

# TRADE AND INVESTMENT

## CANADA–EUROPEAN UNION



### REGIONAL PROFILE

#### European Union's Economy

- Gross domestic product (GDP) at purchasing power parity (PPP): US\$18.4 trillion (2014)
- GDP per capita at PPP: US\$36,200 (2014)
- Population: 508.3 million (2014)
- Merchandise exports and imports: 66% of GDP at official exchange rates (2014)
- Collectively, Canada's second largest merchandise trade partner (2014)
- Collectively, Canada's second largest services trade partner (2013)

#### Notable Trade and Investment Agreements between Canada and the European Union

- Canada–European Union: Comprehensive Economic and Trade Agreement (negotiations concluded but agreement not in force)
- Foreign investment promotion and protection agreements with Poland (1990), Hungary (1993), Croatia (2001), Latvia (2011), Romania (2011), the Czech Republic (2012) and Slovakia (2012)

### NOTES

*The Library of Parliament Trade and Investment series provides information on Canada's trade and investment relationship with the world and with selected countries. It also describes the trade relationship of each of Canada's 10 provinces and three territories with the world.*

*All figures were prepared using Statistics Canada data available in summer 2015.*

*To see the data tables used to generate the figures, view the HTML version of this paper at [Trade and Investment Series 2014](#). Detailed economic and population data on countries in the European Union are provided at the end of this paper.*

*The merchandise trade data are customs-based; the services trade data and foreign direct investment data are balance of payments-based.*

*Numbers in this paper have been rounded.*

*Definitions appear at the end of this paper, including definitions for the EU (European Union)-15 and EU-13 groups of countries.*

*All dollar amounts are in Canadian dollars unless otherwise noted.*

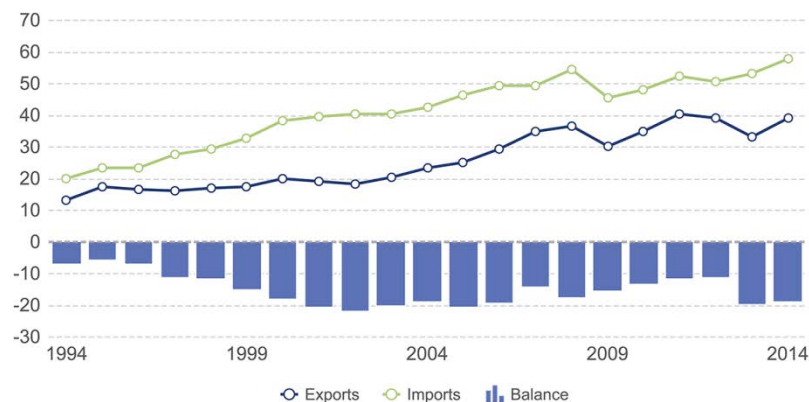
*In relation to the Regional Profile box, data for GDP at PPP, GDP per capita at PPP, population, and merchandise exports and imports as a share of GDP are from the World Bank's World Development Indicators database. The rankings are based on Statistics Canada data.*

*The five most highly valued merchandise export and import categories have been identified based on 2014 values.*

## CANADA'S MERCHANDISE TRADE WITH THE EUROPEAN UNION

### Merchandise Trade

(\$ billions)

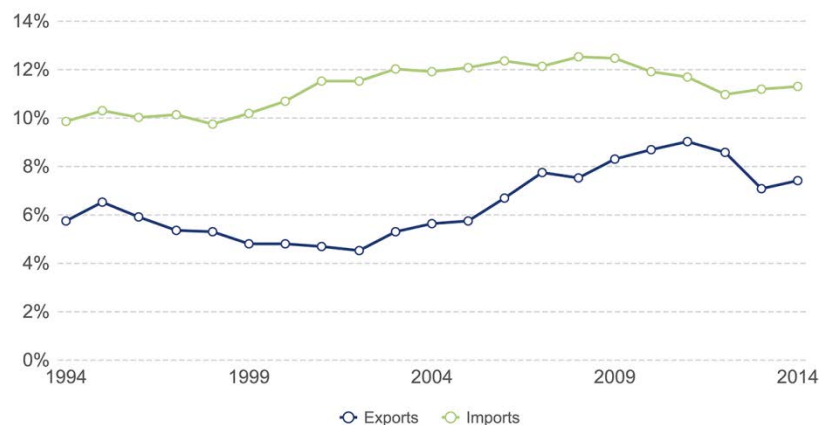


Total merchandise trade between Canada and European Union countries in 2014: \$96.6 billion

