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## TRADE AND INVESTMENT



# Canada–European Union

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Parliamentary Information and Research Service

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## **INTRODUCTION**

The European Union (EU) comprises the following 28 member states: Austria, Belgium, Bulgaria, Croatia, Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and the United Kingdom.

In this publication, the “EU-15” refers to the following countries: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden and the United Kingdom.

In this publication, the “EU-13” refers to the following countries: Bulgaria, the Czech Republic, Croatia, Cyprus, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovakia and Slovenia.



**Merchandise Trade**

In 2013, Canada–European Union (EU) merchandise trade totalled \$86.2 billion, comprised of \$33.0 billion in Canadian exports to, and \$53.1 billion in imports from, the EU.

The value of Canada’s exports to the EU decreased by 14.6% between 2012 and 2013, while the value of Canada’s imports from the region increased by 5.1%.

Collectively, the 28 countries in the EU were Canada’s second largest export destination – and source of imports – globally in 2013, after the United States.

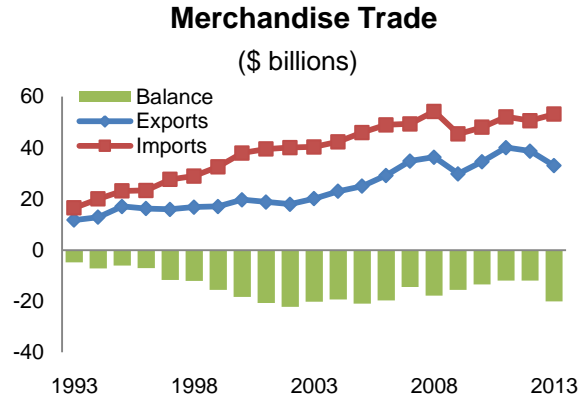
Over the 2008 to 2013 period, the value of Canada’s exports to the EU decreased at an average annual rate of 1.9%, compared to 0.5% worldwide. The value of Canada’s exports to the region as a share of the value of Canada’s total exports declined from 7.5% in 2008 to 7.0% in 2013.

The value of Canada’s imports from the EU decreased at an average annual rate of 0.4% over the 2008 to 2013 period, compared to an increase of 1.8% worldwide. The value of Canada’s imports from the region as a share of the value of Canada’s total imports declined from 12.5% in 2008 to 11.2% in 2013.

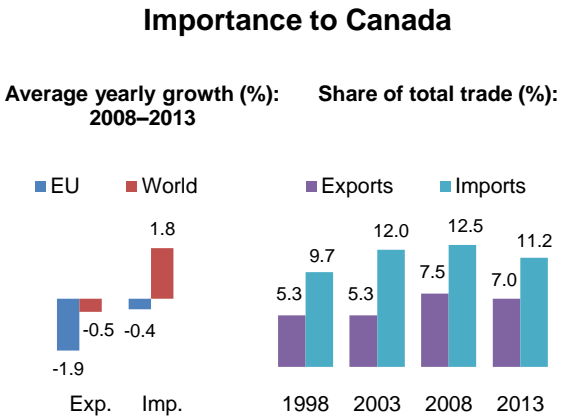
At the provincial/territorial level, Ontario and Quebec together accounted for 71.0% of the value of Canada’s exports to the EU in 2013, with exports valued at \$16.6 billion and \$6.8 billion respectively.

Over the 2008 to 2013 period, the fastest-growing provincial exporters to the EU were Manitoba, Prince Edward Island and Ontario, with average annual growth rates of 10.0%, 4.8% and 3.1% respectively.

