

The Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) Mini-Trade Reports

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AUSTRALIA

ABOUT

APF Canada's CPTPP Mini-Trade Report: **AUSTRALIA**

- Building on our recent report, [The Impact of the CPTPP on Trade between Canada and the Asia Pacific](#), this mini-report focuses on Australia – one of the seven 'AP7' economies (signatories to the CPTPP) in the Asia Pacific.
- This report explores the CPTPP's benefits for Canada's merchandise and service trade relations with Australia at the national and sub-national level in the five years post-CPTPP ratification (from 2019 to 2023), with 2018 data for context.
- The report also identifies future trade opportunities for Canadian firms interested in expanding their presence in Australia.
- Canada and Australia ratified the CPTPP agreement in December 2018.
- APF Canada will release CPTPP Mini-Trade Reports for four more AP7 economies – Japan, Malaysia, New Zealand, and Vietnam (except Brunei, for which there is limited data) – in the first quarter of 2025.



KEY TAKEAWAYS

- Canada-Australia **merchandise trade** has increased by about 9% since the ratification of the CPTPP (up to 2023), with exports and imports growing at a relatively similar pace.
- Canada-Australia **service trade** has remained relatively consistent since the ratification of the CPTPP and was led by Canadian exports to Australia.
- **Ontario, British Columbia, and Quebec** were the main beneficiaries of the two-way merchandise trade between Canada and Australia
- Future trade opportunities include **infrastructure, critical minerals, agri-food, and education.**

Key Statistics, 2023

GDP (PURCHASING POWER PARITY):

C\$2.48T

POPULATION:

26.6M

TOP FIVE TRADE PARTNERS:



China (Mainland)



Japan



United States



South Korea



India

MERCHANDISE TRADE

Australia is Canada's **third-largest merchandise trade partner** among the AP7. Since CPTPP ratification, two-way merchandise trade has seen a year-on-year average growth of around 9%, with trade increasing from around C\$4.2B in 2018 to over C\$6.4B in 2023 – amounting to C\$25B in the five years since the signing of the agreement (Figure 1).