- Exports: \$38.8 billion, a 16.8% increase over 2013
- Imports: \$57.8 billion, a 8.7% increase over 2013

Trade deficit in 2014: \$19.0 billion, a decrease from \$20.0 billion in 2013

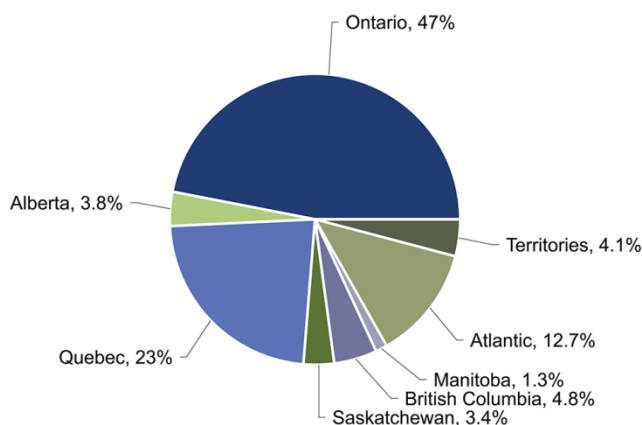
### Share of the Total Value of Canadian Trade



Exports to European Union countries in 2014: 7.4% of the total value of Canadian exports, an increase from 7.0% in 2013

Imports from European Union countries in 2014: 11.3% of the total value of Canadian imports, an increase from 11.2% in 2013

### Share of Canada's Total Exports by Province/Territory



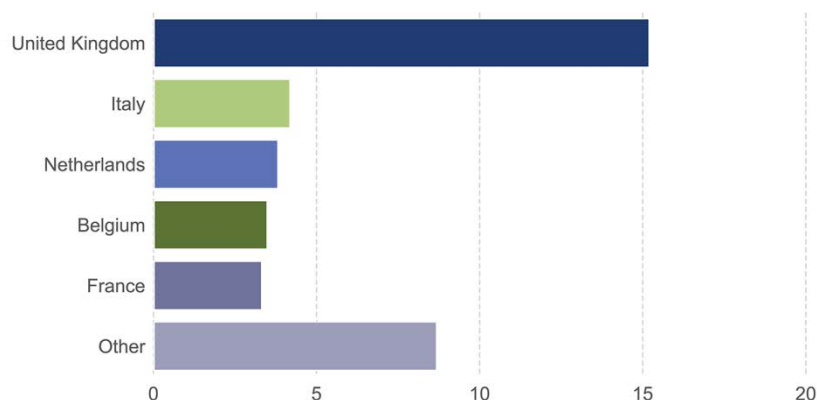
Highest-valued exporters to countries in the European Union in 2014:

- Ontario – \$18.2 billion, an increase from \$13.3 billion in 2013
- Quebec – \$8.9 billion, an increase from \$8.5 billion in 2013

## CANADA'S TRADING PARTNERS WITHIN THE EUROPEAN UNION

### Destinations for Merchandise Exports by Country

(\$ billions)

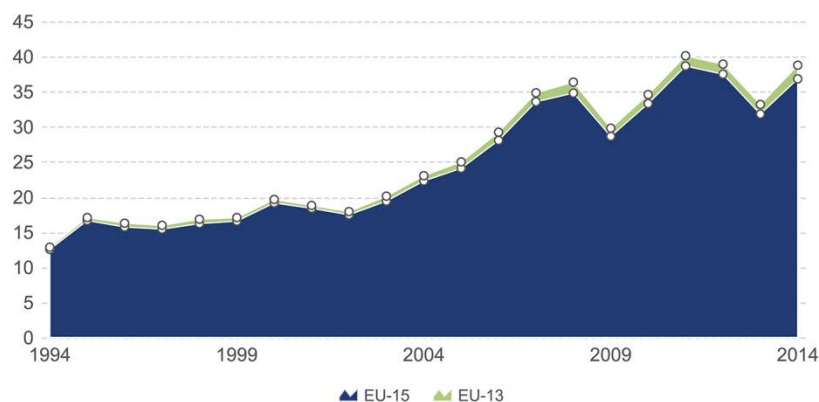


Destinations for merchandise exports to the European Union, by country, in 2014:

- United Kingdom – 39.3%
- Italy – 10.8%
- Netherlands – 9.9%
- Belgium – 9.1%
- France – 8.5%
- Other – 22.4%

### Destinations for Merchandise Exports by Region

(\$ billions)

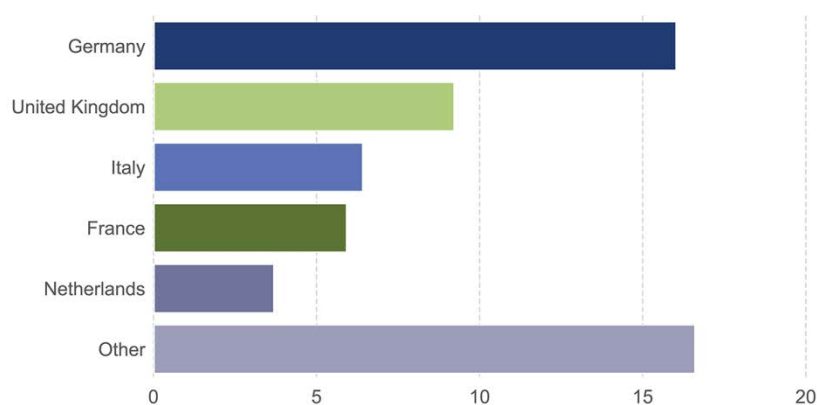


Destinations for merchandise exports to countries in the European Union, by region, in 2014:

- EU-15 countries – 95.0%, a decrease from 95.9% in 2013
- EU-13 countries – 5.0%, an increase from 4.1% in 2013

### Sources of Merchandise Imports by Country

(\$ billions)

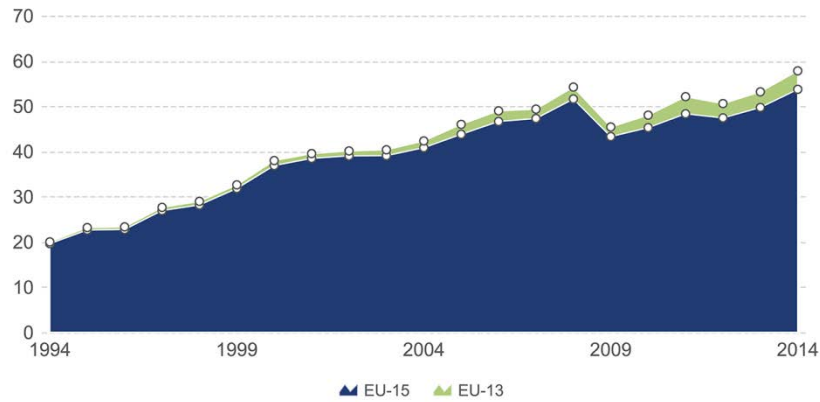


Sources of merchandise imports from the European Union, by country, in 2014:

- Germany – 27.6%
- United Kingdom – 15.9%
- Italy – 11.1%
- France – 10.2%
- Netherlands – 6.4%
- Other – 28.8%

**Sources of Merchandise Imports by Region**

(\$ billions)



Sources of merchandise imports from the European Union, by region, in 2014:

- EU-15 countries – 92.9%, a decrease from 93.5% in 2013
- EU-13 countries – 7.1%, an increase from 6.5% in 2013

