

# TRADE AND INVESTMENT

## CANADA–EUROPEAN UNION

### REGIONAL PROFILE

#### Economic Indicators

- Gross domestic product (GDP) at purchasing power parity (PPP): US\$19.2 trillion (2015)
- GDP per capita at PPP: US\$37,700 (2015)
- Population: 509.7 million (2015)
- Merchandise exports and imports: 65% of GDP at official exchange rates (2015)
- Collectively, Canada's 2<sup>nd</sup> largest merchandise trade partner (2015)
- Collectively, Canada's 2<sup>nd</sup> largest services trade partner (2014)

#### 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 2016.*

*To see the data tables used to generate the figures, view the HTML version of this paper at [Trade and Investment Series 2015](#). 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 2015 values.*

**Michaël Lambert-Racine**

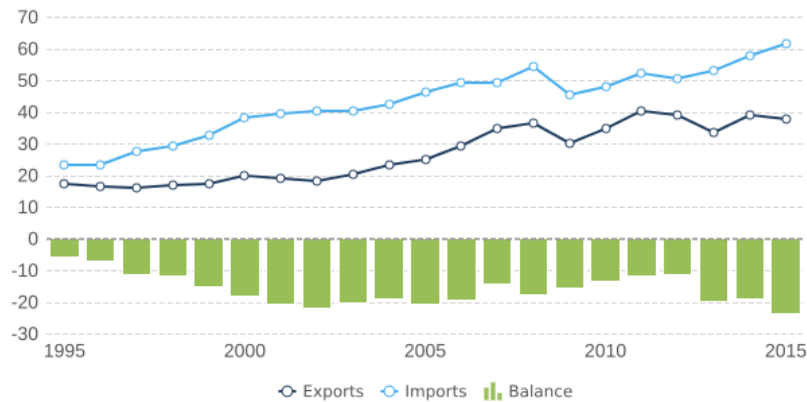
*Economics, Resources and International Affairs Division  
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## CANADA'S MERCHANDISE TRADE WITH THE EUROPEAN UNION

### Merchandise Trade

(\$ billions)

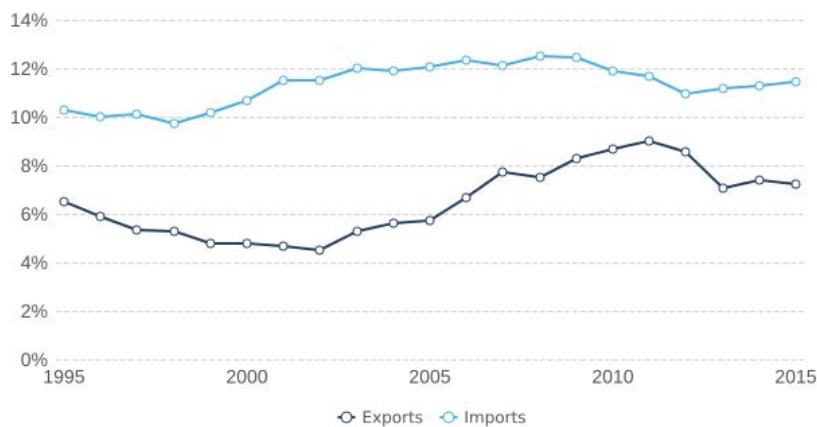


Total merchandise trade between Canada and European Union countries in 2015: \$99.2 billion

- Exports: \$37.8 billion, a 2.5% decrease from 2014
- Imports: \$61.4 billion, a 6.1% increase from 2014

Trade deficit in 2015: \$23.6 billion, an increase from \$19.1 billion in 2014

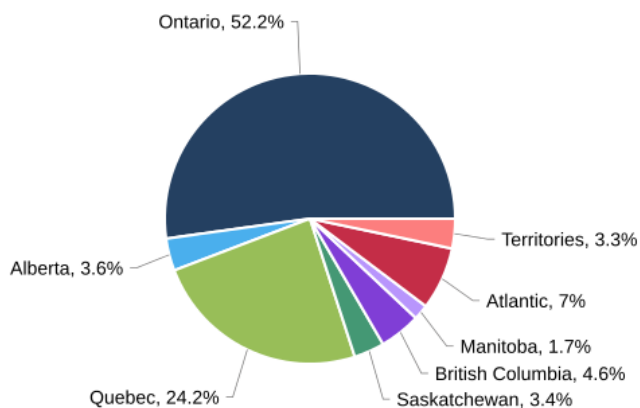
### Share of the Total Value of Canadian Trade