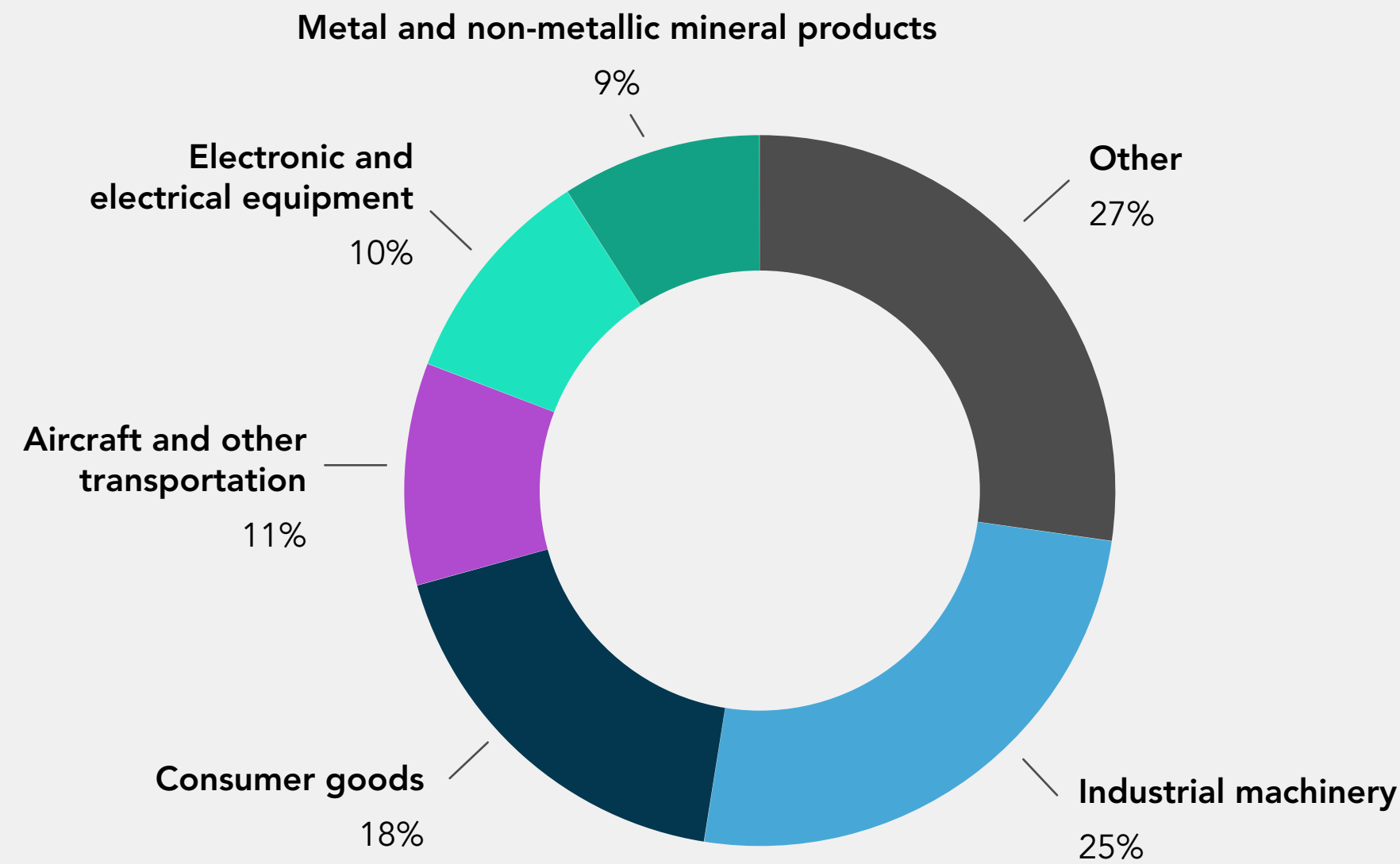
Canada's merchandise exports to and imports from Australia expanded at a relatively similar rate since CPTPP ratification until 2022. In 2022, there was a jump in Canada's exports to Australia, with exports levelling in 2023. Canada's imports from Australia picked up in 2022 and exceeded Canada's exports in 2023 (Figure 1).