## CANADA'S TRADE IN PRODUCTS WITH THE EUROPEAN UNION

Share of Exports by Sector

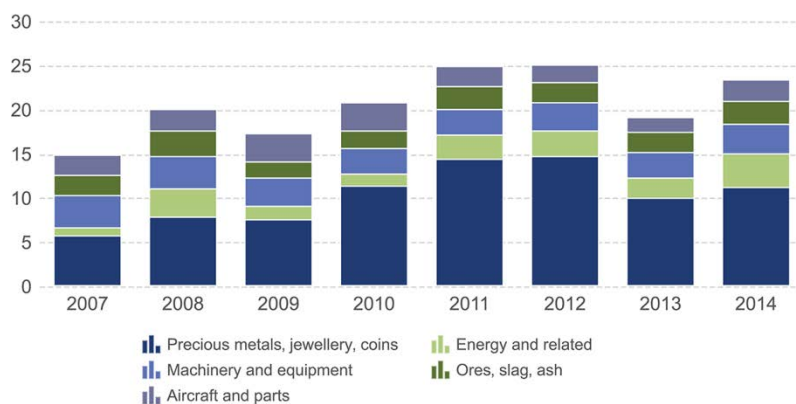


Exports in 2014:

- Resource-based goods – 48.2%, an increase from 44.2% in 2013
- Manufactured goods – 51.8%, a decrease from 55.8% in 2013

Most Highly Valued Exports by Product Category

(\$ billions)



Highest-valued exports in 2014:  
Gold and crude oil, together  
accounting for 29.0% of the  
total value of Canadian exports

- Gold exports: \$8.7 billion, an increase from \$7.6 billion in 2013
- Crude oil exports: \$2.5 billion, an increase from \$775.7 million in 2013

## Share of Exports by Sector

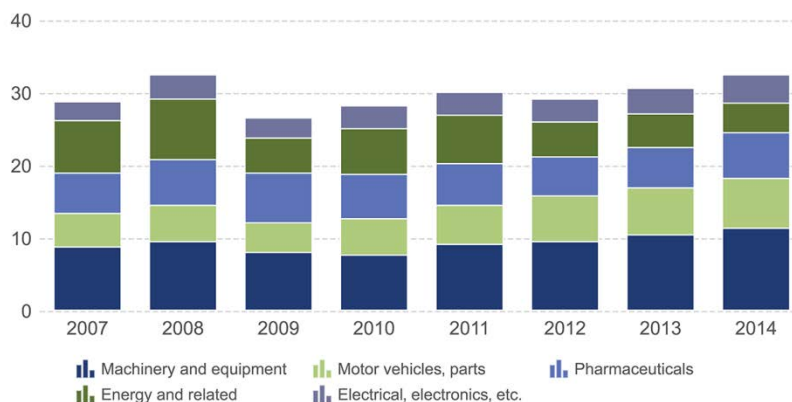


Imports in 2014:

- Resource-based goods – 4.1%, a decrease from 4.5% in 2013
- Manufactured goods – 95.9%, an increase from 95.5% in 2013

## Most Highly Valued Imports by Product Category

(\$ billions)

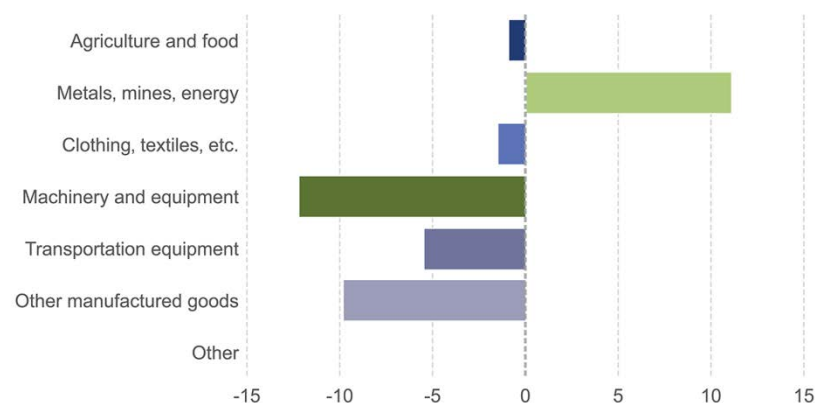


Highest-valued imports in 2014: Medications and motor vehicles, together accounting for 16.4% of the total value of Canadian imports

- Medication imports: \$4.9 billion, an increase from \$4.4 billion in 2013
- Motor vehicle imports: \$4.6 billion, an increase from \$4.3 billion in 2013

## Trade Balance by Product Category

(\$ billions)



