

## China-Canada Economic Relations in the Early 21<sup>st</sup> Century

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### Abstract

In Canada's corporate and political communities, it is now commonly acknowledged that China is becoming a global economic superpower. For instance, it is now accepted knowledge that all companies, and even all government agencies, must create a "China Strategy," whether or not they conduct any business with China directly. Since the conclusion of the Cold War, China has assumed a larger role in world geopolitics and gained the attention of the most influential political figures. Canada is a prime example of a selective or specialized power today and looks to have established its steady place in international affairs. In order to assess the position of the modern People's Republic of China (PRC) in Canadian foreign policy, this paper explores Canada-China relations from the most current angle. This study examines several facets of bilateral ties, including human rights and democracy, economics and commerce, the ability of Chinese Canadians to advocate and their impact on Ottawa's PRC policies. An overview of the development of ties between Canada and China is also included in the article.

*Keywords:* China; Canada; Economic Relations; Bilateral Trade; Foreign Policy; International Relations

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### Introduction

Issues of considerable strategic relevance to Canada are involved in bilateral ties with the People's Republic of China. The frequency of high-level visits, the impact, tone, and substance of bilateral contacts, as well as the opinions held by different sectors in each country about the other, all point to recent developments in the relationship between Canada and China. For many reasons and in many different fields, China continues to be extremely important to Canada. Cooperation between political and diplomatic institutions on matters of immediate bilateral interest as well as topics of global significance is still crucial (Lasserre, 2010). It goes without saying that the commercial and trade links between Canada and the second-largest and fastest-growing economy in the world are important. Immigration patterns and the collateral impacts

they produce, as well as cultural and civil society linkages, are crucial. Although there are many subnational corporate, intellectual, and civil society connections between Canada and China, bilateral collaboration at the federal/central government level is still crucial. This is because of the diversity of these connections. Therefore, Canadians should continue to pay close attention to the current state of affairs and its potential effects on ties with China. The CIC Canada-China Relations Project (CCRP), which acknowledges China's assertive approach to sovereignty while also pursuing Canadian interests, has focused on creating a nonpartisan policy consensus for Canada's engagement with China. This is in line with the Canadian International Council's objectives to foster study and discussion on global problems of significance and interest to Canadians. Analysis and suggestions for improving commercial and economic ties between Canada and China were the goals of this study.

### **Objective of the study**

This study's objective is to assess and examine the economic trends influencing China's foreign policy toward Canada. The actions listed below should be completed during the analysis cycle while keeping in mind:

- To assess China's present economic foreign policy towards Canada
- To explain the key part of good aspects and effects of the program on the country's socio-economic spheres.
- To reveal the leading setbacks that impede the ties between China and Canada
- To figure out more comfort areas for the development of China and Canada
- To suggest more reliable ways of expanding relations.

The study's focus is on how China and Canada's economic relations have evolved.

### **Literature review**

Numerous researches have been done on international politics, diplomatic relations, and the linkages between them and Canada and China. However, this paper just briefly examined a few pertinent and significant research.

Paltiel, J. (2018) examines Canada's difficulties in developing diplomatic strategies that reflect the shifting balance of power in world politics. Canada is urged to recover the historical role that middle powers formerly played as reliable middle administrators for the global project in light of China's search for a more hierarchical vision of international relations and the Trump administration's repositioning of the USA in world affairs. These days, such "middle management" functions are unreliable. Canada and other middle powers are forced to try to adapt to the changes in the hopes of preserving the normative mesh that has supported the post-war order as the USA retreats to a purely transactional perspective of commerce and diplomacy. China has not yet presented a clear normative vision of a new international system.

Zhang, K. (2014) explains that people-moving the dynamics between China and Canada at the beginning of the twenty-first century changed the game and had vast ramifications for foreign policy. These days, those looking for fresh chances travel to and from China. Canada must establish itself as a top choice for Chinese immigrants, students, and tourists. Additionally, Canada has to get ready for an increase in the number of Canadians "moving east" for employment and education. It should be noted

that Chinese immigrants were seen negatively for the last 200 years due to stereotypes that included them only working as waiters, laundrymen, and railway coolies. As diverse as Canadian society as a whole is, the Chinese Canadian community now reflects that. The day when Chinese Canadians "would not be differentiated from other Canadians" is one that is yearned for.

Wang, Y. (2017) discusses global economy is facing difficulties as a result of growing protectionism following Brexit in the UK and Donald Trump's election in the US. The course of the world economy and China's own interests will be impacted by how the second-largest economy handles these risks. Pushing ahead with the greater opening up of its economy appears to be the only option, notwithstanding the doubts surrounding the claim that China can actually assume the leadership of the global economy. The next China-Canada FTA negotiations provide a once-in-a-lifetime chance to reach an agreement that benefits both economies and restores trust in the global trading system, which is in danger of growing protectionism. With cautious optimism, it is anticipated that Canada and China may conclude agreements sooner than could be anticipated given the progress made in China's most recent BIT negotiations and unilateral investment liberalization.