Figure 1: Canada-Australia Two-Way Merchandise Trade, 2015-23



Source: Statistics Canada, 2024, Table 12-10-0171-01

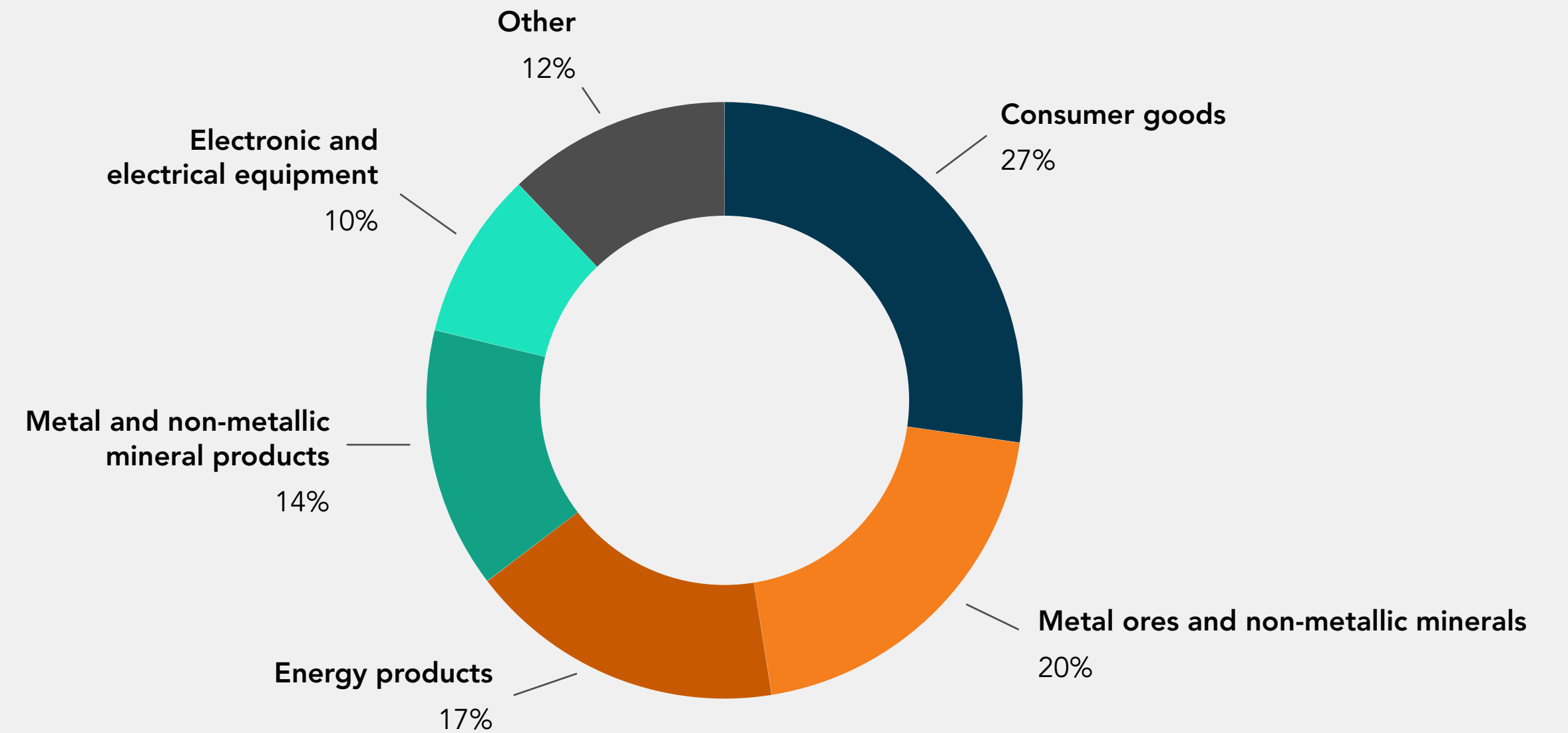
Figure 2: Canada's Top Exports to Australia, 2019-23



Over the last five years, **Canadian exports** of *industrial machinery* accounted for one quarter (or C\$3.2B) of Canada's total exports to Australia, with these exports growing on a yearly basis (Figure 2). *Consumer goods* were Canada's second-largest export category to Australia, accounting for around

18% (or C\$2.4B) of Canada's total exports over the last five years. In 2022, Australia more than doubled its imports of Canadian consumer goods – due to growing inflationary pressures leading to a rise in global prices for goods – with imports declining in 2023 as the global economy rebalanced.

Figure 3: Canada's Top Imports from Australia, 2019-23



Consumer goods accounted for over one quarter of Canadian **imports from Australia**, with Canada importing around C\$3.5B in consumer goods from Australia in the last five years (Figure 3). *Metal ores and non-metallic minerals* were the second-largest import category, accounting for C\$2.6B in

Canada's imports from Australia. While Canada's imports of metal ores increased in 2023, consumer goods imports have declined to pre-2022 levels, reflecting a decrease in inflationary pressures on prices of goods.

SERVICES TRADE

Australia ranked as Canada's **third-largest two-way services trade** (trade in *commercial, travel, and transportation and government services*) partner among the AP7. Despite the decline in bilateral services trade during the pandemic, Canada's services trade with Australia rebounded to pre-pandemic levels, reaching over C\$4B in 2023.

Services trade is driven by Canadian exports to Australia, which accounted for 62% of two-way trade, and primarily consisted of commercial services exports (Figure 4) since ratification of the CPTPP. Canadian services exports to Australia recovered to pre-pandemic levels in 2023, in contrast to Canada's imports of services. Those remain below pre-pandemic import levels, likely a result of a slower post-pandemic rebound for *commercial and transportation and government services* and an uptick in services imports from the U.S.