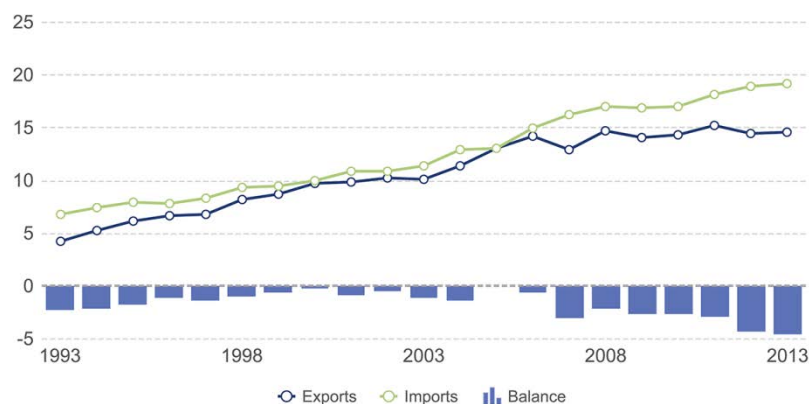
Largest merchandise trade deficit in 2014: Machinery and equipment, at \$12.2 billion

Largest merchandise trade surplus in 2014: Metals, mines and energy, at \$11.1 billion

## CANADA'S FOREIGN DIRECT INVESTMENT WITH THE EUROPEAN UNION

### Services Trade

(\$ billions)



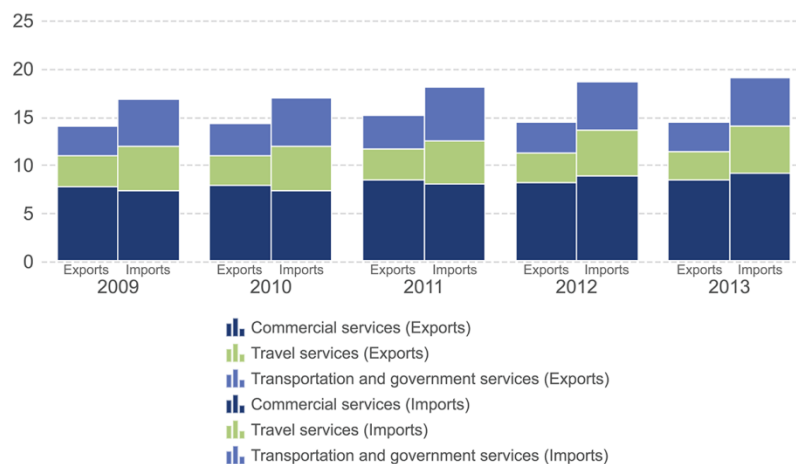
Total services trade between Canada and European Union countries in 2013: \$33.6 billion

- Exports: \$14.5 billion, a 0.5% increase over 2012
- Imports: \$19.1 billion, a 1.5% increase over 2012

Trade deficit in 2013: \$4.6 billion, an increase from \$4.4 billion in 2012

### Services Trade by Type

(\$ billions)



Services trade deficit in 2013: Largely due to transportation and government services trade

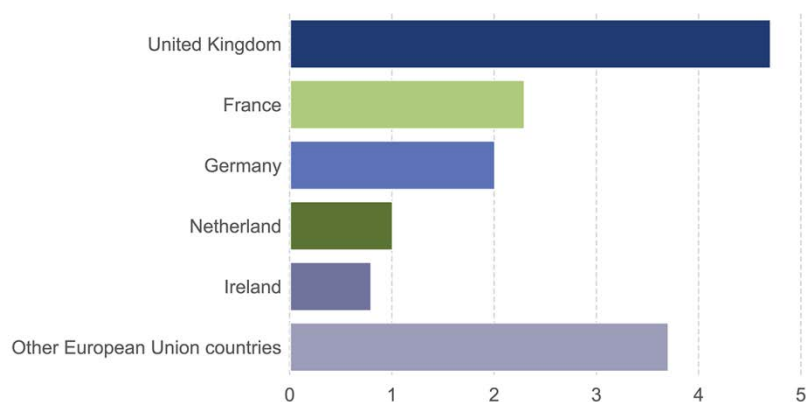
- Transportation and government services exports: \$3.0 billion
- Transportation and government services imports: \$5.0 billion



