



EU Trade Policy & EU – CAN trade relations

February 2016

Today's context:

- Globalisation
 - Including fragmentation of value chains
- Emergence of new economic powerhouses
 - China, India, Brazil
- Economic downturn
 - Trade is part of the solution

EU 28 remains a trading power...

14,8 % of world trade (in goods) in 2014

*Second-largest
importer
(after the US)
€ 1,680 bn (2014)*

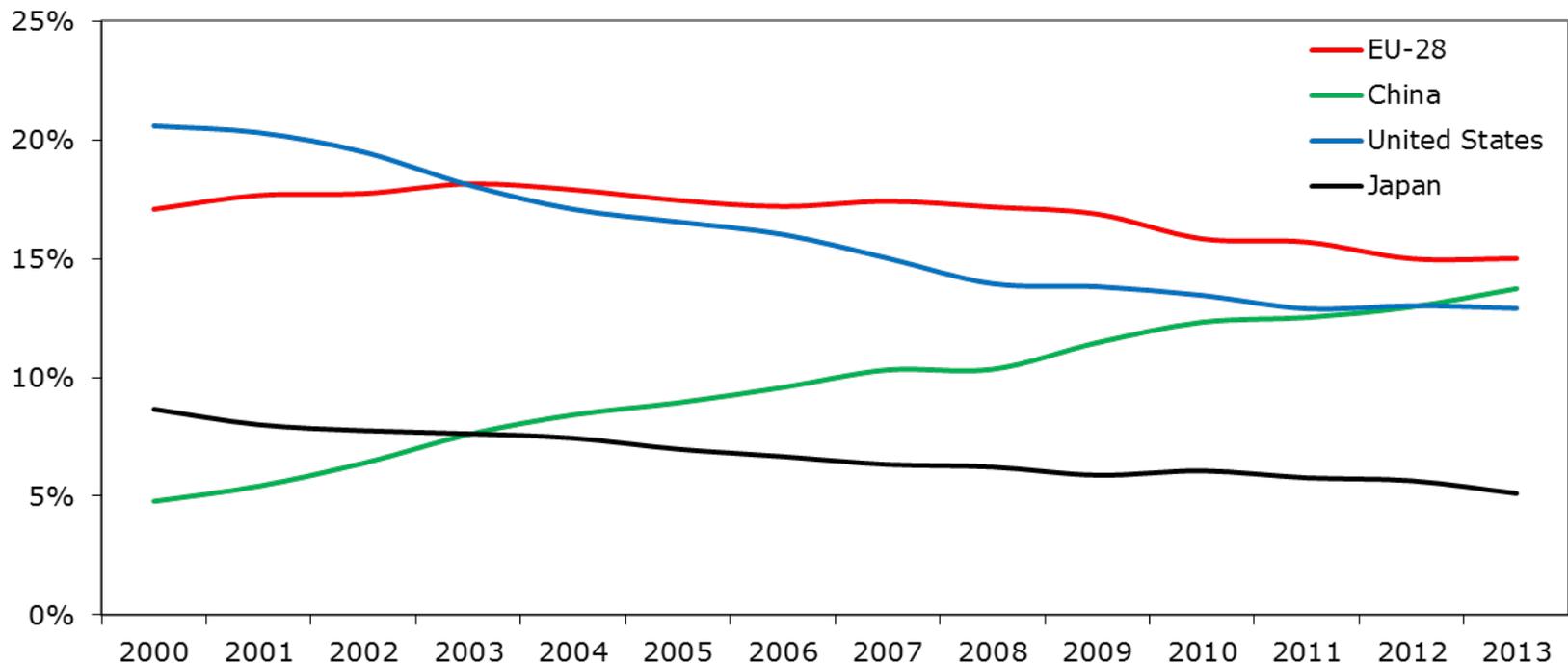


*Second-largest
exporter
(after China)
€1.703bn (2014)*

*EU-28 received € 523 bn in FDI 2013
(ranking 1st before US €141 bn)*

The EU in world trade

Share of EU28*, USA, Japan and China in World Trade in Goods (%)



Coverage: shares in world trade excluding intra-EU trade.
Sources: Eurostat (Comext, Statistical regime 4), WTO



• **Canada:**

- **10 Provinces, 3 Territories**
- **2 official languages**

- **34.8 million inhabitants**
- **9.9 million sq. km**
- **GDP per capita: 39.000 Euros**

- **Canada is a relatively small but rich market**

• **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

- **The EU is a vast, integrated market. (Its annual imports alone are worth more than Canada's GDP.)**