Figure 4: Canada-Australia Two-Way Services Trade, 2015-23



Source: Statistics Canada, Table 36-10-0007-01

Canada's growing service exports to Australia were led by *commercial services*. *Commercial services* accounted for over half of Canadian exports to and imports from Australia (Table 1). *Travel services*, the second largest services imports from and exports to Australia, declined during the pandemic and only rebounded to pre-pandemic levels in 2023, as global travel was restored.

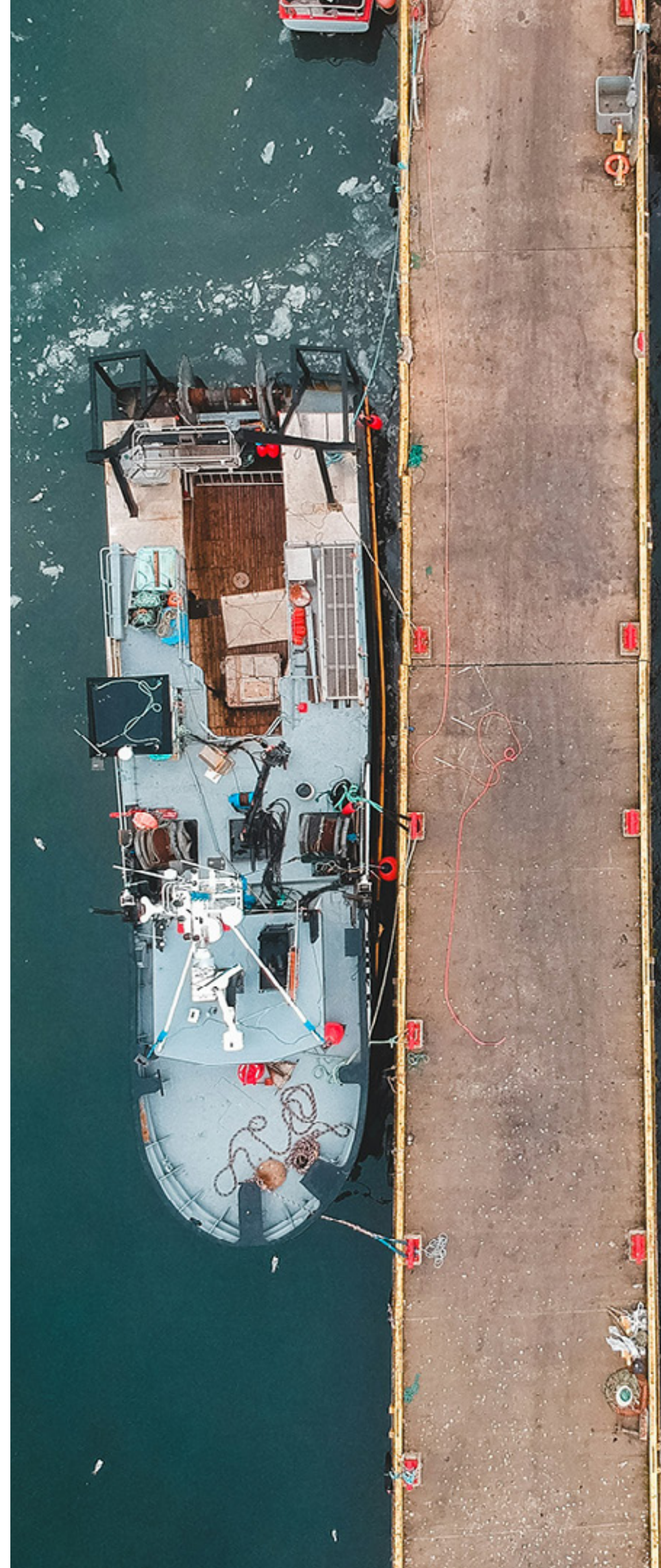


TABLE 1

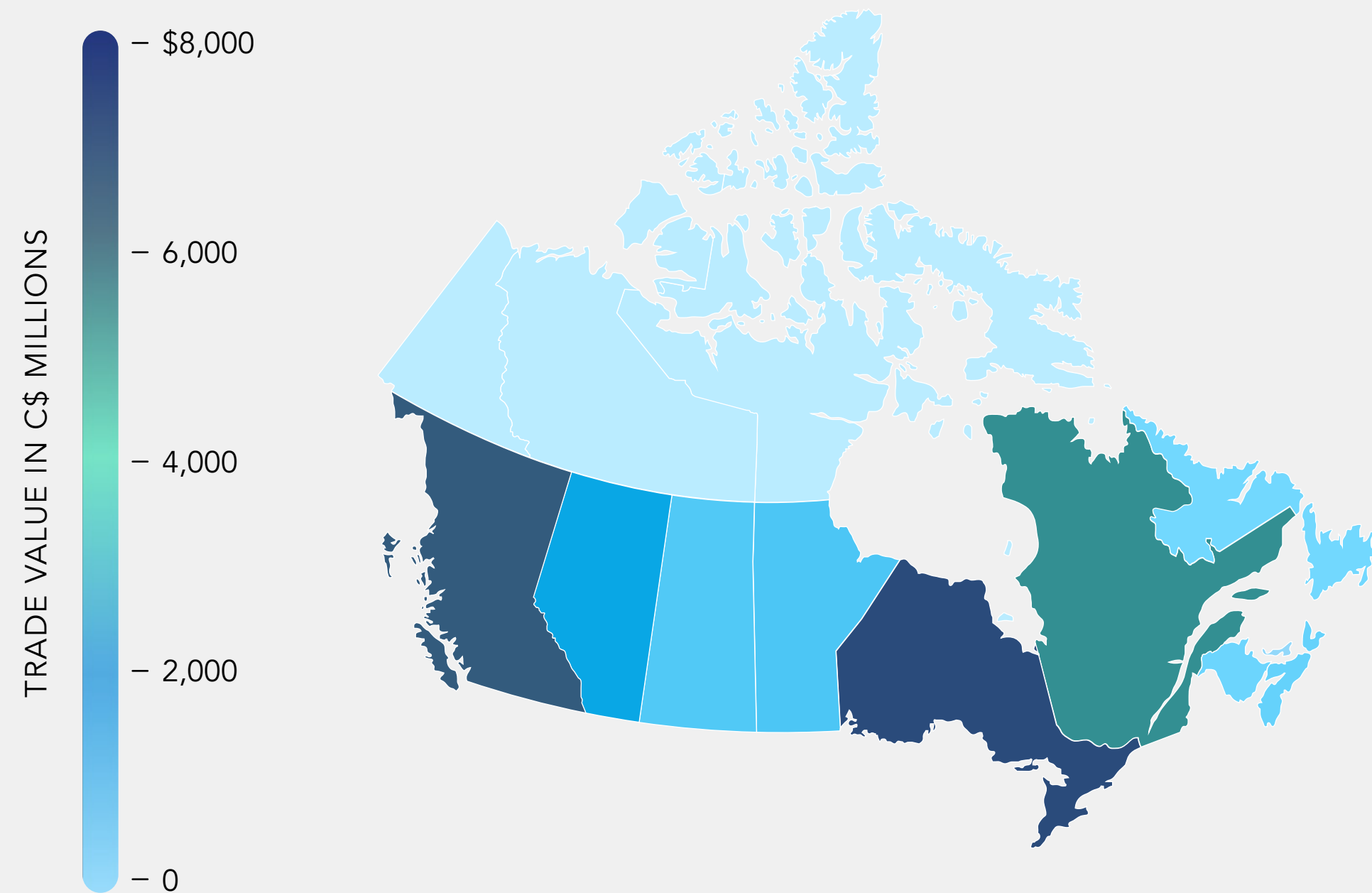
Services	Percentage of Total Service Exports to Australia, 2019-23	Percentage of Total Service Imports From Australia, 2019-23
Commercial	61%	60%
Travel	25%	27%
Transportation and government services	14%	13%

Source: Statistics Canada, Table 36-10-0007-01

PROVINCES BENEFITING FROM CANADA-AUSTRALIA TRADE

Ontario, British Columbia, and Quebec were the main beneficiaries of two-way merchandise trade between Canada and Australia (Figure 5), with each of these province's trade with Australia reaching over C\$1.7B in 2023. **Alberta** and **Manitoba** also ranked among the top five Australian provincial trade partners.

