agri–food products in the world after the EU, U.S., Brazil and China. In 2016, the agriculture and agri–food system generated \$111.9 billion of gross domestic product (GDP) and accounted for 6.7 percent of Canada’s total GDP. The industry also employed approximately 2.3 million people, representing over 12.5 percent of Canadian employment in 2016. Because Canada enjoys favorable conditions for food production that exceeds domestic demand, the country’s agri–food industry is primarily export-oriented. Canadian farms provide a diverse range of crops for domestic as well as international markets. Canada’s primary agriculture production sectors are grains and oilseeds, livestock, dairy, horticulture and poultry and eggs. Canada is the largest producer and exporter of flaxseed, canola, pulses and durum wheat.

Canada Trade in Agriculture

FIGURE 14: Canada Trade in Agriculture

Source: Data sourced from ITC Trade Map



As can be seen from the figure above, Canada is a net exporter of agriculture goods where exports amounted to \$47.21 billion in 2018 against imports of \$36.5 billion in the same year.

The agriculture and food processing industries are vital components of the Canadian economy which account for almost 10.0 percent of the country’s total merchandise exports. Principal exports include beef/cattle, soybeans, pork, wheat, canola and pulses. The country also imports a significant amount of agriculture goods, which in 2018, accounted for more than 7.5 percent of total merchandise imports.

Trade at the HS–08 Digit Level

TABLE 32: Canada’s Top Agricultural Exports (HS-08)

HS-Code	Canada’s Top Agriculture Exports Product Label	Exported Value 2018 (US\$)
12051020	Rape/colza seeds, low erucic acid, for oil extraction, w/n broken	4,243,419,000
10019912	Wheat and meslin (excl. seed for sowing, and durum wheat)	2,396,593,000
15141900	Low erucic acid rape or colza oil fixed oil which has an erucic acid content of < 2% and its fractions, whether or not refined, but not chemically modified (excl. crude)	1,355,070,000
19059010	Bread, pastry, cakes, biscuits and other bakers’ wares, whether or not containing cocoa; communion wafers, empty cachets of a kind suitable for pharmaceutical use, sealing wafers, rice paper and similar products	1,332,728,000
12019010	Soya beans, whether or not broken (excl. seed for sowing)	1,324,674,000
23064100	Oilcake and other solid residues, whether or not ground or in the form of pellets, resulting from the extraction of low erucic acid rape or colza seeds “yielding a fixed oil which has an erucic acid content of < 2% and yielding a solid component of glucosinolates of < 30 micromoles/g”	1,137,862,000
10011900	Durum wheat (excl. seed for sowing) + detailed label not available +	1,125,498,000
2013090	Bovine cuts boneless, nes, fresh or chilled	1,044,295,000
7134092	Lentils, red, dried, shell, whether or not skin/split	1,040,119,000
15141100	Low erucic acid rape or colza oil fixed oil which has an erucic acid content of < 2% , crude	975,959,000

Source: Data sourced from ITC Trade Map

Agriculture in Canada’s Free Trade Agreements

Trade is critical to Canada’s agri–food sector, where agriculture accounts for more than 10.0 percent of merchandise exports. The competitiveness of the country’s agri–products is limited by market access restrictions, including tariffs, quotas, export subsidies, non–tariff barriers, etc. However, Canada’s trade agreements have provided access to large foreign markets, which over the years, have positively impacted the growth of agri–exports.

Impact on Canadian Agriculture

USMCA: Before the USMCA was signed, the level of liberalization achieved under NAFTA was unprecedented, and the agreement has been an incredible success for Canadian agriculture. Over the 25 years plus of NAFTA, Canada’s agri–food exports have grown by more than fivefold, from under \$10.0 billion in 1988 to over \$56.0 billion in 2016. Canada is the U.S.’s most important supplier for food, and it is among the top suppliers for U.S.’s main agricultural imports. With the renegotiation of NAFTA – now called the USMCA, all food and agricultural products that enjoy zero tariffs under NAFTA will remain at zero tariffs. USMCA will create new market opportunities for Canada for dairy, peanuts, processed peanut products, and a limited amount of sugar and sugar–containing products. Some of the expected beneficial outcomes for agriculture include new market access for sugar, tariff elimination for whey and margarine, and increased access to other commodities.

CPTPP: Comprehensive and Progressive Agreement for Trans–Pacific Partnership is a rebranded version of the former Trans–Pacific Partnership (TPP) which includes Canada, Japan, Mexico, Malaysia, Vietnam, Australia, New Zealand, Singapore, Chile, Peru and Brunei. With a market of 792 million people (2016), the region accounts for over 65.0 percent of Canada’s agri–food exports and presents significant potential for the growth of Canadian agriculture and agri–food exports. This agreement lets Canada access a market which has a combined GDP higher than \$13.5 trillion, making Canada the only G7 country with free–market access to the Americas, Europe and Asia–Pacific. In 2017, Canada exported about \$8.0 billion in agri–food to the

CPTPP region. On the agreement's entry into force, Japan will eliminate 32.0 percent of tariff lines; Vietnam will eliminate 31.0 percent of tariff lines, and Malaysia will eliminate 92.0 percent of tariff lines.

CETA: The value of trade in goods between the EU and Canada for 2018 amounted to €72.3 billion. The EU is Canada's second biggest trading partner, after the U.S., accounting for 10.0 percent of its trade in goods with the world in 2018. The EU itself is the world's largest importer of agriculture and agri-food products – \$163.0 billion in 2016, or 16.0 percent of the world's total agriculture and agri-food imports. Moreover, the EU is Canada's fourth-largest export market for agriculture. Canada is also the 16th largest supplier of agriculture to the EU with an import market share of 2.0 percent as of 2016. Under CETA, almost 94.0 percent of EU tariff lines have become duty-free for Canada.

Korea, Republic of: Korea is Canada's 6th largest trade partner, with two-way merchandise trade exceeding \$11.8 billion in 2018. Canadian agricultural goods account for more than 10.0 percent of total exports to Korea. The Canada – Korea free trade agreement will provide Canadian exporters increased market access and a level-playing field with major competitors in the South Korean market. Previously, Canadian agricultural exports to South Korea faced high tariff rates, which averaged 52.7 percent in 2012. The agreement will result in the elimination of tariffs on 86.6 percent of agriculture tariff lines. This would give Canadian products including beef, pork, canola and grains – the highest valued export commodities, preferential access to South Korean markets and will also put Canada on a level playing field with South Korea's other free trade agreement partners.

Canada's Major Agri-food Exports

Over 90.0 percent of Canada's farmers are dependent on exports as are about 40.0 percent of the country's food processing sector. Canada exports over half of its beef/cattle, around 70.0 percent of soybeans, 75.0 percent of wheat, over 90.0 percent of canola and 95.0 percent of pulses.

Canola and Soybeans: Canada exported more than 90.0 percent or \$8.5 billion worth of canola to more than 50 countries in 2018. A study released in 2017 shows Canadian grown canola contributed \$26.7 billion to the economy, where the canola sector employs more than a quarter-million Canadians, including \$11.2 billion in wages. Canola generates one quarter of all farm cash receipts and acreage continues to increase because of profitability and resilience of the crop. The main canola products are oil for human consumption and meal for livestock feed. The canola export industry has thrived especially in markets where Canada has tariff and non-tariff advantages. Exports take the form of canola oil, seed (which is crushed for oil) and meal (which is used for high protein livestock feed). Seed is the most valuable export (52.2 percent of exports), followed by oil (32.1 percent) and meal (15.6 percent).

FIGURE 15: Importance of Canola to the Canadian Economy



Barley: Canada produced more than 8.4 million tons of barley in 2018 with more than \$527.2 million or 2.2 million tons exported to the world of which 75.7 percent was exported to China alone. The majority of barley produced is used as feed for livestock. The crop is also a source of high-quality malting barley which is processed into malt for beer and food products.

Beef and Pork: Canada is one of the largest exporters of red meat and livestock in the world, exporting around 45 percent of Canadian beef and cattle production each year, with cash receipts from cattle and calves contributing \$18.0 billion to GDP annually and generating an estimated 228,000 jobs in Canada, with every job in the sector yielding another 3.56 jobs elsewhere in the economy. The Canadian beef industry ships to 56 countries but is reliant on the U.S. for 74 percent of all beef exports. Canada's red meat industry includes beef and veal, pork, lamb and mutton, goat, rabbit, horse, as well as venison and bison. The red meat industry had annual exports worth \$21.1 billion in 2018.

Grains and Pulses: Canada is one of the largest producers of high-quality grain and oilseed crops in the world and according to the US department of Agriculture, Canada is the 4th largest wheat exporter to the world. In 2018, Canada exported more than \$5.7 billion worth of wheat. Total harvested area of wheat in the country was estimated at 24.3 million acres. Over \$1.5 billion of the total wheat exported was categorized under durum wheat, making the country the largest exporter of durum wheat to the world. Canada is also the world's largest producer and exporter of field peas, Canada's largest pulse crop. Canada accounts for 32.0 percent (2010) of world pea production and 55.0 percent of world pea trade (2008). Canada's largest pea market is India which accounts for almost half of Canada's yellow pea exports. Canada is responsible for 40.7 percent of world lentil production (2014 FAO) and 76.8 percent of world lentil exports in 2015 by volume. Canada's largest markets for red lentils are India (29.0 percent), Turkey (20.0 percent), and the United Arab Emirates (8.0 percent).