A modern & attractive market

 Global Top 10	
The Global Competitiveness Index 2014-2015	Global rank*
Switzerland	1
Singapore	2
United States	3
Finland	4
Germany	5
Japan	6
Hong Kong SAR	7
Netherlands	8
United Kingdom	9
Sweden	10

Source: The Global Competitiveness Report 2014-2015

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). ’

Today's trade relationship



Canada is to EU:

The 12th most important trading partner (1.8% of EU's external trade)

2.2% of EU's services trade

The 4th largest investor in EU (4.3% of the EU's inward FDI)

EU is to Canada:

The 2nd largest trading partner (9.3% of Canada's total trade in goods)

18% of Canada's services trade

The 2nd largest investor in Canada (26.3% of Canada's inward FDI)



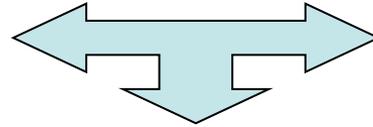
EU Trade and Investment Policy

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
 - Licensing practices
 - Domestic taxes
 - Investment

- **Trade is not just about trade...**
 - Environment
 - Human Rights
 - Labour Rights



Trade Policy Agenda

Trade, Growth and World Affairs

- **Pursue active negotiating agenda**
 - Multilateral Trade Agreements
 - Bilateral Trade Agreements
- **Deepen relations with strategic partners**
 - China, Russia, Brazil
- **Enforce EU rights, tackling trade barriers**

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

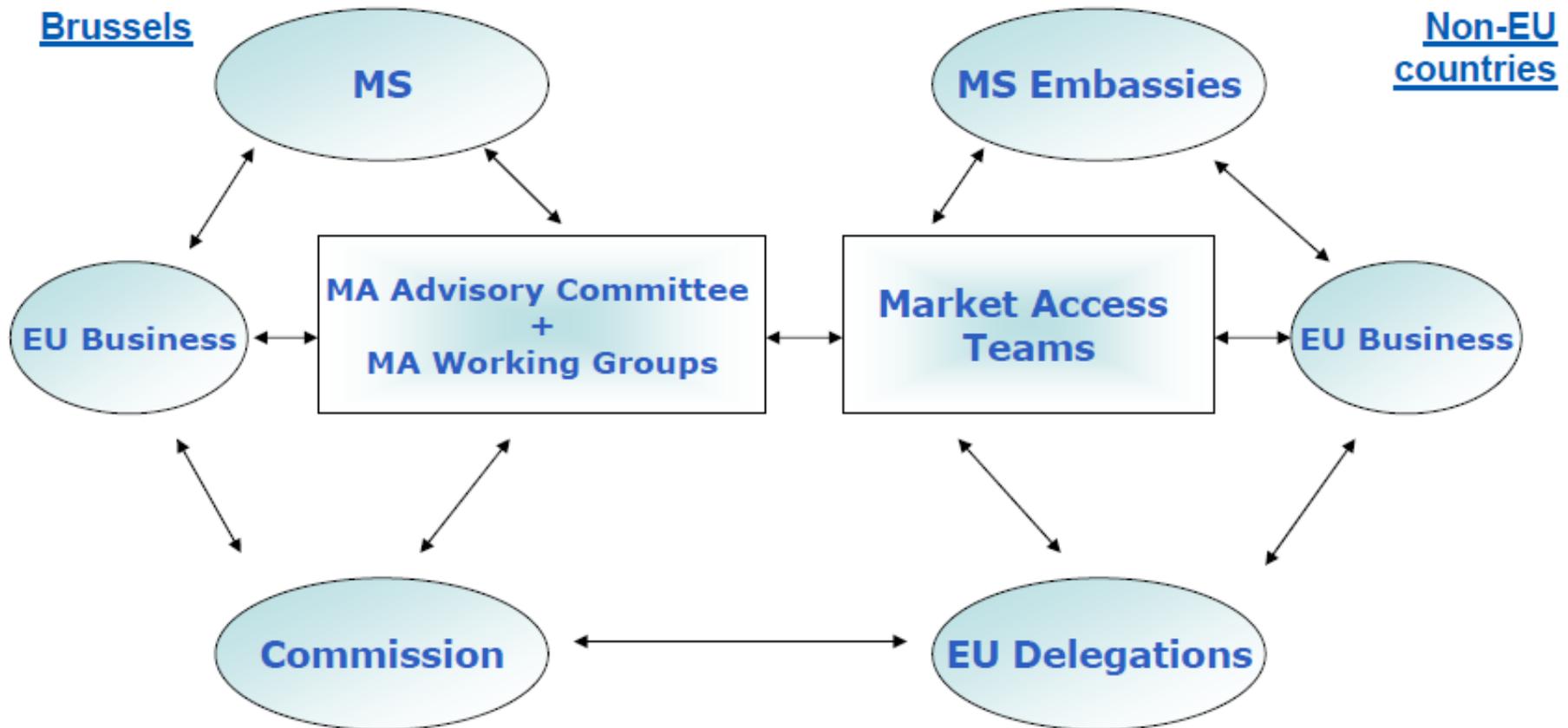
- EP co-decides with the Council on trade legislations (except negotiating directives)
- EP gives consent on agreements

