

**Country Report on
Market Access for**

Canada

**and the Mercosur's position
in trade**



GRUPO DE PAÍSES PRODUCTORES DEL SUR

GROUP OF PRODUCING COUNTRIES FROM THE SOUTHERN CONE

Updated on
Jul-24

Country report on Canada

Summary



- With a GDP representing 2.1% of the global average GDP, Canada is a market of nearly 39 million people (0.5% of the world's population). Agriculture is the sector with the lowest value-added generation, accounting for only about 2%.
- A demand increase of around 3% is expected by 2030 and 14% by 2050, with growth in both human and animal food consumption. Meat, cereals, and oilseeds are the most important food sectors in demand projections.
- Canada has a negative total trade balance with the world and with MERCOSUR. However, this negative balance mainly comes from the 'Non-Agro' sector.
- The 85% of MERCOSUR imports come solely from Brazil. Although MERCOSUR is among the top suppliers to Canada, its participation percentage is considerably lower than that of the US (3% versus 40%, respectively).
- The most important imported products are primarily for human consumption, although there are also products for animal feed. However, there is not a very high concentration of products in Canada's imports.
- The number of tariff measures has increased in recent years, with discriminatory measures being more frequent. The main products affected are dairy and meat.
- Argentina and Brazil have a larger number of products with export growth potential within MERCOSUR, although there are also opportunities for Uruguay and Paraguay.
- Several products face risks in maintaining competitiveness in Canada. Uruguay is the country with the most products that would be strongly impacted by such a decline. However, in all cases, it should be considered and monitored by the countries to avoid such a decrease. It is recommended to follow the strategy of diversifying the traded basket with Canada, and a loss of trade in these products would counteract this diversification.

Population



38.9 Millions

0.5% Share of World Population

1.82 % Growth Rate Annual Population

0.79 % Growth Rate Annual World Population

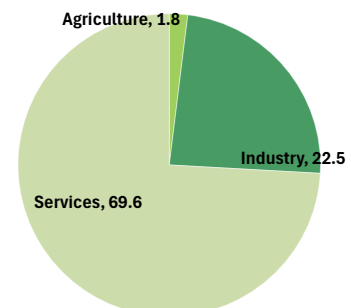


Economy

	Canada	% of World
GDP (billions of USD 2022*)	2,161.5	2.14

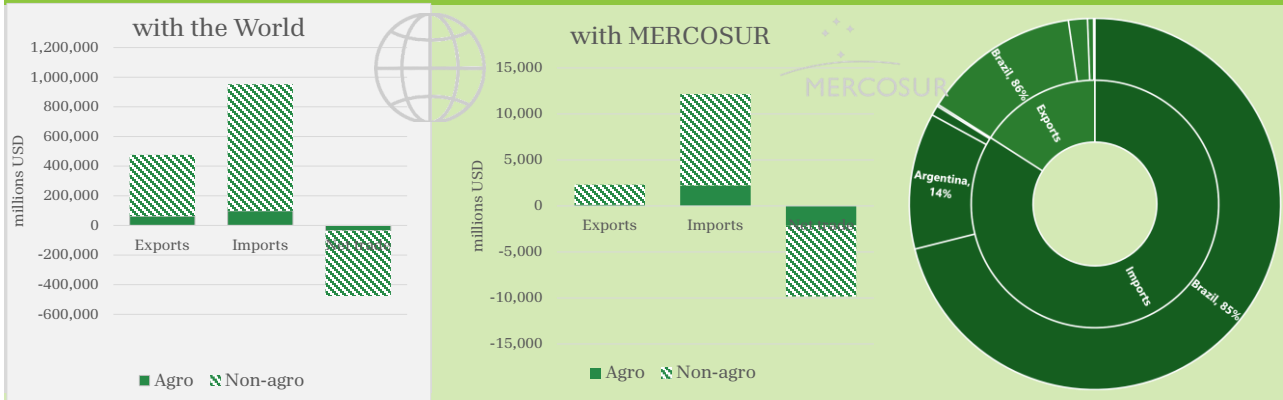
	Canada	World Avg.
GDP per capita (USD 2022*)	55,522.4	12,687.7
GDP growth (annual %)	3.8	3.1
Trade (% of GDP)**	67.6	62.6

Value Added by Sectors (% of 2022 GDP)



