

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

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JAPAN

ABOUT

APF Canada's CPTPP Mini-Trade Report: JAPAN

- Building on our recent report, [The Impact of the CPTPP on Trade between Canada and the Asia Pacific](#), this mini-report focuses on Japan – one of the six 'AP7' economies (signatories to the CPTPP) in the Asia Pacific.
- This report explores the CPTPP's benefits for Canada's merchandise and services trade relations with Japan 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 Japan.
- Canada and Japan ratified the CPTPP agreement in December 2018.
- This is one of six reports being released by APF Canada in the first quarter of 2025 – the other reports focus on the AP7 economies of [Singapore](#), [Australia](#), New Zealand, Malaysia, and Vietnam (Brunei is excluded due to limited data).



KEY TAKEAWAYS

- Japan-Canada **merchandise trade** increased by 22%, rising from around C\$29.6B in 2018 to over C\$36.2B in 2023. Aside from 2022, Canada-Vietnam merchandise trade was characterized by a Canadian trade deficit, with imports exceeding exports.
- In the five years since CPTPP ratification, Canada-Japan **two-way services trade** reached C\$23.1B, with imports accounting for more than half of the total services trade.
- **Ontario** was the main beneficiary of Canada-Japan two-way merchandise trade, followed by **British Columbia** and **Alberta** as the second and third largest beneficiaries. In 2023, Ontario alone accounted for 45% of the total two-way merchandise trade between the two countries.
- Significant untapped trade **opportunities** exist in Japan for Canadian exporters in key sectors such as **advanced metals (excluding ferrous and precious metals), motor vehicles and parts, wood**, and more.

Key Statistics, 2023

GDP (PURCHASING POWER PARITY):

C\$8,383.71B

POPULATION:

124.5M

TOP FIVE TRADE PARTNERS:



China



United States



Australia



Taiwan



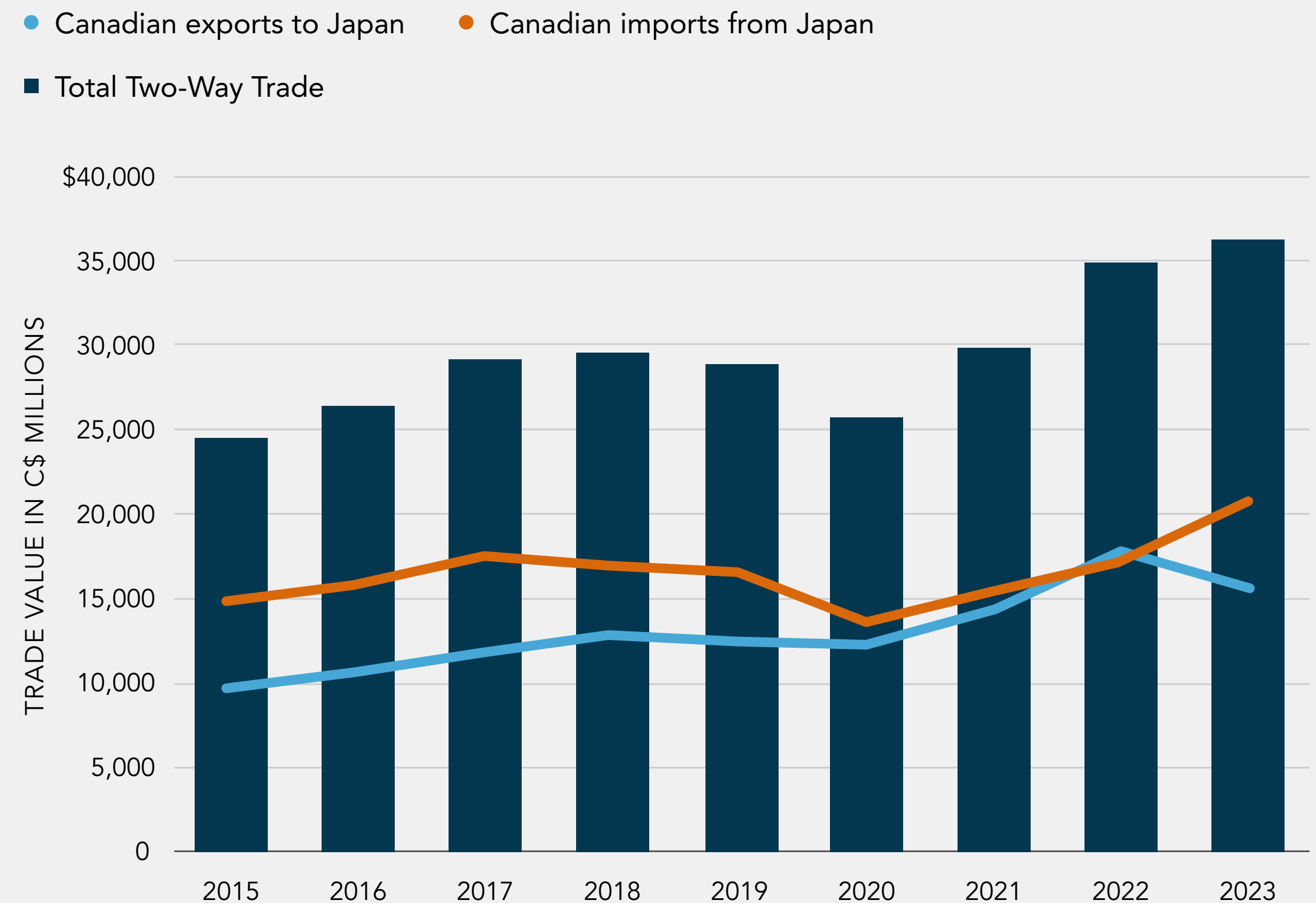
South Korea

MERCHANDISE TRADE

Japan is Canada's **largest merchandise trade partner** among the AP7. After CPTPP ratification, Canada-Japan merchandise trade grew by 22%, rising from approximately C\$29.6B in 2018 to over C\$36.2B in 2023. While the pandemic had a negative impact on Canada-Japan trade in 2020, the trade rebounded in 2022, reaching pre-pandemic levels (around C\$29.7B) (Figure 1).

Prior to the CPTPP's ratification, Canada-Japan trade was consistently driven by Canadian imports from Japan, a trend that largely continued post-ratification, with the exception of 2022. In 2022, Canadian exports to Japan overtook imports, driven by an increase in exports of *energy products* (by C\$3.4B) and *metal and non-metallic mineral products* (by C\$300M). The increase in export values was due to a sharp [rise in global prices for energy and mineral products](#) following Russia's invasion of Ukraine and the resulting economic sanctions placed on Russia. Nonetheless, Canada has maintained an overall negative merchandise trade balance with Japan.

