

# TRADE AND INVESTMENT

## CANADA–EUROPEAN UNION

### THE EUROPEAN UNION'S PROFILE

#### Economic Indicators

- Gross domestic product (GDP) at purchasing power parity (PPP): US\$20.3 trillion (2016)
- GDP per capita at PPP: US\$39,600 (2016)
- Population: 511.5 million (2016)
- International merchandise exports and imports: 64.7% of GDP at official exchange rates (2016)
- Canada's 2<sup>nd</sup> largest merchandise trade partner (2016)
- Canada's 2<sup>nd</sup> largest services trade partner (2015)

#### 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), the Czech Republic (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 summer 2017.*

*To see the data tables used to generate the figures, view the HTML version of this profile at [Trade and Investment Series 2016](#).*

*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.*

*Definitions appear at the end of this profile.*

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

*The five most highly valued merchandise export and import categories have been identified based on 2016 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.*

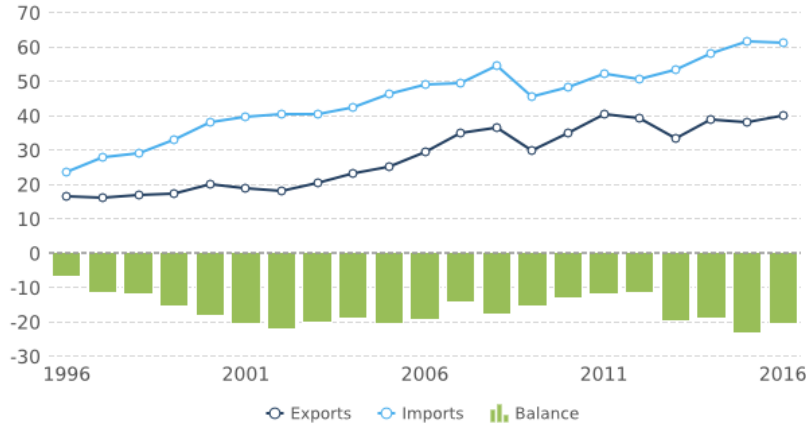
Florian Richard

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

Publication No. 2017-504-E  
18 September 2017

# CANADA'S MERCHANDISE TRADE WITH THE EUROPEAN UNION

**Merchandise Trade**  
(\$ billions)

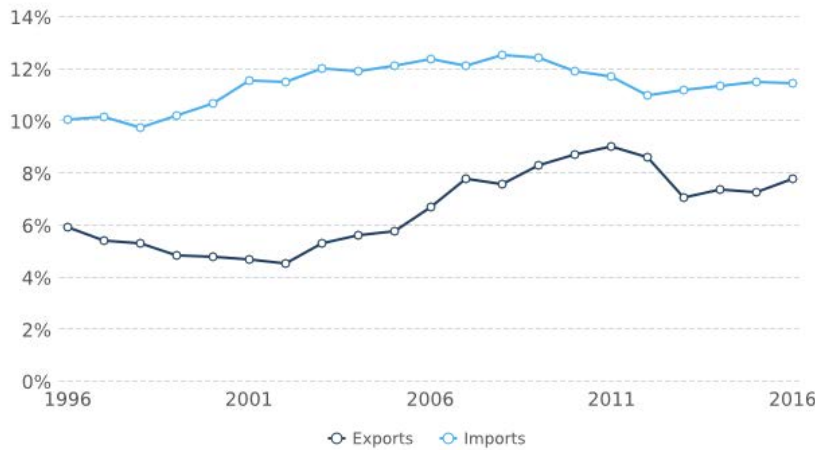


Bilateral merchandise trade in 2016: \$100.9 billion

- Exports: \$40.0 billion, a 5.8% increase from 2015
- Imports: \$60.9 billion, a 0.9% decrease from 2015

Trade deficit in 2016: \$20.9 billion, a decrease from \$23.7 billion in 2015

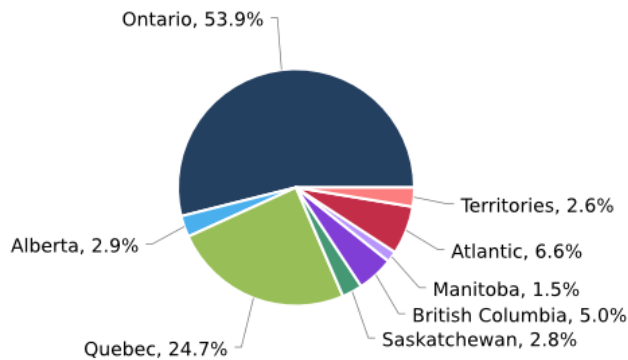
**Share of the Total Value of Canadian Trade**