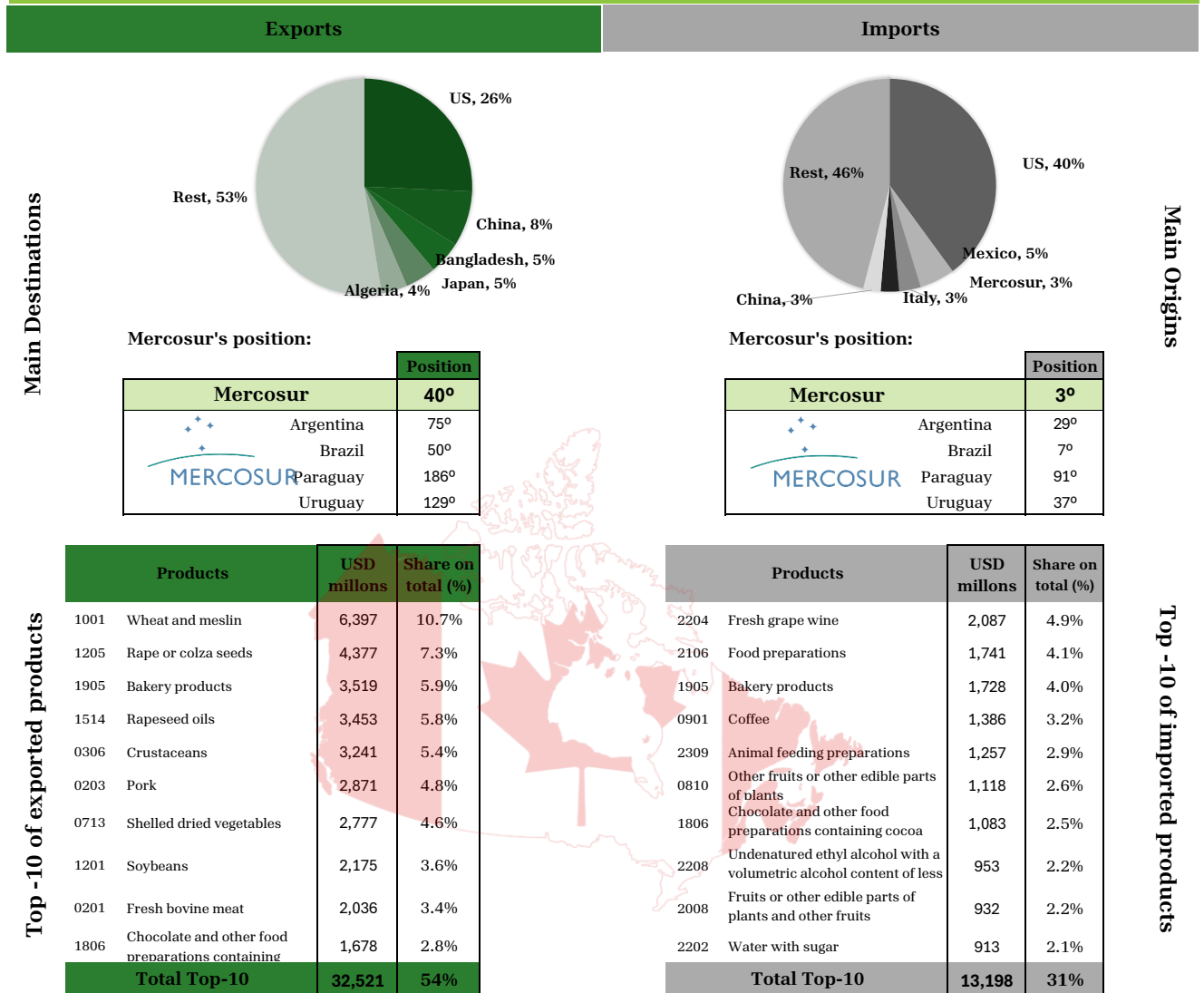
Notes: * in current USD for the year 2022 - latest available; ** Both exports and imports are measured as a proportion of GDP. Source: World Bank - WDI 2024

Average Trade 2018-2022 of Canada



Canada has a trade deficit with the world in both agricultural and 'Non-Agro' products. Only 7.3% of Canada's global trade corresponds to the agricultural sector. It also has a negative trade balance with MERCOSUR of approximately \$9.85 billion (average from 2018-2022), primarily from 'Non-Agro' trade. The 85% of Canada's imports of products (both Agro and Non-Agro) from MERCOSUR come from Brazil alone. Brazil is also the main destination country for its exports within the MERCOSUR countries.

Agricultural average trade 2018-2022 of Canada



Source: Compiled by GPPS based on Comtrade data (Avg 2018-22).

The importance of Canada's trade with MERCOSUR mainly lies in imports, as the MERCOSUR countries' share in Canada's exports is relatively low. MERCOSUR is the third most important supplier of Canada's imports, although it lags significantly behind the US, which accounts for 40% of Canada's total agricultural imports.

Both imports and exports exhibit a high concentration of origin and destination. However, there is no significant concentration of products.

Tariff measures

WTO Tariff Profile

Tariffs and imports in total

Total		Total	Ag	Non-Ag	WTO member since 1995	
Simple average final bound		6.5	15.4	5.1	Binding coverage:	Total 99.7
MFN applied						Non-ag 99.7
Simple average	2022	3.8	14.6	2	Ag: Tariff quotas (in %)	9.5
Trade weighted average	2022	3.2	13.8	2.2	Ag: Special safeguards (in %)	5.4
Imports in billion US\$	2021	473.6	41.9	431.7		

Tariffs and imports in duty ranges

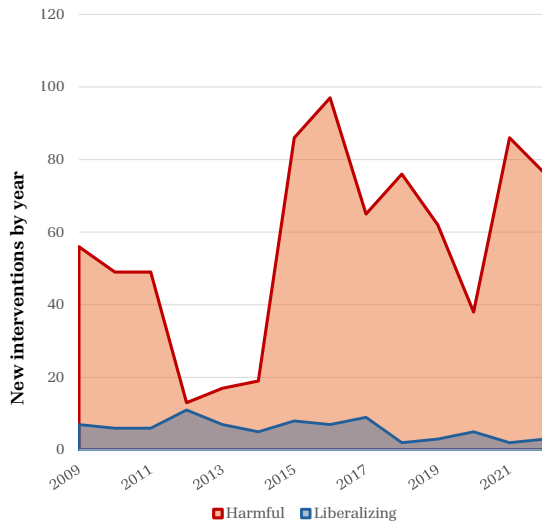
Frequency distribution		Duty-free	0 <= 5	5 <= 10	10 <= 15	15 <= 25	25 <= 50	50 <= 100	> 100	NAV in %
Agricultural products										
Final bound		48	16.3	19.4	7.2	1.2	2.1	1	4.6	18.4
NMF applied	2022	68.7	5.4	11.7	5.4	1.1	2	0.8	4.8	11.0
Imports	2021	57.6	12.3	16.3	9.6	0.1	1.8	0	2.3	11.6

