



TRADE AND INVESTMENT

CANADA–EUROPEAN UNION

NOTABLE TRADE AND INVESTMENT AGREEMENTS

Notable trade and investment agreements between Canada and European Union countries:

- Canada–European Union *Comprehensive Economic and Trade Agreement* (signed, with parts of the agreement provisionally applied)
- Canada–Poland *Foreign Investment Promotion and Protection Agreement* (1990)
- Canada–Hungary *Foreign Investment Promotion and Protection Agreement* (1993)
- Canada–Croatia *Foreign Investment Promotion and Protection Agreement* (2001)
- Canada–Latvia *Foreign Investment Promotion and Protection Agreement* (2011)
- Canada–Romania *Foreign Investment Promotion and Protection Agreement* (2011)
- Canada–Czech Republic *Foreign Investment Promotion and Protection Agreement* (2012)
- Canada–Slovak Republic *Foreign Investment Promotion and Protection Agreement* (2012)



FUNDAMENTALS

The Series

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;
- describes the trade relationship of each of Canada's 10 provinces and three territories with the world; and
- presents Canada's merchandise trade relationship with each of the United States' 50 states.

All dollar amounts are in Canadian dollars unless otherwise noted.

Numbers have been rounded.

Definitions appear at the end of the profile.

This Profile

The Canada–European Union Comprehensive Economic and Trade Agreement will continue to apply to the United Kingdom until at least 31 December 2020.

Data on the United Kingdom, which withdrew from the European Union on 31 January 2020, are not included in this profile.

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 those of Luxembourg.

For the data tables used to generate the figures, see the HTML version of this profile at [Trade and Investment Series 2019](#).

The merchandise trade and the foreign direct investment figures were prepared using Statistics Canada data available in summer 2019. The services trade figures were prepared using Statistics Canada data available in summer 2020.

The five most highly valued merchandise export and import categories have been identified using values for 2019. Detailed economic and population data on European Union countries are provided at the end of this profile.

Andrés León and Simon Richards

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

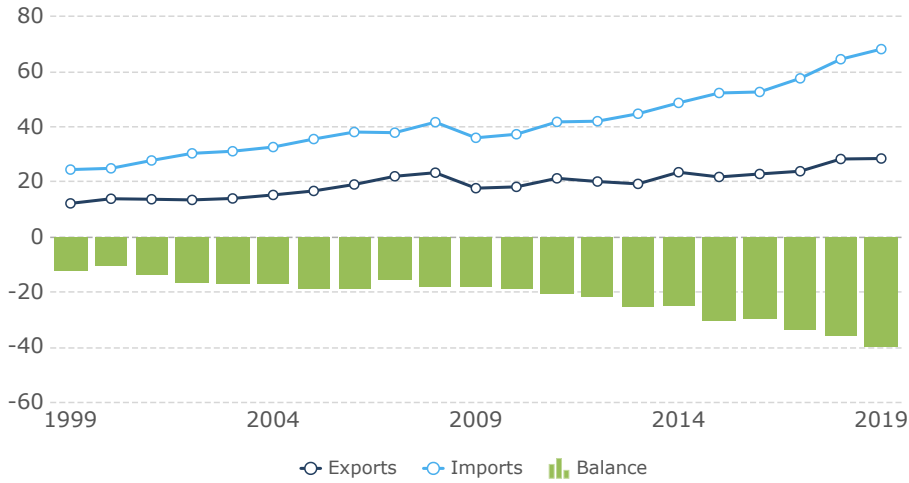
Publication No. 2020-504-E

6 October 2020

CANADA'S MERCHANDISE TRADE WITH THE EUROPEAN UNION

Merchandise Trade

(\$ billions)

