

Comparing Canada's and China's bilateral trade data, 2014 to 2016

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In 2016, Statistics Canada, Global Affairs Canada, the Ministry of Commerce of the People's Republic of China (MOFCOM) and later the General Administration of Customs of China agreed to form a joint working group on Trade Statistics Reconciliation. The objective of the working group is to explain and quantify the differences in the statistical trade data of the two countries and to carry out an in-depth analysis of the origins of these differences. The identified differences in this report do not imply errors in the statistical systems of either country nor represent revisions or corrections to either country's published trade figures.

Over the past two years, Statistics Canada and MOFCOM exchanged and compared data on bilateral trade in goods and services for reference years 2014 to 2016. The two organizations identified and discussed the various reasons for the asymmetry in their goods and services trade data. A summary of the results of this work is presented below.

Bilateral trade in goods comparison

Bilateral trade in goods between Canada and China has grown significantly over the past several years and the differences between the two countries' trade data have widened in step with this growth. The difference or asymmetry in bilateral eastbound trade—Canada's imports from China and China's exports to Canada—accounts for the bulk of the difference in total trade. The difference in the westbound trade data—Canada's exports to China and China's imports from Canada—is less significant. As a result, the working group focused the analysis on differences in bilateral eastbound trade in goods.

Regarding eastbound trade, Statistics Canada reported that Canada imported US\$48.6 billion in Chinese goods in 2016, while MOFCOM reported US\$27.3 billion in exports to Canada. Based on this, the asymmetry in the published data was US\$21.3 billion.

There are many reasons for the difference between Canada's and China's bilateral eastbound trade data. Among such factors as shipment time lag and country attributions related to re-exports, the main contributor to the difference in the bilateral trade data was indirect trade. As opposed to direct trade where goods are shipped directly from China to Canada, indirect trade involves the shipment of goods through other countries, in particular the United States and Hong Kong. In this case, the export value reported to Chinese Customs may be lower than the import value reported to Canadian Customs.

Since these sources of differences are known and measurable, they can be accounted for in the trade data. In 2016, Canada imported US\$16.7 billion in Chinese goods from the United States, another US\$2.6 billion from Hong Kong, and the remaining US\$1.4 billion from all other countries. An additional US\$0.2 billion in goods shipments should be attributed to the reference year 2016 in Canada's data; this is the value of trade affected by shipment time lag. Of China's exports to Canada, US\$0.2 billion were re-exports of foreign-origin goods. After considering these measurable differences, the eastbound trade asymmetry that remains is reduced from US\$21.3 billion to US\$1.0 billion.



Table 1
Results of adjustments for differences in eastbound trade in goods statistics, 2016

	Canada's imports	China's exports
	billions of US dollars	
Officially published data	48.6	27.3
Published asymmetry	...	21.3
Adjustments:		
China's re-exports	...	0.2
Indirect trade:		
Transshipments through Hong Kong (China)	2.6	...
Transshipments through United States	16.7	...
Transshipments through other countries	1.4	...
Shipment time lag	0.2	...
Data after adjustment	28.2	27.2
Remaining asymmetry	...	1.0
Difference (%)	...	2.2

... not applicable

Note(s): Difference (%) = Remaining asymmetry/Canada's imports

Source(s): Statistics Canada and the Ministry of Commerce of the People's Republic of China.

Bilateral trade in services comparison

In general, measuring international trade in services is a more difficult exercise for statisticians than measuring international trade in goods, as data sources, classifications, and methodologies used by countries to produce estimates on international trade in services often differ. For example, national authorities control products that enter or leave the domestic economy, but this is generally not the case for services.

In this context, Canada and China have undertaken discussions to compare their bilateral trade in services data with the objective of identifying the size and possible causes of differences between their published statistics.

In contrast to the trade in goods data comparison, the asymmetry in westbound services trade is much more significant than in eastbound trade. For eastbound trade, bilateral trade in services estimates are very close. For 2016, China's exports to Canada were US\$1.7 billion while Canada's imports from China were US\$1.9 billion.

Regarding westbound trade, China's imports from Canada were US\$25.9 billion in 2016, while Canada's exports to China were US\$2.4 billion. While some differences were observed in transport services, the main source of discrepancy was travel services. China recorded imports of travel services from Canada of US\$23.7 billion in 2016. China's payments to Canada are approximately 15 times larger than Canada's corresponding receipts from China.

Table 2
Canada's and China's bilateral trade in services¹, 2016

	Westbound trade		Eastbound trade	
	China	Canada	China	Canada
	billions of US dollars			
Services	25.9	2.4	1.7	1.9
Manufacturing services on physical inputs owned by others	0.0	...	0.1	...
Maintenance and repair services n.i.e.	0.0	0.0	0.0	0.0
Transport	1.5	0.4	0.4	1.0
Travel	23.7	1.5	0.7	0.5
Construction	0.0	...	0.0	0.0
Insurance and financial services	0.0	0.0	0.1	0.0
Charges for the use of intellectual property n.i.e.	0.1	0.1	0.0	0.0
Telecommunications, computer, and information services	0.1	0.1	0.1	0.0
Other business services	0.5	0.2	0.4	...
Personal, cultural, and recreational services	0.0	...	0.0	...
Government goods and services n.i.e.	...	0.1	...	0.0

... not applicable

1. Based on the 2010 Extended Balance of Payments Services Classification (EBOPS 2010).

Note(s): n.i.e. = not included elsewhere

Source(s): Statistics Canada and the Ministry of Commerce of the People's Republic of China.

The possible causes of the large asymmetry related to westbound travel services are difficult to identify. Both countries are using completely different sources and methods to generate their travel estimates. China primarily uses International Transactions Reporting System, where data are generated from bank declarations. For transactions that are reported as travel but are actually identified as investment, adjustments are made to the appropriate accounts based on the available information. Canada uses survey data and also applies average spending to the number of foreign students in the case of education travel. Statistics Canada is in the process of revising its estimates of travel services, which should reduce some of the gap identified as part of this exercise.

However, further work and research is required to more precisely identify causes of differences in this area of the services reconciliation between Canada and China.

Note to readers

The international merchandise trade data presented in this report are on a customs basis.

Currency conversion

All values are in US dollars unless otherwise specified. Data sourced from the Ministry of Commerce of the People's Republic of China were published in US dollars. In order to align the currency, Statistics Canada's data, both trade in goods and trade in services, were converted to US dollars using the Bank of Canada's average monthly exchange rate (calculated as the average of the daily noon spot rates in a given month).

Data sources

The trade in goods and trade in services data in this report were sourced from Statistics Canada and the Ministry of Commerce of the People's Republic of China unless otherwise specified.

Definitions, data sources and methods: survey numbers [1534](#), [1536](#) and [2201](#).

The document, "[Comparing Canada's and China's Bilateral Trade Data](#)," which is part of *Latest Developments in the Canadian Economic Accounts*, ([13-605-X](#)), is now available.

Customs based international merchandise trade data are available in the [Canadian International Merchandise Trade Database](#) ([65F0013X](#)).

The [Canada and the World Statistics Hub](#) ([13-609-X](#)) is available online. This product illustrates the nature and extent of Canada's economic and financial relationship with the world using interactive graphs and tables. This product provides easy access to information on trade, investment, employment and travel between Canada and a number of countries, including the United States, the United Kingdom, Mexico, China, Japan, Belgium, Italy, the Netherlands and Spain.

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