Tariffs and imports by product groups

Product groups	Final bound duties				MFN applied duties			Imports	
	AVG	Duty-free in %	Max	Binding in %	AVG	Duty-free in %	Max	Share in %	Duty-free in %
Animal products	23.5	50.1	497.0	100.0	24.0	65.9	479.0	0.8	66.9
Dairy products	222.1	0.0	314.0	100.0	242.5	1.0	314.0	0.1	0.0
Fruit, vegetables, plants	3.5	57.2	19.0	100.0	2.3	73.2	17.0	2.5	84.1
Coffee, tea	7.4	55.0	265.0	100.0	10.1	81.9	265.0	0.8	74.9
Cereals & preparations	20.5	20.8	277.0	100.0	19.9	46.8	277.0	1.8	27.7
Oilseeds, fats & oils	5.1	49.8	218.0	100.0	2.9	76.0	218.0	0.5	86.1
Sugars and confectionery	4.3	7.4	13.0	100.0	3.5	34.3	13.0	0.3	45.6
Beverages & tobacco	6.9	27.2	256.0	100.0	3.7	53.7	256.0	1.4	30.5
Cotton	0.8	90.0	8.0	100.0	0.0	100.0	0.0	0.0	100.0
Other agricultural products	4.0	66.4	270.0	100.0	2.7	90.7	270.0	0.7	58.0
Fish & fish products	1.0	79.8	11.0	100.0	0.9	79.6	11.0	0.8	82.7

Source: WTO Tariff profile of Canada. URL: https://www.wto.org/spanish/res_s/publications_s/world_tariff_profiles23_s.htm

Non-tariff measures



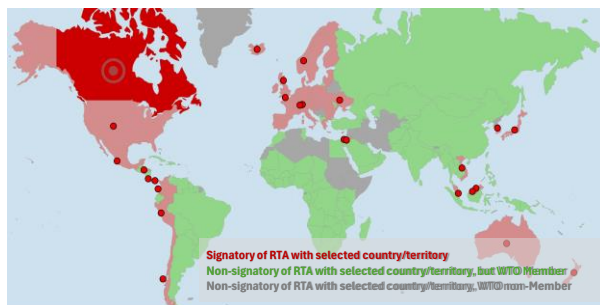
Notes: Both graphs show the number of interventions. Source: Global Trade Alert. URL: <http://www.globaltradealert.org/>

Products most affected by discriminatory measures				
0406-Cheeses and curd, 12	0306-Crustaceans, 10	0207-Meat and edible offal of poultry, 9	0307-Mollusks, 8	0201-Fresh bovine meat, 7
0202-Frozen bovine meat, 11	0203-Pork, 9	1602-Other meat preparations and preserves, 8	2106-Food preparations, 7	0303-Frozen fish, 6

Products most affected by liberalization measures					
2106-Food preparations, 9	0308-Aquatic invertebrates other than mollusks, 6	2207-Undenatured ethyl alcohol with a volumetric...	1202-Peanuts, 5	1806-Chocolate and other food preparatio...	1901-Malt extract, 4
1605-Prepared crustaceans, 6	0307-Mollusks, 5	0406-Cheeses and curd, 4	1005-Maize, 3	0203-Pork, 3	2202-Water with sugar, 3