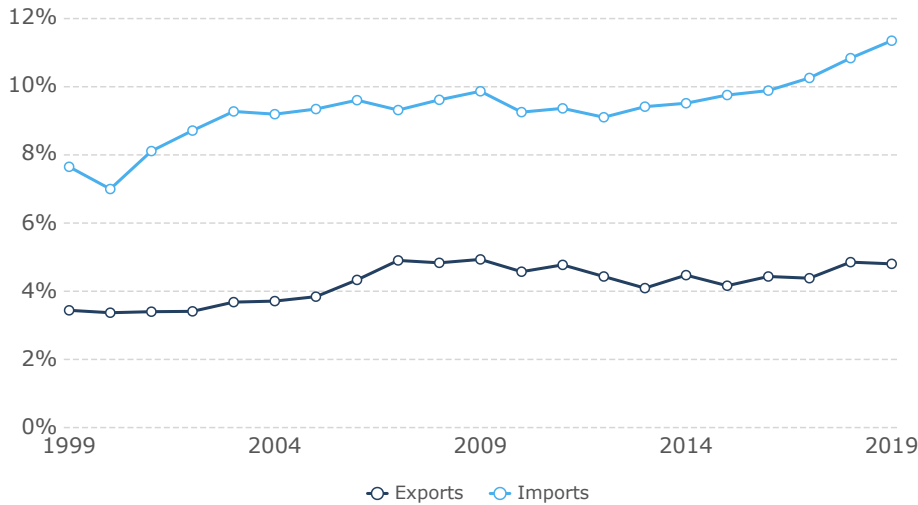


Bilateral merchandise trade in 2019: \$96.6 billion

- Exports: \$28.5 billion, a 0.6% increase from 2018
- Imports: \$68.1 billion, a 5.7% increase from 2018

Trade deficit in 2019: \$39.6 billion, an increase from \$36.2 billion in 2018

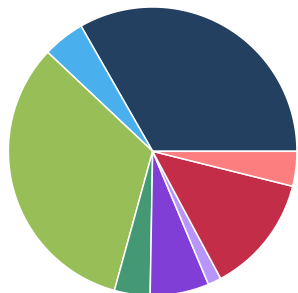
Share of the Total Value of Canadian Trade



Exports in 2019: 4.8% of the total value of Canadian exports, unchanged from 2018

Imports in 2019: 11.3% of the total value of Canadian imports, an increase from 10.8% in 2018

Share of Exports by Province/Territory

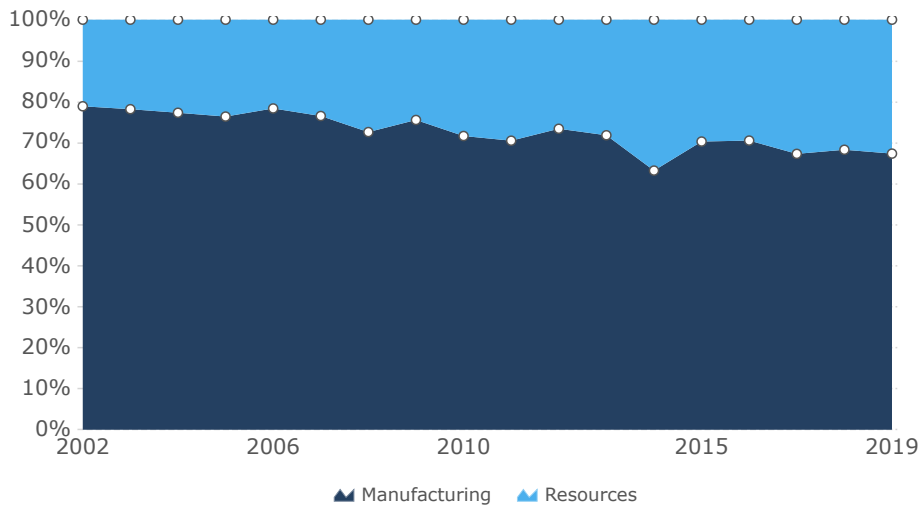


Highest-valued exporters in 2019:

- Ontario – \$9.5 billion, an increase from \$8.7 billion in 2018
- Quebec – \$9.3 billion, a decrease from \$9.5 billion in 2018

- Ontario
- Alberta
- Quebec
- Saskatchewan
- British Columbia
- Manitoba
- Atlantic provinces
- Territories