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



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

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

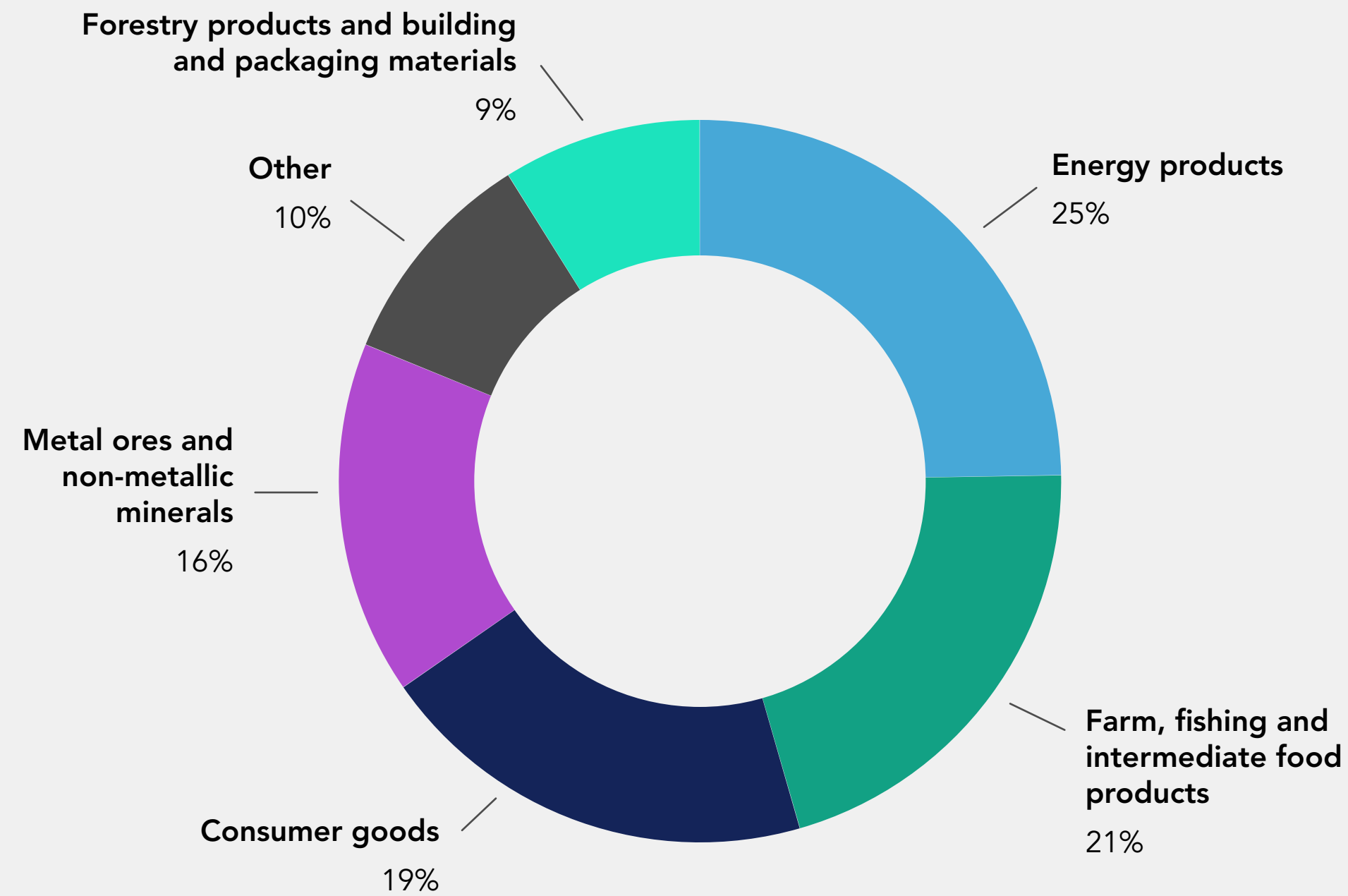
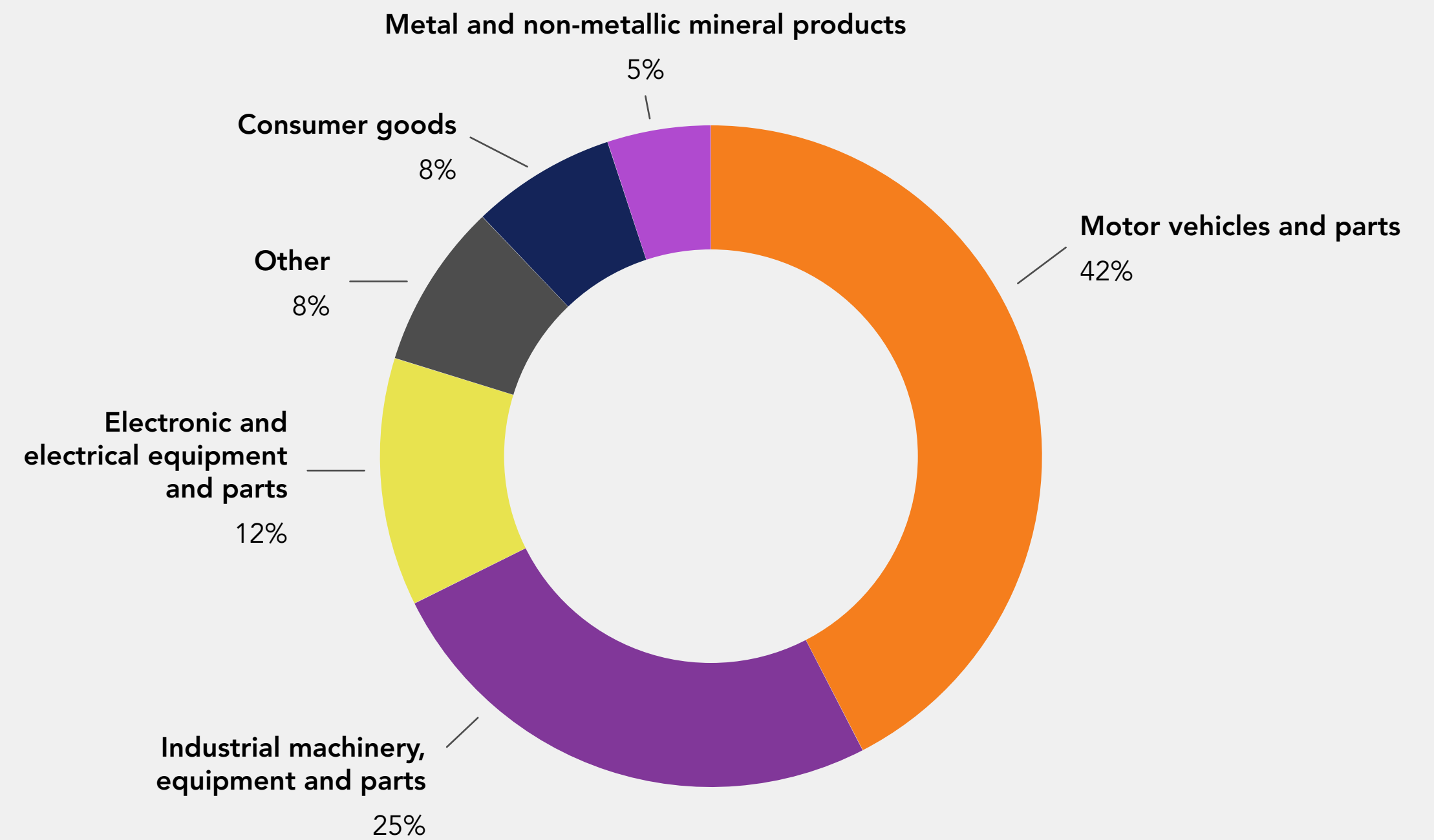