Trade agreements

Participation in RTAs on goods and services



Source: Extracted from WTO - <https://www.wto.org/>

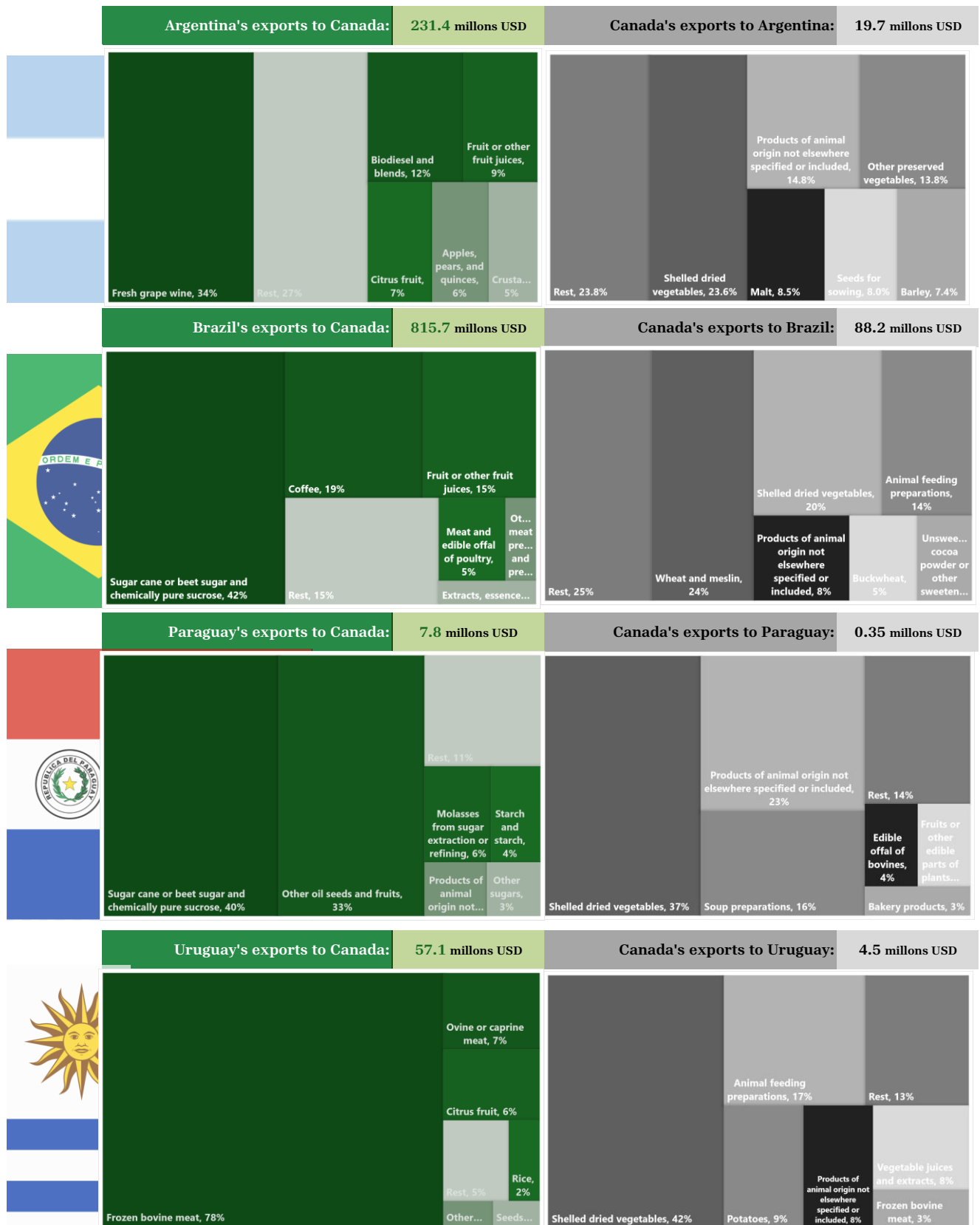
Agreements in force

1. Canada - Chile
2. Canada - Colombia
3. Canada - Costa Rica
4. Canada - Honduras
5. Canada - Israel
6. Canada - Jordan
7. Canada - Rep. of Korea
8. Canada - Panama
9. Canada - Peru
10. Canada - Ucrânia
11. Comprehensive and Progressive Agreement for Transpacific Partnership (CPTPP)
12. EFTA - Canada
13. EU - Canada
14. United Kingdom - Canada
15. United States-Mexico-Canada Agreement

Canada's bilateral agricultural trade with MERCOSUR countries

This section presents the agricultural trade of the Canada with each of the MERCOSUR countries. It provides insights into the main agricultural products traded between the Canada and individual MERCOSUR countries, along with the average bilateral trade amounts (in current USD) from 2018 to 2022.

It highlights the heterogeneity of exports and imports among MERCOSUR countries; aggregating them hide the relative importance of trade with Paraguay and Uruguay, placing greater emphasis on Brazil and Argentina due to their significantly larger trade volumes.



Notes: Values are averages for 2018-2022. The top 6 products are shown. Source: Comtrade 2024.

Products from MERCOSUR countries with Potential-Threat in Canada

Methodology

The **Potential (or Threat)** of exporting a product is analyzed for each of the MERCOSUR countries, considering products classified at the four-digit Harmonized System (HS04) level.

The analysis is conducted based on the calculation and interpretation of the Revealed Comparative Advantage (RCA) index following Lima & Álvarez (2008).

A product is considered to have export **Potential** if the exporting MERCOSUR country has a Revealed Comparative Advantage (RCA index ≥ 1) in its exports, and the importing country also has a Revealed Comparative Advantage (RCA index ≥ 1) in its imports of the same product, indicating export risks.

The data source used is COMTRADE, and all values are averaged over 2018-2022.