Lilly, M. B. (2020) examines some individuals and events that have strained relationships between Canada and its two biggest trading partners, the United States and China, long-term difficulties still lie at the heart of Canada's potential economic relations with both. Both the United States and China are pursuing nationalist economic agendas under Presidents Trump and Xi that aim to prioritize home manufacturing while minimizing reliance on imports. The supercluster strategy for economic growth and export success in Canada is examined in this essay together with the potential effects of the America First and Made in China 2025 plans. The three methods' distinct sectorial overlaps indicate that Canada confronts fierce competition. The study next explores the example of rare heaps of earth and their significance for supply chains in the new economy to examine if shifting geopolitical realities prompt Canada to reconsider its decision to prioritize growth in natural resource industries.

Cui, S. (2016) focuses on a global free trade pact called the Trans-Pacific Partnership (TPP), which is being sponsored by the United States, and intends to further improve economic integration in the Asia-Pacific region. Canada and members of the Asia Pacific Economic Cooperation (APEC) make up the majority of its membership. Although it hasn't signed or approved the TPP yet, Canada participated in the last rounds of negotiations as a member. A third of all international commerce and roughly 40% of the world's GDP are generated by TPP members. The omission of China, the second-largest economy in the world, which hinders the expansion of the Canadian economy, is the sole factor that is seen to be lacking from this potent economic pact. In the following ten years, the effects of the TPP may drastically alter ties between Canada and China. Therefore, the purpose of this article is to discuss why Canada should sign the TPP agreement while also exercising prudence by forging a different free trade pact with China as soon as possible.

Many books and articles have been written on China's economic relations with Canada. Furthermore, many of them have attempted to clarify it from a political

standpoint. A few of them have indeed clarified it financially. After analyzing these published materials, we believe that these works only partially covered the areas. We wish to investigate how internal variables are crucial in influencing China's foreign policy toward Canada.

**Methodology of the research**

Both qualitative and quantitative research methodologies were used for this research work. Secondary sources such as books, journals, magazines, archival materials, letters, and other documents are used in order to characterize, identify and explain the topic under consideration in this proposed study. The qualitative technique is seen to be the most appropriate for this research since it proposes an interpretive and empirical investigation of the causes, existence, and significance of China and Canada's international relations in the context of economics (early 21st century). Some essential components are employed in this investigation. The suggested study is exploratory and descriptive in character. The qualitative technique is seen to be the most appropriate for this research since it involves an interpretive and empirical investigation of the factors that determine the presence and significance of Canada's foreign policy patterns in this area. Some fundamental components of the quantitative approaches, such as trade data, are utilized in this research. The suggested study is exploratory and descriptive in character.

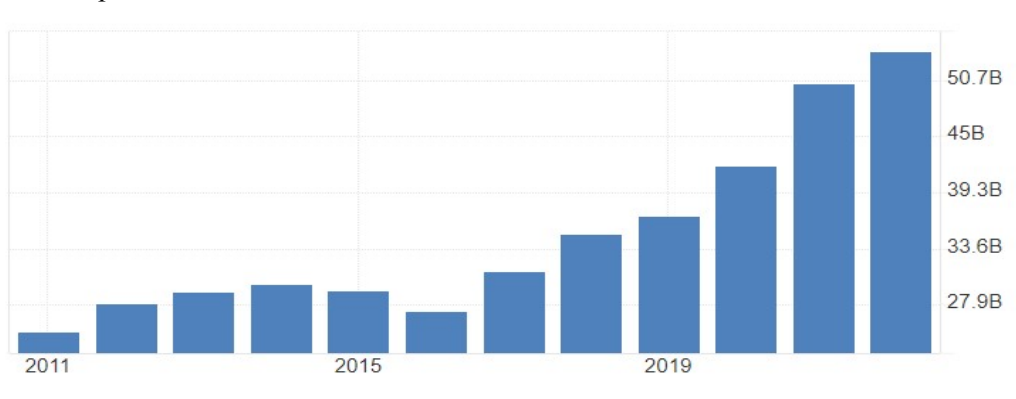
**1. China-Canada current trade and economic relations**

Due to its recent ascent to global importance, China has overtaken the United States as Canada's second-most significant national economic partner. The two countries have a long history of mutually beneficial commercial relations.