Figure 3: Canada's Top Imports from Japan, 2019-23



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

Canada's main exports to Japan over the past five years have been *energy products, farm, fishing and intermediate food products, and consumer goods* (Figure 2). During this period, Canada exported

approximately C\$17.7B worth of *energy products*, over C\$15.2B in *farm, fishing, and intermediate food products*, and around C\$14.1B in *consumer goods* to Japan.

Over the last five years, **Canada's main imports** from Japan consisted of *motor vehicles and parts, industrial machinery, and electronic and electrical equipment* (Figure 3).

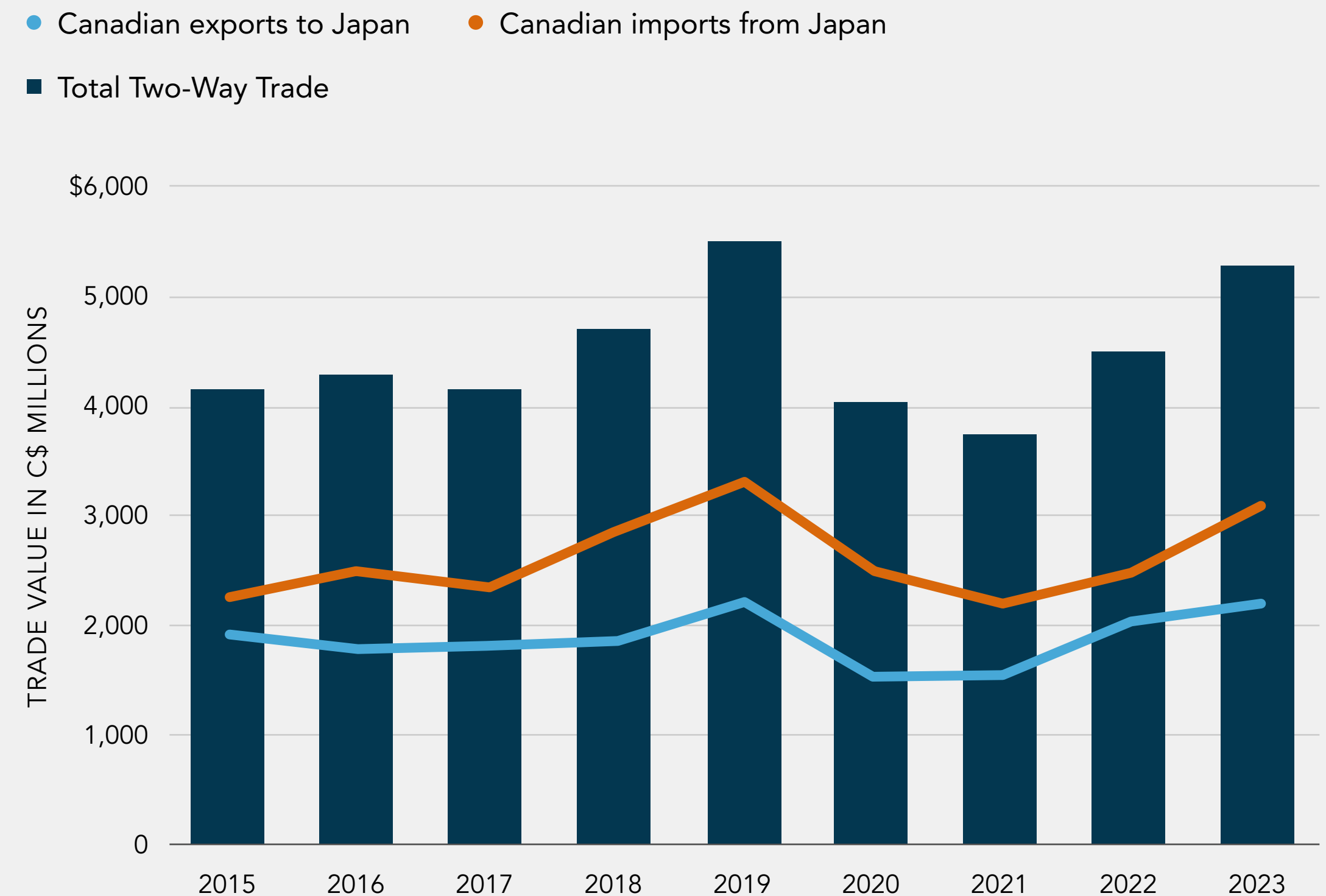
Between 2019 and 2023, Canada imported around C\$35B in *motor vehicles and parts*, C\$20.5B in *industrial machinery*, and C\$10.4B in *electronic equipment*.