Exports to European Union countries in 2015: 7.2% of the total value of Canadian exports, a decrease from 7.4% in 2014

Imports from European Union countries in 2015: 11.5% of the total value of Canadian imports, an increase from 11.3% in 2014

### Share of Exports by Province/Territory

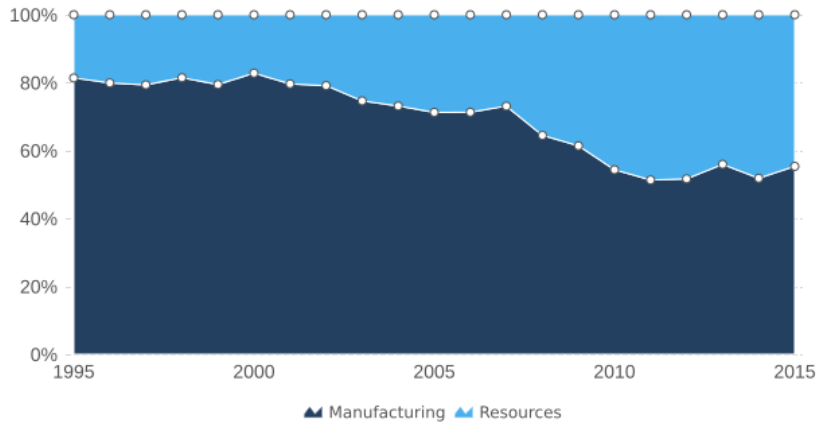


Highest-valued exporters to European Union countries in 2015:

- Ontario – \$19.7 billion, an increase from \$17.4 billion in 2014
- Quebec – \$9.1 billion, an increase from \$7.9 billion in 2014

## CANADA-EUROPEAN UNION

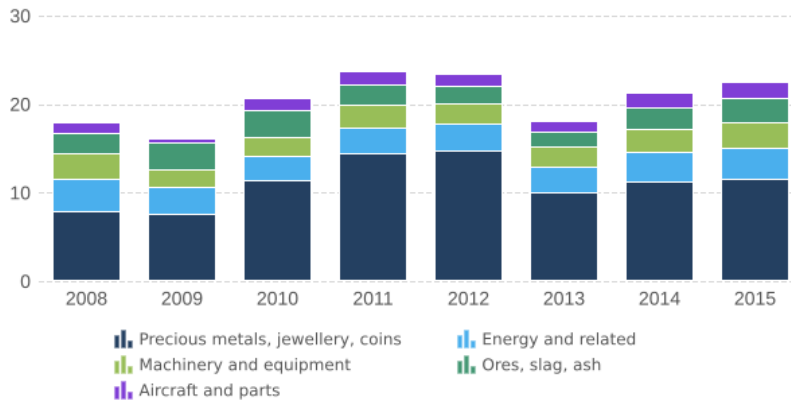
### Share of Exports by Sector



#### Exports in 2015:

- Resource-based goods – 44.6%, a decrease from 48.2% in 2014
- Manufactured goods – 55.4%, an increase from 51.8% in 2014

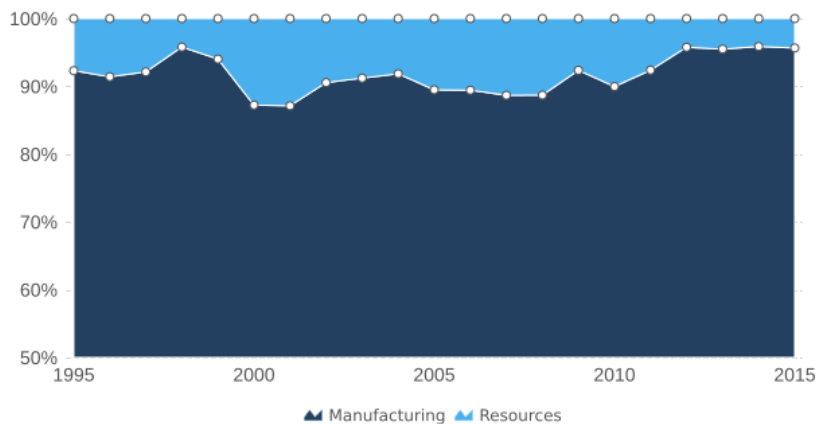
### Most Highly Valued Exports by Product Category (\$ billions)