Share of Exports by Sector

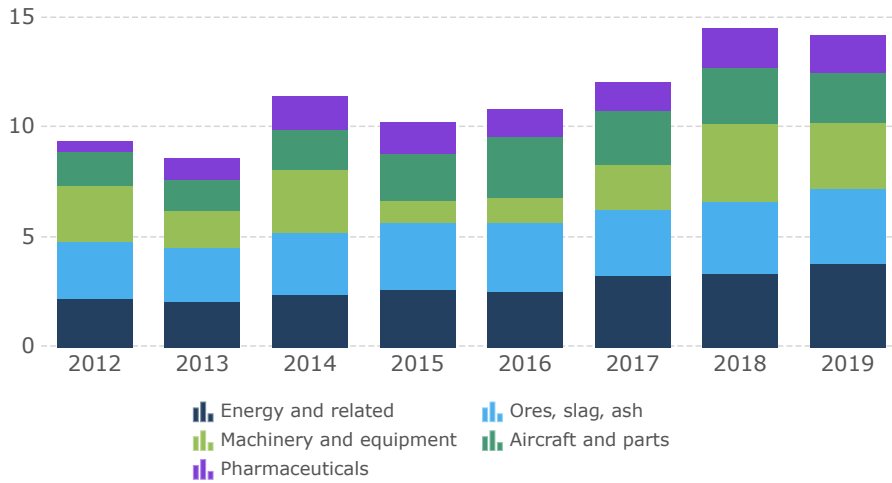


Exports in 2019:

- Resource-based goods – 32.7%, an increase from 31.7% in 2018
- Manufactured goods – 67.3%, a decrease from 68.3% in 2018

Most Highly Valued Exports by Product Category

(\$ billions)

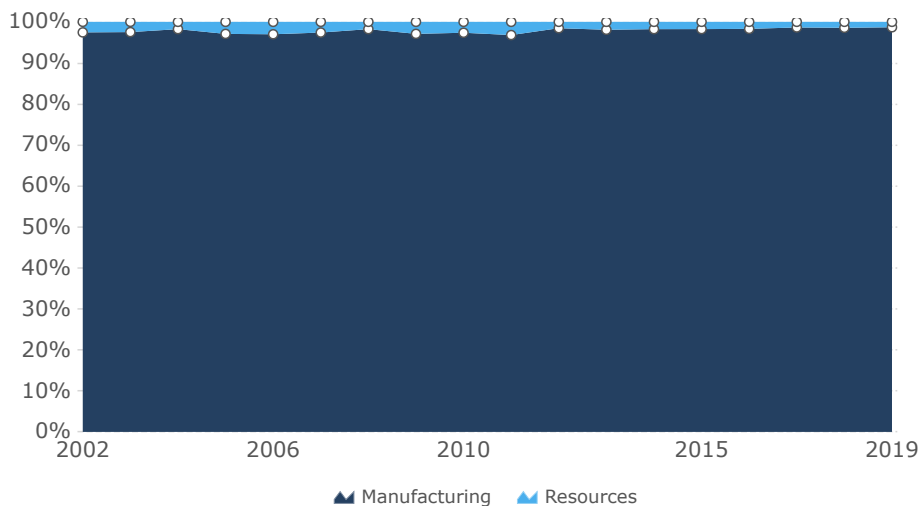


Highest-valued exports in 2019:

Iron ore and gas turbines, together accounting for 14.4% of the total value of Canadian exports to the European Union

- Iron ore: \$2.4 billion, an increase from \$2.2 billion in 2018
- Gas turbines: \$1.7 billion, an increase from \$1.6 billion in 2018

Share of Imports by Sector

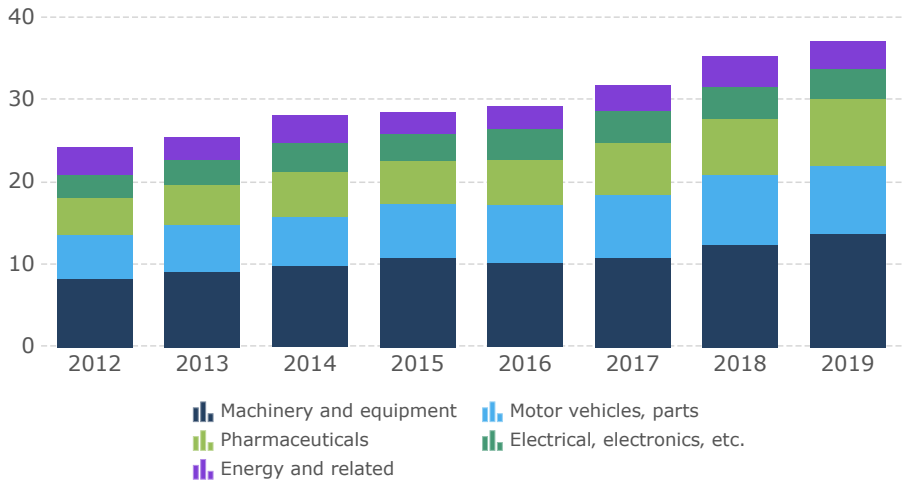


Imports in 2019:

- Resource-based goods – 1.3%, a decrease from 1.5% in 2018
- Manufactured goods – 98.7%, an increase from 98.5% in 2018

Most Highly Valued Imports by Product Category

(\$ billions)

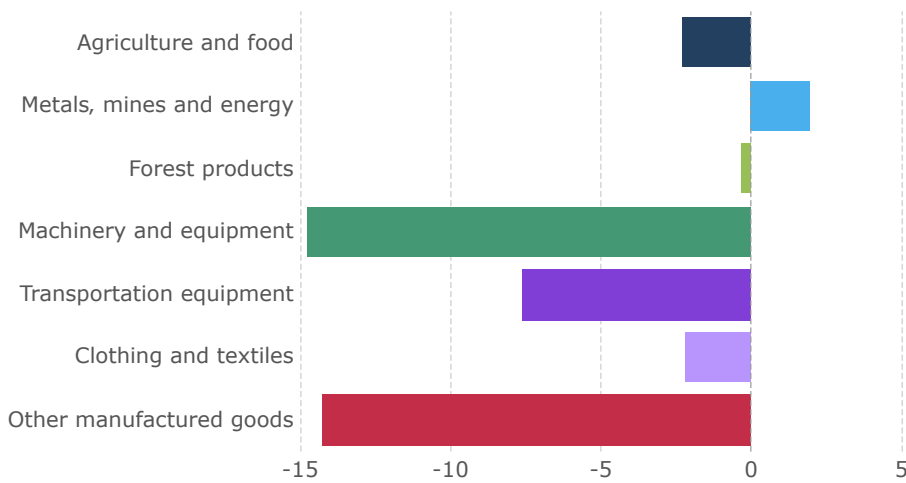


Highest-valued imports in 2019: Medications and motor vehicles, together accounting for 14.1% of the total value of Canadian imports from the European Union

- Medications: \$4.9 billion, an increase from \$4.5 billion in 2018
- Motor vehicles: \$4.7 billion, a decrease from \$5.6 billion in 2018

Trade Balance by Product Category

(\$ billions)

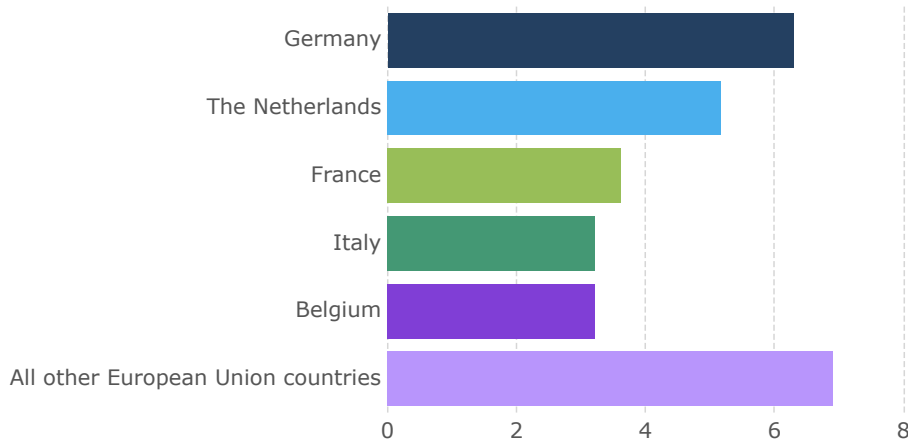


Largest merchandise trade deficit in 2019: Machinery and equipment, at \$14.8 billion

Largest merchandise trade surplus in 2019: Metals, mines and energy, at \$2.0 billion

Destinations for Merchandise Exports by Country

(\$ billions)