## CANADA–EUROPEAN UNION

### Destinations for Services Exports

(\$ billions)

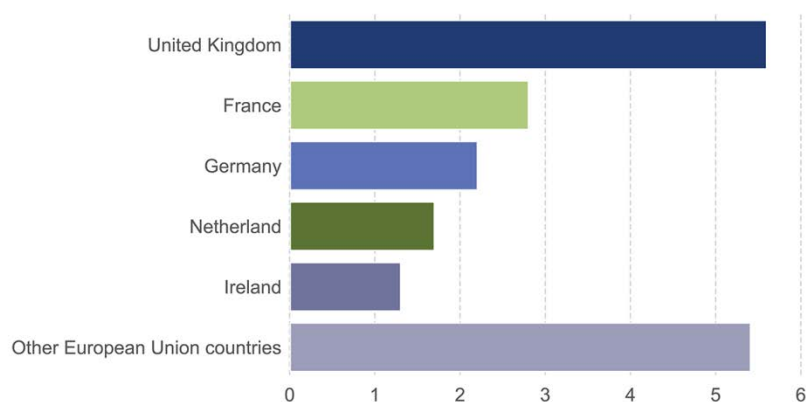


Destinations for services exports to the European Union in 2013:

- United Kingdom – 32.7%
- France – 15.7%
- Germany – 13.8%
- Netherlands – 6.6%
- Ireland – 5.6%
- Other – 25.6%

### Sources of Services Imports

(\$ billions)



Sources of services imports from the European Union in 2013:

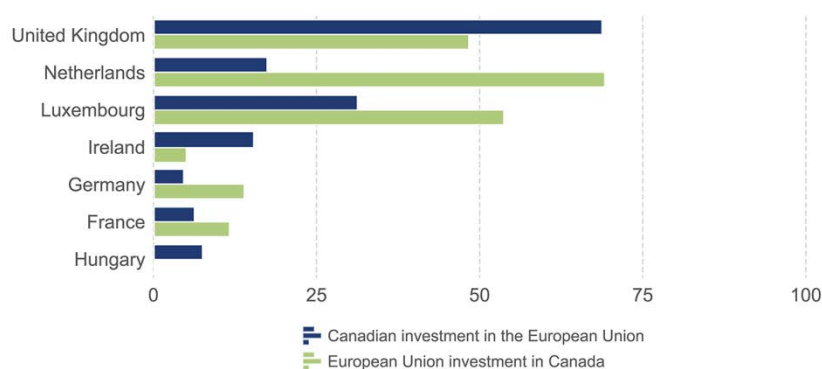
- United Kingdom – 29.4%
- France – 14.8%
- Germany – 11.5%
- Netherlands – 9.0%
- Ireland – 7.1%
- Other – 28.3%



## CANADA'S FOREIGN DIRECT INVESTMENT WITH THE EUROPEAN UNION

### Major Destinations for and Sources of Foreign Direct Investment

(\$ billions)



Major destinations for Canadian foreign direct investment in the European Union in 2014:

- United Kingdom – \$68.8 billion
- Luxembourg – \$31.1 billion
- Netherlands – \$17.5 billion

Major European Union sources of foreign direct investment in Canada in 2014:

- Netherlands – \$69.2 billion
- Luxembourg – \$53.6 billion
- United Kingdom – \$48.3 billion

