



TRADE AND INVESTMENT

CANADA–EUROPEAN UNION

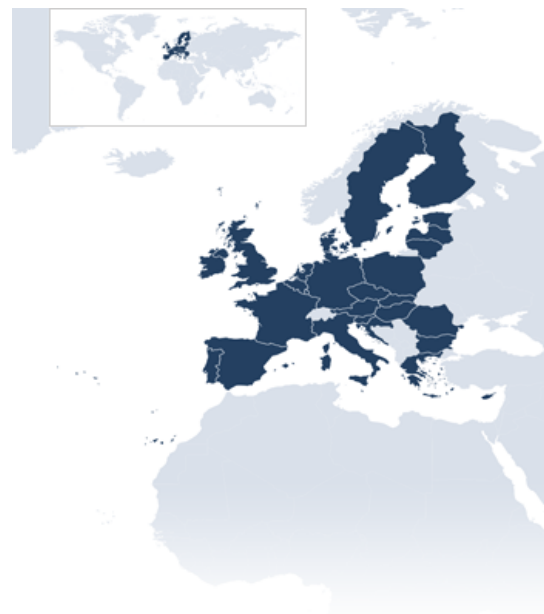
THE EUROPEAN UNION'S PROFILE

Economic Indicators

- Gross domestic product (GDP) at purchasing power parity (PPP): US\$21.1 trillion (2017)
- GDP per capita at PPP: US\$41,100 (2017)
- Population: 512.5 million (2017)
- International merchandise exports and imports: 67.7% of GDP at official exchange rates (2017)
- Canada's 2nd largest merchandise trade partner (2017)
- Canada's 2nd largest services trade partner (2016)

Notable Trade and Investment Agreements between Canada and the European Union

- *Canada–European Union Comprehensive Economic and Trade Agreement* (signed, with parts of the agreement provisionally applied)
- Foreign investment promotion and protection agreements with Poland (1990), Hungary (1993), Croatia (2001), Latvia (2011), Romania (2011), Czechia (2012) and Slovakia (2012)



NOTES

The Library of Parliament's 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. In addition, it presents Canada's merchandise trade relationship with each of the United States' 50 states.

All figures were prepared using Statistics Canada data available in spring 2018.

To see the data tables used to generate the figures, view the HTML version of this profile at [Trade and Investment Series 2017](#).

The merchandise trade data are customs-based; the services trade data and foreign direct investment data are balance of payments–based. Data on Canada's services trade relationship with Belgium are amalgamated with that of Luxembourg.

Numbers in this profile have been rounded.

All dollar amounts are in Canadian dollars unless otherwise noted.

Definitions appear at the end of this profile.

The five most highly valued merchandise export and import categories have been identified based on 2017 values.

In the Economic Indicators section, data for GDP at PPP, GDP per capita at PPP, population, and international merchandise exports and imports as a share of GDP are from the World Bank's World Development Indicators database. The merchandise and services trade rankings are based on Statistics Canada data.

Simon Richards

*Economics, Resources and International Affairs Division
Parliamentary Information and Research Service*

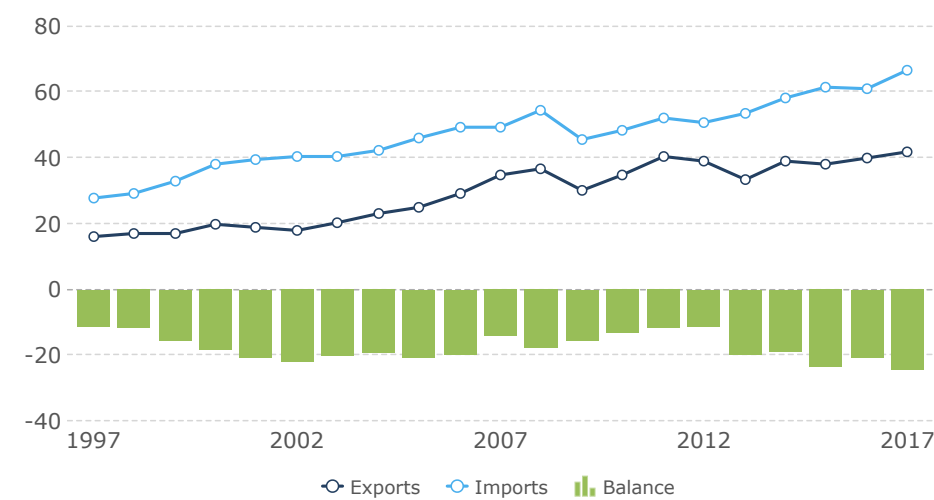
**Publication No. 2018-504-E
1 October 2018**



CANADA'S MERCHANDISE TRADE WITH THE EUROPEAN UNION

Merchandise Trade

(\$ billions)