Exports in 2016: 7.7% of the total value of Canadian exports, an increase from 7.2% in 2015

Imports in 2016: 11.4% of the total value of Canadian imports, a decrease from 11.5% in 2015

**Share of Exports by Province/Territory**



Highest-valued exporters in 2016:

- Ontario – \$21.5 billion, an increase from \$19.7 billion in 2015
- Quebec – \$9.9 billion, an increase from \$9.2 billion in 2015

## CANADA–EUROPEAN UNION

### Share of Exports by Sector

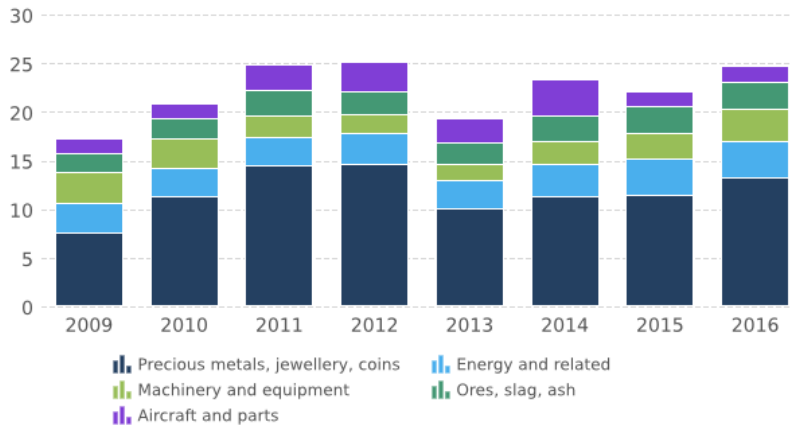


### Exports in 2016:

- Resource-based goods – 47.8%, an increase from 44.6% in 2015
- Manufactured goods – 52.2%, a decrease from 55.4% in 2015

### Most Highly Valued Exports by Product Category

(\$ billions)

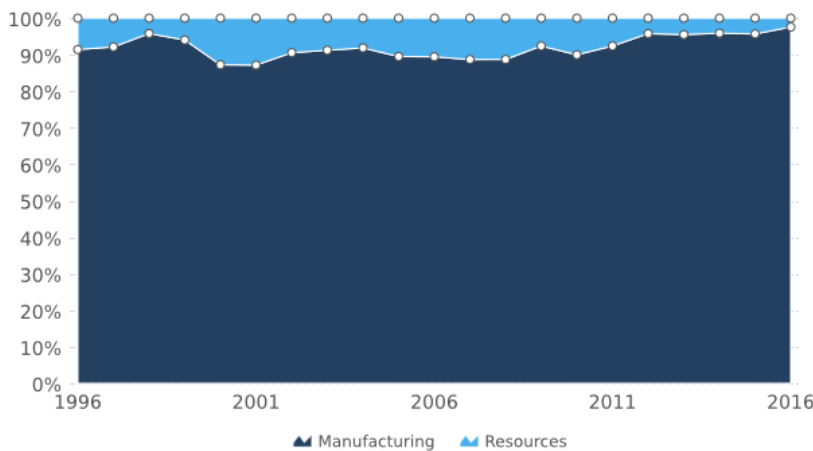


### Highest-valued exports in 2016:

Gold and aircraft, together accounting for 34.3% of the total value of Canadian exports to the European Union

- Gold: \$11.3 billion, an increase from \$9.4 billion in 2015
- Aircraft: \$2.4 billion, an increase from \$2.0 billion in 2015

### Share of Imports by Sector

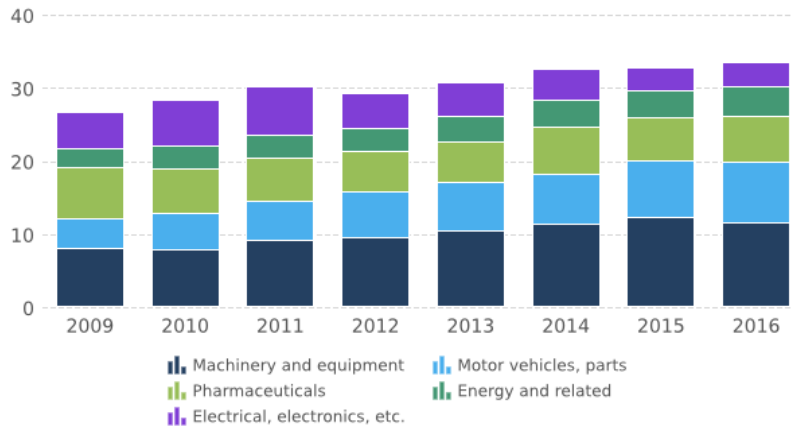


### Imports in 2016:

- Resource-based goods – 2.4%, a decrease from 4.3% in 2015
- Manufactured goods – 97.6%, an increase from 95.7% in 2015