#### Highest-valued exports in 2015: Gold and aircraft, together accounting for 30.2% of the total value of Canadian exports

- Gold exports: \$9.4 billion, an increase from \$8.7 billion in 2014
- Aircraft exports: \$1.9 billion, an increase from \$1.8 billion in 2014

### Share of Imports by Sector



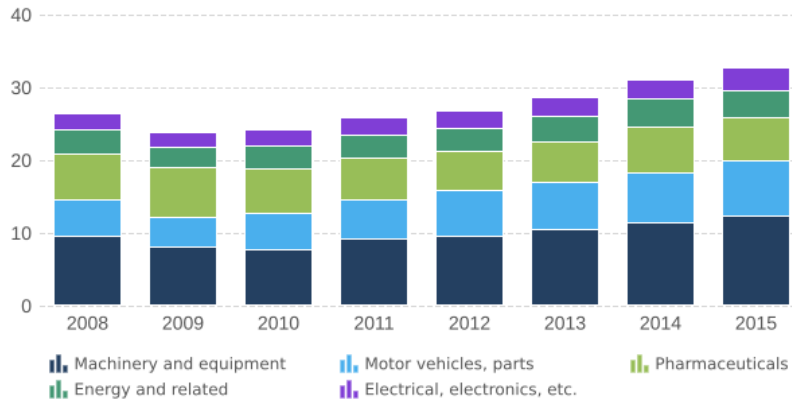
#### Imports in 2015:

- Resource-based goods – 4.3%, an increase from 4.1% in 2014
- Manufactured goods – 95.7%, a decrease from 95.9% in 2014

## CANADA-EUROPEAN UNION

### Most Highly Valued Imports by Product Category

(\$ billions)

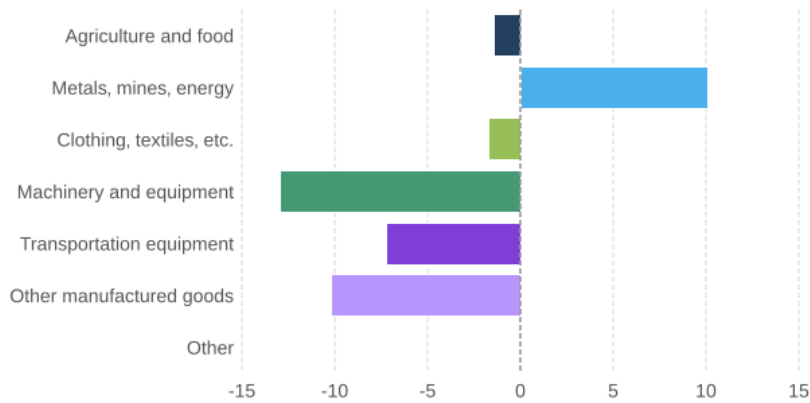


Highest-valued imports in 2015: Motor vehicles and medications, together accounting for 15.9% of the total value of Canadian imports

- Motor vehicle imports: \$5.5 billion, an increase from \$4.6 billion in 2014
- Medication imports: \$4.3 billion, a decrease from \$4.9 billion in 2014

### Trade Balance by Product Category

(\$ billions)

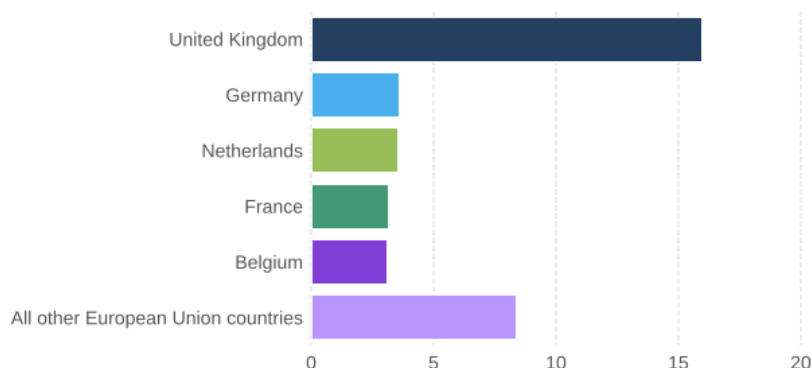


Largest merchandise trade deficit in 2015: Machinery and equipment, at \$12.9 billion