**1.1 China exports to Canada**

**Figure 1**

*China exports to Canada*



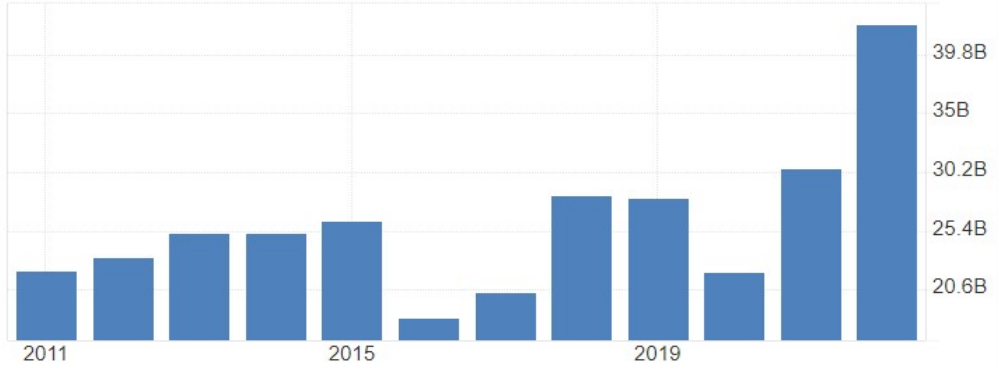
Source: (Trading Economics, 2024a).

This graph illustrates China's 2022 exports to Canada totalled US\$53.7 billion, according to the United Nations COMTRADE database on global trade. The data, historical chart, and statistics on China's exports to Canada were last updated in February 2024 (Trading Economics, 2024a).

## 1.2 China imports from Canada

**Figure 2**

*China imports from Canada*



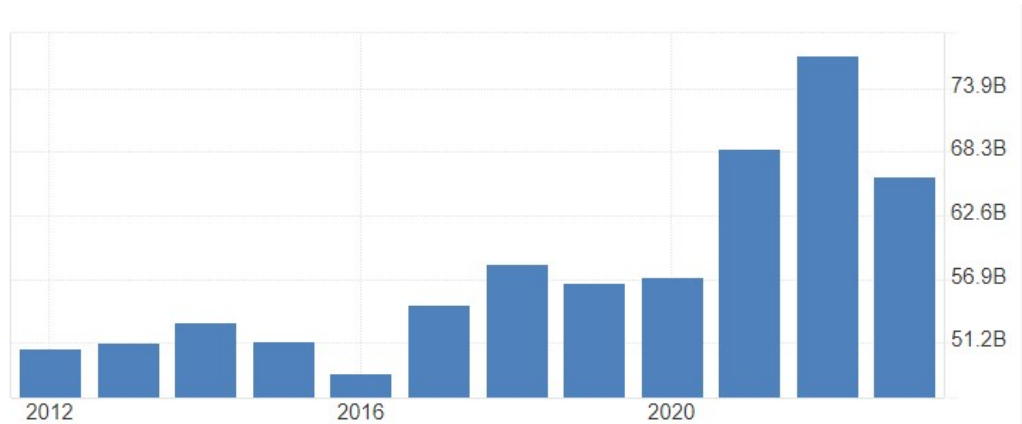
*Source:* (Trading Economics, 2024b).

The given column graph illustrates in 2022; Canada's imports to China amounted to US\$42.38 billion, according to the United Nations COMTRADE database on global commerce. The data, historical chart, and statistics on imports from Canada to China were last updated in February of 2024 (Trading Economics, 2024b).

## 1.3 Canada imports from China

**Figure 3**

*Canada imports from China*



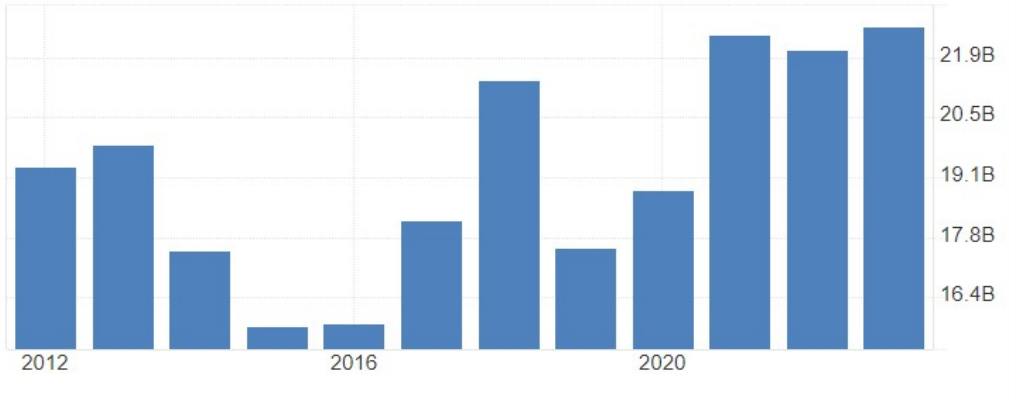
*Source:* (Trading Economics, 2024c).

The given column graph illustrates in 2023; Canada's imports from China totaled US\$66.08 billion, according to the United Nations COMTRADE database on global commerce. The most recent update to Canada Imports from China data, historical chart, and statistics was made in February 2024 (Trading Economics, 2024c).