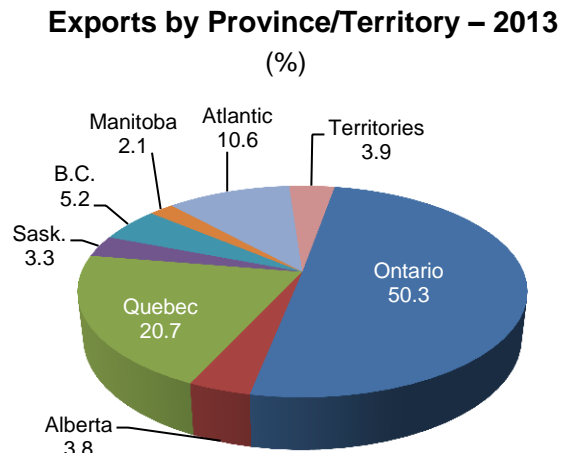
**Figure 1**



**Figure 2**



**Figure 3**



All figures were prepared using Statistics Canada data available in spring 2014. The merchandise trade data are customs-based; the services trade and foreign direct investment data are balance of payments-based. Numbers in this paper have been rounded.

**Products**

In 2013, manufactured goods accounted for 55.9% of the value of Canada's exports to the EU, with resource-based goods representing the remaining 44.1%. This composition had changed since 2008, when manufactured goods and resource-based goods accounted for 64.5% and 35.5% respectively of the value of Canada's exports to the region.

Canada's highest-valued exports to the EU in 2013 were gold, diamonds and iron ore, which together accounted for 32.0% of the value of Canada's exports to the region. The value of Canadian gold exports to the EU increased from \$4.4 billion in 2008 to \$7.6 billion in 2013. The value of Canadian diamond exports decreased from \$2.5 billion in 2008 to \$1.5 billion in 2013. In both years, the value of Canadian iron ore exports to the region was \$1.5 billion.

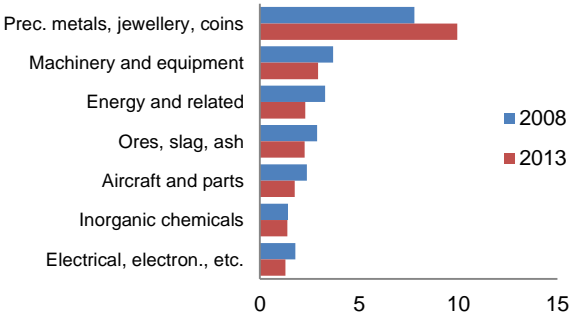
In 2013, manufactured goods represented 94.7% of the value of Canada's imports from the EU, with resource-based goods accounting for the remaining 5.3%. This composition had changed somewhat since 2008, when manufactured goods and resource-based goods represented 97.7% and 2.3% respectively of the value of Canada's imports from the region.

Canada's highest-valued imports from the EU in 2013 were medications, motor vehicles and refined oil, which together accounted for 22.5% of the value of Canada's imports from the region. The value of Canadian medication imports from the EU decreased from \$5.1 billion in 2008 to \$4.4 billion in 2013. The value of Canadian motor vehicle and refined oil imports from the region increased from \$3.6 billion and \$2.7 billion respectively in 2008 to \$4.3 billion and \$3.3 billion respectively in 2013.

In 2013, Canada had a trade deficit with the EU in the product categories of machinery and equipment, transportation equipment, agriculture and food, clothing and textiles, and other manufactured goods. It had a trade surplus with the region in all other product categories in that year.