Sugar Products, Food and Beverages: Canada produces approximately 1.2 million tons of refined sugar annually where over 94.0 percent is refined from raw cane sugar or beet sugar. The growing of sugar in the country is impossible due to the climate, so the majority of Canadian refined sugar is produced from raw cane sugar imported from tropical regions including South and Central America.

Trade Potential in Agriculture

Trade Potential for Pakistan in Exporting Agri-goods to Canada

The following table lists down the top 25 agriculture commodities where Pakistan can potentially increase its exports. This would give policy makers an idea as to what commodities show growth potential if Canada were to give Pakistan market access to their agricultural and agri-foods market in light of a possible free trade agreement between the two countries.

TABLE 33: Trade Potential for Pakistan in Exporting Agri-goods to Canada

HS-Code	Product Label	Pakistan's exports to Canada 2018 (US\$)	Canada's imports from world 2018 (US\$)	Pakistan's exports to world 2018 (US\$)	Trade Potential for Pakistan to Export to Canada (US\$)
100630	Semi-milled or wholly milled rice, whether or not polished or glazed	10,885,000	299,296,000	1,757,847,000	288,411,000
080450	Fresh or dried guavas, mangoes and mangosteens	952,000	101,821,000	73,429,000	72,477,000
220710	Undenatured ethyl alcohol, of actual alcoholic strength of >= 80%	-	51,378,000	425,499,000	51,378,000
080410	Fresh or dried dates	476,000	49,641,000	112,731,000	49,165,000
070310	Fresh or chilled onions and shallots	-	149,178,000	48,613,000	48,613,000
080521	Fresh or dried mandarins incl. tangerines and satsumas (excl. clementines)	107,000	92,531,000	45,393,000	45,286,000
100620	Husked or brown rice	103,000	39,584,000	56,237,000	39,481,000

HS-Code	Product Label	Pakistan's exports to Canada 2018 (US\$)	Canada's imports from world 2018 (US\$)	Pakistan's exports to world 2018 (US\$)	Trade Potential for Pakistan to Export to Canada (US\$)
170230	Glucose in solid form and glucose syrup, not containing added flavouring or colouring matter ...	1,008,000	83,957,000	38,789,000	37,781,000
130232	Mucilages and thickeners, derived from locust beans, locust bean seeds or guar seeds, whether ...	708,000	33,675,000	39,615,000	32,967,000
151620	Vegetable fats and oils and their fractions, partly or wholly hydrogenated, inter-esterified, ...	5,000	32,171,000	35,223,000	32,166,000
081340	Dried peaches, pears, papaws "papayas", tamarinds and other edible fruits (excluding nuts, ...	84,000	27,682,000	28,999,000	27,598,000
230120	Flours, meals and pellets of fish or crustaceans, molluscs or other aquatic invertebrates, ...	-	77,776,000	27,248,000	27,248,000
170490	Sugar confectionery not containing cocoa, incl. white chocolate (excluding chewing gum)	282,000	442,986,000	27,207,000	26,925,000
070999	Fresh or chilled vegetables n.e.s.	179,000	158,091,000	24,438,000	24,259,000
170199	Cane or beet sugar and chemically pure sucrose, in solid form (excluding cane and beet sugar ...	67,000	23,148,000	383,694,000	23,081,000
080390	Fresh or dried bananas (excluding plantains)	-	407,497,000	21,470,000	21,470,000
240120	Tobacco, partly or wholly stemmed or stripped, otherwise unmanufactured	-	51,204,000	19,605,000	19,605,000
210690	Food preparations, n.e.s.	594,000	1,424,660,000	18,556,000	17,962,000
120740	Sesamum seeds, whether or not broken	64,000	17,433,000	73,497,000	17,369,000
040120	Milk and cream of a fat content by weight of > 1% but <= 6%, not concentrated nor containing ...	31,000	17,375,000	20,822,000	17,344,000
070490	Fresh or chilled cabbages, kohlrabi, kale and similar edible brassicas (excluding cauliflowers, ...	3,000	293,925,000	17,140,000	17,137,000
090240	Black fermented tea and partly fermented tea, whether or not flavoured, in immediate packings ...	52,000	24,400,000	16,999,000	16,947,000
100640	Broken rice	26,000	16,573,000	171,897,000	16,547,000
190531	Sweet biscuits	491,000	241,674,000	16,111,000	15,620,000
190590	Bread, pastry, cakes, biscuits and other bakers' wares, whether or not containing cocoa; communion ...	1,721,000	1,171,180,000	16,483,000	14,762,000
	Total Potential				1,001,599,000

Source: Data sourced from ITC Trade Map

Key Findings

- According to the analysis of trade data indicating potential for agricultural exports to Canada, only 45 items show a trade potential greater than \$5.0 million – a cumulative value exceeding \$1.1 billion. The table above shows the top 25 commodities with the highest potential for exports. These were worth \$1.0 billion in 2018.
- The table lists 3 types of rice whereas current exports to Canada amount to only \$10.9 million although the country has an export potential of \$344.3 million. This indicates that Canada could be a significant export destination for Pakistani rice. It is however worth mentioning here that tariffs on rice imports into Canada is zero.
- Eight commodities listed in the table belong to the fruits and vegetables category (HS-07 and HS-08). In 2018, Pakistan exported over \$673.0 million to the world under these two categories whereas its exports to Canada for the same items only amounted to just over \$2.0 million. Since Canada imports more than \$7.8 billion worth of vegetables and fruits, Pakistan has a large untapped potential in this market, where a well negotiated trade agreement can significantly enhance exports.
- Pakistan is one of the largest producers and exporters of kinnow (citrus), mangoes, and dates, indicating a trade potential to Canada exceeding \$100.0 million.

Trade Potential for Canada by Exporting Agri-goods to Pakistan

The following table lists down the top 25 agriculture commodities with the highest potential export value for Canada. This would help policy makers better understand which agricultural goods, currently traded, could be put forward for inclusion by Canada if a free trade agreement were to be signed in the future between the two countries.

TABLE 34: Trade Potential to Canada by Exporting Agri-goods to Pakistan

HS-Code	Product Label	Canada's exports to Pakistan 2018 (US\$)	Pakistan's imports from world 2018 (US\$)	Canada's exports to world 2018 (US\$)	Trade Potential (US\$)
120510	Low erucic acid rape or colza seeds "yielding a fixed oil which has an erucic acid content ...	214,680,000	398,941,000	4,447,519,000	184,261,000
040210	Milk and cream in solid forms, of a fat content by weight of <= 1,5%	3,926,000	104,926,000	112,377,000	101,000,000
210690	Food preparations, n.e.s.	366,000	69,473,000	1,079,843,000	69,107,000
230990	Preparations of a kind used in animal feeding (excluding dog or cat food put up for retail ...	240,000	65,935,000	239,433,000	65,695,000
100510	Maize seed for sowing	–	79,393,000	64,869,000	64,869,000
071333	Dried, shelled kidney beans "Phaseolus vulgaris", whether or not skinned or split	316,000	61,711,000	123,927,000	61,395,000
071310	Dried, shelled peas "Pisum sativum", whether or not skinned or split	342,000	51,671,000	903,494,000	51,329,000
071320	Dried, shelled chickpeas "garbanzos", whether or not skinned or split	18,611,000	334,453,000	69,381,000	50,770,000
120110	Soya bean seed, for sowing	–	943,367,000	37,867,000	37,867,000
190190	Malt extract; food preparations of flour, groats, meal, starch or malt extract, not containing ...	–	35,887,000	186,698,000	35,887,000
070200	Tomatoes, fresh or chilled	–	30,264,000	411,723,000	30,264,000
150710	Crude soya-bean oil, whether or not degummed	–	81,940,000	20,447,000	20,447,000
151790	Edible mixtures or preparations of animal or vegetable fats or oils and edible fractions of ...	–	19,268,000	99,655,000	19,268,000
080810	Fresh apples	–	18,671,000	34,743,000	18,671,000
040410	Whey and modified whey, whether or not concentrated or containing added sugar or other sweetening ...	–	17,895,000	41,539,000	17,895,000
150210	Tallow of bovine animals, sheep or goats (excluding oil and oleostearin)	–	16,677,000	119,978,000	16,677,000
071340	Dried, shelled lentils, whether or not skinned or split	35,564,000	50,277,000	791,763,000	14,713,000
240120	Tobacco, partly or wholly stemmed or stripped, otherwise unmanufactured	93,000	14,030,000	30,659,000	13,937,000
151620	Vegetable fats and oils and their fractions, partly or wholly hydrogenated, inter-esterified, ...	–	23,659,000	12,579,000	12,579,000
120929	Seeds of forage plants for sowing (excluding of cereals and of sugar beet, alfalfa, clover ...	–	11,698,000	26,325,000	11,698,000
070700	Cucumbers and gherkins, fresh or chilled	–	11,539,000	265,154,000	11,539,000
180500	Cocoa powder, not containing added sugar or other sweetening matter	–	16,092,000	10,877,000	10,877,000
010511	Live fowls of the species Gallus domesticus, weighing <= 185 g (excluding turkeys and guinea ...	–	10,576,000	16,039,000	10,576,000
200410	Potatoes, prepared or preserved otherwise than by vinegar or acetic acid, frozen	–	10,161,000	1,070,569,000	10,161,000
121190	Plants, parts of plants, incl. seeds and fruits, used primarily in perfumery, in pharmacy or ...	–	9,971,000	12,778,000	9,971,000
	Total Potential				951,453,000