### 1.4 Canada exports to China

**Figure 4**

*Canada exports to China*



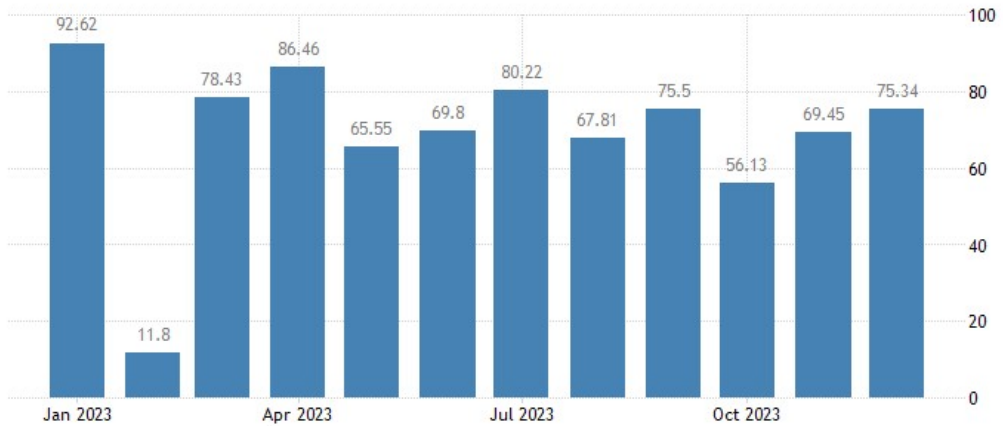
Source: (Trading Economics, 2024d).

This graph illustrates Canada's 2023 exports to China totalled US\$22.6 billion, according to the United Nations COMTRADE database on global trade. The most recent update to Canada's export data, historical chart, and statistics was made in February 2024 (Trading Economics, 2024d).

### 1.5 China's balance of trade

**Figure 5**

*China's balance of trade*



Source: (Trading Economics, 2024e).

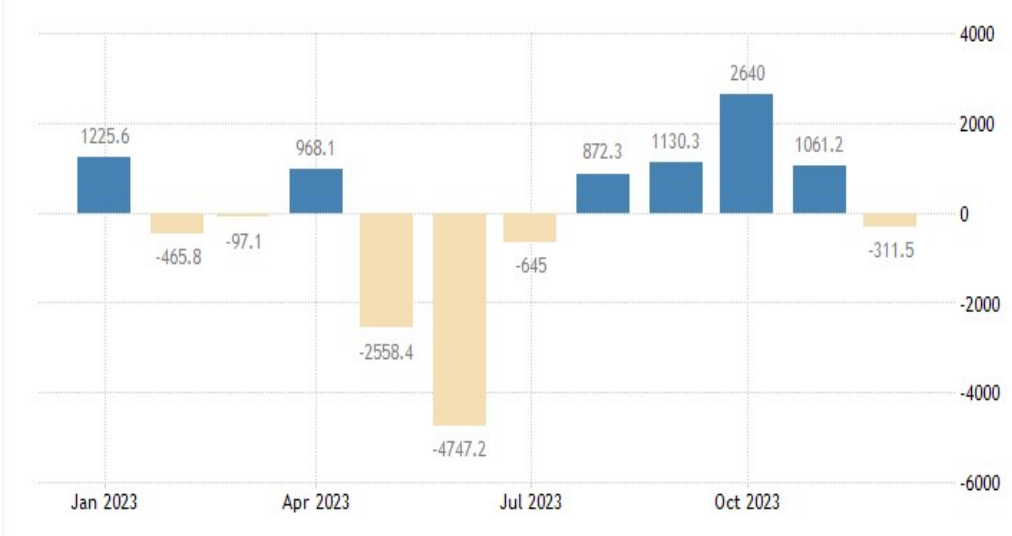
China's trade surplus above market estimates of USD 74.75 billion, rising to USD 75.34 billion in December 2023 from USD 70.65 billion in the same time the year before. Due to a growth in exports exceeding imports, there was the biggest trade surplus in three months. While imports increased by 0.2% vs. the market's anticipation of a 0.3% increase, exports increased by 2.3%, above growth estimates of 1.7%. The nation reported an 823 billion dollar surplus for the entire year 2023. The decline in

imports was 5.5% to USD 2.56 trillion, while the decline in exports was 4.6% to USD 3.38 trillion. In 2023, commerce with the US was valued at USD 664 billion, a decrease of 11.6% from 2022 and the first since 2019. In the meantime, commerce increased by 26.3% from the previous year to reach USD 240.1 billion in 2023, setting a new record (Trading Economics, 2024e).

**1.6 Canada's balance of trade**

**Figure 6**

*Canada's balance of trade*



Source: (Trading Economics, 2024f).