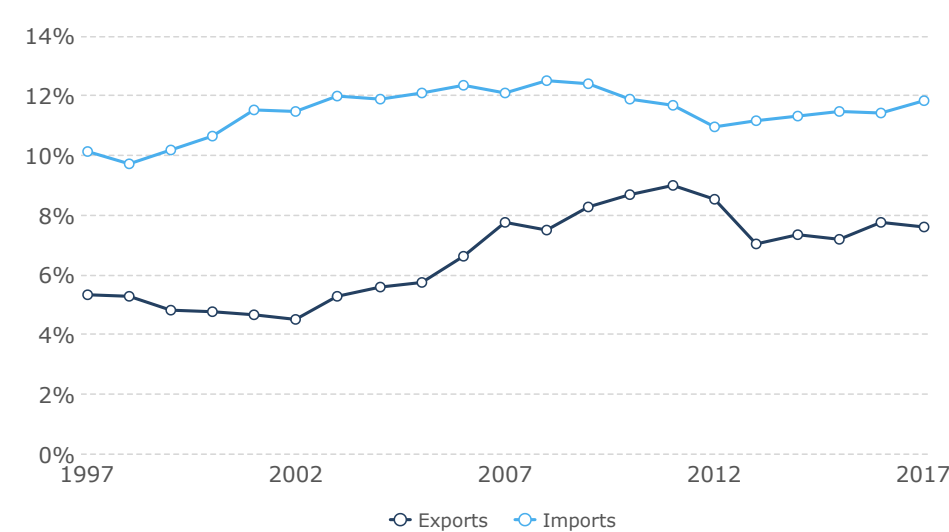


Bilateral merchandise trade in 2017:
\$107.9 billion

- Exports: \$41.6 billion, a 4.0% increase from 2016
- Imports: \$66.3 billion, a 9.0% increase from 2016

Trade deficit in 2017:
\$24.7 billion, an increase from \$20.8 billion in 2016

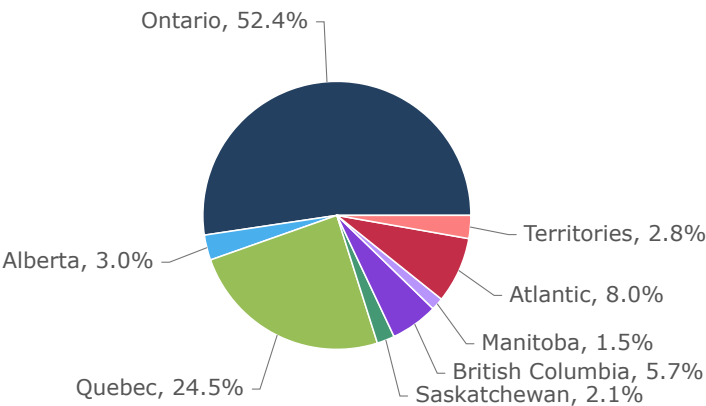
Share of the Total Value of Canadian Trade



Exports in 2017:
7.6% of the total value of Canadian exports, a decrease from 7.7% in 2016

Imports in 2017:
11.8% of the total value of Canadian imports, an increase from 11.4% in 2016

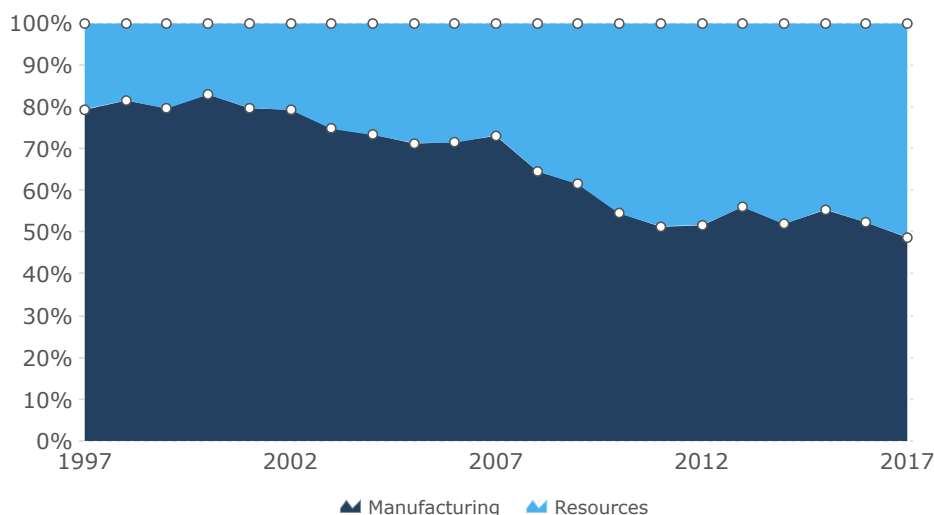
Share of Exports by Province/Territory



Highest-valued exporters in 2017:

- Ontario – \$21.8 billion, an increase from \$21.6 billion in 2016
- Quebec – \$10.2 billion, an increase from \$9.9 billion in 2016

Share of Exports by Sector

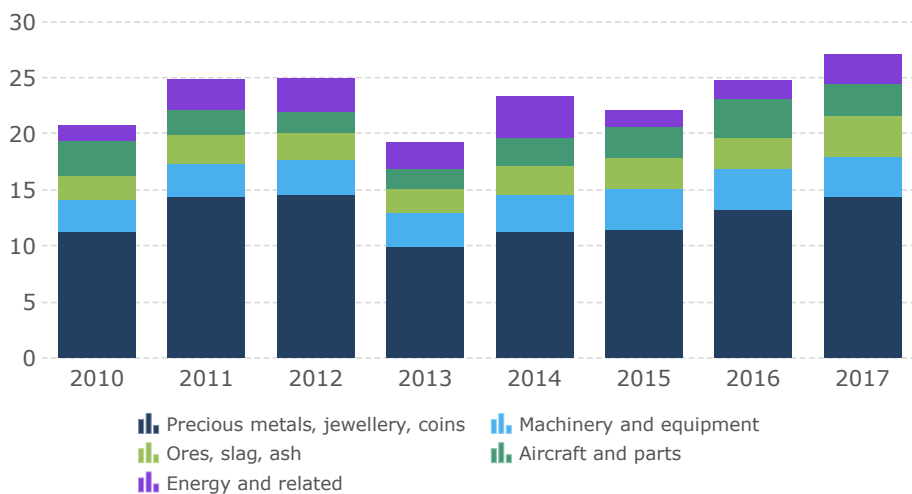


Exports in 2017:

- Resource-based goods – 51.2%, an increase from 47.8% in 2016
- Manufactured goods – 48.8%, a decrease from 52.2% in 2016

Most Highly Valued Exports by Product Category

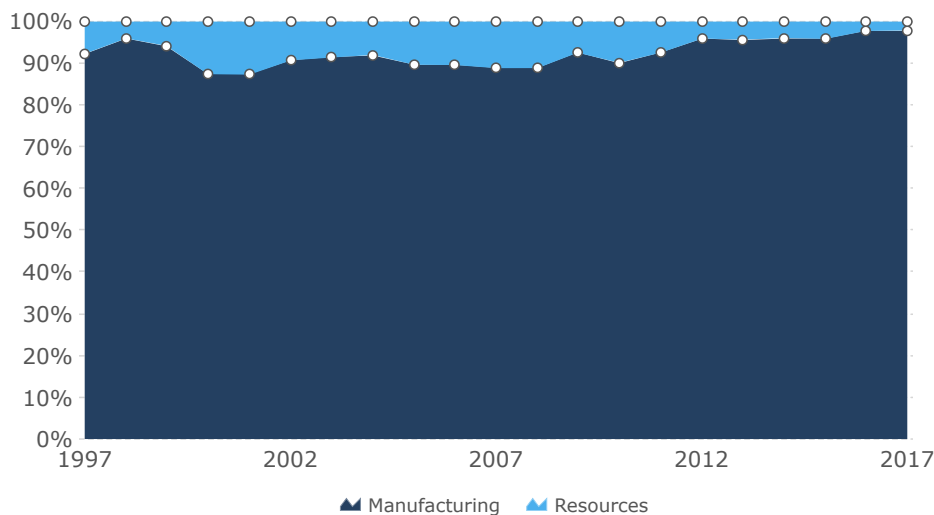
(\$ billions)



Highest-valued exports in 2017:
Gold and iron ore, together accounting for 35.2% of the total value of Canadian exports to the European Union

- Gold: \$12.5 billion, an increase from \$11.3 billion in 2016
- Iron ore: \$2.2 billion, an increase from \$1.8 billion in 2016