## PROFILE OF THE EUROPEAN UNION

### EUROPEAN UNION MEMBER COUNTRIES

Country	GDP at PPP (2014, US\$)	GDP per Capita at PPP (2014, US\$)	Population (2014)	Merchandise Exports and Imports as a Percentage of GDP at Official Exchange Rates (2014)
Austria	394.0 billion	46,200	8.5 million	82%
Belgium	479.6 billion	42,700	11.2 million	173%
Bulgaria	118.0 billion	16,300	7.2 million	115%
Croatia	90.0 billion	21,300	4.2 million	63%
Cyprus	26.4 billion	30,900	1.1 million	37%
Czech Republic	320.0 billion	30,400	10.5 million	159%
Denmark	253.0 billion	44,900	5.6 million	61%
Estonia	34.6 billion	26,400	1.3 million	132%
Finland	217.2 billion	39,800	5.5 million	56%
France	2.6 trillion	38,900	66.2 million	45%
Germany	3.7 trillion	45,600	80.9 million	71%
Greece	285.9 billion	26,100	11.0 million	42%
Hungary	241.6 billion	24,500	9.9 million	157%
Ireland	220.5 billion	47,800	4.6 million	77%
Italy	2.1 trillion	34,800	61.3 million	47%
Latvia	46.4 billion	23,300	2.0 million	100%
Lithuania	78.0 billion	26,600	2.9 million	140%
Luxembourg	49.5 billion	91,000	556,100	75%
Malta	12.3 billion	29,100	427,400	101%
Netherlands	794.3 billion	47,100	16.9 million	145%
Poland	945.4 billion	24,900	38.0 million	79%
Portugal	294.5 billion	28,300	10.4 million	62%
Romania	386.3 billion	19,400	19.9 million	74%
Slovakia	149.5 billion	27,600	5.4 million	169%
Slovenia	61.7 billion	29,900	2.1 million	142%
Spain	1.6 trillion	33,800	46.4 million	48%
Sweden	437.4 billion	45,100	9.7 million	57%
United Kingdom	2.4 trillion	39,100	64.5 million	40%
<b>European Union</b>	<b>18.4 trillion</b>	<b>36,200</b>	<b>508.3 million</b>	<b>66%</b>

Unless otherwise noted, data are from the World Bank.

The European Union's aggregate measure of merchandise exports and imports as a percentage of GDP includes trade between European Union countries.

Values for Luxembourg and Malta are 2013 estimates, with one exception: population figures, which are 2014 estimates.

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## DEFINITIONS

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**Balance of payments–based data:** Balance of payments–based data calculate trade flows using surveys of international trade and investment activity of firms and other entities.

**Balance of trade:** The trade balance is the difference between the value of exports and the value of imports. There is a trade surplus if the value of exports exceeds the value of imports. There is a trade deficit if the value of imports exceeds the value of exports.

**Customs-based data:** Customs-based data are compiled from declarations filed with the Canada Border Services Agency and are used to track the flow of goods into and out of Canada.

**EU-15:** The “EU-15” refers to countries that were already members of the European Union prior to 2004: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden and the United Kingdom.

**EU-13:** The “EU-13” refers to the countries that joined the European Union between 2004 and 2013: Bulgaria, the Czech Republic, Croatia, Cyprus, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovakia and Slovenia.

**Foreign direct investment (FDI):** FDI occurs when an investor residing in one country holds at least 10% equity in an enterprise resident in another country. The stock of FDI is the value of the accumulated equity owned by investors abroad; the stock changes from year to year based on flows of FDI.

**Gross domestic product (GDP):** GDP measures an economy’s total production in a given year. As one entity’s income is another entity’s spending, GDP is equal to the total value of final sales or to the total value of incomes.

**Manufactured goods:** Manufactured goods are finished or semi-finished products resulting from the transformation of materials and substances into new products (North American Industry Classification System, or NAICS, codes 31 to 33) and the output of establishments primarily engaged in operating electric, gas and water utilities (NAICS code 22).

**Merchandise trade:** Merchandise trade refers to trade in physical goods, such as cars, wheat and iron ore.

**Purchasing power parity (PPP):** To adjust for price differences across countries for identical products, a calculation of GDP that uses PPP assumes that a given product has the same price in each country.

**Resource-based goods:** Resource-based goods are products of the agriculture, forestry, fishing and hunting sector (NAICS code 11), as well as the mining, quarrying, and oil and gas extraction sector (NAICS code 21).

**Services trade:** Services trade is trade in travel, transportation and government, and commercial services. Travel services are goods and services purchased abroad by travellers, with one exception: cross-border transportation. Transportation services are the transportation of goods and cross-border travellers, and related services. Government services arise largely from official representation and military activities, and some governmental commercial activities. Commercial services are all other services, such as management, financial or engineering services; the category also includes charges for the use of intellectual property.