Analysis by MERCOSUR country

Product	Have:	Argentine exports to		CAN relevance on Argentine exports	CAN imports from World (USD millions)	Argentine relevance on CAN's total imports (in %)	
		CAN (USD millions)	World (USD millions)				
1204 Linseed	Potential	0.5	5	10.4%	10	4.7%	
1207 Other oil seeds and fruits		0.5	27	2.1%	59	0.9%	
1701 Sugar cane or beet sugar and chemically pure sucrose		4.7	135	3.5%	489	1.0%	
2007 Jams, jellies, and preserves		1.1	28	4.0%	139	0.8%	
2009 Fruit or other fruit juices		20.7	474	4.4%	612	3.4%	
2204 Fresh grape wine		78.3	1,088	7.2%	2,087	3.8%	
2401 Raw or unprocessed tobacco		2.3	342	0.7%	38	6.1%	
3826 Biodiesel and blends		26.9	2,227	1.2%	726	3.7%	
0306 Crustaceans		12.6	1,947	0.6%	796	1.6%	
0307 Mollusks		2.2	393	0.6%	191	1.2%	
0511 Products of animal origin not elsewhere specified or included		2.9	50	5.8%	144	2.0%	
0703 Onions		1.8	212	0.8%	246	0.7%	
0713 Shelled dried vegetables		3.8	575	0.7%	189	2.0%	
0805 Citrus fruit		16.8	566	3.0%	625	2.7%	
0808 Apples, pears, and quinces		14.6	511	2.9%	297	4.9%	
0809 Apricots		1.6	54	3.1%	260	0.6%	
0811 Frozen fruits and other fruits		3.0	26	11.2%	303	1.0%	
0813 Dried fruits and other fruits		0.5	66	0.7%	77	0.6%	
0903 Yerba mate		0.5	34	1.6%	2	24.8%	
2305 Cakes and other solid residues from the extraction of peanuts		0.2	12	1.5%	0	41.4%	
1006 Rice		Threat	1.7	207.2	0.8%	418	0.4%
1102 Cereal flours			0.1	4.0	1.3%	49	0.1%
1106 Vegetable flour			0.2	2.2	7.3%	51	0.3%
1205 Rape or colza seeds	0.1		19.6	0.6%	114	0.1%	
1208 Flour of oil seeds or fruits	0.1		9.9	0.6%	27	0.2%	
1209 Seeds for sowing	0.5		95.8	0.5%	259	0.2%	
1211 Plants	0.0		5.6	0.6%	93	0.0%	
1212 Carobs	0.0		1.0	1.3%	34	0.0%	
1509 Olive oil and its fractions	1.1		113.2	1.0%	220	0.5%	
1513 Coconut oils	0.0		0.0	33.0%	94	0.0%	
1514 Rapeseed oils	0.0		0.4	3.8%	25	0.1%	
1515 Other fixed vegetable fats and oils	0.4		65.8	0.6%	121	0.3%	
1602 Other meat preparations and preserves	0.4		30.5	1.2%	658	0.1%	
1605 Prepared crustaceans	0.8		9.6	8.5%	262	0.3%	
1704 Confectionery articles without cocoa	0.4		48.9	0.9%	461	0.1%	
1806 Chocolate and other food preparations containing cocoa	1.9		92.4	2.1%	1,083	0.2%	
1901 Malt extract	0.6		115.6	0.5%	633	0.1%	
2001 Preserved vegetables and fruits	0.0		0.3	2.9%	140	0.0%	
2008 Fruits or other edible parts of plants and other fruits	2.0		176.5	1.1%	932	0.2%	
2301 Fish meal and pellets	0.5		66.8	0.7%	175	0.3%	
0101 Horses	0.3		32.3	0.9%	71	0.4%	
0302 Fresh or chilled fish	0.0		3.6	0.5%	252	0.0%	
0303 Frozen fish	1.1		231.5	0.5%	224	0.5%	
0704 Cabbages	0.0	0.2	7.6%	490	0.0%		
0705 Lettuces	0.0	0.7	3.8%	463	0.0%		
0708 Leguminous vegetables	0.0	1.9	0.7%	128	0.0%		
0709 Other vegetables	0.1	9.2	1.4%	878	0.0%		
0710 Frozen vegetables	0.2	2.9	5.6%	172	0.1%		
0801 Coconuts	0.0	0.1	2.2%	164	0.0%		
0804 Dates, figs, avocados	0.1	2.7	3.9%	551	0.0%		
0810 Other fruits or other edible parts of plants	5.0	113.2	4.4%	1,118	0.5%		
0902 Tea	0.5	105.9	0.5%	134	0.4%		
0910 Ginger	0.0	0.4	3.3%	84	0.0%		

Almost all products identified with the potential to expand Argentina's exports to Canada could be expanded, except for codes 0903 and 2305, as they already have a high share in Canada's imports and it does not seem likely that this country will increase its dependence.

Several products were found with risks of decreasing exports to Canada. Among these, Canada is an important destination for Argentina's exports only in the case of coconut oil. For the remaining products, Canada's share as a destination for Argentina's exports does not exceed 8.5%, while Argentina is a less significant supplier to Canada—less than 1%—which increases the risk of origin substitution.