Largest merchandise trade surplus in 2015: Metals, mines and energy, at \$10.1 billion

## CANADA'S TRADING PARTNERS WITHIN THE EUROPEAN UNION

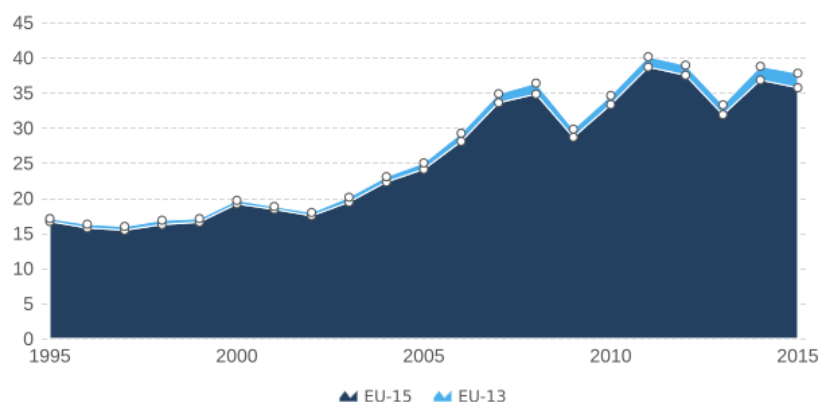
**Destinations for Merchandise Exports by Country**  
(\$ billions)



Destinations for merchandise exports to the European Union, by country, in 2015:

- United Kingdom – 42.2%
- Germany – 9.6%
- Netherlands – 9.4%
- France – 8.3%
- Belgium – 8.3%
- All other European Union countries – 22.2%

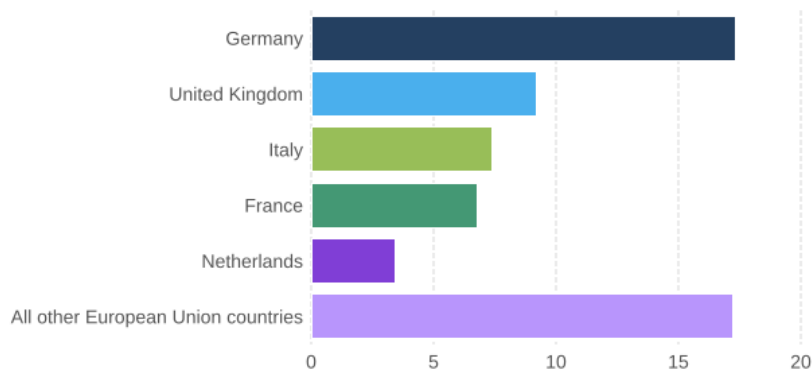
**Destinations for Merchandise Exports by Region**  
(\$ billions)



Destinations for merchandise exports to the European Union, by region, in 2015:

- EU-15 countries – 94.5%, a decrease from 95.0% in 2014
- EU-13 countries – 5.5%, an increase from 5.0% in 2014

**Sources of Merchandise Imports by Country**  
(\$ billions)

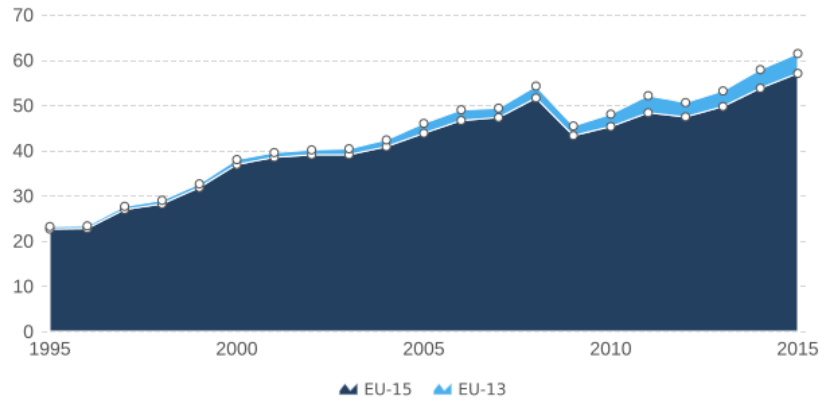


Sources of merchandise imports from the European Union, by country, in 2015:

- Germany – 28.2%
- United Kingdom – 15.0%
- Italy – 12.0%
- France – 11.1%
- Netherlands – 5.6%
- All other European Union countries – 28.1%

## CANADA-EUROPEAN UNION

**Sources of Merchandise Imports by Region**  
(\$ billions)



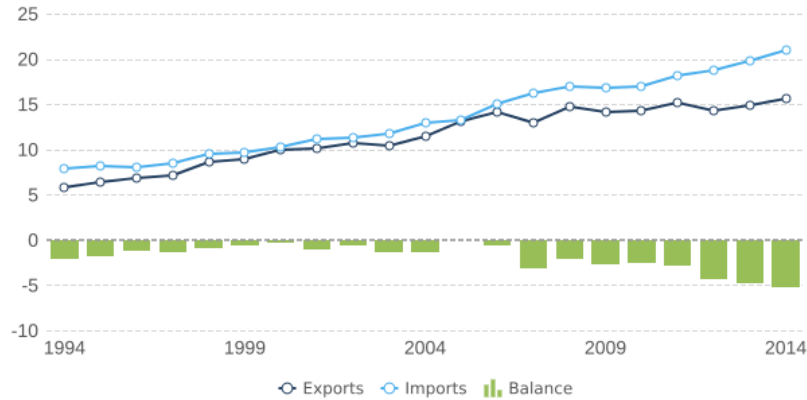
Sources of merchandise imports from the European Union, by region, in 2015:

- EU-15 countries – 92.9%, unchanged from 2014
- EU-13 countries – 7.1%, unchanged from 2014

## CANADA'S SERVICES TRADE WITH THE EUROPEAN UNION

### Services Trade

(\$ billions)



Total services trade between Canada and European Union countries in 2014: \$36.6 billion

- Exports: \$15.7 billion, a 5.2% increase from 2013
- Imports: \$20.9 billion, a 6.1% increase from 2013

Trade deficit in 2014: \$5.3 billion, an increase from \$4.9 billion in 2013

### Services Trade by Type

(\$ billions)



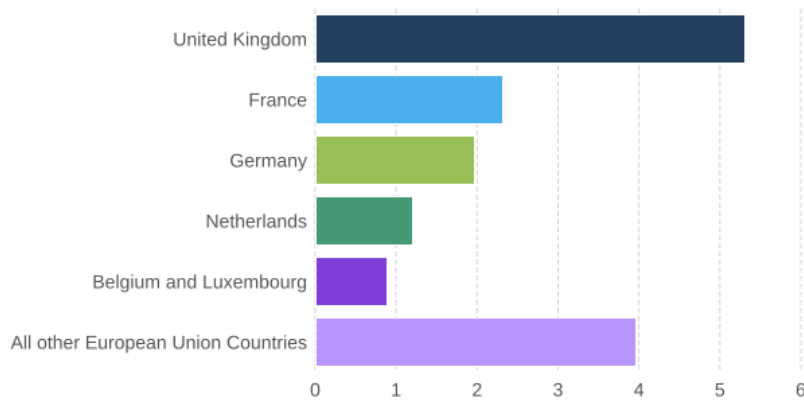
Services trade deficit in 2013, the most recent year for which services data are available by type: Largely due to transportation and government services trade

- Transportation and government services exports: \$3.1 billion
- Transportation and government services imports: \$5.1 billion

## CANADA-EUROPEAN UNION

### Destinations for Services Exports

(\$ billions)

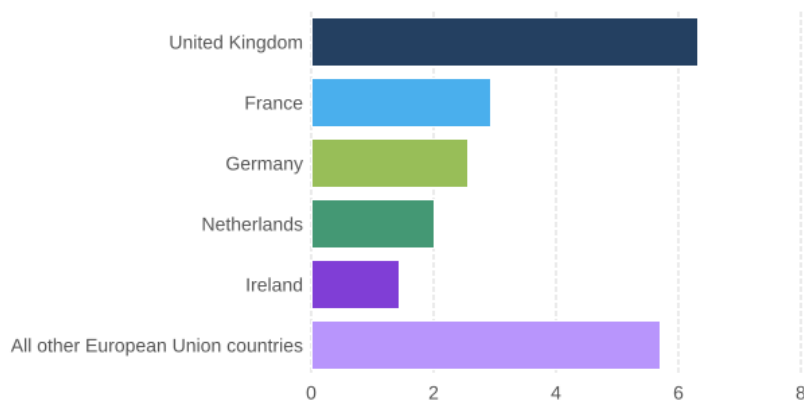


Destinations for services exports to the European Union in 2014:

- United Kingdom – 33.9%
- France – 14.8%
- Germany – 12.6%
- Netherlands – 7.7%
- Belgium and Luxembourg – 5.7%
- All other European Union countries – 25.3%

### Sources of Services Imports

(\$ billions)



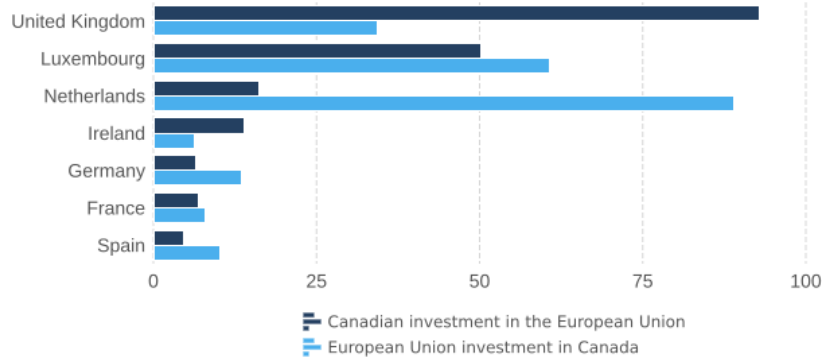
Sources of services imports from the European Union in 2014:

- United Kingdom – 30.1%
- France – 14.0%
- Germany – 12.2%
- Netherlands – 9.6%
- Ireland – 6.9%
- All other European Union countries – 27.2%

## 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 2015:

- United Kingdom – \$92.9 billion
- Luxembourg – \$50.2 billion
- Netherlands – \$16.3 billion

Major European Union sources of foreign direct investment in Canada in 2015:

- Netherlands – \$89.1 billion
- Luxembourg – \$60.8 billion
- United Kingdom – \$34.3 billion

## PROFILE OF THE EUROPEAN UNION

### European Union Member Countries

Country	GDP at PPP (2015, US\$)	GDP per Capita at PPP (2015, US\$)	Population (2015)	Merchandise Exports and Imports as a Percentage of GDP at Official Exchange Rates (2015)
Austria	411.8 billion	47,800	8.6 million	82%
Belgium	496.5 billion	44,000	11.3 million	170%
Bulgaria	125.7 billion	17,500	7.2 million	112%
Croatia	92.4 billion	21,900	4.2 million	68%
Cyprus	25.9 billion	30,700	1.2 million	38%
Czech Republic	339.4 billion	32,200	10.6 million	164%
Denmark	264.7 billion	44,600	5.7 million	61%
Estonia	36.9 billion	28,100	1.3 million	121%
Finland	222.2 billion	40,600	5.5 million	52%
France	2.7 trillion	39,700	66.8 million	45%
Germany	3.8 trillion	47,300	81.4 million	71%
Greece	288.8 billion	26,700	10.8 million	39%
Hungary	251.8 billion	25,600	9.8 million	158%
Ireland	253.6 billion	54,700	4.6 million	81%
Italy	2.2 trillion	35,900	60.8 million	48%
Latvia	48.0 billion	24,300	2.0 million	98%
Lithuania	80.7 billion	27,700	2.9 million	131%
Luxembourg	58.1 billion	101,900	569,700	70%
Malta	N/A	N/A	431,300	N/A
Netherlands	820.7 billion	48,500	16.9 million	143%
Poland	993.1 billion	26,100	38.0 million	82%
Portugal	302.3 billion	29,200	10.3 million	61%
Romania	424.5 billion	21,400	19.8 million	73%
Slovakia	156.6 billion	28,900	5.4 million	172%
Slovenia	64.2 billion	31,100	2.1 million	144%
Spain	1.6 trillion	34,500	46.4 million	49%
Sweden	454.9 billion	46,400	9.8 million	56%
United Kingdom	2.7 trillion	41,300	65.1 million	38%
<b>European Union</b>	<b>19.2 trillion</b>	<b>37,700</b>	<b>509.7 million</b>	<b>65%</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.

GDP at PPP, GDP per capita at PPP, and merchandise exports and imports as a share of GDP values for Malta are unavailable.

## DEFINITIONS

**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.