Source: Data sourced from ITC Trade Map

Key Findings

- An analysis of the trade data shows that potential Canadian exports for agricultural products currently exported by Canada to Pakistan is \$1.0 billion. The table above shows the top 25 commodities with the highest potential for exports to Pakistan. These summed up to \$951.4 million in 2018.
- Commodities with the highest potential include canola and soybean. Pakistan is already the 7th largest importer of canola and the 15th largest importer of soybean in the world. A well negotiated trade agreement could potentially reduce tariffs facing Canadian exporters, which in turn could provide Pakistan with tariff concessions on items it has a high growth potential in, benefiting both economies.

Consequences for Pakistan's Agricultural Industry of Opening the Market to Canada

Agriculture in Pakistan plays a central role in the economy as it contributes 18.9 percent to GDP and employs more than 42.3 percent of the country's labor force. The sector directly supports around three-quarters of the country's population and contributes a large share of foreign exchange earnings. The main agriculture products are cotton, wheat, rice, maize, sugarcane, fruits and vegetables in addition to milk, beef, mutton and eggs.

Analysis of Canada's trade agreements with partner countries shows that Canada would want unrestricted access to Pakistan's agriculture markets. If a trade agreement were to be signed between Pakistan and Canada, agriculture would be at the forefront of possible contention between the two countries since Canadian producers would want maximum access to a market with high growth potential. In contrast, Pakistan would want to limit market access as it would increase competition where local businesses may suffer and be pushed out of the market. However, several benefits could be obtained if policy makers on both sides take a balanced approach where access to agricultural market could be given for certain products such as canola, soybeans, chickpeas and other grains which Pakistan imports in significant quantities. In return, Canada could provide access to fruits and vegetables, sugar and sugar confectionary items.

Pakistan is a top importer of soybean where it imported more than 2.0 million tons in 2018, a value exceeding \$943.3 million. The country is also a large importer of rapeseed or canola, where it imported over 807,609 tons in the year, valued at \$398.9 million. Approximately 85.7³⁶ percent of canola was imported from Canada in 2018 – the largest exporter of canola in the world, whereas, most of the soybean (71.3 percent) was imported from the U.S. Recent growth in oilseed demand is expected to continue as Pakistan's poultry and dairy industries continue to grow. This development is anticipated to spur additional demand for protein feed such as soybean meal. Canada, the third-largest exporter of soybean could take advantage of the growing market demand, where policy makers could ask the Pakistani government for tariff concessions for both canola and soybean in return for increased access for various types of fruits and vegetables.

Trade in Textiles in a Pakistan – Canada Free Trade Agreement

Global Textile Industry

The textile industry encompasses the production and sale of materials such as cotton, yarn, fiber and finished products of apparel. With continuing technological innovations in machinery, synthetic fiber and globalization of businesses, the textile industry is one of the fastest-growing in the world where it is estimated to be around \$920.0 billion in 2018. The industry, as a whole, has a growth projection of 4.4 percent during the forecast period to reach approximately \$1,230.0 billion by 2024. It is an ever-growing market with key competitors being China, members of the European Union, the United States, and India.

China is the world's leading producer and exporter of both raw textiles and garments. It is the leading textile manufacturing country and is almost worth one-fourth of the global textile industry with an export value of more than \$266.4 billion. The United States is the leading producer and exporter of raw cotton with an export value exceeding \$96.5 billion in 2018. It is also the top importer of textiles and apparel (HS-50 to HS-63). The value of the EU textile industry is worth more than \$160.0 billion – contributing over one-fifths of textiles to the global industry.

TABLE 35: Top Exporters of Textiles

Exporters	2014 (US\$)	2015 (US\$)	2016 (US\$)	2017 (US\$)	2018 (US\$)	Share in Total Exports 2018	CAGR (2014 – 2018)
World	833,838,692,000	769,096,272,000	751,987,299,000	789,732,552,000	837,477,300,000		0.11%
China	287,584,121,000	273,393,474,000	253,216,501,000	257,321,231,000	266,420,959,000	31.81%	-1.89%
Bangladesh	–	28,332,561,000	34,818,116,000	36,837,116,000	40,957,190,000	4.89%	–
Germany	37,723,018,000	30,223,221,000	32,909,794,000	35,532,849,000	38,869,535,000	4.64%	0.75%
India	38,597,567,000	37,161,683,000	35,429,025,000	37,189,547,000	37,119,869,000	4.43%	-0.97%
Vietnam	25,238,313,000	27,266,399,000	28,703,157,000	31,809,669,000	36,676,063,000	4.38%	9.79%
Italy	37,448,248,000	31,661,475,000	32,231,801,000	34,038,286,000	36,477,121,000	4.36%	-0.65%
Turkey	29,368,165,000	26,342,310,000	26,206,807,000	26,814,784,000	27,877,212,000	3.33%	-1.29%
United States of America	26,188,043,000	24,924,920,000	23,609,592,000	25,883,372,000	27,167,067,000	3.24%	0.92%
Hong Kong, China	29,210,833,000	26,540,389,000	22,796,377,000	21,307,532,000	20,435,628,000	2.44%	-8.54%
Spain	16,754,592,000	15,936,886,000	16,590,400,000	18,557,746,000	19,423,431,000	2.32%	3.76%
France	16,702,376,000	14,845,226,000	15,042,636,000	15,788,886,000	17,489,151,000	2.09%	1.16%
Netherlands	15,207,197,000	11,912,483,000	12,760,114,000	13,307,593,000	16,519,433,000	1.97%	2.09%
Belgium	15,676,156,000	14,231,659,000	14,455,722,000	14,973,177,000	16,270,875,000	1.94%	0.94%
Korea, Republic of	15,667,054,000	14,041,746,000	13,272,768,000	13,269,057,000	13,570,980,000	1.62%	-3.53%
Pakistan	13,772,521,000	12,918,181,000	12,407,212,000	13,001,798,000	13,569,538,000	1.62%	-0.37%

Source: Data sourced from ITC Trade Map

In 2018, China, the European Union, Bangladesh and India remained the world's top four exporters of textiles, accounting for more than 66.6% of total world textile exports. Pakistan, in 2018, contributed just 1.6 percent to world textile exports.

TABLE 36: Top Importers of Textiles

Importers	2014 (US\$)	2015 (US\$)	2016 (US\$)	2017 (US\$)	2018 (US\$)	Share in Total Imports 2018	CAGR (2014 – 2018)
World	724,867,114,000	682,173,925,000	669,134,926,000	703,559,918,000	755,117,885,000		1.03%
United States of America	114,926,298,000	119,624,121,000	113,472,589,000	113,937,242,000	119,369,381,000	15.81%	0.95%
Germany	54,118,635,000	47,834,212,000	49,331,011,000	52,601,947,000	55,296,325,000	7.32%	0.54%
Japan	38,670,017,000	35,366,699,000	34,704,748,000	35,055,851,000	37,707,397,000	4.99%	-0.63%
China	36,002,467,000	32,367,904,000	28,367,956,000	31,099,345,000	34,161,147,000	4.52%	-1.30%
United Kingdom	36,369,893,000	34,757,057,000	32,084,262,000	31,949,628,000	32,770,852,000	4.34%	-2.57%
France	31,872,834,000	28,449,400,000	28,506,095,000	29,796,326,000	31,877,010,000	4.22%	0.00%
Italy	27,109,620,000	23,814,517,000	24,021,199,000	25,094,627,000	26,963,141,000	3.57%	-0.14%
Spain	21,412,389,000	21,081,653,000	21,736,977,000	22,966,047,000	24,362,729,000	3.23%	3.28%
Vietnam	14,522,628,000	15,446,764,000	16,065,628,000	17,966,627,000	20,422,624,000	2.70%	8.90%
Netherlands	16,149,540,000	14,236,714,000	14,868,384,000	16,566,773,000	18,982,359,000	2.51%	4.12%
Hong Kong, China	24,511,041,000	22,540,435,000	19,916,598,000	18,795,711,000	18,812,437,000	2.49%	-6.40%
Korea, Republic of	14,199,389,000	13,909,646,000	13,848,898,000	14,473,613,000	16,306,241,000	2.16%	3.52%
Canada	13,957,766,000	13,550,559,000	13,220,325,000	13,885,999,000	14,436,234,000	1.91%	0.85%
Belgium	13,839,723,000	11,185,982,000	12,216,344,000	12,287,292,000	13,536,446,000	1.79%	-0.55%
Poland	9,849,073,000	9,341,342,000	10,039,232,000	10,808,799,000	13,493,415,000	1.79%	8.19%

Source: Data sourced from ITC Trade Map

The European Union, United States, Japan and China were the four largest importers of textiles in 2018, accounting for more than 40.0 percent of the world's total textile imports for that year. Although the market share for these countries was similar in 2017, it was nevertheless much lower than the value back in the 2000s. This was primarily due to the ever-increasing diversification of textile import market which is closely associated with the shifting pattern of world apparel manufacturing and exports. As can be seen from the table above, Canada is the 13th largest importer of textiles (HS-50 to HS-63), with a growth rate of 0.8 percent, indicating a growing demand from Canadian consumers.