SERVICES TRADE

Japan was also Canada's **largest services trade partner** among the AP7 economies from 2019 to 2023. In the first year following CPTPP ratification, two-way services trade between the two countries grew by 17%, from C\$4.7B in 2018 to over C\$5.5B in 2019. The pandemic led to negative services trade growth that has yet to rebound to pre-pandemic levels, leading to a 4% decrease in services trade, from over C\$5.5B in 2019 to approximately C\$5.3B in 2023 (Figure 4).

Overall, Japan-Canada services trade over the past five years reached around C\$23.1B. However, this trade has been dominated by Canadian imports from Japan, resulting in a Canadian trade deficit (Figure 4).

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



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

Over the past five years, **Canadian service exports to Japan** were primarily driven by *commercial services*, which accounted for over 49% of Canada’s services exports to Japan, worth C\$4.6B.

Similarly, *commercial services* also dominated **Canada’s service imports from Japan**, making up 51%, or C\$7B, of total imports over the same period (Table 1).

TABLE 1

Services	Percentage of Total Service Exports to Japan, 2019-23	Percentage of Total Service Imports From Japan, 2019-23
Commercial	49%	51%
Travel	23%	18%
Transportation and government services	29%	31%

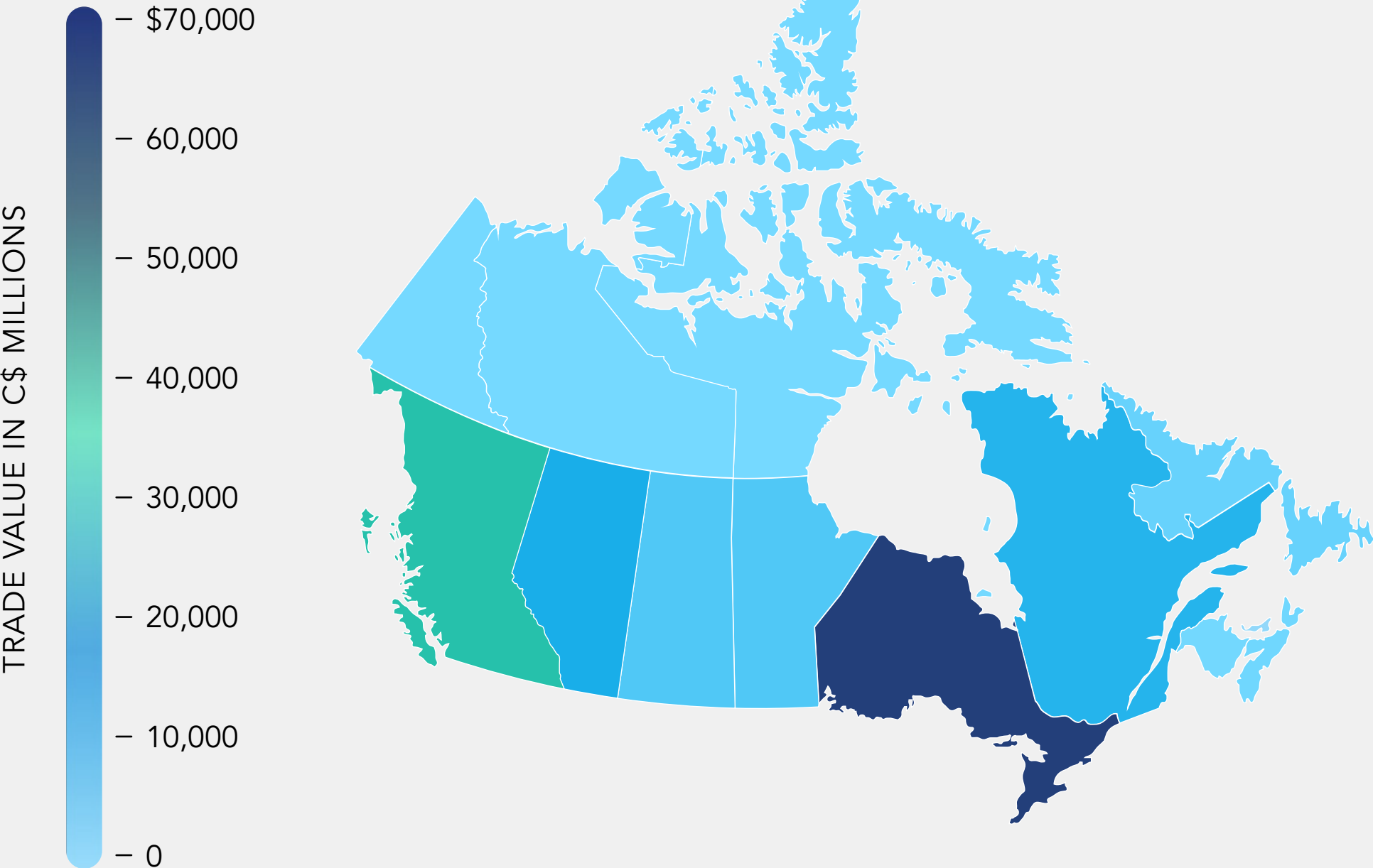
Source: Statistics Canada, Table 36-10-0007-01