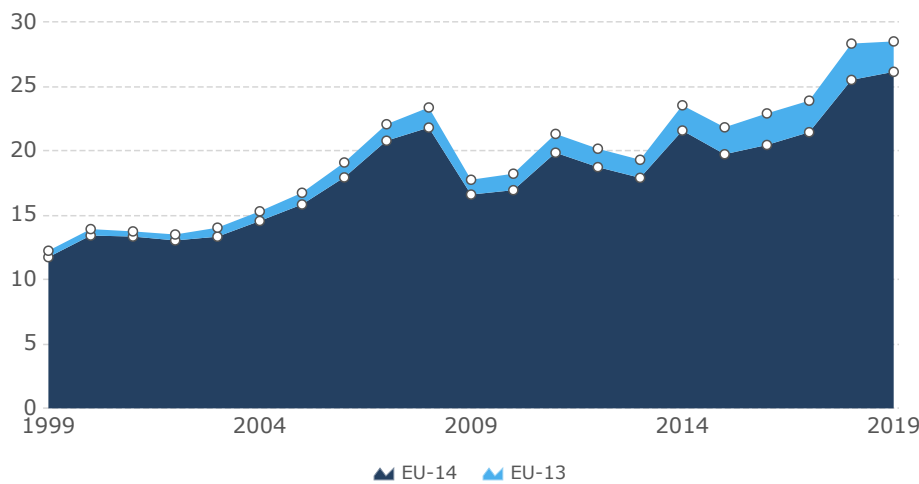


Destinations for merchandise exports to the European Union, by country, in 2019:

- Germany – 22.1%
- The Netherlands – 18.2%
- France – 12.8%
- Italy – 11.4%
- Belgium – 11.3%
- All other European Union countries – 24.3%

Destinations for Merchandise Exports by Region

(\$ billions)

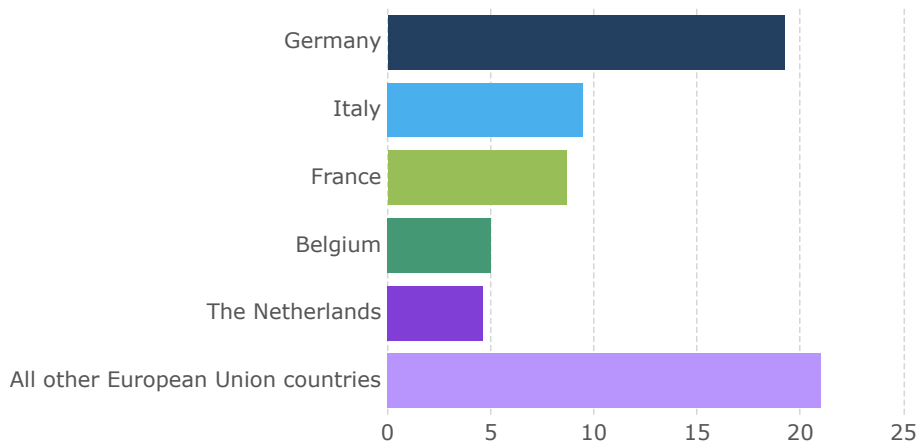


Destinations for merchandise exports to the European Union, by region, in 2019:

- EU-14 countries – 91.7%, an increase from 90.1% in 2018
- EU-13 countries – 8.3%, a decrease from 9.9% in 2018

Sources of Merchandise Imports by Country

(\$ billions)

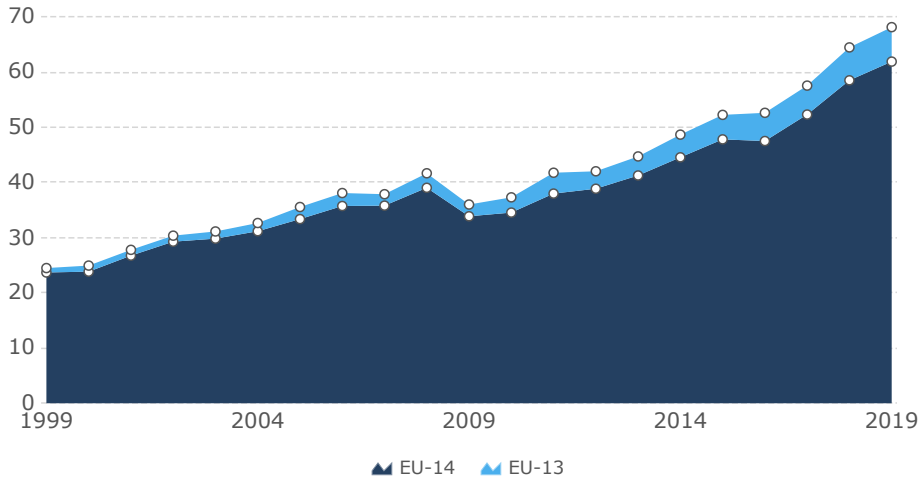


Sources of merchandise imports from the European Union, by country, in 2019:

- Germany – 28.3%
- Italy – 13.9%
- France – 12.8%
- Belgium – 7.3%
- The Netherlands – 6.9%
- All other European Union countries – 30.9%

Sources of Merchandise Imports by Region

(\$ billions)



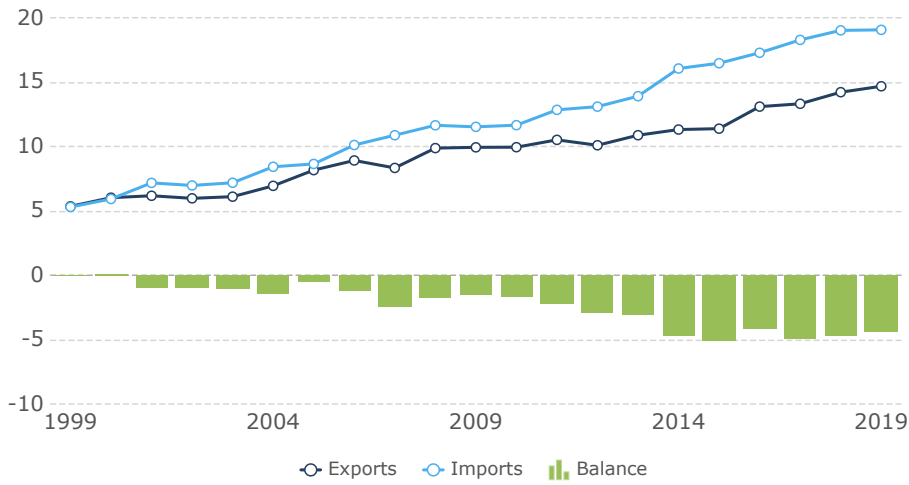
Sources of merchandise imports from the European Union, by region, in 2019:

- EU-14 countries – 90.8%, an increase from 90.7% in 2018
- EU-13 countries – 9.2%, a decrease from 9.3% in 2018

CANADA'S SERVICES TRADE WITH THE EUROPEAN UNION

Services Trade

(\$ billions)



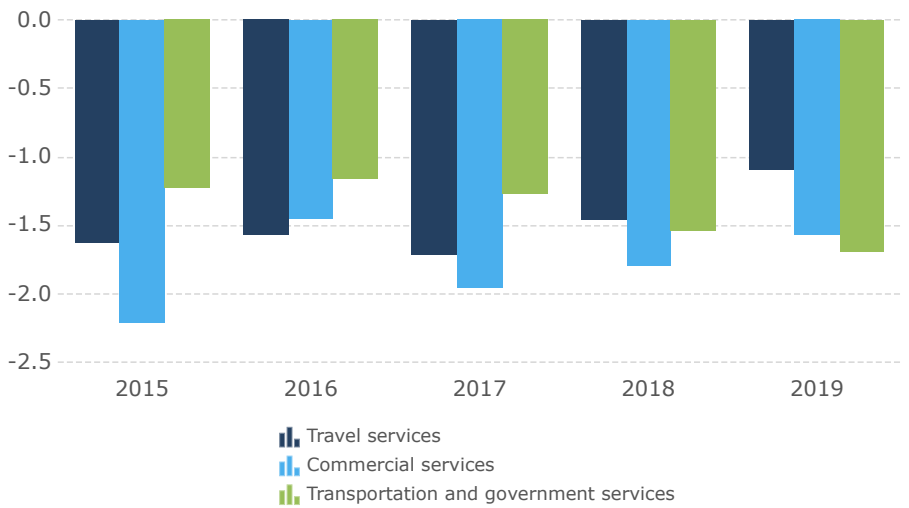
Bilateral services trade in 2019: \$33.8 billion

- Exports: \$14.7 billion, a 3.3% increase from 2018
- Imports: \$19.1 billion, a 0.2% increase from 2018