Canadian Import of Textile Products

Canada is the 13th largest importer of textiles and textile articles with an import value exceeding \$14.4 billion in 2018. Over \$11.0 billion or 76.8 percent of total textiles are imported under the category of apparel and home textiles (HS–61 to HS–63) with a positive growth rate of 1.1 percent over the past 5 years indicating a growing demand for knitted and woven apparel articles.

TABLE 37: Canada’s Imports of Textile and textile articles (HS–50 to HS–63)

Year	2014 (US\$)	2015 (US\$)	2016 (US\$)	2017 (US\$)	2018 (US\$)	CAGR (2014–18)
All products	463,088,977,000	419,374,729,000	402,906,596,000	432,615,608,000	459,839,192,000	–0.18%
Textile and textile articles (HS–50 to HS–63)	13,957,766,000	13,550,559,000	13,220,325,000	13,885,999,000	14,436,234,000	0.85%
Textiles as a % of Total Imports	3.01%	3.23%	3.28%	3.21%	3.14%	

Source: Data sourced from ITC Trade Map

TABLE 38: Canada’s Imports of Apparel and Home Textiles (HS–61 to HS–63)

Year	2014 (US\$)	2015 (US\$)	2016 (US\$)	2017 (US\$)	2018 (US\$)	CAGR (2014–18)
All products	463,088,977,000	419,374,729,000	402,906,596,000	432,615,608,000	459,839,192,000	–0.18%
Apparel and Home Textiles (HS–61 to HS–63)	10,583,493,000	10,325,451,000	10,062,194,000	10,618,700,000	11,095,192,000	1.19%
Apparel and Home Textiles as a % of Total Imports	2.29%	2.46%	2.50%	2.45%	2.41%	

Source: Data sourced from ITC Trade Map

Pakistan’s Export of Textiles and the Industry’s Importance

The textile industry of Pakistan is the largest manufacturing industry in the country, contributing over one-fourths of industrial value-added and providing employment to over 40.0 percent of the industrial labor force. The textile industry contributes over 57.0 percent to total exports of Pakistan while the share of apparel and home textile (HS–61 to HS–63) accounts for nearly 40.1 percent of total merchandise exports.

TABLE 39: Pakistan’s Exports of Textile and textile articles (HS–50 to HS–63)

Year	2014 (US\$)	2015 (US\$)	2016 (US\$)	2017 (US\$)	2018 (US\$)	CAGR (2014–18)
All products	24,722,182,000	22,089,018,000	20,533,793,000	21,877,787,000	23,630,893,000	–1.12%
Exports of Textile and textile articles (HS–50 to HS–63)	13,772,521,000	12,918,181,000	12,407,212,000	13,001,798,000	13,569,538,000	–0.37%
Textiles as a % of Total Exports	55.71%	58.48%	60.42%	59.43%	57.42%	

Source: Data sourced from ITC Trade Map

TABLE 40: Pakistan’s Exports of Apparel and Home Textiles (HS–61 to HS–63)

Year	2014 (US\$)	2015 (US\$)	2016 (US\$)	2017 (US\$)	2018 (US\$)	CAGR (2014–18)
All products	24,722,182,000	22,089,018,000	20,533,793,000	21,877,787,000	23,630,893,000	–1.12%
Exports of Apparel and Home Textiles (HS–61 to HS–63)	8,293,740,000	8,246,791,000	8,404,479,000	8,937,091,000	9,496,011,000	3.44%
Apparel and Home Textiles as a % of Total Exports	33.55%	37.33%	40.93%	40.85%	40.18%	

Source: Data sourced from ITC Trade Map

Top Sourcing Countries for Canada's Import of Textiles (HS-50 to HS-63)

The top eleven countries from which Canada imports textiles and textile articles are listed below along with each country's share in Canada's total imports of textiles. Moreover, five-year growth rate trends have also been calculated. Pakistan is the 11th largest sourcing market for Canada's imports of textiles, with a value in 2018 exceeding \$196.3 million with a positive CAGR of 2.1 percent.

TABLE 41: Top Sourcing Countries for Canada's Imports of Textiles (HS-50 to HS-63)

Exporters	2014 (US\$)	2015 (US\$)	2016 (US\$)	2017 (US\$)	2018 (US\$)	Share in Imports (2018)	CAGR (2014– 2018)
World	13,957,766,000	13,550,559,000	13,220,325,000	13,885,999,000	14,436,234,000		0.85%
China	5,204,074,000	4,977,404,000	4,589,742,000	4,777,270,000	4,934,451,000	34.18%	-1.32%
United States of America	2,587,680,000	2,335,193,000	2,204,494,000	2,235,381,000	2,155,258,000	14.93%	-4.47%
Bangladesh	1,060,835,000	1,101,478,000	1,143,278,000	1,172,637,000	1,219,412,000	8.45%	3.54%
Cambodia	652,869,000	681,312,000	757,349,000	845,094,000	941,122,000	6.52%	9.57%
Vietnam	653,451,000	721,800,000	721,352,000	815,965,000	935,165,000	6.48%	9.38%
India	568,750,000	581,281,000	602,989,000	617,917,000	639,353,000	4.43%	2.97%
Italy	289,180,000	281,734,000	299,343,000	323,995,000	377,028,000	2.61%	6.86%
Mexico	417,353,000	380,856,000	347,828,000	346,591,000	356,041,000	2.47%	-3.89%
Indonesia	315,600,000	294,720,000	300,162,000	299,679,000	309,413,000	2.14%	-0.49%
Turkey	192,612,000	195,456,000	211,742,000	259,236,000	276,851,000	1.92%	9.49%
Pakistan	180,471,000	163,265,000	163,428,000	183,586,000	196,382,000	1.36%	2.13%

Source: Data sourced from ITC Trade Map

Pakistan's Top 25 Apparel and Home Textile Exports to Canada

In 2018, Canada imported goods worth \$336.5 million from Pakistan, out of which \$196.3 million belonged to commodities under textiles and textile articles (HS–50 to HS–63). Over 94.7 percent of these belonged to the category of apparel and homes textiles (HS–61 to HS–63).

The following table provides an overview of the top 25 apparel and home textile items imported by Canada from Pakistan for the year 2018. For each of the item exported by Pakistan, the top three countries which Canada imports these good from along with the tariff rates applied are also given. A comparison is then made to analyze the tariffs applied by Canada on these countries and on Pakistan, showing those tariff lines where Pakistan faces a disadvantage in terms of higher tariffs.