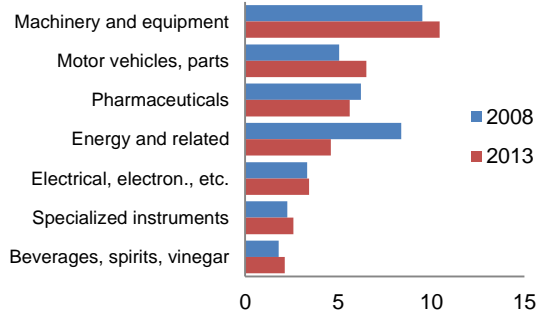
**Figure 4**

**Major Export Products**  
(\$ billions)



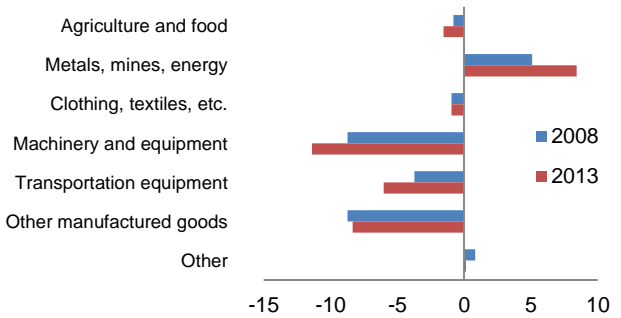
**Figure 5**

**Major Import Products**  
(\$ billions)



**Figure 6**

**Balance by Category**  
(\$ billions)



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**Trading Partners**

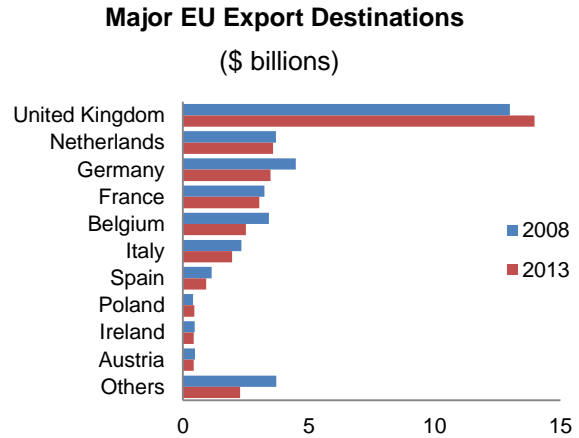
In 2013, the United Kingdom, the Netherlands and Germany were Canada's largest export destinations within the EU, with exports valued at \$14.0 billion, \$3.6 billion and \$3.5 billion respectively. Together, these three countries accounted for 63.7% of the value of Canada's exports to the region in that year.

Germany, the United Kingdom and Italy were Canada's largest sources of imports from the EU in 2013, with imports valued at \$15.4 billion, \$8.4 billion and \$5.8 billion respectively. Together, these three countries accounted for 55.8% of the value of Canada's imports from the region in that year.

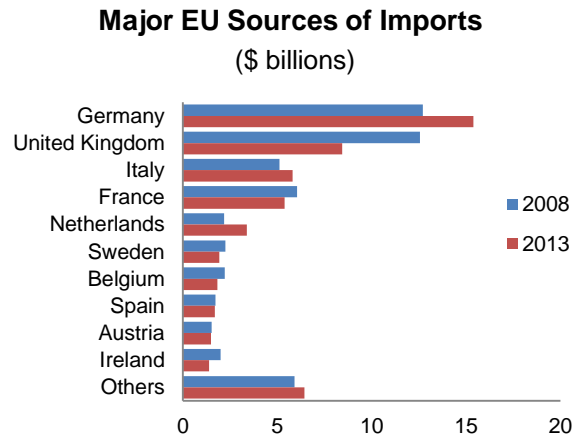
Between 2004 and 2013, 13 countries joined the EU. Throughout this period, these 13 EU members (EU-13) accounted for a relatively small proportion of the value of Canada's total trade with the region. Exports to, and imports from, the EU-13 in 2013 accounted for 4.2% and 6.5% respectively of the total value of Canada's exports to, and imports from, the EU.

Over the 2008 to 2013 period, the average annual decrease in the value of Canada's exports to the EU-13, at 2.5%, exceeded the average annual decline in the value of Canada's exports to the 15 countries in the EU prior to 2004 (EU-15), at 1.9%. Over the same period, the value of Canada's imports from the EU-13 increased at an average annual rate of 5.6%, compared to a decrease of 0.7% from the EU-15.