Trade deficit in 2019: \$4.4 billion, a decrease from \$4.8 billion in 2018

Services Trade by Type

(\$ billions)



Services trade deficit in 2019: Largely due to transportation and government services trade

Travel services

- Exports: \$4.1 billion
- Imports: \$5.2 billion

Commercial services

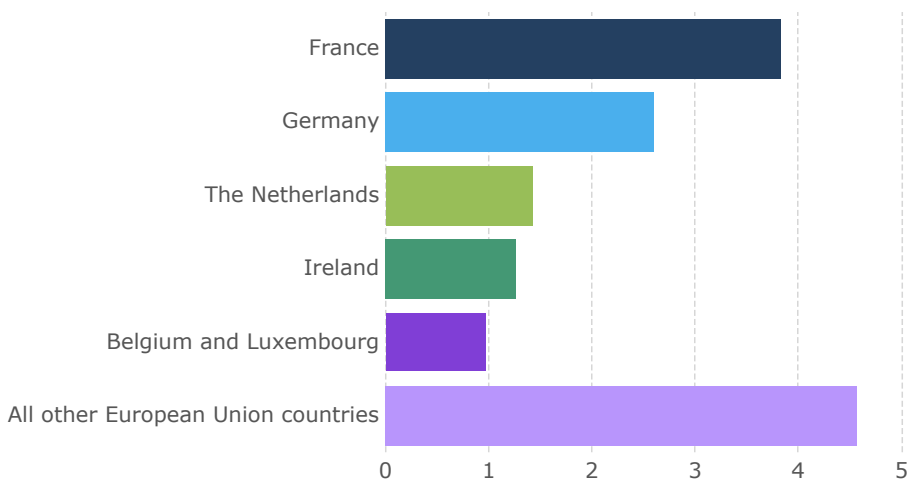
- Exports: \$7.8 billion
- Imports: \$9.4 billion

Transportation and government services

- Exports: \$2.8 billion
- Imports: \$4.5 billion

Destinations for Services Exports

(\$ billions)

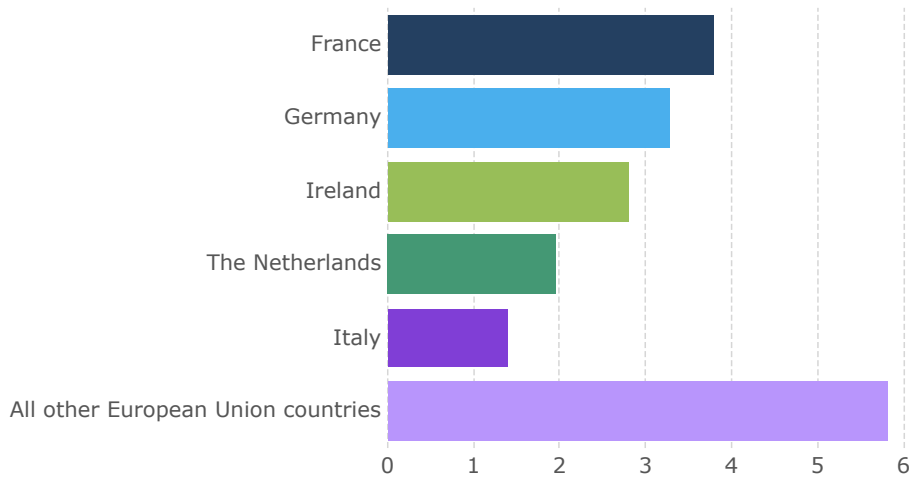


Destinations for services exports to the European Union in 2018:

- France – 26.1%
- Germany – 17.7%
- The Netherlands – 9.7%
- Ireland – 8.6%
- Belgium and Luxembourg – 6.7%
- All other European Union countries – 31.1%

Sources of Services Imports

(\$ billions)