TABLE 42: Pakistan's Top 25 Apparel and Home Textile Exports to Canada

HS-Code	Product Label	Canada's imports from Pakistan 2018 (US\$)	Pakistan's exports to world 2018 (US\$)	Canada's imports from world 2018 (US\$)	Indicative Trade Potential for Pakistan to Export 2018 (US\$)	Top 3 Import Sourcing Countries	Tariff Applied by the Canada on these Countries	Tariff Applied by Canada on Pakistan
TOTAL	All products	336,541,000	23,630,893,000	459,839,192,000				
	Apparel and Home Textiles	183,211,000	9,496,000,000	11,095,192,000				
620342	Men's or boys' trousers, bib and brace overalls, breeches and shorts, of cotton (excluding ...	22,113,000	348,989,000	476,310,000	326,876,000	Bangladesh, 32.20% China, 20.10% Mexico 10.30%	0% 17.00% 0%	17.00%
630231	Bedlinen of cotton (excluding printed, knitted or crocheted)	20,043,000	860,928,000	139,473,000	119,430,000	India, 31.50% China, 30.40% Pakistan, 14.40%	17.00% for all	17.00%
611020	Jerseys, pullovers, cardigans, waistcoats and similar articles, of cotton, knitted or crocheted ...	16,800,000	74,241,000	608,072,000	57,441,000	China, 33.30% Cambodia, 13.70% Bangladesh, 12.70%	18.00% 0% 0%	18.00%
620462	Women's or girls' trousers, bib and brace overalls, breeches and shorts of cotton (excluding ...	14,084,000	100,307,000	443,964,000	86,223,000	China, 34.00% Bangladesh, 25.20% Cambodia 10.40%	17.00% 0% 0%	17.00%
630260	Toilet linen and kitchen linen, of terry towelling or similar terry fabrics of cotton (excluding ...	12,792,000	786,302,000	143,939,000	131,147,000	India, 27.70% Bangladesh 27.20% China, 20.70%	17.00% 0% 17.00%	17.00%
630221	Printed bedlinen of cotton (excluding knitted or crocheted)	9,382,000	430,000	56,956,000	–	China, 26.40% Bangladesh, 24.80% Pakistan, 16.50%	17.00% 0% 17.00%	17.00%
610910	T-shirts, singlets and other vests of cotton, knitted or crocheted	7,120,000	242,703,000	487,793,000	235,583,000	Bangladesh, 22.20% Cambodia, 11.90% China, 11.10%	0% 0% 18.00%	18.00%
611030	Jerseys, pullovers, cardigans, waistcoats and similar articles, of man-made fibres, knitted ...	6,119,000	3,802,000	712,779,000	–	China, 41.30% Cambodia, 14.60% Bangladesh, 11.00%	18.00% 0% 0%	18.00%

HS-Code	Product Label	Canada's imports from Pakistan 2018 (US\$)	Pakistan's exports to world 2018 (US\$)	Canada's imports from world 2018 (US\$)	Indicative Trade Potential for Pakistan to Export 2018 (US\$)	Top 3 Import Sourcing Countries	Tariff Applied by the Canada on these Countries	Tariff Applied by Canada on Pakistan
611595	Full-length or knee-length stockings, socks and other hosiery, incl. footwear without applied ...	6,063,000	214,767,000	91,333,000	85,270,000	China, 52.00% Korea, Republic of, 7.00% Pakistan, 6.60%	16.00% 0% 16.00%	16.00%
630710	Floorcloths, dishcloths, dusters and similar cleaning cloths, of all types of textile materials	4,975,000	438,961,000	42,174,000	37,199,000	China, 51.50% U.S., 20.60% Pakistan, 11.80%	17.00% 0% 8.50%	8.50%
610342	Men's or boys' trousers, bib and brace overalls, breeches and shorts of cotton, knitted or ...	4,402,000	66,792,000	90,441,000	62,390,000	Cambodia, 24.40% China, 23.40% Bangladesh 16.70%	0% 18.00% 0%	18.00%
611610	Gloves, mittens and mitts, impregnated, coated or covered with plastics or rubber, knitted ...	3,503,000	96,707,000	66,411,000	62,908,000	China, 50.80% Korea, Republic of, 8.90% Sri Lanka, 8.80%	18.0% 0% 16.50%	16.50%
631010	Used or new rags, scrap twine, cordage, rope and cables and worn-out articles thereof, of textile ...	3,088,000	6,356,000	5,403,000	2,315,000	Pakistan, 57.20% Bangladesh, 12.80% India, 12.50%	0% for all	0%
611692	Gloves, mittens and mitts, of cotton, knitted or crocheted (excluding impregnated, coated or ...	2,339,000	39,010,000	16,614,000	14,275,000	China, 70.50% Pakistan, 14.10% Bangladesh, 8.60%	18.00% 16.50% 0%	
630130	Blankets and travelling rugs of cotton (excluding electric, table covers, bedspreads and articles ...	2,273,000	17,622,000	16,150,000	13,877,000	China, 35.00% India, 28.10% Pakistan 14.10%	17.00% for all	17.00%
630210	Bedlinen, knitted or crocheted	2,219,000	691,649,000	22,885,000	20,666,000	China, 77.00% Pakistan, 9.70% Spain, 4.70%	18.00% 18.00% 0%	18.00%
630391	Curtains, incl. drapes, and interior blinds, curtain or bed valances of cotton (excluding knitted ...	2,110,000	53,394,000	9,576,000	7,466,000	China, 34.80% Pakistan, 22.00% India, 21.60%	17.00% for all	17.00%
610462	Women's or girls' trousers, bib and brace overalls, breeches and shorts of cotton, knitted ...	2,092,000	37,482,000	150,456,000	35,390,000	Cambodia, 35.10% China, 25.10% Bangladesh, 12.50%	0% 18.00% 0%	18.00%
621133	Men's or boys' tracksuits and other garments, n.e.s. of man-made fibres (excluding knitted ...	1,874,000	1,457,000	52,218,000	-	Mexico, 34.30% China, 33.50% U.S. 12.20%	0% 18.00% 0%	18.00%
631090	Used or new rags, scrap twine, cordage, rope and cables and worn-out articles thereof, of textile ...	1,827,000	12,399,000	3,931,000	2,104,000	Pakistan, 46.50% U.S. 23.50% Bangladesh, 11.70%	0% for all	0%

HS-Code	Product Label	Canada's imports from Pakistan 2018 (US\$)	Pakistan's exports to world 2018 (US\$)	Canada's imports from world 2018 (US\$)	Indicative Trade Potential for Pakistan to Export 2018 (US\$)	Top 3 Import Sourcing Countries	Tariff Applied by the Canada on these Countries	Tariff Applied by Canada on Pakistan
611596	Full-length or knee-length stockings, socks and other hosiery, incl. footwear without applied ...	1,741,000	23,363,000	141,541,000	21,622,000	China, 79.40% U.S., 5.50% Indonesia, 1.70%	16.00% 0% 16.00%	16.00%
610510	Men's or boys' shirts of cotton, knitted or crocheted (excluding nightshirts, T-shirts, singlets ...)	1,634,000	152,857,000	87,492,000	85,858,000	India, 18.00% Vietnam, 15.40% China, 14.30%	18.00% 0% 18.00%	18.00%
621600	Gloves, mittens and mitts, of all types of textile materials (excluding knitted or crocheted ...)	1,474,000	20,537,000	61,483,000	19,063,000	China, 35.00% India, 28.10% Pakistan, 14.10%	17.00% for all	17.00%
611420	Special garments for professional, sporting or other purposes, n.e.s., of cotton, knitted or ...	1,412,000	5,872,000	43,137,000	4,460,000	China, 35.10% Vietnam 16.0% Cambodia, 15.60%	18.00% 0% 0%	18.00%
610130	Overcoats, car coats, capes, cloaks, anoraks, incl. ski jackets, windcheaters, wind-jackets ...	1,350,000	18,008,000	61,011,000	16,658,000	China, 31.00% Cambodia, 17.70% Vietnam, 13.40%	18.00% 0% 0%	18.00%

Source: Data sourced from ITC Trade Map

Key Findings

- For eleven of the twenty-five commodities listed in the table above, Pakistan is one of the top three suppliers of apparel and home textiles to Canada. In each of these categories Pakistan's share is at least 6.0 percent.
- Except for China, most of the nations listed above enjoy some tariff benefit either due to that country's status as an LDC which allows qualifying states quota-free and duty-free access to the Canadian market, or a free-trade agreement. For example, Pakistan's competitors listed in the table for most goods that it is one of the top three suppliers, Bangladesh and Cambodia benefit from Canada's Market Access Initiative for least developed countries (LDCs). These concessions pave the way for greater access into the Canadian textile markets, that results in higher exports, especially for RMG products, which in turn discourages imports from countries such as Pakistan, that do not enjoy preferential access.

Top Current Canadian Textile Imports (HS-50 to HS-63)

In 2018, Canada imported over \$14.4 billion worth of textiles (HS-50 to HS-63) from the world – this translates into a 3.1 percent share of total global imports.

The following table shows the current import patterns of Canadian textiles and Pakistan's share as a supplier of these goods to Canada, along with the top three supplying partners. The tariff rate applied by Canada on the top three suppliers as well as on imports from Pakistan is also shown in the table below. Five-year growth rates are also listed for the same items to identify goods which Pakistan can increase its share in, and hence promote export-led growth of its value-added textile sector. Moreover, Canada's imports with a growth rate exceeding 4.0 percent have been highlighted to identify categories of textile goods in high demand by Canada and on which Pakistani manufacturers need to focus. From the tariff rates applied by Canada on its top suppliers and on Pakistan, an analysis can be done to showcase those textile articles where policymakers from Pakistan can ask for tariff concessions.