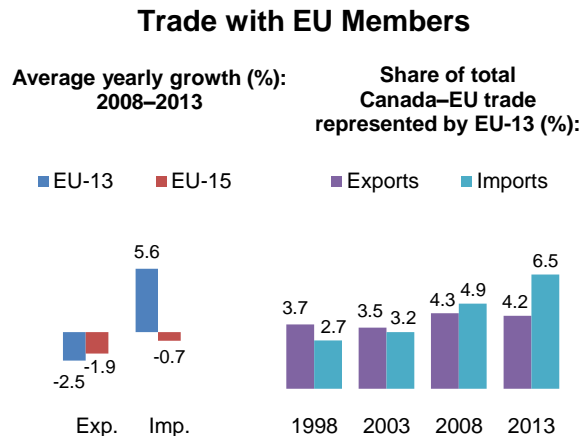
**Figure 7**



**Figure 8**



**Figure 9**



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**Services**

In 2013, Canada–EU services trade totalled \$31.3 billion, comprised of \$14.1 billion in Canadian exports to, and \$17.2 billion in imports from, the EU.

The value of Canada’s services exports to the EU decreased by 1.3% between 2012 and 2013, while the value of Canada’s services imports from the region declined by 0.7%.

In 2013, Canada’s services trade deficit with the EU was the result of trade in travel services and in transportation services. Canada’s travel services exports to, and imports from, the region were valued at \$3.0 billion and \$4.9 billion respectively in 2013; transportation services exports to, and imports from, the EU were valued at \$3.0 billion and \$4.9 billion respectively. In that year, the value of Canada’s commercial services exports to the region, at \$7.9 billion, exceeded the value of its imports of commercial services from the EU, at \$7.0 billion. Finally, Canada’s government services exports to, and imports from, the region were valued at \$225.0 million and \$344.0 million respectively in 2013.

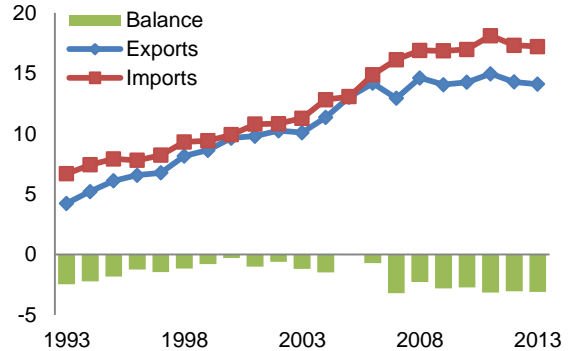
In 2011, the most recent year for which country-specific data are available, the United Kingdom, France and Germany were Canada’s largest services trade partners within the EU. Canada’s services exports to these countries were valued at \$4.8 billion, \$2.4 billion and \$2.0 billion respectively in that year, while its services imports from those countries totalled \$5.5 billion, \$2.5 billion and \$2.3 billion respectively.

Together, the United Kingdom, France and Germany accounted for 61.5% of the value of Canada’s services exports to the EU, and 57.0% of the value of services imports from the region, in 2011.

**Figure 10**

**Services Trade**

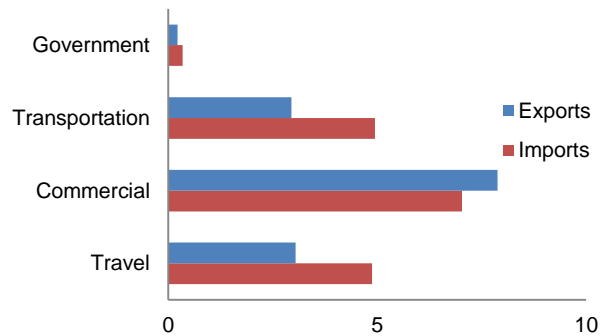
((\$ billions)



**Figure 11**

**Services Trade by Type – 2013**

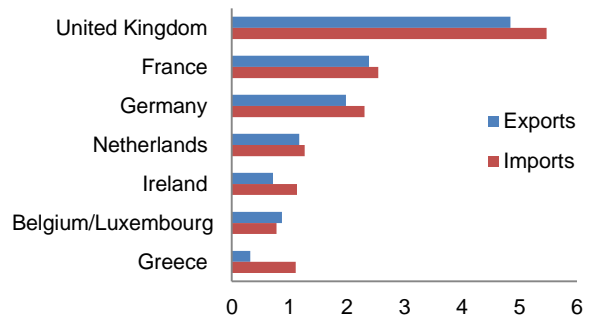
((\$ billions)