Product	Have:	Brazilian exports to		CAN relevance on Brazilian exports	CAN imports from World (USD millions)	Brazil's relevance on CAN's total imports (in %)	
		CAN (USD millions)	World (USD millions)				
1505 Wool grease and derived fatty substances	Potential	0.2	2.5	7.0%	3.9	4.4%	
1602 Other meat preparations and preserves		19.0	1297.2	1.5%	658.3	2.9%	
1701 Sugar cane or beet sugar and chemically pure sucrose		339.6	5945.0	5.7%	489.2	69.4%	
1804 Cocoa butter, fat, and oil		5.5	131.6	4.2%	169.9	3.2%	
1805 Unsweetened cocoa powder or other sweetener		1.7	73.9	2.2%	72.7	2.3%	
1903 Tapioca and prepared tapioca substitutes		0.3	5.6	4.6%	9.3	2.7%	
2009 Fruit or other fruit juices		123.9	3440.3	3.6%	611.9	20.2%	
2101 Extracts, essences, and concentrates		17.2	683.4	2.5%	216.3	7.9%	
2102 Yeasts		1.8	148.4	1.2%	76.7	2.3%	
0409 Natural honey		7.4	139.2	5.3%	37.7	19.6%	
0410 Edible products of animal origin not elsewhere specified or		0.4	6.4	5.6%	3.7	9.6%	
0507 Ivory		0.1	10.2	1.0%	3.8	2.7%	
0511 Products of animal origin not elsewhere specified or include		9.9	216.9	4.6%	143.6	6.9%	
0801 Coconuts		12.7	175.8	7.2%	163.5	7.8%	
0804 Dates, figs, avocados		10.8	735.2	1.5%	550.9	2.0%	
0901 Coffee		151.5	8667.4	1.7%	1385.7	10.9%	
0904 Pepper of the genus Piper		3.7	314.3	1.2%	81.8	4.6%	
2305 Cakes and other solid residues from the extraction of peanut		0.1	3.0	4.9%	0.4	35.2%	
1008 Buckwheat		Threat	0.0	1.9	1.0%	39.3	0.05%
1106 Vegetable flour			0.7	26.2	2.8%	50.7	1.42%
1108 Starch and starch			0.4	54.6	0.8%	74.4	0.60%
1206 Sunflower seeds			0.0	0.2	2.4%	42.2	0.01%
1211 Plants			0.2	26.1	0.8%	93.5	0.22%
1302 Vegetable juices and extracts	2.2		115.9	1.9%	174.3	1.25%	
1509 Olive oil and its fractions	0.0		0.2	8.5%	219.8	0.01%	
1605 Prepared crustaceans	0.0		0.1	4.6%	261.6	0.00%	
1703 Molasses from sugar extraction or refining	0.1		5.3	1.0%	29.3	0.18%	
1704 Confectionery articles without cocoa	6.4		138.6	4.6%	460.5	1.39%	
1803 Cocoa paste	0.2		27.8	0.8%	88.1	0.27%	
1901 Malt extract	0.3		29.2	1.0%	633.5	0.05%	
1905 Bakery products	1.4		140.9	1.0%	1728.0	0.08%	
2005 Other preserved vegetables	1.3		33.6	4.0%	363.0	0.37%	
2007 Jams, jellies, and preserves	0.5		21.4	2.4%	138.9	0.36%	
2008 Fruits or other edible parts of plants and other fruits	4.4		119.2	3.7%	932.5	0.47%	
2201 Unsweetened water	0.0		0.3	7.0%	91.3	0.02%	
2202 Water with sugar	2.6		47.0	5.5%	912.7	0.28%	
2306 Cakes and other solid residues from the extraction of vegetable	0.1		1.2	5.7%	9.2	0.75%	
2402 Cigarettes	0.8		40.4	1.9%	96.8	0.81%	
0106 Other live animals	0.0		0.8	0.9%	102.4	0.01%	
0301 Live fish	0.1		8.5	1.1%	61.3	0.16%	
0302 Fresh or chilled fish	0.8		56.1	1.5%	251.9	0.33%	
0303 Frozen fish	3.3		111.2	3.0%	224.3	1.46%	
0304 Fillets and other fish meat	0.7		14.6	4.6%	752.0	0.09%	
0601 Bulbs	0.1		10.6	1.4%	47.5	0.30%	
0602 Other live plants	0.1		10.6	1.4%	251.1	0.06%	
0603 Flowers and buds	0.0		1.5	1.6%	133.4	0.02%	
0604 Foliage	0.0		2.7	1.6%	41.6	0.10%	
0704 Cabbages	0.0		0.6	0.8%	489.9	0.00%	
0705 Lettuces	0.0		0.2	0.8%	463.1	0.00%	
0708 Leguminous vegetables	0.0		0.0	12.8%	128.2	0.00%	
0709 Other vegetables	0.2		11.1	2.2%	877.6	0.03%	
0710 Frozen vegetables	0.0		0.6	0.8%	172.0	0.00%	
0711 Provisionally preserved vegetables	0.0		0.1	5.2%	5.1	0.14%	
0712 Dried vegetables	0.0	0.4	2.5%	113.8	0.01%		
0714 Cassava roots	0.3	19.4	1.6%	108.1	0.28%		
0802 Other fresh or dried nuts	0.3	17.5	1.8%	496.1	0.06%		
0809 Apricots	0.1	0.4	16.1%	260.0	0.03%		
0810 Other fruits or other edible parts of plants	2.2	11.8	19.0%	1118.0	0.20%		
0811 Frozen fruits and other fruits	0.4	24.7	1.8%	302.7	0.14%		
0813 Dried fruits and other fruits	0.1	3.0	3.5%	76.8	0.14%		
0814 Citrus peel	0.0	1.1	1.1%	1.9	0.62%		
0902 Tea	0.1	2.6	3.6%	134.4	0.07%		
0906 Cinnamon and cinnamon flowers	0.0	0.0	1.4%	16.2	0.00%		
0909 Anise seeds	0.0	0.2	1.2%	13.8	0.02%		

Brazil has the potential to expand its exports in almost all identified products, although four of them have limited chances. These are 1701, 2009, 0409, and 2305, due to their current high share in Canada's imports; increasing dependence on Brazil does not seem like a viable strategy for that country.

On the other hand, three products facing risks of decreased exports to Canada deserve more attention: Canada is a relatively significant destination, but Brazil's market share in Canada is not very high, which makes substitution easier