Removing trade barriers for EU exporters

Market Access Strategy

- Market Access Partnership
 - *cooperation: Commission - Member States - businesses*
 - *local expertise make trade barriers easier to identify/address*
- Market Access teams
- Market Access Database (MADB) to record barriers under examination in EU trading partners

Market Access Partnership - Structures





**The next step in the
EU-Canada
Strategic Partnership:
CETA**



An intensifying Strategic Partnership



- **1976 European Economic Community (EEC) - Canada Framework Agreement on Economic Co-operation** - the first formal agreement of its kind between the EEC and an industrialised third country.
- **1990 - Declaration on Transatlantic Relations**, extending the scope of EU-Canada contacts and establishing regular meetings at Summit and Ministerial level.
- **1996 Ottawa Summit: new Political Declaration on EU-Canada Relations / Joint Action Plan** identifying additional specific areas for co-operation.
- **Ottawa Summit March 2004: EU-Canada Partnership Agenda:** identifies ways of working together, especially where joint action can achieve more than acting alone.
- **Since 2009/10:** EU-Canada relations are being upgraded through negotiation of a **Comprehensive Economic and Trade Agreement (CETA)** and a **Strategic Partnership Agreement (SPA)**.

JOINT STUDY 2008 : Potential gains from an EU-Canada Free Trade Agreement



Potential gains for Canada

- Annual increase of about 0.8 % of GDP (or \$12 billion)
- Almost half of the gains from the liberalisation of services
- About 1/3 from full tariff elimination
- About 20 % from the reduction of non-tariff barriers
- Canadian exports to the EU to increase by about 20 %

Potential gains for the European Union

- Annual increase of 0.08 % of GDP (or \$17 billion)
- About half of the gains from the liberalisation of services
- About 25% from full tariff elimination
- About 25% from the reduction of non-tariff barriers
- EU exports to Canada to increase by about 25 %



The CETA Negotiation Process



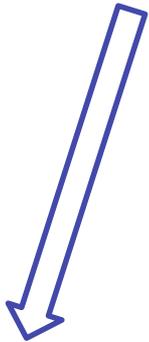
- Involvement of Provinces
- October 2009 – October 2011:
 - most issues prepared
 - almost complete tariff elimination
- October 2011 – October 2013:
 - the more difficult issues, e.g.
 - RoO
 - Government Procurement
 - Investment rules / ISDS
 - Services
 - Pharma IPR
 - GIs
 - Agriculture quotas
 - Political breakthrough achieved in October 2013
- October 2013 – August 2014:
 - Finalisation of remaining technical issues



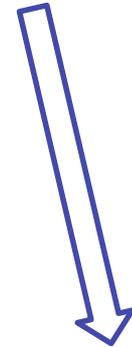
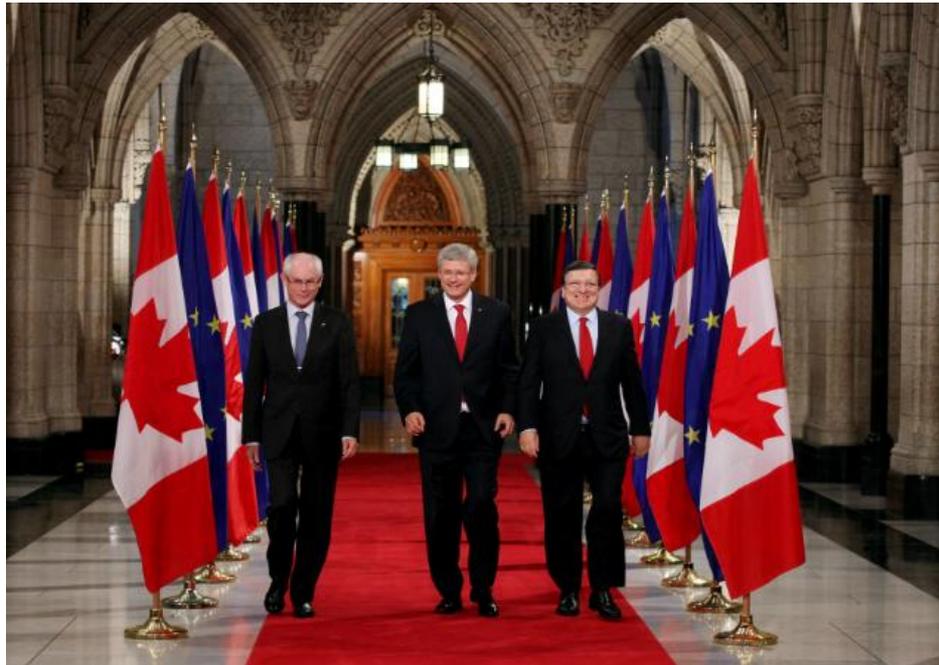
EU-Canada Summit: September 26, 2014