**Figure 12**

**Services Trade Partners – 2011**

((\$ billions)



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**Investment**

The stock of Canadian direct investment in the 27 countries that were members of the EU in 2011 – the most recent year for which data are available for the EU as a region – totalled \$172.5 billion. Together, these countries were Canada’s second largest destination for foreign investment abroad, behind the United States. The stock of Canadian direct investment in the EU increased by 2.3% between 2010 and 2011.

The United Kingdom, Luxembourg and the Netherlands were Canada’s largest destinations within the EU for direct investment abroad in 2013 – the most recent year for which data are available for these countries – with stocks of \$86.1 billion, \$30.2 billion and \$17.7 billion respectively.

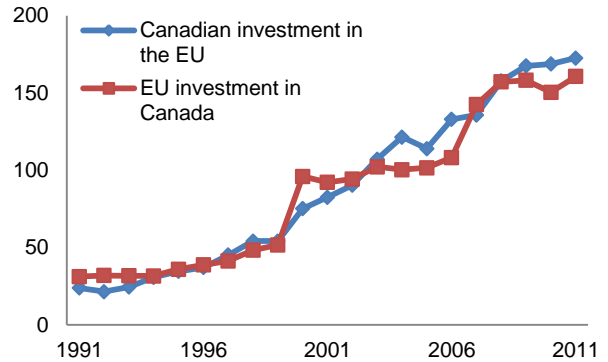
The stock of EU direct investment in Canada in 2011 – the most recent year for which data are available for the EU as a region – was \$160.7 billion, making the region the second largest source of foreign investment in Canada, behind the United States. The stock of EU direct investment in Canada increased by 6.8% between 2010 and 2011.

The Netherlands, the United Kingdom and Luxembourg were Canada’s largest sources of foreign direct investment from the EU in 2013 – the most recent year for which data are available for these countries – with stocks of \$67.8 billion, \$56.7 billion and \$28.5 billion respectively.

In 2011, as in 2006, Canada’s direct investment in the EU as a share of Canada’s total foreign direct investment was 25.6%. EU direct investment in Canada as a share of total foreign direct investment in Canada grew from 24.8% in 2006 to 26.6% in 2011.

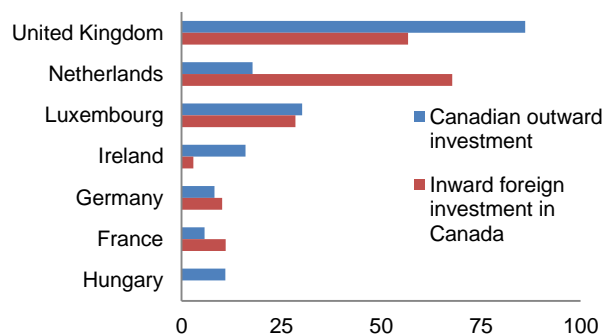
**Figure 13**

**Foreign Direct Investment – 1991 to 2011**  
(\$ billions)



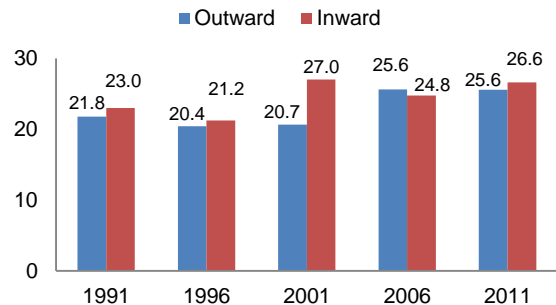
**Figure 14**

**Investment by Country – 2013**  
(\$ billions)



**Figure 15**

**EU’s Share of Canadian Foreign Direct Investment**  
(% of total direct investment)



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