TABLE 43: Top Current Canadian Textile Imports (HS-50 to HS-63)

HS-Code	Product Label	Imported value in 2018 (US\$)	Canada Imports from the World CAGR (2014–18)	Top Suppliers for Canada's Imports	Share in Imports (2018)	Average Tariffs On these Countries	Canada's Imports from Pakistan 2018 (US\$)	Pakistan's Share in Canada's Imports 2018 (US\$)	CAGR (2014–18)	Tariff Applied by Canada on Pakistan
TOTAL	All products	459,839,192,000	-0.18%							
	Textiles and textile articles (HS-50 to HS-63)	14,436,227,000	0.85%							
611030	Jerseys, pullovers, cardigans, waistcoats and similar articles, of man-made fibres, knitted or crocheted (excluding wadded waistcoats)	712,779,000	2.68%	China Cambodia Bangladesh	41.3% 14.6% 11.0%	18.00% 0% 0%	6,119,000	0.86%	53.23%	18.00%
611020	Jerseys, pullovers, cardigans, waistcoats and similar articles, of cotton, knitted or crocheted (excluding wadded waistcoats)	608,072,000	0.49%	China Cambodia Bangladesh	33.30% 13.70% 12.70%	18.00% 0% 0%	16,800,000	2.76%	12.48%	18.00%
610910	T-shirts, singlets and other vests of cotton, knitted or crocheted	487,793,000	0.70%	Bangladesh Cambodia China	22.20% 11.90% 11.10%	0% 0% 18.00%	7,120,000	1.46%	15.30%	18.00%
620342	Men's or boys' trousers, bib and brace overalls, breeches and shorts, of cotton (excluding knitted or crocheted, underpants and swimwear)	476,310,000	-1.64%	Bangladesh China Mexico	32.20% 20.10% 10.30%	0% 17.00% 0%	22,113,000	4.64%	3.91%	17.00%
620462	Women's or girls' trousers, bib and brace overalls, breeches and shorts of cotton (excluding knitted or crocheted, panties and swimwear)	443,964,000	-2.45%	China Bangladesh Cambodia	34.00% 25.20% 10.40%	17.00% 0% 0%	14,084,000	3.17%	11.18%	17.00%
570320	Carpets and other floor coverings, of nylon or other polyamides, tufted "needle punched", whether or not made up	338,485,000	-3.21%	USA Mexico China	92.00% 2.60% 2.30%	0% 0% 11.30%	7,000	0.00%	62.66%	4.00%

HS-Code	Product Label	Imported value in 2018 (US\$)	Canada Imports from the World CAGR (2014–18)	Top Suppliers for Canada's Imports	Share in Imports (2018)	Average Tariffs On these Countries	Canada's Imports from Pakistan 2018 (US\$)	Pakistan's Share in Canada's Imports 2018 (US\$)	CAGR (2014–18)	Tariff Applied by Canada on Pakistan
620520	Men's or boys' shirts of cotton (excluding knitted or crocheted, nightshirts, singlets and other vests)	276,247,000	-1.26%	Bangladesh China India	26.10% 23.40% 8.30%	0% 17.00% 17.00%	502,000	0.18%	-10.00%	17.00%
630790	Made-up articles of textile materials, incl. dress patterns, n.e.s.	263,414,000	-1.11%	China USA Mexico	52.40% 25.80% 7.30%	12.90% 0% 0%	888,000	0.34%	25.58%	10.30%
620193	Men's or boys' anoraks, windcheaters, wind jackets and similar articles, of man-made fibres (not knitted or crocheted and excluding suits, ensembles, jackets, blazers, trousers and tops of ski suits)	246,413,000	4.72%	China Vietnam Bangladesh	50.40% 18.10% 10.90%	17.00% 0% 0%	477,000	0.19%	-5.01%	17.00%
610990	T-shirts, singlets and other vests of textile materials, knitted or crocheted (excluding cotton)	244,128,000	0.56%	China Cambodia Bangladesh	32.90% 12.10% 8.40%	18.00% 0% 0%	1,137,000	0.47%	30.01%	18.00%
621210	Brassieres of all types of textile materials, whether or not elasticated, incl. knitted or crocheted	243,220,000	2.81%	China Vietnam Sri Lanka	45.30% 12.90% 12.20%	18.00% 0% 18.00%	35,000	0.01%	#DIV/0!	18.00%
620293	Women's or girls' anoraks, windcheaters, wind jackets and similar articles, of man-made fibres (not knitted or crocheted and excluding suits, ensembles, jackets, blazers, trousers and tops of ski suits)	229,817,000	4.07%	China Vietnam Bangladesh	56.90% 17.30% 9.00%	18.00% 0% 18.00%	179,000	0.08%	-1.86%	18.00%
610463	Women's or girls' trousers, bib and brace overalls, breeches and shorts of synthetic fibres, knitted or crocheted (excluding panties and swimwear)	213,790,000	10.48%	China Vietnam Cambodia	33.40% 21.60% 18.40%	18.00% 9.00% 0%	209,000	0.10%	29.20%	18.00%
570330	Carpets and other floor coverings, of man-made textile materials, tufted "needle punched", whether or not made up (excluding those of nylon or other polyamides)	197,047,000	-3.63%	USA China Mexico	63.80% 21.70% 4.10%	0% 11.30% 0%	3,000	0.00%	31.61%	4.00%
620640	Women's or girls' blouses, shirts and shirt-blouses of man-made fibres (excluding knitted or crocheted and vests)	186,311,000	4.84%	China India Indonesia	53.10% 8.50% 7.70%	18.00% for all	84,000	0.05%	13.85%	18.00%
620343	Men's or boys' trousers, bib and brace overalls, breeches and shorts of synthetic fibres (excluding knitted or crocheted, underpants and swimwear)	175,179,000	2.20%	China Vietnam Bangladesh	24.50% 20.10% 16.60%	18.00% 9.00% 0%	284,000	0.16%	-7.44%	18.00%

HS-Code	Product Label	Imported value in 2018 (US\$)	Canada Imports from the World CAGR (2014–18)	Top Suppliers for Canada's Imports	Share in Imports (2018)	Average Tariffs On these Countries	Canada's Imports from Pakistan 2018 (US\$)	Pakistan's Share in Canada's Imports 2018 (US\$)	CAGR (2014–18)	Tariff Applied by Canada on Pakistan
620463	Women's or girls' trousers, bib and brace overalls, breeches and shorts of synthetic fibres (excluding knitted or crocheted, panties and swimwear)	152,131,000	6.42%	China Vietnam Cambodia	41.90% 14.00% 13.10%	18.00% 9.00% 0%	89,000	0.06%	-29.54%	18.00%
611120	Babies' garments and clothing accessories of cotton, knitted or crocheted (excluding hats)	151,180,000	-0.92%	China Cambodia India	51.10% 11.80% 11.40%	0% for all	838,000	0.55%	-4.32%	0.00%
610462	Women's or girls' trousers, bib and brace overalls, breeches and shorts of cotton, knitted or crocheted (excluding panties and swimwear)	150,456,000	-1.60%	China Cambodia Bangladesh	35.10% 25.10% 12.50%	0% 18.00% 0%	2,092,000	1.39%	51.13%	18.00%
630260	Toilet linen and kitchen linen, of terry towelling or similar terry fabrics of cotton (excluding floorcloths, polishing cloths, dishcloths and dusters)	143,939,000	1.78%	India Bangladesh China	27.70% 27.20% 20.70%	17.00% 0% 17.00%	12,792,000	8.89%	-4.71%	17.00%
611596	Full-length or knee-length stockings, socks and other hosiery, incl. footwear without applied soles, of synthetic fibres, knitted or crocheted (excluding graduated compression hosiery, pantyhose and tights, women's full-length or knee-length stockings, measuring per single yarn < 67 decitex, and hosiery for babies)	141,541,000	5.89%	China USA Indonesia	79.40% 5.50% 1.70%	16.00% 0% 16.00%	1,741,000	1.23%	6.19%	16.00%
630231	Bedlinen of cotton (excluding printed, knitted or crocheted)	139,473,000	-2.17%	India China Pakistan	31.50% 30.40% 14.40%	17.00% for all	20,043,000	14.37%	-0.46%	17.00%
620443	Women's or girls' dresses of synthetic fibres (excluding knitted or crocheted and petticoats)	138,693,000	-0.46%	China Vietnam USA	65.40% 6.80% 6.00%	18.00% 9% 0%	38,000	0.03%	-9.64%	18.00%
621040	Men's or boys' garments of textile fabrics, rubberised or impregnated, coated, covered or laminated with plastics or other substances	131,242,000	-1.33%	China Vietnam Bangladesh	46.10% 22.30% 14.80%	9.00% 4.50% 0%	172,000	0.13%	12.34%	9.00%
610443	Women's or girls' dresses of synthetic fibres, knitted or crocheted (excluding petticoats)	124,441,000	0.80%	China Vietnam Cambodia	47.80% 17.90% 6.30%	18.00% 9.00% 0%	21,000	0.02%	80.01%	18.00%