PROVINCES BENEFITING FROM CANADA-JAPAN TRADE

Ontario has been the primary beneficiary of Canada’s two-way merchandise trade with Japan, accounting for 44% of Canada-Japan two-way merchandise trade from 2019 to 2023, followed by **British Columbia** (27%) and **Alberta** (10%) in second and third place. **Quebec** (9%) and **Saskatchewan** (4%) rounded out the top five (Figure 5).

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



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

JAPAN'S TOP FIVE PROVINCIAL PARTNERS:

- Ontario**
C\$67,659M
- British Columbia**
C\$41,624M
- Alberta**
C\$15,856M
- Quebec**
C\$13,740M
- Saskatchewan**
C\$6,670M

Merchandise trade between **Ontario** and Japan grew by nearly 20% from C\$13.5B in 2019 to C\$16.2B in 2023, with the 2023 value representing 45% of Canada’s total trade with Japan that year (Figure 6). Imports dominated Ontario’s trade with Japan, accounting for over 84% (or C\$56.9B) during this period, with *motor vehicles and parts* as the top imports. On the export side, *consumer goods* were Ontario’s leading exports to Japan, making up nearly 52% of its total exports.

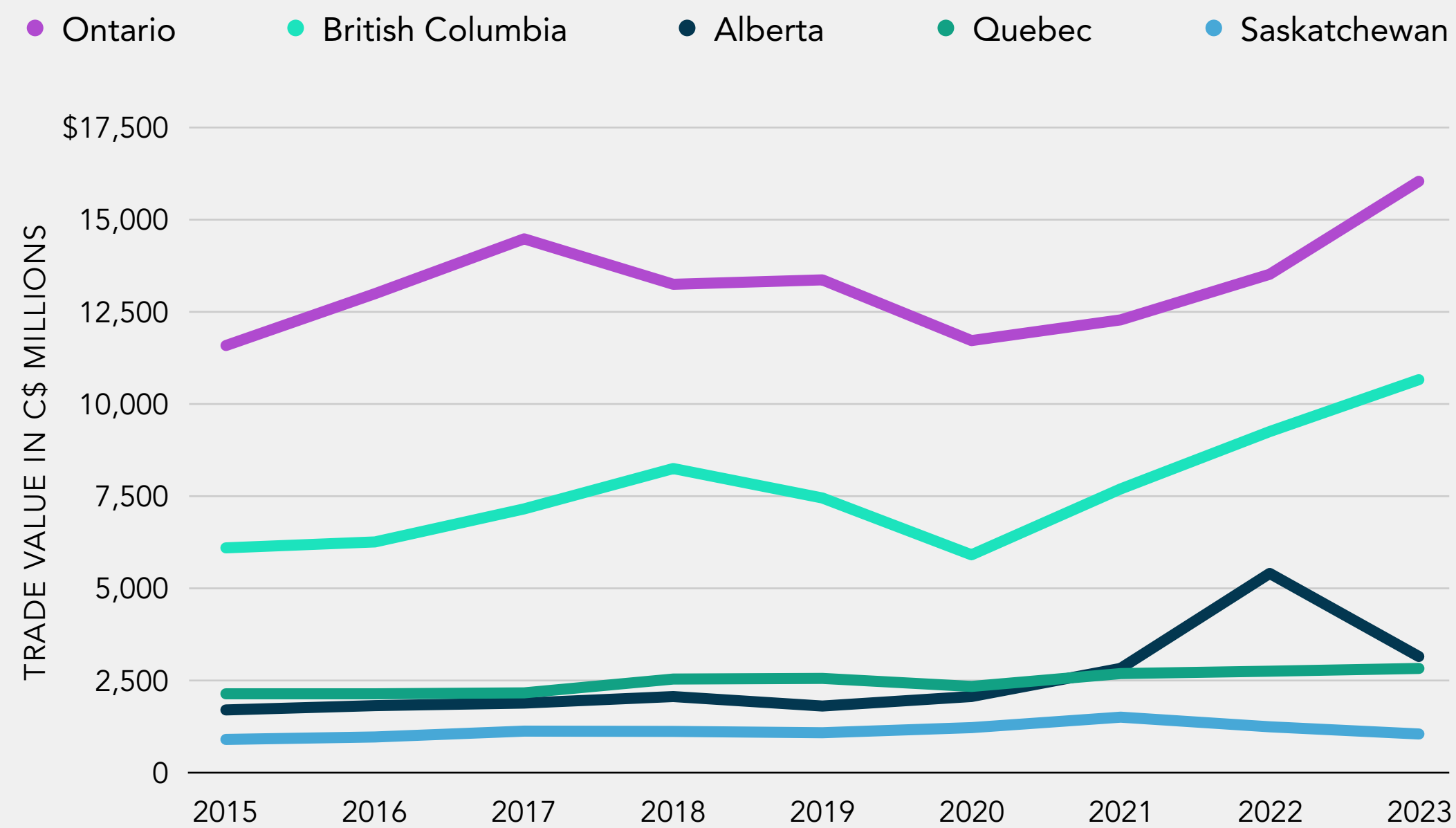
British Columbia’s trade with Japan grew rapidly post-pandemic, increasing by 79% from C\$6B in 2020 to around C\$10.8B in 2023. British

Columbia’s energy exports accounted for around 49% of total exports during this time, with *motor vehicles* being the top Japanese imports, accounting for 46% of imports.

Alberta’s trade with Japan grew from C\$1.9B in 2019 to C\$5.5B in 2022 before declining to C\$3.2B in 2023, driven by a decline in exports of *metal and non-metallic products*

and *energy*. Japan’s reduced imports of Alberta’s *metal products* in 2023 were driven by [weaker industrial demand](#) due to slower economic growth and declining metal prices due to oversupply and more stabilized supply chains as international markets adjusted to the Russia-Ukraine war. For energy products, [falling prices were the main factor](#) for a decline in Japan’s imports, again, as markets adjusted to the Russia-Ukraine war. A global economic slowdown and rising borrowing costs also further dampened demand for Alberta’s *energy exports*.