In contrast to a downwardly revised surplus of CAD 1.1 billion in November and against market expectations of a CAD 1.1 billion surplus, Canada posted a trade deficit of CAD 0.3 billion in December 2023. With exports falling 1.9% in less than a month to CAD 64.1 billion in December, mostly due to passenger automobiles and light trucks (-11.6%) and crude oil (-4.9%), it was the first monthly trade deficit since July. Imports increased by 0.2% to CAD 64.4 billion, mostly as a result of imports of unwrought gold, silver, and platinum group metals (+15.8%) and medications (+28.1%). These improvements were, however, mostly offset by decreases in other product categories, such as energy products (-9.9%), aircraft and other transportation equipment and parts (-11.7%), motor vehicles and parts (-2.1%), and electronic and electrical equipment and parts (-5.7%). With both exports and imports down by 1.4%, Canada's trade balance changed from a surplus of \$19.7 billion in 2022 to a minor deficit of \$1.4 billion in 2023 (Trading Economics, 2024f).

**1.7 Deficit Canada reports unexpected trade deficit**

Canada posted an exchange shortfall of CAD 0.14 billion in December of 2021, the primary exchange crevice since May, from a downwardly reexamined excess of CAD 2.47 billion in November and compared to showcase gauges of CAD 2.5 billion overflows. Imports bounced 3.7 per cent to a new record of CAD 57.7 billion, to a great

extent boosted by electrical hardware and parts due to enhancements within the supply chain of smartphones and components. Buys are too developed for engine vehicles and parts, as Canadian auto plants are ordinarily closed in December. At the same time, trades diminished by 0.9% to CAD 57.6 billion driven by the primary decrease in vitality item deals in eight months due to lower costs for crude oil. Deals of coal moreover misplaced ground, generally due to hindered supply chains in the midst of rail disturbances in Western Canada.

### **1.8 Canada's trade surplus surpasses forecasts**

From a downwardly altered CAD 1.42 billion in the previous month to CAD 2.09 billion in October of 2021, Canada's exchange surplus was greater than market expectations of CAD 2.00 billion surpluses. As total exports increased 6.4 per cent to a new record high of CAD 56.2 billion, it was the second-largest trade surplus of 2021. This was primarily due to higher crude oil prices and a recovery in car deals because the impact of the semiconductor chip shortage within the auto industry was less severe. Gains were seen in 8 out of the 11 product categories, with energy products (9.8 per cent) and motor vehicles & parts (30.8 per cent) accounting for 80 per cent of the overall rise. While everything was going on, overall imports rose slightly by 5.3 per cent to an all-time high of CAD 54.1 billion, with increases in 7 of 11 product categories, including purchases of motor vehicles and components (27.2 per cent) and consumer products (4.5 per cent).

## **2. Obstacles to Canada-China trade and economic relations**

China and Canada's relations are still impacted by both internal and external causes. Below is a discussion about there.

### **2.1 Human Rights the biggest obstacle**

A few "tough" human rights concerns, such as the necessity for flexible conversation or gatherings, constrained religious opportunities, and the mistreatment of political dissidents, are connected to China's central interface. On these matters, China will not make any concessions. By the same token, China will not take into consideration the rights to freedom of association and collective bargaining under the heading of labour rights. In order to negotiate a traditional trade agreement with China, Canada shouldn't give up the majority of its dynamic exchange measures. However, the "hard" human rights concerns and any planned interference in China's internal affairs may be the biggest barrier to interchange for both countries (Howell, 2005).

### **2.2 Absence of bilateral cooperation**

The lack of transactions between large corporations and the less particular political and economic conditions of each country will probably continue to form the basis of the bilateral relationship. Bilateral economic dynamism, particularly its impact on Canada's economy and industrial development, is essential to many cooperative and medium-sized businesses in the industrial and service sectors.

### **2.3 Consular matters and citizenship**

Consular matters and citizenship have grown more complicated and significant in ties between Canada and China. China does not recognize dual citizenship, although Canada does. Despite having foreign passports, including Canadian passports, they will not be eligible for consular protection in the HKSAR or on the mainland. In light of



this, the projected 150,000 to 250,000 Canadians living in HKSAR might present a significant difficulty for Canada's consulate service, which will have to deal with issues relating to dual, de facto dual, and non-dual citizenship. They won't be qualified for consular assistance from Canada either. In severe cases, such as the one of Huseyincan Celli, who was charged by a Chinese court with being a terrorist, this can result in hostility between the two nations.

#### **2.4 Canadian Chinese communities**

For a very long time, the significance of Chinese communities in Canada has been undervalued. Canada often views immigrants from a financial perspective since it is a nation of workers. Like other migrants, Chinese immigrants have always been viewed as suppliers of necessary labor. When attempting to gauge the contribution of the Chinese population to Canada, it is all too common to discuss their higher unemployment rates and lower salaries as a result of their subpar English-language proficiency or the fact that their credentials from other countries are not recognized here. They also discuss how Chinese groups are concentrated in places like Vancouver and Toronto or how they might not completely assimilate into Canadian society (Murdie & Ghosh, 2013).