HS-Code	Product Label	Imported value in 2018 (US\$)	Canada Imports from the World CAGR (2014–18)	Top Suppliers for Canada's Imports	Share in Imports (2018)	Average Tariffs On these Countries	Canada's Imports from Pakistan 2018 (US\$)	Pakistan's Share in Canada's Imports 2018 (US\$)	CAGR (2014–18)	Tariff Applied by Canada on Pakistan
621143	Women's or girls' tracksuits and other garments, n.e.s. of man-made fibres (excluding knitted or crocheted)	123,121,000	-0.25%	China India USA	55.30% 10.40% 6.00%	12.00% 12.00% 0%	1,279,000	1.04%	-0.23%	9.00%
630392	Curtains, incl. drapes, and interior blinds, curtain or bed valances of synthetic fibres (excluding knitted or crocheted, awnings and sunblinds)	122,832,000	-1.82%	China USA Mexico	63.60% 18.10% 9.70%	18.00% 0% 0%	754,000	0.61%	-7.37%	18.00%
560311	Nonwovens, whether or not impregnated, coated, covered or laminated, n.e.s., of synthetic or man-made filaments, weighing <= 25 g/m ²	113,872,000	6.15%	USA Czech Republic Turkey	76.80% 7.80% 4.00%	0% for all	–	0.00%	#DIV/0!	0.00%
611430	Special garments for professional, sporting or other purposes, n.e.s., of man-made fibres, knitted or crocheted	107,033,000	4.39%	China Vietnam Cambodia	51% 9.40% 8.80%	18.00% 0% 0%	282,000	0.26%	-1.94%	18.00%
611241	Women's or girls' swimwear of synthetic fibres, knitted or crocheted	104,710,000	2.71%	China Cambodia Vietnam	60.70% 13.70% 7.30%	18.00% 0% 9.00%	7,000	0.01%	#DIV/0!	18.00%
610343	Men's or boys' trousers, bib and brace overalls, breeches and shorts of synthetic fibres, knitted or crocheted (excluding swimwear and underpants)	102,622,000	10.89%	China Vietnam Bangladesh	26.20% 17.00% 16.40%	18.00% 9.00% 0%	1,186,000	1.16%	31.80%	18.00%
620213	Women's or girls' overcoats, raincoats, car coats, capes, cloaks and similar articles, of man-made fibres (excluding knitted or crocheted)	102,075,000	6.99%	China Vietnam Bangladesh	70.20% 5.90% 3.70%	18.00% 0% 0%	22,000	0.02%	8.29%	18.00%
620469	Women's or girls' trousers, bib and brace overalls, breeches and shorts of textile materials (excluding of wool, fine animal hair, cotton or synthetic fibres, knitted or crocheted, panties and swimwear)	100,284,000	7.60%	China Cambodia Bangladesh	38.10% 18.00% 14.80%	17.00% 0% 0%	54,000	0.05%	-40.91%	17.00%
611011	Jerseys, pullovers, cardigans, waistcoats and similar articles, of wool, knitted or crocheted (excluding wadded waistcoats)	99,598,000	8.55%	China Italy USA	46.30% 18.00% 7.20%	18.00% 0% 0%	392,000	0.39%	38.35%	17.00%
560312	Nonwovens, whether or not impregnated, coated, covered or laminated, n.e.s., of man-made filaments, weighing > 25 g/m ² but <= 70 g/m ²	99,476,000	4.55%	USA Israel China	71.60% 8.40% 8.30%	0% for all	–	0.00%	#DIV/0!	0.00%

HS-Code	Product Label	Imported value in 2018 (US\$)	Canada Imports from the World CAGR (2014–18)	Top Suppliers for Canada's Imports	Share in Imports (2018)	Average Tariffs On these Countries	Canada's Imports from Pakistan 2018 (US\$)	Pakistan's Share in Canada's Imports 2018 (US\$)	CAGR (2014–18)	Tariff Applied by Canada on Pakistan
560314	Nonwovens, whether or not impregnated, coated, covered or laminated, n.e.s., of man-made filaments, weighing > 150 g	99,128,000	2.77%	USA Germany China	81.90% 5.70% 5.30%	0% for all	–	0.00%	#DIV/0!	0.00%
611595	Full-length or knee-length stockings, socks and other hosiery, incl. footwear without applied soles, of cotton, knitted or crocheted (excluding graduated compression hosiery, pantyhose and tights, women's full-length or knee-length stockings)	91,333,000	-0.10%	China Korea, Republic of Pakistan	52% 7 6%.6%	16.00% 0% 16.00%	6,063,000	6.64%	-17.79%	16.00%
610342	Men's or boys' trousers, bib and brace overalls, breeches and shorts of cotton, knitted or crocheted (excluding swimwear and underpants)	90,441,000	19.06%	Cambodia China Bangladesh	24.40% 23.40% 16.70%	0% 18.00% 0%	4,402,000	4.87%	14.07%	18.00%
610832	Women's or girls' nightdresses and pyjamas of man-made fibres, knitted or crocheted (excluding T-shirts, vests and négligés)	88,841,000	8.73%	China Cambodia Bangladesh	45.20% 40.10% 8.50%	18.00% 0% 0%	10,000	0.01%	-6.35%	18.00%
621050	Womens or girls' garments of textile fabrics, rubberised or impregnated, coated, covered or laminated with plastics or other substances	88,372,000	-1.81%	China Vietnam Bangladesh	46.90% 24.30% 12.40%	9.00% 4.50% 0%	112,000	0.13%	42.71%	9.00%
610510	Men's or boys' shirts of cotton, knitted or crocheted (excluding nightshirts, T-shirts, singlets and other vests)	87,492,000	-0.29%	India Vietnam China	18.00% 15.40% 14.30%	18.00% 0% 18.00%	1,634,000	1.87%	-11.81%	18.00%
610822	Women's or girls' briefs and panties of man-made fibres, knitted or crocheted	85,616,000	0.59%	China Sri Lanka Vietnam	58.90% 13.60% 7.30%	18.00% 18.00% 9.00%	1,000	0.00%	-15.91%	18.00%
560313	Nonwovens, whether or not impregnated, coated, covered or laminated, n.e.s., of man-made filaments, weighing > 70 g/m ² but ≤ 150 g/m ²	84,673,000	2.66%	USA China Germany	53.30% 27.20% 4.80%	0% for all	11,000	0.01%	#DIV/0!	0.00%
620630	Women's or girls' blouses, shirts and shirt-blouses of cotton (excluding knitted or crocheted and vests)	84,327,000	-0.03%	China India Bangladesh	28.10% 19.10% 14.90%	17.00% 17.00% 0%	290,000	0.34%	25.21%	17.00%
630140	Blankets and travelling rugs of synthetic fibres (excluding electric, table covers, bedspreads and articles of bedding and similar furnishing of heading 9404)	80,794,000	3.30%	China Cambodia India	82.80% 12.50% 1.80%	17.00% 0% 17.00%	414,000	0.51%	53.28%	12.00%

HS-Code	Product Label	Imported value in 2018 (US\$)	Canada Imports from the World CAGR (2014–18)	Top Suppliers for Canada's Imports	Share in Imports (2018)	Average Tariffs On these Countries	Canada's Imports from Pakistan 2018 (US\$)	Pakistan's Share in Canada's Imports 2018 (US\$)	CAGR (2014–18)	Tariff Applied by Canada on Pakistan
591190	Textile products and articles, for technical purposes, specified in Note 7 to chapter 59, n.e.s.	79,205,000	11.48%	USA Hungary Mexico	43.90% 20.50% 14.00%	0% for all	2,000	0.00%	0.00%	0.00%
540233	Textured filament yarn of polyester (excluding that put up for retail sale)	78,788,000	4.81%	USA India China	38.80% 19.30% 11.90%	0% for all	–	0.00%	#DIV/0!	0.00%
610620	Women's or girls' blouses, shirts and shirt-blouses of man-made fibres, knitted or crocheted (excluding T-shirts and vests)	78,348,000	5.39%	China Cambodia Vietnam	41.50% 18.80% 9.00%	18.00% 0% 0%	60,000	0.08%	–20.74%	18.00%
590390	Textile fabrics impregnated, coated, covered or laminated with plastics other than poly"vinyl chloride" or polyurethane (excluding tyre cord fabric of high-tenacity yarn of nylon or other polyamides, polyesters or viscose rayon;	73,259,000	7.94%	USA China India	56.30% 21.50% 6.50%	0% for all	26,000	0.04%	–20.47%	0.00%
570242	Carpets and other floor coverings, of man-made textile materials, woven, not tufted or flocked, of pile construction, made up (excluding Kelem, Schumacks, Karamanie and similar hand-woven rugs)	72,469,000	14.63%	Turkey Egypt Belgium	52.70% 18.30% 11.70%	14.00% 10.00% 0.00%	2,000	0.00%	–20.47%	10.00%

Source: Data sourced from ITC Trade Map

Key Findings

- Pakistan is a top supplier for 2 of the 50 items listed above. These include 'full-length or knee-length stockings ...' (HS–611595) and 'Bedlinen of Cotton ...' (HS–630231) where the country's share in the Canadian market is at least 14.0 percent.
- Twenty-seven of the items listed (highlighted in red) in the table are made from man-made synthetic fibre of which Pakistan holds an insignificant share of 1.0 percent for two items only, with an insignificant share in the rest. Pakistani manufacturers need to penetrate the global synthetic or man-made fibre market which has long surpassed the demand for cotton articles. Analysis done in 2016 indicates the share of cotton had fallen from nearly 70.0 percent in the 1960s to only 27.0 percent by the end of 2016.
- Bangladesh or Cambodia are top suppliers for more than 27 of the items listed in the table. This can be due to favourable export conditions in the form of duty-free concession provided by Canada due to the countries' status as LDCs.
- China is the dominant supplier for most textile articles listed above due to its sheer size. China accounted for 37.6 percent of world textile exports in 2018, which was a new high. It is important to recognise that China is playing an increasingly key role as a textile supplier for many apparel-exporting countries in Asia. Measured by value, as much as 53.8 percent and 60.6 percent of East Asian and Southeast Asian countries' textile imports came from China in 2018.
- Most of the top non-LDC suppliers of Canadian textile and apparel imports have an FTA with that country. The United States, Korea and members of the EU, are all listed as top suppliers to Canada, with whom Canada has signed free trade agreements. Pakistan on the other hand is charged the MFN tariff rate.

