The European Union Trade Policy &
EU – CAN Relations

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Delegation of the European Union to Canada

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Today's context:

• Globalisation
  - Including fragmentation of value chains

• Emergence of new economic powerhouses
  - China, India

• Economic downturn
  - Trade is part of the solution
4 benefits of EU trade deals

1. EU trade deals help generate the growth and jobs Europe needs

2. EU trade deals allow EU firms to make the most of global value chains

3. EU trade deals work to protect people and the environment

4. EU trade deals promote investment
EU 28 remains a trading power...

14,8% of world trade (in goods) in 2015

Second-largest importer (after the US) €1,680 bn (2015)

EU-28 received €523 bn in FDI 2015 (ranking 1st before US €141 bn)

Second-largest exporter (after China) €1,703 bn (2015)
EU Trade and Investment Policy
Basic features

Being the leading trade region

Strong interest in:
- Open markets
- Clear regulatory frameworks

Responsibility towards:
- EU citizens
- Rest of the World

Need to reinforce EU competitiveness on world markets
Reaching beyond the borders…

• Trade is no longer just about tariffs…
  - Standards
  - Domestic taxes
  - Investment

• Trade is not just about trade…
  - Environment
  - Human Rights
  - Labour Rights
  - Energy
EU Trade Policy Agenda
Trade, Growth and World Affairs

• **Pursue active negotiating agenda**
  - Multilateral / Plurilateral Trade Agreements
  - Bilateral Trade Agreements

• **Deepen relations with strategic partners**
  - Canada, US, China, India, Brazil

• **Enforce EU rights, tackling trade barriers**
Bilateral relations (FTAs)

Context

• Globally more than 200 FTAs
• Covering more than 35% of global trade
• FTAs top up what can be done in WTO
• ‘Extended’ regionalism
EU Trade and Investment Policy
How we negotiate

Civil Society and Public Consultations

The Commission negotiates
- On behalf of the 28 Member States
- Regular reporting to the Council and the European Parliament

The Council co-decides
- Directives for negotiations
- Follows the negotiation process
- Council approve the results of the negotiation (generally by qualified majority)

The Parliament co-decides
- EP co-decides with the Council on trade legislations (except negotiating directives)
- EP gives consent on agreements
Bilateral agreements – State of play

Countries with which the EU has a preferential trade agreement in place
Countries with which the EU negotiates or has a preferential agreement pending official conclusion
Countries with which the EU is considering opening preferential negotiations
Countries with which the EU is negotiating a stand-alone investment agreement
EU and Customs union
European Economic Area
The importance of CETA

• Why the EU?

Why Canada?
EU & Canada

- Canada is EU's 11th trading partner
- EU is Canada's 2nd trading partner
- EU enjoys a positive trade balance on both goods (nearly 7 bn EUR in 2015) and services (nearly 4 bn EUR in 2015)
• **Canada:**
  
  - 10 Provinces, 3 Territories
  - 2 official languages
  - 34.8 million inhabitants
  - 9.9 million sq. km
  - GDP per capita: 39,000 Euros

• **European Union**

  - 28 Member states
  - 24 official languages
  - 500 million inhabitants
  - 4.5 million sq km
  - GDP per capita: 24,000 Euros
    - Luxembourg: 80,000 Euros
    - Germany: 31,000 Euros
    - Bulgaria: 5,000 Euros

• Canada is a relatively small but rich market

• The EU is a vast, integrated market. (Its annual imports alone are worth more than Canada’s GDP.)
With the NAFTA uncertainty, CETA is timely for Canadian exporters keen to diversify into other markets.

What actions are companies taking as a result of CETA?

- 26% paying more attention to the European market
- 18% developing new products, services, or production processes
- 11% starting to import from Europe
- 11% increasing imports from Europe
- 15% increasing production to expand export volumes

Source: EDC TCI 2017
**EU = modern & attractive market**

<table>
<thead>
<tr>
<th>Global Top 10</th>
<th>The Global Competitiveness Index 2014-2015</th>
<th>Global rank*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Switzerland</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Singapore</td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>United States</td>
<td></td>
<td>3</td>
</tr>
<tr>
<td>Finland</td>
<td></td>
<td>4</td>
</tr>
<tr>
<td>Germany</td>
<td></td>
<td>5</td>
</tr>
<tr>
<td>Japan</td>
<td></td>
<td>6</td>
</tr>
<tr>
<td>Hong Kong SAR</td>
<td></td>
<td>7</td>
</tr>
<tr>
<td>Netherlands</td>
<td></td>
<td>8</td>
</tr>
<tr>
<td>United Kingdom</td>
<td></td>
<td>9</td>
</tr>
<tr>
<td>Sweden</td>
<td></td>
<td>10</td>
</tr>
</tbody>
</table>

Note: *2014-2015 rank out of 144 economies

“With just 7% of the world’s population, the EU accounts for 20.3% of world GDP, and its trade with the rest of the world accounts for around 15% of global exports and imports (excluding intra-EU trade).”
« Wind in our sails »

Growth in the European Union has outstripped that of the United States over the last two years.