	Product	Have:	Paraguayan exports to		CAN relevance on Paraguayan exports	CAN imports from World (USD millions)	Paraguay's relevance on CAN's total imports (in %)	
			CAN (USD millions)	World (USD millions)				
	1108 Starch and starch	Potential	0.32	28.94	1.1%	74	0.4%	
	1202 Peanuts		0.13	10.79	1.2%	139	0.1%	
	1207 Other oil seeds and fruits		2.62	135.16	1.9%	59	4.4%	
	1208 Flour of oil seeds or fruits		0.11	2.75	4.1%	27	0.4%	
	1209 Seeds for sowing		0.06	1.28	4.6%	259	0.0%	
	1211 Plants		0.03	12.47	0.3%	93	0.0%	
	1212 Carobs		0.06	1.14	5.6%	34	0.2%	
	1701 Sugar cane or beet sugar and chemically pure sucrose		3.13	81.59	3.8%	489	0.6%	
	1702 Other sugars		0.20	0.28	71.4%	225	0.1%	
	1703 Molasses from sugar extraction or refining		0.44	5.28	8.4%	29	1.5%	
	1903 Tapioca and prepared tapioca substitutes		0.00	0.01	18.3%	9	0.0%	
	0511 Products of animal origin not elsewhere specified or included		0.23	40.73	0.6%	144	0.2%	
	0814 Citrus peel		0.01	5.01	0.2%	2	0.4%	
	0903 Yerba mate		0.13	15.73	0.8%	2	5.9%	
	1008 Buckwheat		Threat	0.01	0.65	0.9%	39	0.0%
	1106 Vegetable flour			0.00	0.00	39.6%	51	0.0%
	1302 Vegetable juices and extracts			0.00	0.16	0.3%	174	0.0%
	1513 Coconut oils	0.01		0.32	2.2%	94	0.0%	
	1704 Confectionery articles without cocoa	0.01		0.04	35.8%	461	0.0%	
	1806 Chocolate and other food preparations containing cocoa	0.01		0.07	18.5%	1,083	0.0%	
	1902 Pasta	0.01		0.38	1.4%	486	0.0%	
	2002 Prepared or preserved tomatoes	0.00		0.01	0.1%	120	0.0%	
	2007 Jams, jellies, and preserves	0.01		0.06	10.7%	139	0.0%	
	2008 Fruits or other edible parts of plants and other fruits	0.06		1.76	3.4%	932	0.0%	
	2103 Preparations for sauces and prepared sauces	0.00		0.02	16.6%	804	0.0%	
	2106 Food preparations	0.01		1.79	0.6%	1,741	0.0%	
	2202 Water with sugar	0.00		0.08	1.0%	913	0.0%	
	2208 Undenatured ethyl alcohol with a volumetric alcohol content	0.00		1.46	0.3%	953	0.0%	
	0710 Frozen vegetables	0.00		0.01	4.8%	172	0.0%	
	0813 Dried fruits and other fruits	0.00		0.00	9.2%	77	0.0%	
	0901 Coffee	0.00		0.01	0.2%	1,386	0.0%	
	0902 Tea	0.02	0.06	35.4%	134	0.0%		
	0909 Anise seeds	0.00	0.03	0.2%	14	0.0%		
	0910 Ginger	0.00	0.05	0.4%	84	0.0%		

It is worth highlighting the importance of two products where Paraguay has the potential to expand exports: codes 1702 and 1903. In both cases, Canada is already a significant destination for Paraguayan exports, so further increasing dependence on this market is not advisable.

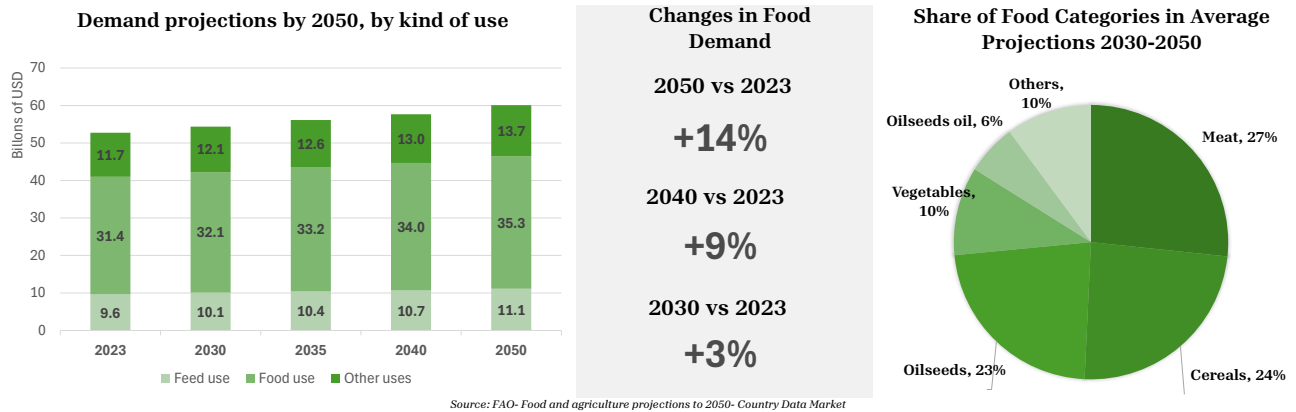
For all products where threats to export continuity are detected, Paraguay has a very low share in Canada's imports. In six products, Paraguay is highly dependent on this destination, making a reduction in trade undesirable.

Product	Have:	Uruguayan exports to		CAN relevance on Uruguayan exports	CAN imports from World (USD millions)	Uruguay's relevance on CAN's total imports (in %)
		CAN (USD millions)	World (USD millions)			
1204 Linseed	Potential	0.1	1.1	12%	10	1.3%
1209 Seeds for sowing		0.6	18.6	3%	259	0.2%
0202 Frozen bovine meat		44.5	1831.2	2%	269	16.5%
0204 Ovine or caprine meat		3.8	93.5	4%	206	1.9%
0805 Citrus fruit		3.5	132.9	3%	625	0.6%
0903 Yerba mate		0.0	1.4	3%	2	1.8%
1102 Cereal flours	Threat	0.00	0.07	5.6%	49	0.0%
1108 Starch and starch		0.00	0.01	0.9%	74	0.0%
1510 Other oils and their fractions obtained exclusively from olive		0.00	0.00	0.9%	3	0.0%
1605 Prepared crustaceans		0.00	0.06	1.3%	262	0.0%
1904 Cereal-based products obtained by puffing or roasting		0.05	2.51	2.1%	538	0.0%
2005 Other preserved vegetables		0.00	0.05	2.2%	363	0.0%
2204 Fresh grape wine		0.28	25.19	1.1%	2,087	0.0%
0306 Crustaceans		0.49	7.02	7.0%	796	0.1%
0704 Cabbages		0.00	0.00	22.4%	490	0.0%
0714 Cassava roots		0.00	0.00	25.1%	108	0.0%
0809 Apricots		0.00	0.00	80.4%	260	0.0%
0810 Other fruits or other edible parts of plants		0.65	7.23	9.0%	1,118	0.1%
0902 Tea		0.01	0.02	32.7%	134	0.0%
0910 Ginger		0.00	0.04	3.9%	84	0.0%