Canada's Import of Textiles and Textile Articles from Pakistan (HS-50 to HS-63)

The table below shows Canada's top 25 imports from Pakistan under textiles and textile articles (HS-50 to HS-63) for the year 2018, along with Pakistan's share as a supplier of these goods. Five – year growth rates are included to showcase the trend of textiles in Canada's imports from the world and from Pakistan along with the tariff rate applied by Canada on Pakistan.

TABLE 44: Canada's Imports of Textiles and Textile Articles from Pakistan (HS-50 to HS-63)

HS-Code	Product Label	Value in 2018 (US\$)	% Share of Pakistan in Total Canada's Imports (2018)	Canada's Imports from Pakistan (CAGR 2014-18)	Canada's Imports from the World (CAGR 2014-18)	Tariff Applied (estimate) by Canada on Pakistan
TOTAL	All products	336,541,000				
	Textiles and textile articles (HS-50 to HS-63)	196,382,000				
620342	Men's or boys' trousers, bib and brace overalls, breeches and shorts, of cotton (excluding knitted or crocheted, underpants and swimwear)	22,113,000	4.64%	3.91%	-1.64%	17.00%
630231	Bedlinen of cotton (excluding printed, knitted or crocheted)	20,043,000	14.37%	-0.46%	-2.17%	17.00%
611020	Jerseys, pullovers, cardigans, waistcoats and similar articles, of cotton, knitted or crocheted (excluding wadded waistcoats)	16,800,000	2.76%	12.48%	0.49%	17.00%
620462	Women's or girls' trousers, bib and brace overalls, breeches and shorts of cotton (excluding knitted or crocheted, panties and swimwear)	14,084,000	3.17%	11.18%	-2.45%	17.00%
630260	Toilet linen and kitchen linen, of terry towelling or similar terry fabrics of cotton (excluding floorcloths, polishing cloths, dishcloths and dusters)	12,792,000	8.89%	-4.71%	1.78%	17.00%
630221	Printed bedlinen of cotton (excluding knitted or crocheted)	9,382,000	16.47%	-3.04%	4.43%	17.00%
610910	T-shirts, singlets and other vests of cotton, knitted or crocheted	7,120,000	1.46%	15.30%	0.70%	18.00%
611030	Jerseys, pullovers, cardigans, waistcoats and similar articles, of man-made fibres, knitted or crocheted (excluding wadded waistcoats)	6,119,000	0.86%	53.23%	2.68%	18.00%
611595	Full-length or knee-length stockings, socks and other hosiery, incl. footwear without applied soles, of cotton, knitted or crocheted (excluding graduated compression hosiery, pantyhose)	6,063,000	6.64%	-17.79%	-0.10%	16.00%
630710	Floorcloths, dishcloths, dusters and similar cleaning cloths, of all types of textile materials	4,975,000	11.80%	9.77%	-0.73%	8.50%
610342	Men's or boys' trousers, bib and brace overalls, breeches and shorts of cotton, knitted or crocheted (excluding swimwear and underpants)	4,402,000	4.87%	14.07%	19.06%	18.00%
611610	Gloves, mittens and mitts, impregnated, coated or covered with plastics or rubber, knitted or crocheted	3,503,000	5.27%	-8.19%	5.07%	16.50%
631010	Used or new rags, scrap twine, cordage, rope and cables and worn-out articles thereof, of textile materials, sorted	3,088,000	57.15%	84.76%	53.12%	0.00%
520852	Plain woven fabrics of cotton, containing >= 85% cotton by weight and weighing > 100 g to 200 g/m ² , printed	2,413,000	8.18%	4.61%	0.42%	0.00%
611692	Gloves, mittens and mitts, of cotton, knitted or crocheted (excluding impregnated, coated or covered with plastics or rubber, and for babies)	2,339,000	14.08%	31.26%	27.49%	16.50%
630130	Blankets and travelling rugs of cotton (excluding electric, table covers, bedspreads and articles of bedding and similar furnishing of heading 9404)	2,273,000	14.07%	0.75%	6.43%	17.00%
630210	Bedlinen, knitted or crocheted	2,219,000	9.70%	-14.33%	2.59%	18.00%
630391	Curtains, incl. drapes, and interior blinds, curtain or bed valances of cotton (excluding knitted or crocheted, awnings and sunblinds)	2,110,000	22.03%	13.22%	-8.05%	17.00%
610462	Women's or girls' trousers, bib and brace overalls, breeches and shorts of cotton, knitted or crocheted (excluding panties and swimwear)	2,092,000	1.39%	51.13%	-1.60%	18.00%
570110	Carpets and other textile floor coverings, of wool or fine animal hair, knotted, whether or not made up	2,024,000	12.95%	-5.11%	-4.06%	5.00%

HS-Code	Product Label	Value in 2018 (US\$)	% Share of Pakistan in Total Canada's Imports (2018)	Canada's Imports from Pakistan (CAGR 2014–18)	Canada's Imports from the World (CAGR 2014–18)	Tariff Applied (estimate) by Canada on Pakistan
621133	Men's or boys' tracksuits and other garments, n.e.s. of man-made fibres (excluding knitted or crocheted)	1,874,000	3.59%	13.16%	-0.89%	18.00%
631090	Used or new rags, scrap twine, cordage, rope and cables and worn-out articles thereof, of textile materials (excluding sorted)	1,827,000	46.48%	7.92%	2.60%	0.00%
611596	Full-length or knee-length stockings, socks and other hosiery, incl. footwear without applied soles, of synthetic fibres, knitted or crocheted (excluding graduated compression hosiery ...)	1,741,000	1.23%	6.19%	5.89%	16.00%
610510	Men's or boys' shirts of cotton, knitted or crocheted (excluding nightshirts, T-shirts, singlets and other vests)	1,634,000	1.87%	-11.81%	-0.29%	18.00%
621600	Gloves, mittens and mitts, of all types of textile materials (excluding knitted or crocheted and for babies)	1,474,000	2.40%	-6.41%	1.30%	16.50%

Source: Data sourced from ITC Trade Map

Key Findings

Articles of apparel and clothing accessories, knitted or crocheted (HS-61)

- Articles of apparel and clothing accessories, knitted or crocheted (HS-61) is Pakistan's second biggest export category to Canada with over \$66.3 million exported in 2018, contributing 19.7 percent of total exports and 56.7 percent of exports under apparel (HS-61 and HS-62).
- With the exception of gloves, mittens and mitts of cotton ... (HS-611692) and Women's and girls' trousers ... (HS-610462), all other items had an export value greater than \$1.0 million, in 2018. With the exception of Jerseys, pullovers of man-made fibres (HS-611030), all other items under this category had a share in Canada's imports greater than 1.0 percent.
- HS-611610 is the only item in this category where Canada's world imports are falling (as depicted by the negative CAGR), whereas Pakistan has been able to maintain a positive CAGR in a declining market.

Articles of apparel and clothing accessories, not knitted or crocheted (HS-62)

- Items under HS-62 enjoy a significant share of total Pakistani exports to Canada in so far as taking up 14.9 percent of total exports to Canada, and 43.3 percent of exports under apparel (HS-61 and HS-62).
- Only four of the top twenty-five items belong to this category; however, each of these has at least a 2.0 percent share in total imports with values exceeding 1.0 million. Growth in 3 of these Canadian imports from the world is decreasing whereas Pakistan's exports to Canada for these items is increasing, possibly indicating that investments are being made to enhance exports in a declining market.

Other made up textile articles; sets; worn clothing and worn textile articles; rags (HS-63)

- HS-63 is Pakistan's biggest export category to Canada with over \$66.5 million exported in 2018, making up 19.8 percent of total exports to Canada.
- The table shows two notable items, HS-631010 and HS-631090, both of which have a significant share on 57.1 percent and 46.4 percent, respectively, in Canada's total imports indicating a significant market share and presence. However, it should be noted that these are the only 2 items from this list where Canada applies a zero-tariff on imports on all its suppliers.

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