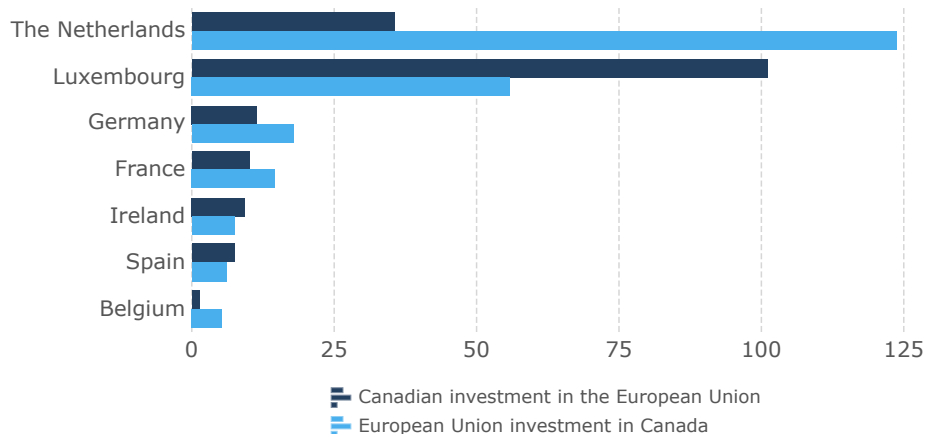
Sources of services imports from the European Union in 2018:

- France – 19.9%
- Germany – 17.2%
- Ireland – 14.8%
- The Netherlands – 10.3%
- Italy – 7.3%
- All other European Union countries – 30.5%



Major Destinations for and Sources of Foreign Direct Investment

(\$ billions)



Major destinations for Canadian foreign direct investment in the European Union in 2019:

- Luxembourg – \$101.2 billion
- The Netherlands – \$35.9 billion
- Germany – \$11.6 billion

Major European Union sources of foreign direct investment in Canada in 2019:

- The Netherlands – \$123.9 billion
- Luxembourg – \$56.0 billion
- Germany – \$18.1 billion

PROFILE OF THE EUROPEAN UNION

Country	GDP at PPP (2019, US\$)	GDP per Capita at PPP (2019, US\$)	Population (2019)	International Merchandise Exports and Imports as a Percentage of GDP at Official Exchange Rates (2019)
Austria	524.7 billion	59,100	8.9 million	81.6%
Belgium	626.4 billion	54,500	11.5 million	164.4%
Bulgaria	171.3 billion	24,600	7.0 million	103.8%
Croatia	121.9 billion	30,000	4.1 million	75.2%
Cyprus	36.4 billion	41,300	1.2 million	51.4%
Czechia	454.3 billion	42,600	10.7 million	152.9%
Denmark	348.1 billion	59,800	5.8 million	59.8%
Estonia	51.5 billion	38,800	1.3 million	108.8%
Finland	283.3 billion	51,300	5.5 million	54.6%
France	3.3 trillion	49,400	67.1 million	45.0%
Germany	4.7 trillion	56,100	83.1 million	70.8%
Greece	336.5 billion	31,400	10.7 million	47.7%
Hungary	332.0 billion	34,000	9.8 million	151.2%
Ireland	436.0 billion	88,200	4.9 million	69.0%
Italy	2.7 trillion	44,200	60.3 million	50.3%
Latvia	61.6 billion	32,200	1.9 million	100.3%
Lithuania	106.5 billion	38,200	2.8 million	126.8%
Luxembourg	75.2 billion	121,300	619,900	57.0%
Malta	22.9 billion	45,700	502,700	68.2%
The Netherlands	1.0 trillion	59,700	17.3 million	148.0%
Poland	1.3 trillion	34,200	38.0 million	88.8%
Portugal	374.5 billion	36,500	10.3 million	66.0%
Romania	625.2 billion	32,300	19.4 million	69.3%
Slovakia	186.4 billion	34,200	5.5 million	170.5%
Slovenia	84.9 billion	40,700	2.1 million	165.3%
Spain	2.0 trillion	42,200	47.1 million	50.6%
Sweden	574.1 billion	55,800	10.3 million	60.1%
European Union	20.8 trillion	46,500	447.5 million	n/a

Notes: Gross domestic product (GDP) at purchasing power parity (PPP) for the European Union member countries collectively was calculated by summing the values for the 27 European Union member countries.

GDP per capita at PPP was calculated by dividing the estimated GDP at PPP for the 27 European Union member countries collectively by the estimated population of the 27 European Union member countries collectively.

The estimated population for the 27 European Union member countries collectively was calculated by summing the population for the 27 European Union member countries.

Source: World Bank's World Development Indicators database.

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 most 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.

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-14

Fourteen of 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 and Sweden; the 15th country, the United Kingdom, withdrew from the European Union on 31 January 2020.

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.