CANADA-EUROPEAN UNION

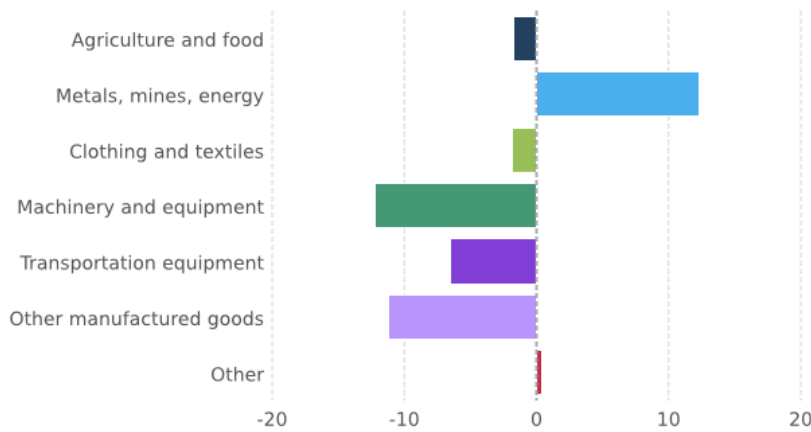
**Most Highly Valued Imports by Product Category**  
(\$ billions)



Highest-valued imports in 2016: Motor vehicles and medications, together accounting for 17.1% of the total value of Canadian imports from the European Union

- Motor vehicles: \$6.1 billion, an increase from \$5.5 billion in 2015
- Medications: \$4.4 billion, an increase from \$4.3 billion in 2015

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

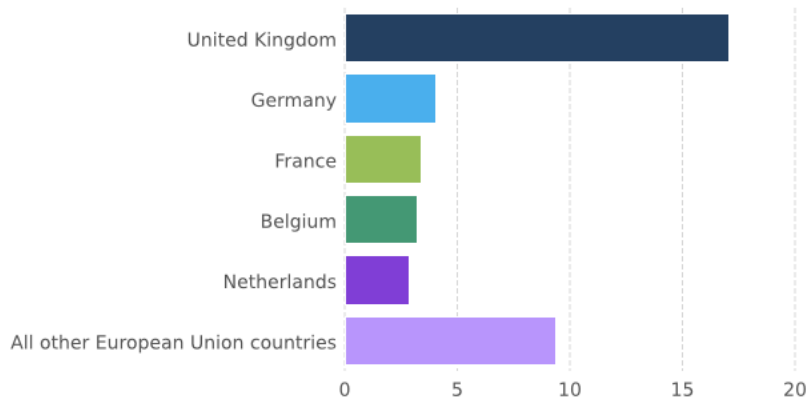


Largest merchandise trade deficit in 2016: Machinery and equipment, at \$12.2 billion

Largest merchandise trade surplus in 2016: Metals, mines and energy, at \$12.3 billion

## CANADA'S MERCHANDISE TRADING PARTNERS WITHIN THE EUROPEAN UNION

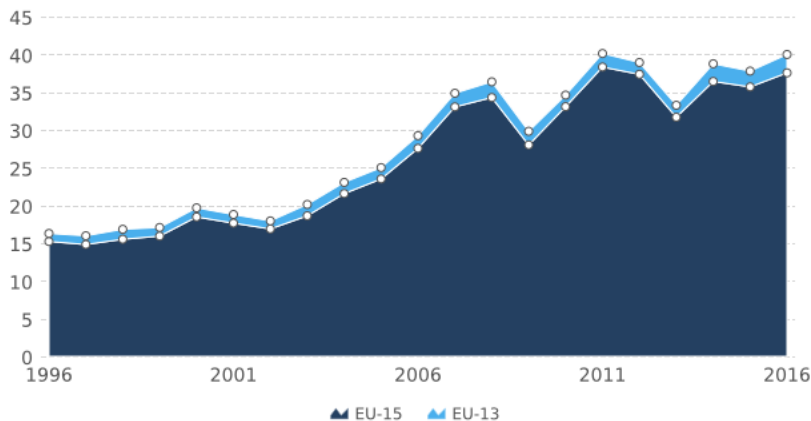
**Destinations for Merchandise Exports by Country**  
(\$ billions)