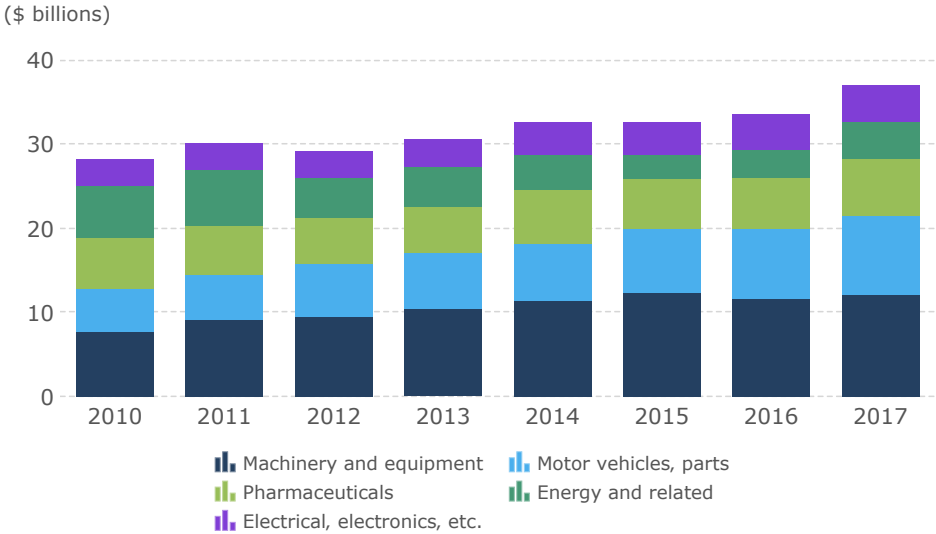
Share of Imports by Sector



Imports in 2017:

- Resource-based goods – 2.3%, a decrease from 2.4% in 2016
- Manufactured goods – 97.7%, an increase from 97.6% in 2016

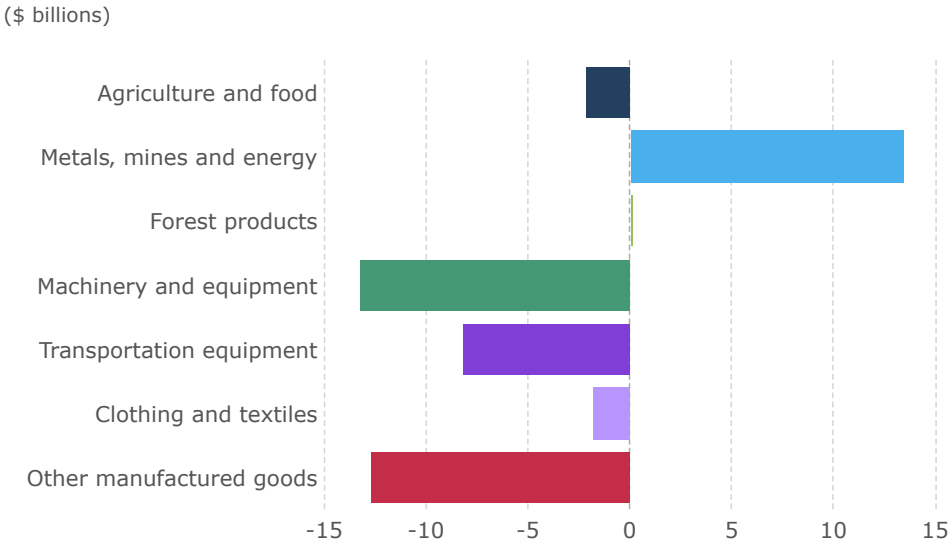
Most Highly Valued Imports by Product Category



Highest-valued imports in 2017: Motor vehicles and medications, together accounting for 17.5% of the total value of Canadian imports from the European Union

- Motor vehicles: \$6.8 billion, an increase from \$6.1 billion in 2016
- Medications: \$4.9 billion, an increase from \$4.3 billion in 2016

Trade Balance by Product Category

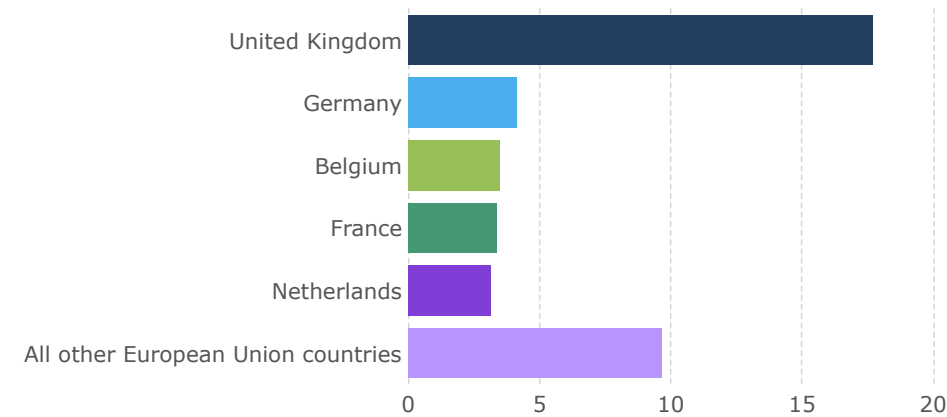


Largest merchandise trade deficit in 2017: Machinery and equipment, at \$13.3 billion

Largest merchandise trade surplus in 2017: Metals, mines and energy, at \$13.5 billion