Canada is an important destination for Uruguay for flax seeds, but it is necessary to evaluate whether increasing this dependency is a desirable strategy; initially, it does not seem to be. Among the products with potential, **frozen meat holds the greatest current significance in Canada's imports.**

Among the products facing threats, four should be monitored and controlled by Uruguay, given that Canada is a very important destination. These are: 0704, 0714, 0809, and 0902. The low participation in Canada's imports makes these products more likely to be substituted.

Food demand projections from Canada



Food demand in Canada is projected to increase by approximately 3% by 2030 and by 14% by 2050. The largest share is for products intended for human consumption, which generally aligns well with MERCOSUR, given its current export basket to this destination. Additionally, MERCOSUR countries are well-positioned and highly competitive in the most important projected products, namely meats, cereals, and oilseeds, which account for nearly 75% of the projected demand. This represents a significant opportunity for the region, considering these are products in which it is currently a net exporter with high competitiveness.

Conclusions

Canada is a country with a market of nearly 39 million people. Although it represents only 0.5% of the global population, its population growth rate is more than twice the world average. Canada has a GDP per capita 4.5 times higher than the global average, and its GDP growth occurs at a rate similar to the global average. Trade is crucial for the country, accounting for nearly 70% of its GDP. Despite its strong agricultural activity, agriculture contributes no more than 2% of value added (as % of GDP in 2022).

Only 7.3% of Canada's global trade is in the agricultural sector. The country has a negative trade balance with MERCOSUR of approximately \$9.85 billion (average for 2018-2022), mainly due to 'Non-Agricultural' trade. Brazil is definitively the leading partner within the bloc. The 85% of the products (agro and non-agro) imported by Canada from MERCOSUR come solely from Brazil; Brazil is also the main destination for its exports within MERCOSUR countries.

The significance of the trade relationship between Canada and MERCOSUR lies primarily in imports. Although the bloc MERCOSUR is among the top suppliers of agricultural imports (with Brazil as the leading partner, as mentioned), its average participation in total imports from 2018-2022 does not exceed 3%. There is a strong concentration of Canada's imports from the US, which account for 40% of total imports. Agricultural imported products are mainly for human consumption. However, there is not a strong concentration by product: the top 10 imported products account for only 31% of total imports, which have an average value of \$13 billion USD.

In general, tariff levels are higher for agricultural products than for non-agricultural products. The MFN rate for agri-food products is 14%, while for others it is 2%. The products with the highest applied tariffs are dairy products, with an average tariff of 242.5%; followed by animal products, with an average of 24%; and cereals and oilseeds, with 19.9%. Among these, animal products are most relevant for Brazil, Paraguay, and Uruguay, and oilseeds are important for Paraguay due to their significant export volumes. Tariffs for other products do not exceed 10.1%: 3.7% for beverages and tobacco, important for Argentina; and 3.5% for sugar, relevant for Brazil and Paraguay.

All MERCOSUR countries predominantly export products for human consumption. Exceptions include biodiesel, important in Argentina's exports; extracts and essences from Brazil; other seeds and oilseeds from Paraguay; and planting seeds from Uruguay. There is a high concentration of MERCOSUR exports to Canada by product, with the top three products accounting for over 70% of total exports to this destination on average per country, except Argentina, which has a slightly lower percentage of 55%. This concentration by product poses a risk or vulnerability for MERCOSUR in the trade relationship.

On the other hand, Canada's demand is expected to grow, especially for foods intended for human consumption. The potential for increasing exports was analyzed based on Revealed Comparative Advantages, not only for MERCOSUR exports but also in relation to Canada's imports. Argentina and Brazil have the highest number of products with export potential. However, Paraguay and Uruguay also show possibilities.

In some products, it would be necessary to assess the feasibility of increasing exports to Canada to avoid increasing dependence on this destination. Overall, an economic complementarity agreement between the two regions would certainly benefit MERCOSUR countries. Certain trade flows are currently affected by high tariffs compared to competitors with trade agreements, but most importantly, it would allow diversification of MERCOSUR's export matrix to Canada: there is a wide range of products with export potential, and this list could be expanded with lower tariffs.

It is worth mentioning that for some products, it would be necessary to evaluate whether it is advisable to promote or increase exports to Canada due to the rising dependence on this market for these products. However, in general terms, an economic complementarity agreement between both regions would certainly be beneficial for MERCOSUR countries. Such an agreement would facilitate increased trade flows with Canada. Its close trade relationship with the US and Mexico, for example, is not only due to proximity—which is very important—but also because they are involved in trade agreements that, for MERCOSUR, imply a positioning disadvantage.

Canada is a country with strong internal agricultural production, with many similarities to MERCOSUR's production, and its agricultural imports are not a key part of its trade relationship. On the other hand, an agreement with Canada would allow MERCOSUR countries to establish complementary ties—rather than substitution—and provide an opportunity to access a market with more specialized demand, with significant potential for diversification into higher value-added products.



GRUPO DE PAÍSES PRODUCTORES DEL SUR
GROUP OF PRODUCING COUNTRIES FROM THE SOUTHERN CONE