Destinations for merchandise exports to the European Union, by country, in 2016:

- United Kingdom – 42.8%
- Germany – 10.2%
- France – 8.5%
- Belgium – 8.0%
- Netherlands – 7.1%
- All other European Union countries – 23.4%

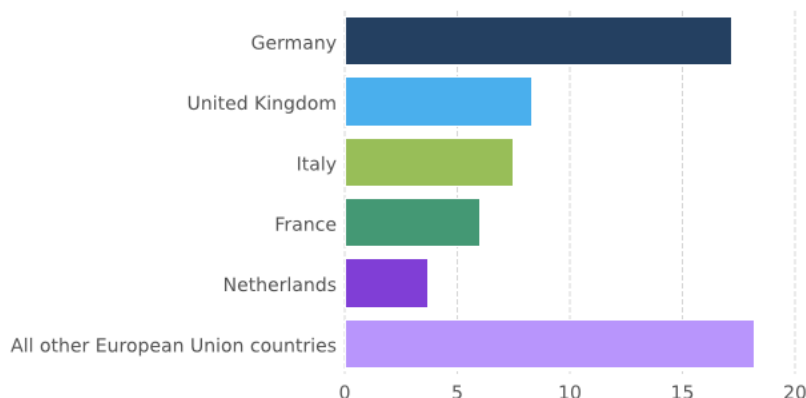
**Destinations for Merchandise Exports by Region**  
(\$ billions)



Destinations for merchandise exports to the European Union, by region, in 2016:

- EU-15 countries – 93.9%, a decrease from 94.5% in 2015
- EU-13 countries – 6.1%, an increase from 5.5% in 2015

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

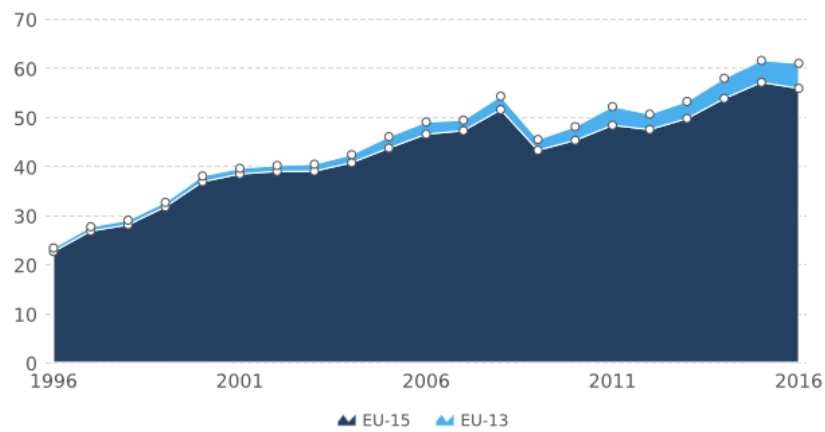


Sources of merchandise imports from the European Union, by country, in 2016:

- Germany – 28.3%
- United Kingdom – 13.6%
- Italy – 12.4%
- France – 9.8%
- Netherlands – 6.0%
- All other European Union countries – 29.9%

## CANADA–EUROPEAN UNION

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



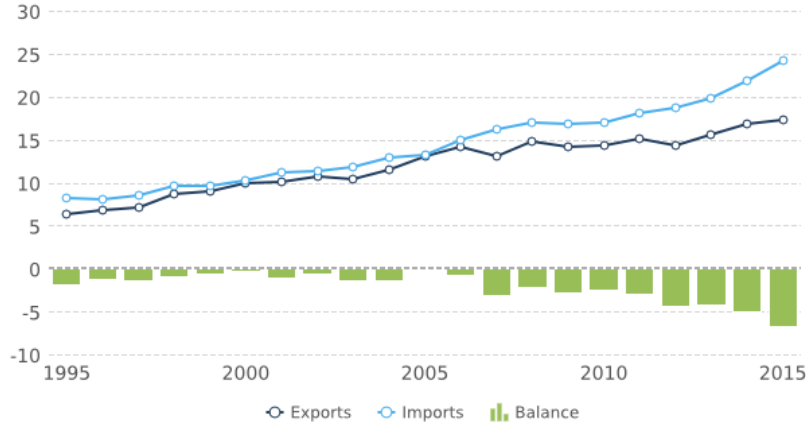
Sources of merchandise imports from the European Union, by region, in 2016:

- EU-15 countries – 91.6%, a decrease from 92.8% in 2015
- EU-13 countries – 8.4%, an increase from 7.2% in 2015

## CANADA'S SERVICES TRADE WITH THE EUROPEAN UNION

### Services Trade

(\$ billions)



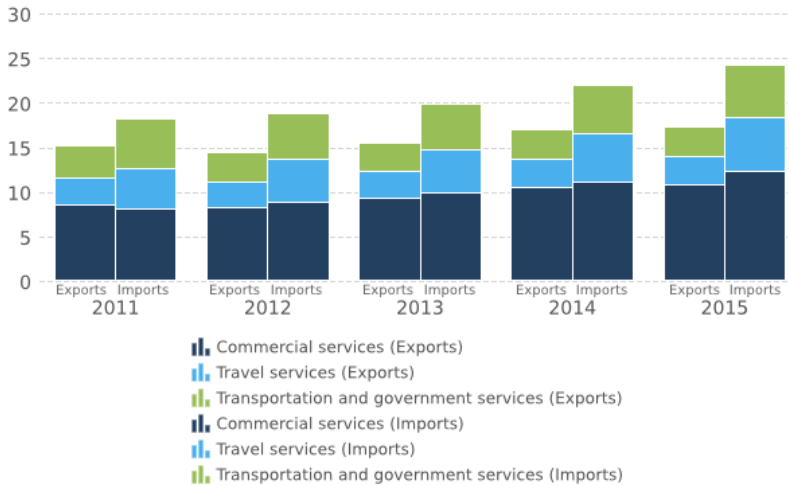
Bilateral services trade in 2015:  
\$41.4 billion

- Exports: \$17.3 billion, a 2.4% increase from 2014
- Imports: \$24.1 billion, a 10.1% increase from 2014

Trade deficit in 2015:  
\$6.8 billion, an increase from \$5.0 billion in 2014

### Services Trade by Type

(\$ billions)

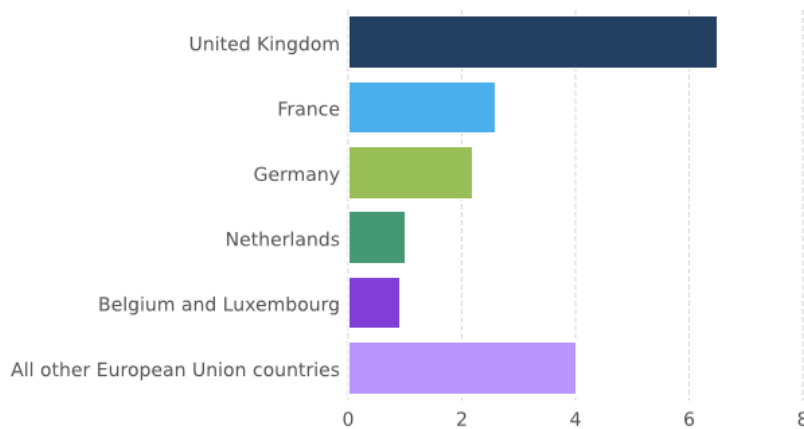


Services trade deficit in 2015, the most recent year for which services data by type are available: Largely due to transportation and government services

- Transportation and government services exports: \$3.4 billion
- Transportation and government services imports: \$5.7 billion

## CANADA–EUROPEAN UNION

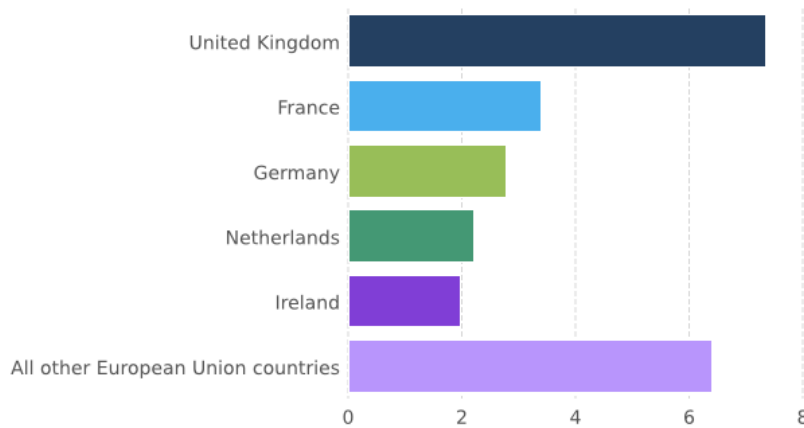
### Destinations for Services Exports (\$ billions)