Unemployment is at a nine-year low

Almost 8 million jobs were created during the mandate of the Juncker Commission
Growth outlook for selected EU countries

<table>
<thead>
<tr>
<th>% of EU GDP (2017)</th>
<th>2017(e)</th>
<th>2018(f)</th>
<th>2019(f)</th>
</tr>
</thead>
<tbody>
<tr>
<td>European Union</td>
<td>100</td>
<td>2.5</td>
<td>2.5</td>
</tr>
<tr>
<td>Germany</td>
<td>21</td>
<td>2.5</td>
<td>2.1</td>
</tr>
<tr>
<td>France</td>
<td>15</td>
<td>1.9</td>
<td>2.3</td>
</tr>
<tr>
<td>Italy</td>
<td>11</td>
<td>1.5</td>
<td>1.6</td>
</tr>
<tr>
<td>Spain</td>
<td>8</td>
<td>3.1</td>
<td>3.0</td>
</tr>
<tr>
<td>Poland</td>
<td>3</td>
<td>4.6</td>
<td>4.3</td>
</tr>
<tr>
<td>Austria</td>
<td>2</td>
<td>3.1</td>
<td>2.6</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>1</td>
<td>4.6</td>
<td>4.1</td>
</tr>
<tr>
<td>Greece</td>
<td>1</td>
<td>1.3</td>
<td>2.4</td>
</tr>
</tbody>
</table>
...moving in the right direction...
Goods trade between Canada and Europe is growing...
CETA

• First trade deal with a G7 Member
• By far the most far reaching and progressive FTA
• The EU can deliver high ambition FTAs without lowering standards
• Reinforce our respective and mutual economic interests
• Strengthen our position on the global stage
• Help bring the EU and North America even closer together
CETA Provisions

Access to public procurement at subnational levels

Trade in services

Eliminates most tariffs

Recognition of professional qualifications

Simpler paper work / less red tape

Protects investment

Improved labour mobility

Intellectual property protection
CETA will:

- Eliminate custom duties on 98% of all tariff lines
- Open Canada's procurement market
- Ensure protection of 143 EU traditional products (GIs)
- Facilitate the movement of professionals
- Enabling EU firms to sell services in Canada
- Open up markets for European food and drink exports
- Make it easier for European firms to invest in Canada
- and more...
<table>
<thead>
<tr>
<th></th>
<th>$C$ gain (billions)</th>
<th>% gain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canadian exports to the EU</td>
<td>8.6</td>
<td>8.1</td>
</tr>
<tr>
<td>-- merchandise goods</td>
<td>6.0</td>
<td>8.1</td>
</tr>
<tr>
<td>-- services</td>
<td>2.6</td>
<td>8.2</td>
</tr>
<tr>
<td>Canadian imports from the EU</td>
<td>8.4</td>
<td>8.0</td>
</tr>
<tr>
<td>-- merchandise goods</td>
<td>5.5</td>
<td>8.8</td>
</tr>
<tr>
<td>-- services</td>
<td>2.9</td>
<td>6.5</td>
</tr>
<tr>
<td>Canadian direct investment in EU</td>
<td>0.6</td>
<td>&lt;1</td>
</tr>
<tr>
<td>EU direct investment in Canada</td>
<td>1.2</td>
<td>&lt;1</td>
</tr>
<tr>
<td>Industry</td>
<td>$C gain (millions)</td>
<td>% gain</td>
</tr>
<tr>
<td>----------------------------------------------------</td>
<td>--------------------</td>
<td>---------</td>
</tr>
<tr>
<td>Automotive</td>
<td>1,276</td>
<td>17.8</td>
</tr>
<tr>
<td>Textiles, clothing and leather products</td>
<td>1,177</td>
<td>105.7</td>
</tr>
<tr>
<td>Business services</td>
<td>934</td>
<td>6.3</td>
</tr>
<tr>
<td>Chemical and plastic products</td>
<td>654</td>
<td>5.4</td>
</tr>
<tr>
<td>Financial services</td>
<td>638</td>
<td>8.0</td>
</tr>
<tr>
<td>Transportation services</td>
<td>608</td>
<td>8.2</td>
</tr>
<tr>
<td>Dairy products</td>
<td>435</td>
<td>132.0</td>
</tr>
<tr>
<td>Machinery</td>
<td>434</td>
<td>3.1</td>
</tr>
<tr>
<td>Other services</td>
<td>403</td>
<td>7.3</td>
</tr>
<tr>
<td>Processed foods</td>
<td>289</td>
<td>13.9</td>
</tr>
<tr>
<td><strong>Total, all industries</strong></td>
<td><strong>8,450</strong></td>
<td><strong>8.0</strong></td>
</tr>
</tbody>
</table>

CETA Timeline

21 September 2017

CETA negotiation

CETA implementation

CETA ratification
Thank You