Canadian PM Harper hosted Commission President Barroso and Council President Van Rompuy at a Summit celebrating the successful end of the negotiations of two major agreements between Canada and the EU:



The Strategic
Partnership
Agreement
(SPA)

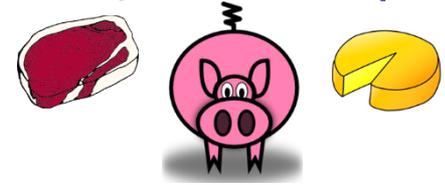
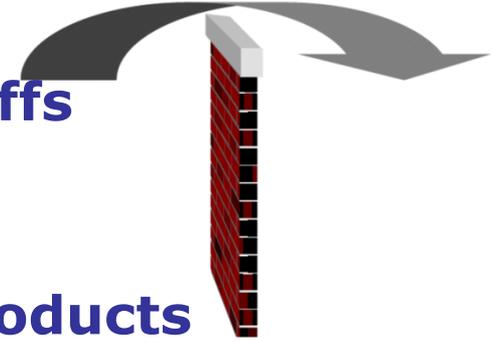


The
Comprehensive
Economic and
Trade Agreement
(CETA)

CETA Results (I)



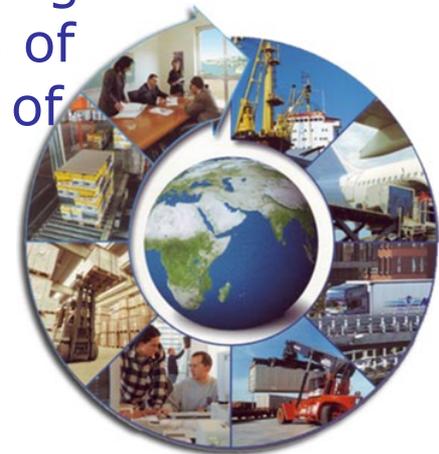
- Both sides will **eliminate all industrial tariffs** and **almost all agricultural tariffs**.
- Only a handful of **sensitive agricultural products** will be excluded from full liberalisation or partially liberalised through **tariff rate quotas**, such as pork, beef and dairy (cheese).
- In addition, CETA will also liberalise **trade in services**, notably financial services, telecommunications, energy and transport.



CETA Results (II)



- For the first time ever, all Canadian levels of government will open up, in principle, their **public procurement markets** to European suppliers. (The EU is already very open to foreign bidders and binds its openness reciprocally in CETA.)
- CETA addresses a wide range of issues, including greater certainty, transparency and protection of **investments**; enhanced cooperation in areas of mutual interest, such as **regulatory development** and **labour mobility**;



CETA Results (III)



- The EU and Canada have also reaffirmed their strong commitment to the principles and objectives of **sustainable development** in trade.

» This means that the investment and trade should not develop at the expense of the environment, but rather foster mutual supportiveness between economic growth, social development, and environmental protection.





CETA conclusion and ratification in the EU

European Commission

August 2014

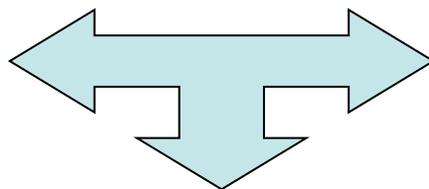
Negotiations concluded

since end 2014

Text is in the process of **legal scrubbing** and **translation into 22 EU languages**.

Summer 2016

COM to formally **propose Council decision** on conclusion and signing of CETA (+ *'pre-saisine'* EP)



Council of Ministers

Q3/2016

Council to give **authorisation to sign CETA**

(and decide on provisional application in case of mixed nature of the agreement)

European Parliament

Q4/2016 – Q1/2017

EP consent procedure, followed by ratification by all **Member States** if mixed Agreement

(not preventing **immediate provisional application** of trade provisions, after EP consent.)

Procedure for conclusion and ratification (II)



Completion of
technical
negotiations:
Summer 2014

Legal verification
and translation of
the text:
1st H./2015
through **1st**
H./2016

Actual signature,
ratification and – at
least provisional –
application of CETA:
2nd H./2016-2017