CANADA'S MERCHANDISE TRADING PARTNERS WITHIN THE EUROPEAN UNION

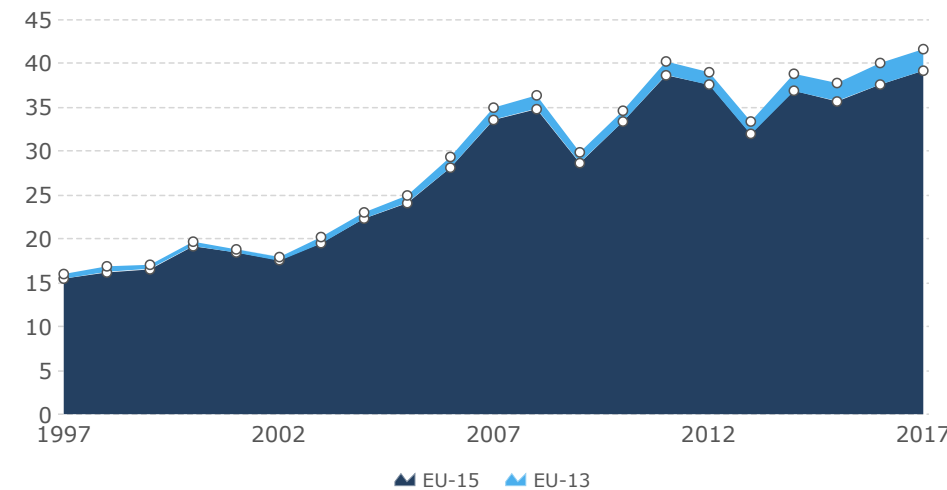
Destinations for Merchandise Exports by Country
(\$ billions)



Destinations for merchandise exports to the European Union, by country, in 2017:

- United Kingdom – 42.6%
- Germany – 9.9%
- Belgium – 8.5%
- France – 8.2%
- Netherlands – 7.5%
- All other European Union countries – 23.3%

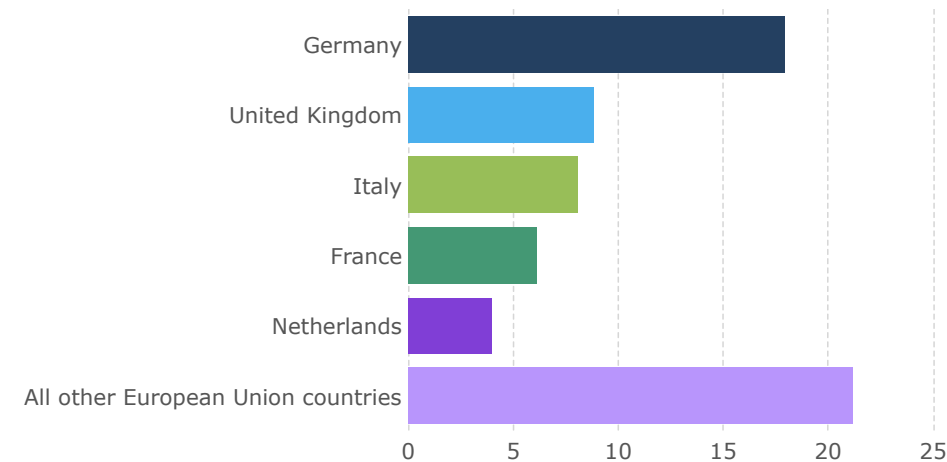
Destinations for Merchandise Exports by Region
(\$ billions)



Destinations for merchandise exports to the European Union, by region, in 2017:

- EU-15 countries – 94.1%, an increase from 93.9% in 2016
- EU-13 countries – 5.9%, a decrease from 6.1% in 2016

Sources of Merchandise Imports by Country
(\$ billions)

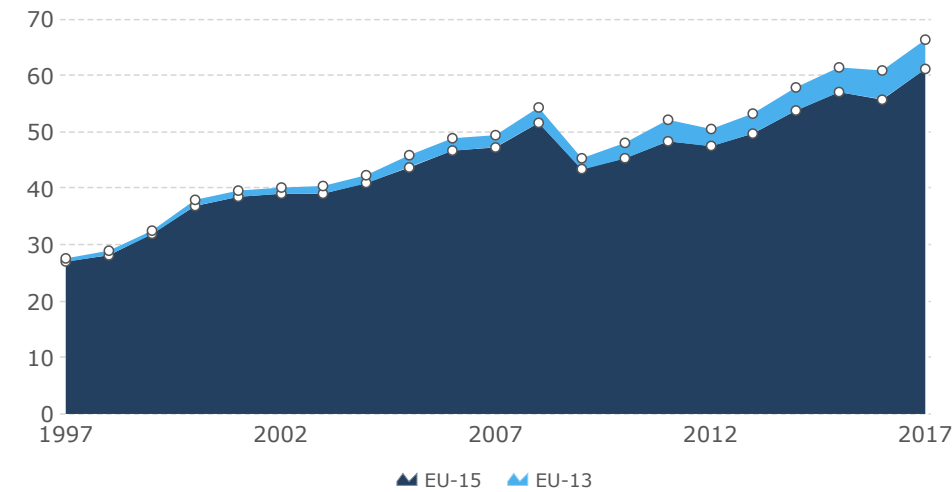


Sources of merchandise imports from the European Union, by country, in 2017:

- Germany – 27.0%
- United Kingdom – 13.4%
- Italy – 12.3%
- France – 9.3%
- Netherlands – 6.0%
- All other European Union countries – 31.9%

Sources of Merchandise Imports by Region

(\$ billions)



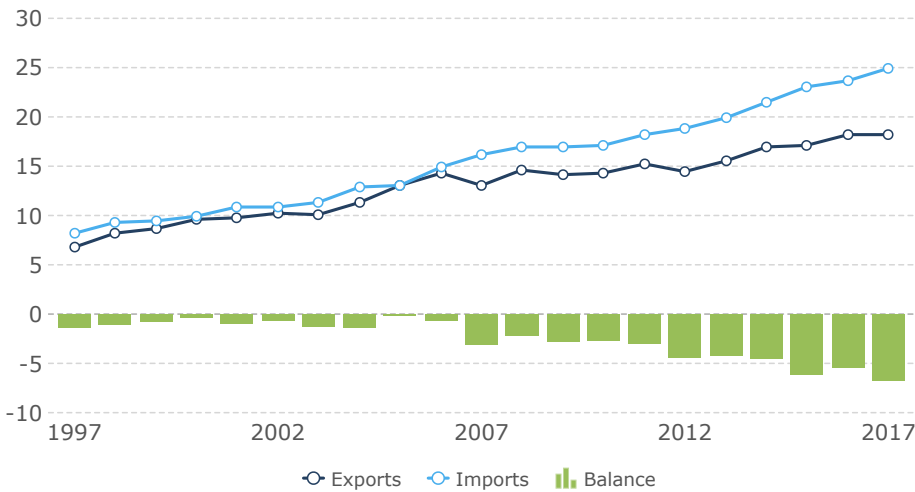
Sources of merchandise imports from the European Union, by region, in 2017:

- EU-15 countries – 92.1%, an increase from 91.6% in 2016
- EU-13 countries – 7.9%, a decrease from 8.4% in 2016

CANADA'S SERVICES TRADE WITH THE EUROPEAN UNION

Services Trade

(\$ billions)



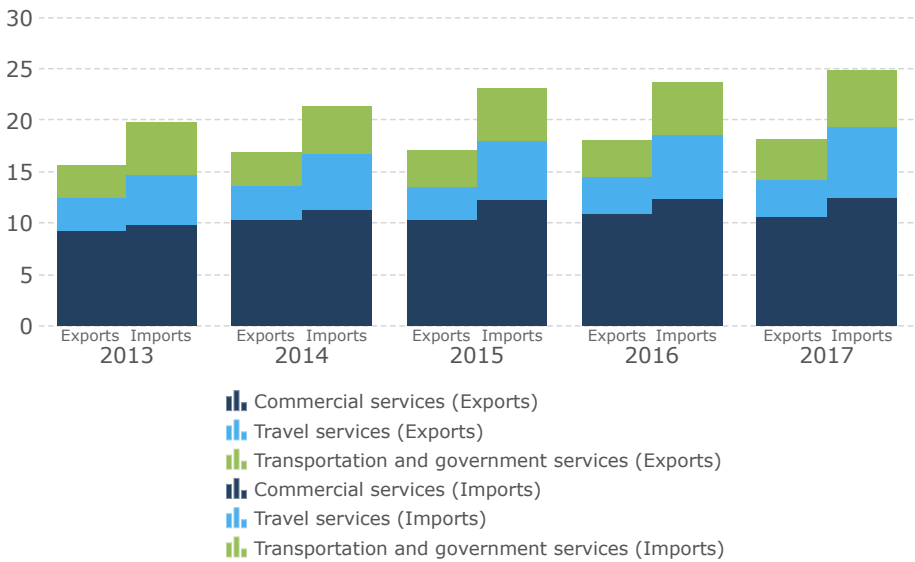
Bilateral services trade in 2017: \$42.9 billion

- Exports: \$18.1 billion, a 0.1% decrease from 2016
- Imports: \$24.8 billion, a 4.9% increase from 2016