#### **2.5 Chinese Canadian communities**

For a variety of reasons, Canadian communities are growing in China. The best estimate has the number of Canadians living in China (Mainland and HKSAR) at between 250,000 and 300,000, which is about equivalent to the populations of Saskatoon or Windsor. However, the actual figure is still unclear. Canada cannot afford to overlook the large number of its citizens who reside in China. It is still extremely difficult for Canada to use its diaspora in China to its benefit. First off, how can Canadians living abroad be recognized as citizens of Canada rather than as foreigners with Canadian passports? Canadians must alter their perspective in order to comprehend the reality that people go in two ways. Canada must acknowledge the reality that Canadians, whether they are native-born or naturalized, are more internationally mobile than ever before and that many of them want to live abroad. Canada must learn to treat people equally with regard to their rights and duties when they relocate to Beijing or another place (Kymlicka, 2003).

#### **2.6 Lack of financial backing**

Canada was against developing trade ties with China. Their economic ties are cold. Despite the fact that China and Canada's economic ties are growing, they do not behave amicably. Although bilateral trade increased significantly, the energy and heavy industries sectors are still reliant on old economic sectors. Urban consumers are progressively emerging as the new drivers of growth in China's economy, and this new cooperative trend has just recently been recognized.

### **3. China and Canada are taking steps to strengthen their trade and economic relations**

China and Canada have undertaken several steps to strengthen their diplomatic and socio-economic relations. Below is a discussion about there.

### **3.1 A base for closer economic bonds**

China and Canada are important economic and financial partners in the Asia-Pacific region, which also serves as a centre for world commerce. China boasts the world's second-largest economy and the densest population, totalling 1.34 billion people. Canada is home to 34.5 million people and ranks as the tenth-largest economy in the world. Both China and Canada have to thrive, open economies that depend on trade and investment from abroad to strengthen development. With trade-to-GDP ratios of 70.3 per cent and 57.0 per cent, respectively, Canada and China place a high premium on trade expansion. Over the past ten years, the two countries' exchange connections have grown significantly, mainly reflecting similar financial characteristics and developing joint venture cooperation (Alexandroff & Cooper, 2010).

### **3.2 Economic and trade relations between Canada and China**

China and Canada have a well-established and mutually beneficial connection. Deals involving Canadian wheat going to China in the 1960s marked the beginning of the current reciprocal exchange relationship. The Exchange Understanding, which was signed in 1973 by the governments of the People's Republic of China and Canada, was the first step in formally establishing financial and exchange cooperation after the establishment of diplomatic relations in 1970. By giving each other the most favoured nation treatment, among other things, this agreement aimed to increase commerce in products. In 1979, China was added to Canada's list of countries that might benefit from its General Preferential Tariff. To support the development of economic growth and export diversification in developing nations, this unilateral tariff approach specifies lower than most-favoured-nation rates on a number of goods. The two countries' commitment to a robust multilateral trading system, as well as their unique rights and duties under the WTO, have helped to enhance the legal underpinning for their bilateral economic relations since China's entrance to the World Trade Organization (WTO) in 2001. As founding members of the Asia-Pacific Business Cooperation (APEC) conference, Canada and China have cooperated to improve the economic environment by reducing the cost of cross-border trade, extending access to data exchange, and separating administrative and authoritative procedures. Canada and China work closely together in many areas, including research and innovation, vitality, ranger service, clean technology, rural progress, life sciences, maritime transport, and many more, under a wide range of bilateral agreements and memoranda of understanding. Additionally, there is a strong economic collaboration between the two nations in the field of education. Transfers of education and skills are seen as an essential complementarity across several industries. China is the largest source country for international students in Canada, with more than 68,000 Chinese students now enrolled in universities there (Ward, 2002).

### **3.3 The two-way exchange of goods**

As a consequence of the two nations' considerable commercial expansion over the previous ten years, China is presently Canada's second-largest trade partner, while Canada is China's thirteenth-largest trading partner. Contrasts in the reported levels of trade from each country within the context of individual exchange insights are frequently seen. In that regard, Canadian and Chinese perspectives are not exceptional.

A few of the variables that contribute to the observed inequalities include various conventional valuation techniques and the delivery of commodities to the trade partner through third economies. While the insights from each country are shown separately, the remaining section of this analysis will whenever feasible, use imports from each country to describe bilateral commerce between Canada and China. In accordance with this technique, levels of two-way trade will be calculated by adding the import figures of each nation (Ball et al., 2003).

### **3.4 Service trade in two directions**

An essential component of ties between Canada and China is the exchange of services. The range of services that may be traded across borders has been expanded by inventive pushes and all financial divisions feature notable administrative components. A crucial element of value chains both domestically and internationally is the exchange of services. The administrative exchange between Canada and China has much space for improvement. One of the world's leading open administration economies is Canada. China has pledged to open up 62.5 percent of its add-on benefit segment, which will include 10 of the Common Understanding on Exchange in Administrations' 12 benefit categories. Information from Canada and China demonstrates the rapid growth of reciprocal administrative exchange over the past ten years. Statistics from Canada reveal that during the preceding 10 years, bilateral trade in services expanded by more than twice, reaching US\$2.2 billion in 2009. Chinese figures show that during the preceding five years, bilateral trade in services expanded by more than threefold, reaching an estimated US\$5.4 billion in 2010 (French & Crabbe, 2010).