Destinations for services exports to the European Union in 2015:

- United Kingdom – 37.8%
- France – 15.3%
- Germany – 12.9%
- Netherlands – 5.8%
- Belgium and Luxembourg – 5.4%
- All other European Union countries – 22.9%

### Sources of Services Imports (\$ billions)



Sources of services imports from the European Union in 2015:

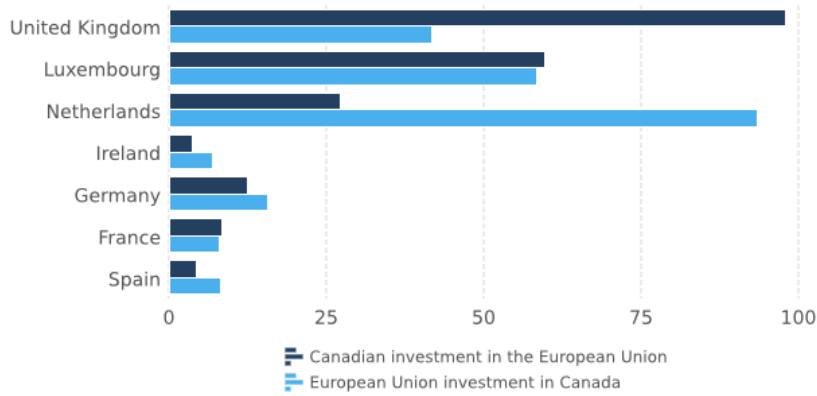
- United Kingdom – 30.4%
- France – 14.1%
- Germany – 11.5%
- Netherlands – 9.2%
- Ireland – 8.2%
- All other European Union countries – 26.5%



# 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 2016:

- United Kingdom – \$97.9 billion
- Luxembourg – \$59.8 billion
- Netherlands – \$27.2 billion

Major European Union sources of foreign direct investment in Canada in 2016:

- Netherlands – \$93.5 billion
- Luxembourg – \$58.4 billion
- United Kingdom – \$41.8 billion

## PROFILE OF THE EUROPEAN UNION

### European Union Member Countries

Country	GDP at PPP (2016, US\$)	GDP per Capita at PPP (2016, US\$)	Population (2016)	International Merchandise Exports and Imports as a Percentage of GDP at Official Exchange Rates (2016)
Austria	438.0 billion	50,100	8.7 million	80%
Belgium	526.4 billion	46,400	11.3 million	164%
Bulgaria	136.8 billion	19,200	7.1 million	105%
Croatia	98.4 billion	23,600	4.2 million	70%
Cyprus	27.7 billion	32,600	1.2 million	42%
Czech Republic	366.6 billion	34,700	10.6 million	158%
Denmark	284.8 billion	49,700	5.7 million	59%
Estonia	38.7 billion	29,400	1.3 million	122%
Finland	236.6 billion	43,100	5.5 million	50%
France	2.8 trillion	41,500	66.9 million	44%
Germany	4.0 trillion	48,700	82.7 million	69%
Greece	287.8 billion	26,800	10.7 million	39%
Hungary	261.9 billion	26,700	9.8 million	157%
Ireland	328.8 billion	68,900	4.8 million	69%
Italy	2.3 trillion	38,200	60.6 million	47%
Latvia	51.0 billion	26,000	2.0 million	95%
Lithuania	86.1 billion	30,000	2.9 million	122%
Luxembourg	61.7 billion	105,900	583,000	63%
Malta	16.6 billion	37,900	436,900	84%
Netherlands	866.2 billion	50,900	17.0 million	139%
Poland	1.1 trillion	27,800	37.9 million	85%
Portugal	316.2 billion	30,600	10.3 million	60%
Romania	465.6 billion	23,600	19.7 million	74%
Slovakia	166.3 billion	30,600	5.4 million	171%
Slovenia	67.9 billion	32,900	2.1 million	144%
Spain	1.7 trillion	36,300	46.4 million	48%
Sweden	487.0 billion	49,200	9.9 million	55%
United Kingdom	2.8 trillion	42,600	65.6 million	40%
<b>European Union</b>	<b>20.3 trillion</b>	<b>39,630</b>	<b>511.5 million</b>	<b>65%</b>

Unless otherwise noted, data are from the World Bank.

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

---

## 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.