Trade deficit in 2017: \$6.7 billion, an increase from \$5.5 billion in 2016

Services Trade by Type

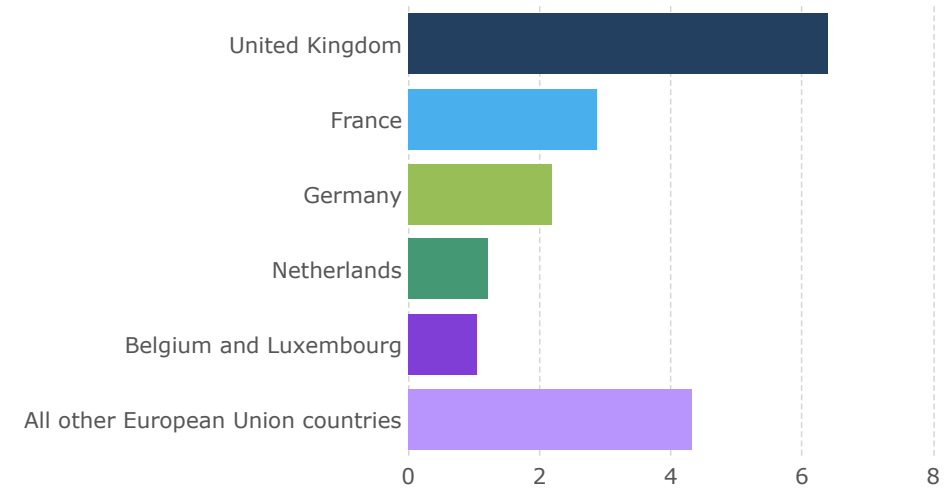
(\$ billions)



Services trade deficit in 2017: Largely due to travel services

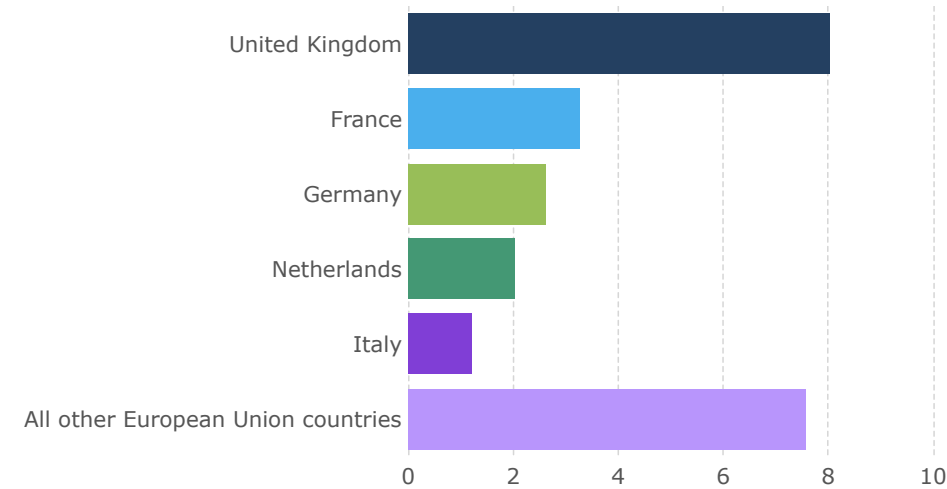
- Travel services exports: \$3.5 billion
- Travel services imports: \$6.9 billion

Destinations for Services Exports
(\$ billions)



- Destinations for services exports to the European Union in 2017:
- United Kingdom – 35.4%
 - France – 15.9%
 - Germany – 12.2%
 - Netherlands – 6.7%
 - Belgium and Luxembourg – 5.8%
 - All other European Union countries – 23.9%

Sources of Services Imports
(\$ billions)

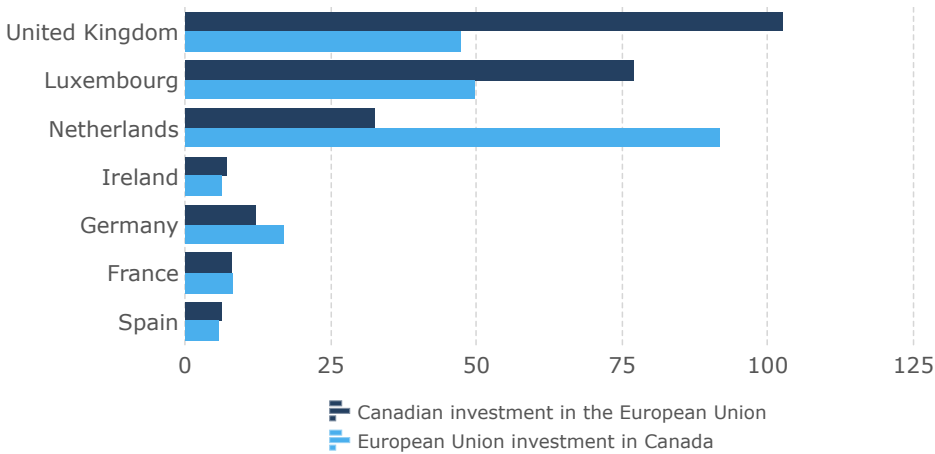


- Sources of services imports from the European Union in 2017:
- United Kingdom – 32.4%
 - France – 13.2%
 - Germany – 10.6%
 - Netherlands – 8.2%
 - Italy – 5.0%
 - All other European Union countries – 30.6%