### **3.5 Dual investment**

The economic connection between Canada and China is centred on investment. Early in the 1980s, a two-sided venture connection was established, and it has been steadily strengthening ever since. Over a lengthy period of time, a two-way venture has developed quickly. Over the past ten years, Chinese direct investment in Canada has increased significantly. China is a significant source of funding that may supplement other funding sources for the creation of new technologies and infrastructure projects. The overall amount of FDI from China into Canada is predicted to reach over US\$10.7 billion by the end of 2011, reflecting a 36-fold increase over the preceding 10 years, according to Canadian measurements. Chinese corporations have demonstrated a keen interest in making donations in Canada and have made sizable contributions elsewhere. The main industry of importance is natural resources, but there are also sophisticated manufacturing, information and communication technology, food processing, pharmaceuticals, alternative and complementary medicine, and others (Kaplinksky & Morris, 2016).

### **3.6 Farming and food industry (Including fish and seafood)**

The terms "agribusiness" and "agri-food" refer to all businesses whose main purpose is to generate food and goods based on food and nutrients. It comprises processors for both necessary horticulture and sustenance and refreshments, such as fish and angling. Later decades saw the development of a strong rural exchange connection between Canada and China based on wide complementarities. However, there are huge opportunities to expand two-way agricultural and food trade and business (Tefft et al.,

#### **4. Trade and economic connections between China and Canada have common interests**

Trade and commercial ties between China and Canada are based on a number of shared interests. Below, they are discussed.

##### **4.1 Cooperation on international issues**

The value of China's capable engagement in frameworks for tackling global concerns in areas like security, welfare, and the environment cannot be overstated. However, China's responses to rivalry and concern from other world powers, particularly the United States, the European Union, and Japan, might jeopardize its collaboration with other nations. Canada has a key role to play in supporting China's responsible participation, not just via direct bilateral measures but also through our capacity to employ good offices, legitimacy, and other soft power resources both bilaterally and globally. The topic of two-sided engagement on global concerns relating to the environment, human health and security, security, and administration is covered in the chapter on worldwide participation. Despite the shifting conditions for Canada-China cooperation caused by disparities in size and global influence, Canada still has a key role to play in supporting China's ethical behaviour in the international arena (Alexandroff & Cooper, 2010).

##### **4.2 Goods and services using clean technology and the environment**

The two major categories and their subsectors are referred to as the clean technology and environmental products and services sectors. I'll start with energy efficiency and renewable energy. such as bioenergy, hydrogen and fuel cells, hydroelectricity generation, smart grid technology, energy-efficient buildings, communities, and marine energy. Such as waste management, soil remediation, sustainable urban design, water and wastewater management, air pollution control, and greenhouse gas reduction and adaptation. Canada and China have been cooperating through a variety of cooperative projects in recognition of the local and international environmental concerns and our common interest in tackling them. The two countries want clean technologies, environmental products, and services. Their shared interest lies here.

##### **4.3 Tourists**

Additionally, Canadian tourists have begun to find China to be an interesting destination. Over 250,000 Canadians have visited China annually over the past three years. However, the number of visitors each year remains extremely low less than 1% of all Canadians' international travel. The 1% percentage of visitors who go to China shows there is room for growth. The percentage of Canadians travelling to China increased by almost 16 per cent yearly, which was the third-fastest growth overall and the fastest growth in Asia.

##### **4.4 Students from abroad**

Over the past ten years, the PRC has developed into a popular study-abroad location. More than 223,499 foreign students from 189 nations and regions attended 592 Chinese universities or other educational institutions in 2008, according to the Chinese Ministry of Education. One of the most popular locations for foreign post-

secondary students has surpassed Canada: China. Twenty per cent of all foreign students studying abroad were drawn to the US in 2008, making it the top destination for students worldwide. Seven per cent of all overseas students chose China as their sixth destination, while five per cent chose Canada. Canada does not appear on China's list of the top 10 countries of origin, therefore it is impossible to ascertain the precise number of Canadian students studying there. However, according to some estimates, there aren't more than 5,000 Canadian students studying in China. But for a number of reasons, this is probably going to change. As a top location for international students, China constantly markets itself. The amount of money the Chinese government makes available to international students through its scholarship program (CGSP) is rising. Chinese government scholarship recipients increased by 33% from 2007 to 2008, totalling 13,516 foreign students, or 6% of all foreign students in China (Castles & Loughna, 2005).

#### **4.5 Foreign employees**

In quest of better chances, more people are migrating east than west, according to a Washington Post article from two years ago. You are at the wrong place at the wrong moment if you are in London. You must relocate east. Canada's economy only grew an average of 3% annually throughout the same time, compared to China's typical growth rate of nearly 9%. During the first quarter of 2009, the Canadian economy expanded by 2.4 percent. The Chinese economy expanded at a pace of 6.1%, in comparison. In May 2009, the unemployment rate in Canada reached 8.4 percent, the highest level in 11 years (Duff 2003).