Figure 5: Canadian Provinces Two-Way Merchandise Trade with Australia, 2019-23



Source: Statistics Canada: Table: 12-10-0173-01

AUSTRALIA'S TOP FIVE PROVINCIAL PARTNERS:

Ontario
C\$7,287M

British Columbia
C\$6,859M

Quebec
C\$5,622M

Alberta
C\$2,041M

Manitoba
C\$976M

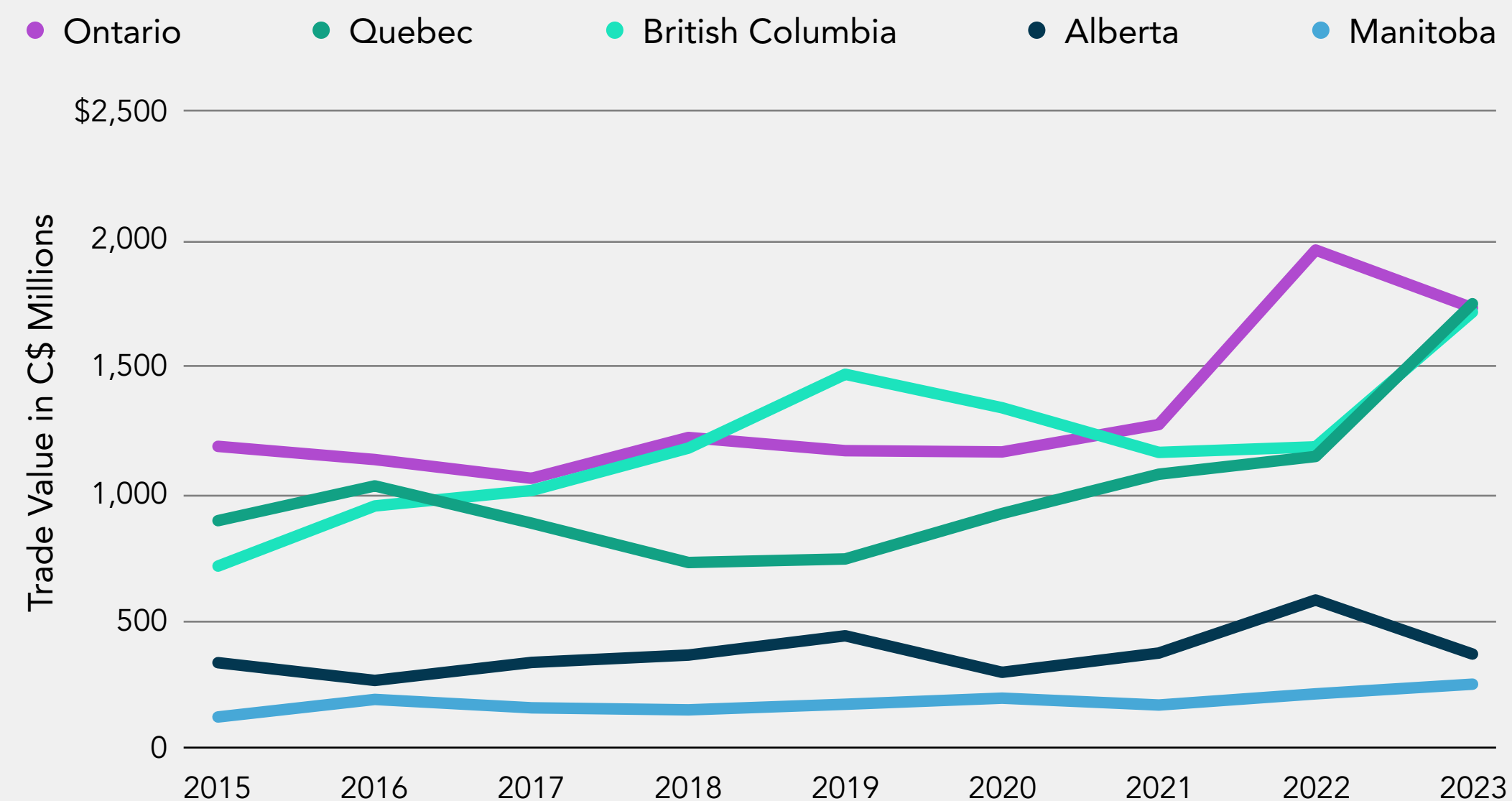
Ontario's trade with Australia has been generally growing since CPTPP ratification (except for 2023, when Ontario's exports to Australia declined following a surge in exports of consumer goods in 2022 driven by growing post-pandemic demand and global inflationary pressures) (Figure 6), with exports accounting for over half (or over C\$3.5B) of two-way trade. *Consumer goods* have been at the heart of Ontario's trade with Australia, accounting for over one-third of its exports to Australia, and for over half of its imports from Australia. The 2023 decline in trade is driven by a decrease in *consumer goods* trade between the two economies.