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 2017:

- United Kingdom – \$102.6 billion
- Luxembourg – \$76.9 billion
- Netherlands – \$32.6 billion

Major European Union sources of foreign direct investment in Canada in 2017:

- Netherlands – \$91.9 billion
- Luxembourg – \$49.9 billion
- United Kingdom – \$47.4 billion

PROFILE OF THE EUROPEAN UNION

European Union Member Countries				
Country	GDP at PPP (2017, US\$)	GDP per Capita at PPP (2017, US\$)	Population (2017)	International Merchandise Exports and Imports as a Percentage of GDP at Official Exchange Rates (2017)
Austria	463.0 billion	52,600	8.8 million	82.5%
Belgium	540.9 billion	47,600	11.4 million	169.0%
Bulgaria	143.9 billion	20,300	7.1 million	112.8%
Croatia	104.2 billion	25,300	4.1 million	74.3%
Cyprus	29.6 billion	34,500	1.2 million	56.4%
Czechia	391.0 billion	36,900	10.6 million	158.6%
Denmark	291.6 billion	50,500	5.8 million	60.2%
Estonia	41.6 billion	31,600	1.3 million	120.0%
Finland	249.1 billion	45,200	5.5 million	54.8%
France	2.9 trillion	42,800	67.1 million	44.9%
Germany	4.2 trillion	50,700	82.7 million	71.1%
Greece	299.2 billion	27,800	10.8 million	44.7%
Hungary	277.5 billion	28,400	9.8 million	158.8%
Ireland	367.3 billion	76,300	4.8 million	67.0%
Italy	2.4 trillion	39,800	60.6 million	49.6%
Latvia	53.6 billion	27,600	1.9 million	101.2%
Lithuania	90.7 billion	32,100	2.8 million	132.2%
Luxembourg	62.1 billion	103,700	599,400	61.4%
Malta	18.4 billion	39,500	465,300	66.4%
Netherlands	907.0 billion	52,900	17.1 million	148.4%
Poland	1.1 trillion	29,300	38.0 million	88.0%
Portugal	331.4 billion	32,200	10.3 million	64.4%
Romania	506.1 billion	25,800	19.6 million	73.7%
Slovakia	174.7 billion	32,100	5.4 million	175.2%
Slovenia	71.9 billion	34,800	2.1 million	152.5%
Spain	1.8 trillion	38,100	46.6 million	51.2%
Sweden	504.1 billion	50,100	10.1 million	57.1%
United Kingdom	2.9 trillion	43,900	66.0 million	41.5%
European Union	21.1 trillion	41,100	512.5 million	67.7%

Unless otherwise noted, data are from the World Bank.

“GDP” is gross domestic product. “PPP” is purchasing power parity.

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

DEFINITIONS

Definitions Used Throughout the Series

Balance of payments–based data

Data that calculate trade flows using surveys of the international trade and investment activity of firms and other entities.

Customs-based data

Data compiled from declarations that are filed with the Canada Border Services Agency and that are used to track the flow of goods into and out of Canada, with one exception: exports to the United States. Since 1990, customs-based data on Canadian exports to the United States have been based on declarations filed with U.S. Customs and Border Protection.

Gross domestic product (GDP)

Measure of 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

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

Trade in physical goods, such as cars, wheat and iron ore.

Resource-based goods

Products of the agriculture, forestry, fishing and hunting sector (North American Industry Classification System, or NAICS, code 11), and of the mining, quarrying, and oil and gas extraction sector (NAICS code 21).

Services trade

Trade in travel, transportation, 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; this category also includes charges for the use of intellectual property.

Trade balance

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.

Definitions Specific to the Profiles for Countries and Regions

Foreign direct investment (FDI)

Investment that provides an investor with ownership of at least 10% voting equity in an enterprise that is located in a country other than the investor's country of residence. 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.

Purchasing power parity (PPP)

Ratio of the prices in two countries for identical goods and services. It is used to adjust economic indicators to account for international price differences. With a calculation of GDP at PPP, a given good or service has the same price in each country.

Definition Specific to the Profile for Canada's Foreign Direct Investment Relationship with the World

Foreign majority-owned affiliates

Enterprises in which a foreign business owns more than 50% of voting shares.

Definitions Specific to the Profile for the European Union

EU-13

The 13 countries that joined the European Union between 2004 and 2013: Bulgaria, Croatia, Cyprus, Czechia, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovakia and Slovenia.

EU-15

The 15 countries that became members of the European Union before 2004: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden and the United Kingdom.

Definitions Specific to the Profiles for Provinces and Territories

Basic prices

Prices received by sellers. They exclude both taxes and subsidies on products.

Market prices

Prices paid by buyers. They include taxes net of subsidies on products.