#### **4.6 Equipment and machinery**

The majority of the industrial processes in both the Canadian and Chinese economies depend heavily on machinery and equipment. As a result, this industry is quite broad, offering anything from general-purpose machinery (such as valves and pumps) to mining equipment (e.g., rock drills). Small and medium-sized businesses (SMEs) dominate the industry in both nations, which is highly fragmented and depends on innovation to thrive in a globally competitive market. The integration of these businesses into activities of the global value chain depends on technology adoption supported by significant levels of R&D expenditure. In order to share value chain strengths and promote increased commerce between the two nations, further bilateral collaboration in product development, particularly R&D, may be necessary (Gereffi et al., 2010).

#### **4.7 Products derived from natural resources**

The vitality, forest, and mining sectors are at the core of the study's definition of the distinctive assets and determined things division. The extraction and related operations of oil and gas, as well as their distribution and end applications, such as the production of coal and petroleum products, are all included in the energy industry. The woodland component includes activities including ranger service, logging and supporting work, as well as the use of woodland resources for making wood products, mush, and paper. The mining section includes mining activities such as mineral exploration and mineral extraction as well as initial handling, counting non-metallic minerals, necessary metals, and manufactured metal production. Trade and investment

in natural resources and related services have increased significantly between Canada and China during the past ten years. Due to the complementing interface, regular assets commodities and implied goods are currently overtaking Canada and China's respective trade (Wofford et al., 2013).

#### **4.8 Textiles and related products**

The expansion of the economies of China and Canada has been significantly aided by whole corporations. Later decades saw a fundamental improvement for these industries as generational divides over global value chains became more pronounced. The Canadian market saw a number of changes during this time and has since become increasingly specialized in deeply created materials and claim-to-fame apparel that respond to a broad range of both industries- and consumer-led demands. Due to massive financial speculation, the increased invention of services that can be shared across borders, and local innovation, China's material and apparel firms during the past ten years have become some of the largest providers of materials and clothing in the world (Campbell & Froot, 1994).

#### **4.9 Infrastructure for transportation and aerospace**

The infrastructure sector includes a wide range of subsectors, including residential and commercial buildings as well as infrastructure for transportation, information and communications technology, and energy and environmental industries. Canada's continued success in providing innovative goods and services to local and international customers serves as an example of its reputation for brilliance in this field. China is the country that gives the most to the basis for transportation. In order to stay up with the sector's recent strong economic development, increasing urbanization, and rising motorization, large-scale expenditures have been needed. China's aviation manufacturing business and discussion services industry has expanded at a notable rate, with the latter being the world's second-largest market in less than 10 years thanks to the country's enormous venture streams and increasingly wealthy middle class (Kuhn, 1962).

#### **Recommendations**

The following actions will considerably increase the volume of trade and give it more momentum.

1. The highest-ranking officials from both nations need to devote more time and money to their diplomatic relations.
2. Place-wise bets in important industries where China has a strong need and Canada wants to develop. Trade agreements may help the economy grow much more effectively.
3. To encourage openness and simplicity of investment, Canada's foreign ownership regulations and investment policies need to be clarified.
4. Instead of dividing their resources, Canada might give top Chinese megacities priority when it comes to diplomatic staffing and investment.
5. Promote stronger relationships between Canadian and Chinese communities through improving educational opportunities for Chinese students through alumni and employment networks.

## Conclusion

At first, there was only a limited amount of trade between China and Canada, and China mostly exported to Canada rather than importing. China's trade with India up to 2017 was over 4 times more than Canada's. However, since the nations' trade deal in 2018, the volume of commerce between them has increased greatly, and the trade gap has shrunk dramatically to its smallest level in recent years. According to the study, bilateral agreements, foreign direct investment (FDI), the creation of Special Economic Zones (SEZ) and Export Processing Zones (EPZ), regional cooperation, and the improvement of infrastructure are just a few of the comprehensive and conventional strategies that China and Canada pursue. All of these strategies promote trade and investment. Because the countries are the most populous, have to emerge, growing economies, and are facing the same geopolitical and global challenges, such as border disputes, global terrorism, and global climate, and because large populations and workforces are required to feed and absorb employment, effective and flexible trade relations are very effective for socioeconomic and political development. However, the main obstacles to strengthening the relationship include border disputes, Canada's frequent regime changes, inadequate infrastructure, bureaucracy, and corruption, as well as the absence of effective governance, sound microeconomic policy, and a favourable business climate. The study's conclusion, pursuing a comparative advantage policy, free economic zones, comprehensive and effective bilateral treaties, joint ventures, resolving border disputes, good governance, good microeconomic policy, an emphasis on ease of doing business, a green economy, and cooperating to address regional and global issues can all help to advance this trade relationship.

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