British Columbia and **Quebec** have been important destinations for Australian products – with merchandise imports accounting for over half of their two-way trade with Australia. *Energy products* accounted for over one-third of

British Columbia's total imports from Australia. *Metal ores and non-metallic minerals* dominated Quebec's imports from Australia, accounting for over one-third of the province's imports from Australia since CPTPP ratification.

Alberta and **Manitoba** have exported more to Australia than they imported from the country over the last five years. Alberta's exports accounted for around 66% of Alberta-Australia trade, led by *metal ores and non-metallic minerals*. Manitoba's exports accounted for around 84% of Manitoba-Australia trade, led by *industrial machinery*. While Manitoba has experienced slow and steady growth in trade with Australia, Alberta's trade with Australia declined, driven by a drop in exports and imports of *metal ores and metal and non-metallic minerals and products*. The decline in these export volumes could be linked to the fall in the [prices for commodities as markets rebalanced](#) after the shock of the Russia-Ukraine war.

Figure 6: Top Five Canadian Provinces Two-Way Merchandise Trade with Australia, 2015-23



Source: Statistics Canada: Table: 12-10-0173-01

TRADE OPPORTUNITIES



Overall, the CPTPP has been beneficial for Canada-Australia services and merchandise trade. The growth in two-way trade is supported by institutional and cultural similarities and the elimination or reduction of [tariffs on multiple products that were at 5% or higher](#) before ratification of

the CPTPP. Tariffs were eliminated on [99% of tariff lines](#), leading to an elimination of tariffs on a [long list of products](#), including chocolate, medical equipment, and iron and steel products.

The global pandemic disrupted trade flows in both merchandise and

services, which were impacted by related inflationary pressures. This led to a rapid expansion of post-pandemic merchandise trade in 2022 that normalized in 2023, with merchandise trade levels between Canada and Australia now higher than before the CPTPP's ratification. Canada's service exports also

rebounded to pre-pandemic levels in 2023. However, Australia's exports of services remain below pre-pandemic levels as *commercial services*, and *transportation and government services* have not rebounded back to pre-pandemic levels (as of 2023).

Several Canadian companies expanded their trade footprint in Australia, benefiting directly from the reductions/eliminations in tariffs brought about by the CPTPP. For example, [Dr. Oetker](#), and [Motion Metrics International](#) have benefited from the CPTPP, as the agreement allowed them to become more competitive and enhanced their market access.

There are significant export opportunities for Canadian firms in Australia across a variety of sectors. According to the International Trade Center's [Export Potential Map](#), there is substantial export potential for Canadian exports of motor vehicles, potassium chloride (a naturally occurring salt used for medical purposes) and coniferous wood. [Export Development Canada](#) identifies infrastructure, power and renewables, critical minerals, and agri-food as sectors that present significant opportunities for Canadian export businesses. The [Government of Canada](#) has a more detailed list, which includes aerospace, security, education, and information and communication technology.