Figure 6: Canadian Provinces Two-Way Trade with Japan, 2015-23

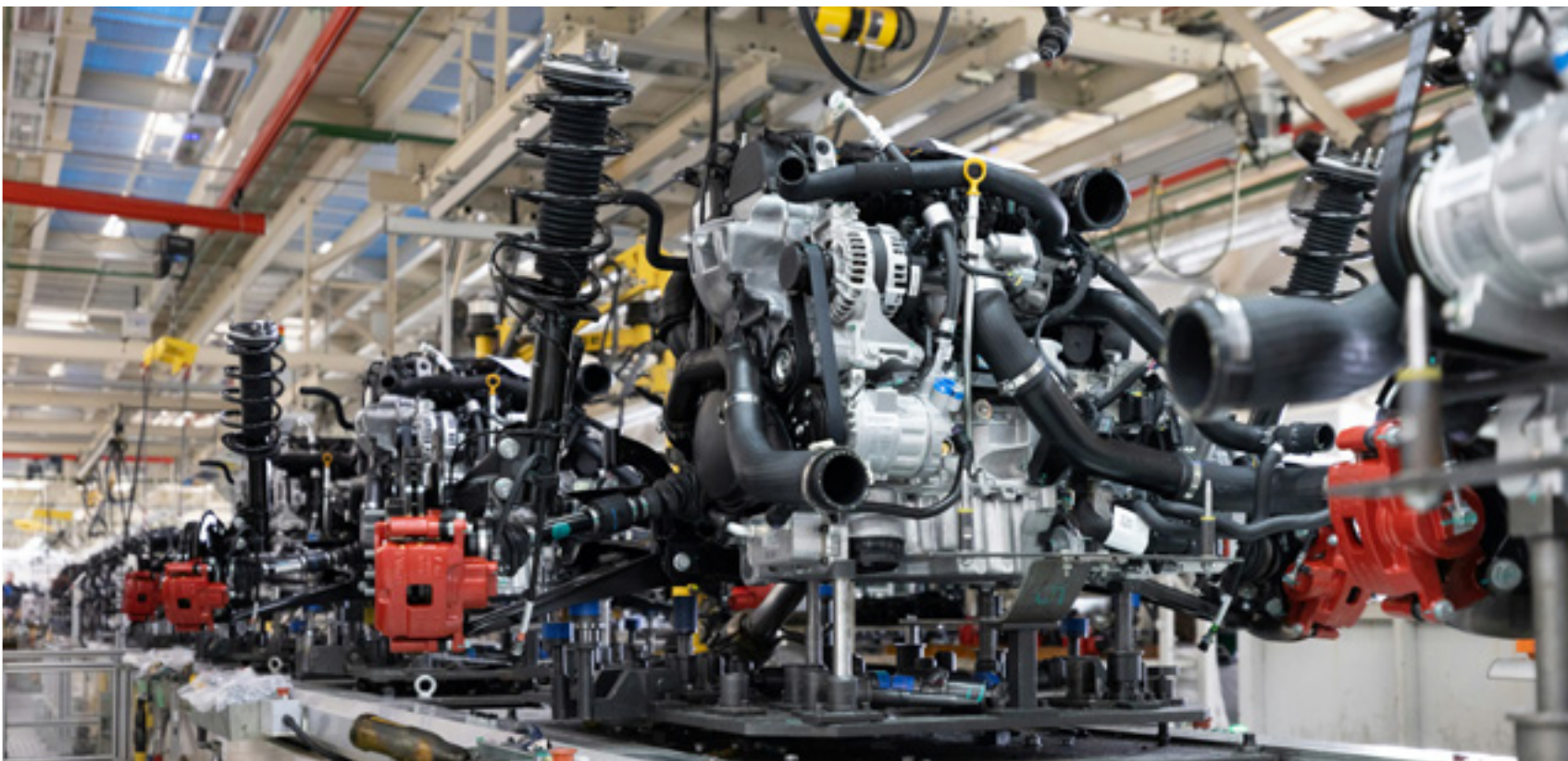


Source: Statistics Canada: Table: 12-10-0173-01

Quebec and **Saskatchewan** trade with Japan has been driven by exports over the past five years, accounting for over 61% and 88% of their respective total trade with Japan. While Quebec's trade with Japan grew steadily after the pandemic, Saskatchewan's trade with this APF economy declined from 2021 to 2023. The decline was driven by a decrease in Saskatchewan's exports of *farm, fishing, and food products* to Japan, which represented around 99% of its total exports to Japan. These decreased seafood imports stem from [post-pandemic shifts in consumer behaviour](#) in Japan. The economic slowdown caused by the pandemic increased demand for affordable food, while a return to office work drove a preference for packaged products. In addition, rising fresh food prices further led consumers to reduce seafood consumption or switch to cheaper proteins like poultry and pork.



TRADE OPPORTUNITIES



Following the ratification of the CPTPP, trade in goods and services between Canada and Japan have benefited from reduced tariffs. Although the overall trade value has increased, it remains largely import-driven, resulting in a negative trade balance for Canada.

According to the International Trade Centre's (ITC) [Export Potential Map](#), there are still significant opportunities for Canadian exporters in key sectors within Japan. The total [export potential](#) for Canada to Japan is estimated at C\$11B, but current exports have only reached C\$9.5B, leaving an unrealized potential of C\$1.5B.

The ITC identifies [major export opportunities for Canadian products in Japan](#), particularly in *metals (excluding ferrous and precious metals), motor vehicles and parts, and wood*, with the export potential valued at C\$963M, C\$835M, and C\$200M, respectively.

Team Canada Trade Missions [identified](#) *agriculture & processed foods, clean technology, creative industries, energy, information and communications technology (ICT), and life sciences* as key Japanese sectors that present opportunities for Canadian companies.

