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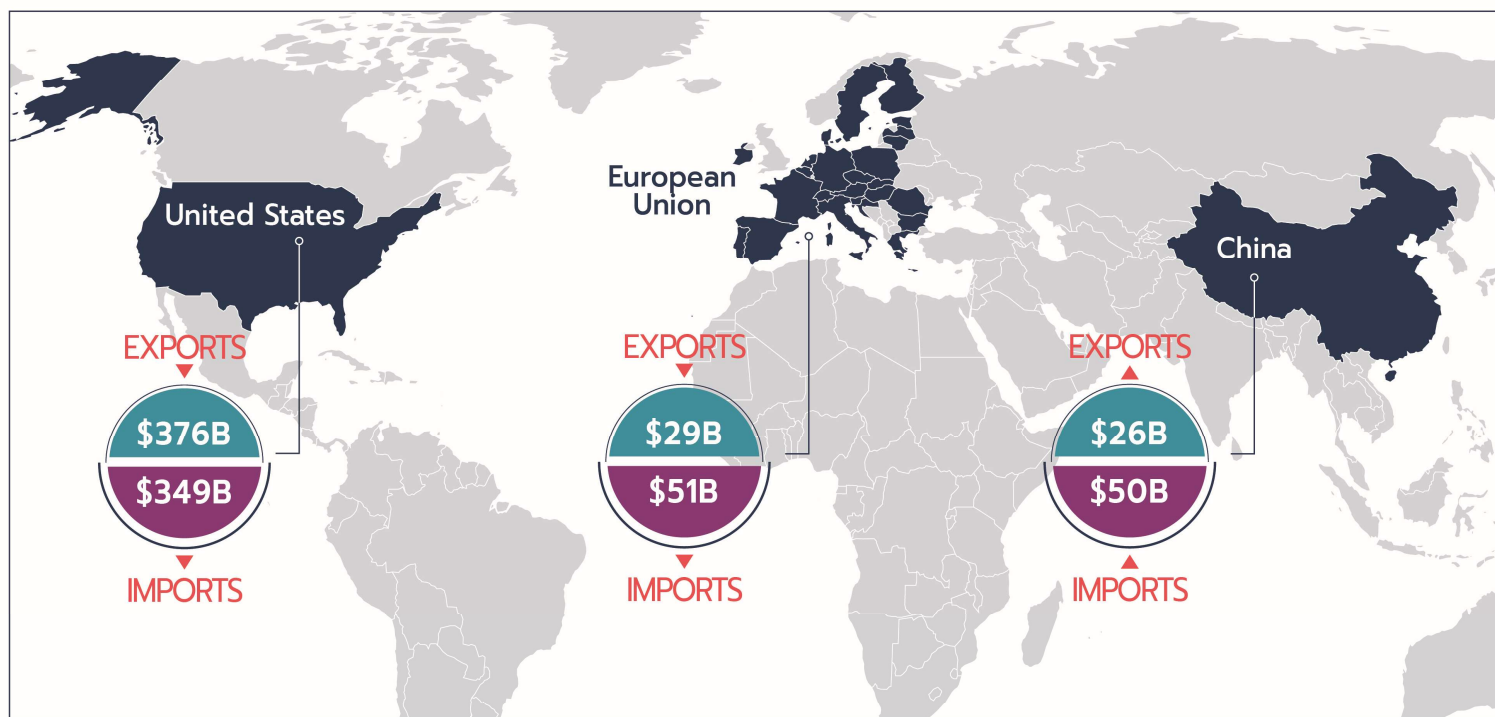
AN OVERVIEW OF CANADA-EU TRADE PERFORMANCE UNDER CETA

Presenter: Marie-France Paquet
Chief Economist – Global Affairs Canada
May 19th, 2021



THE EUROPEAN UNION IS CANADA'S SECOND PARTNER FOR GOODS TRADE IN 2020

TOP 3 GOODS TRADING PARTNERS

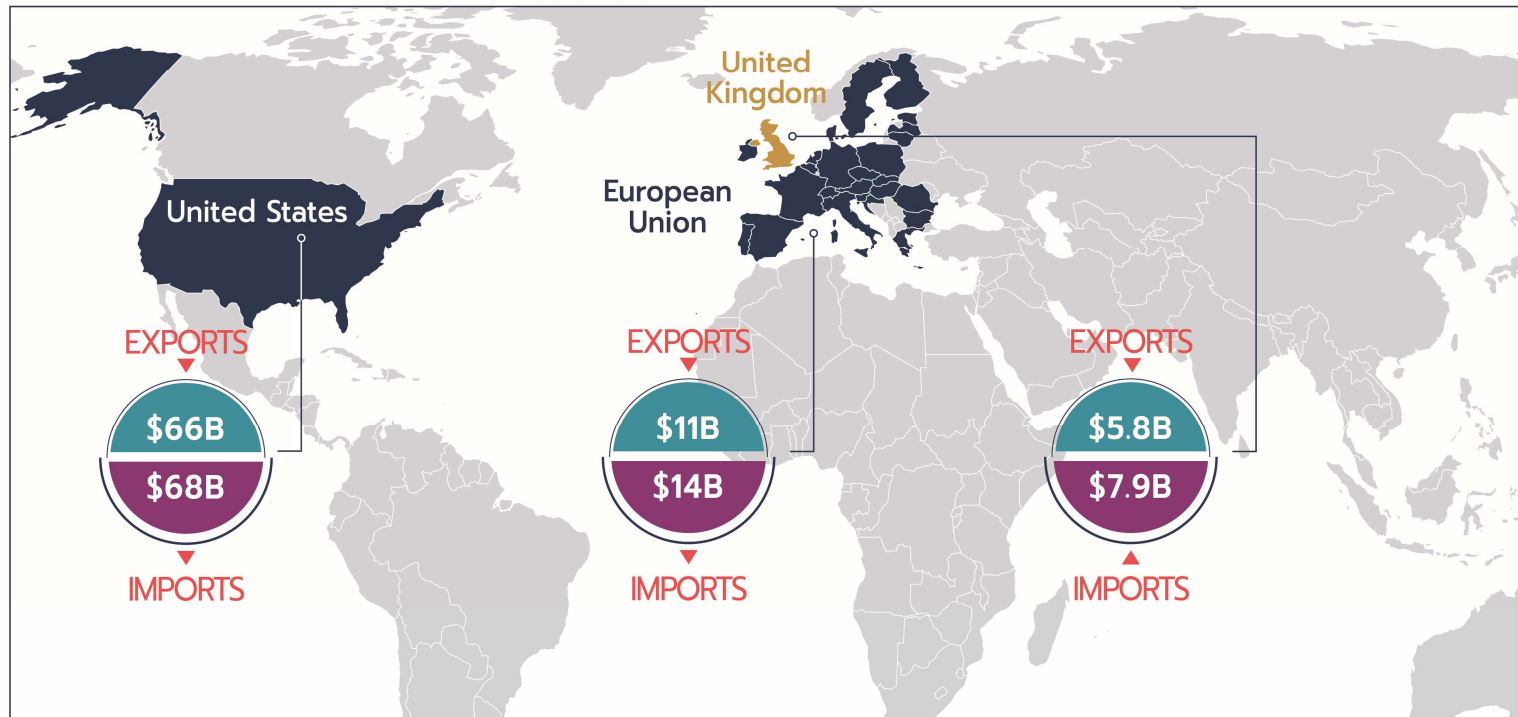


Source: Office of the Chief Economist, Global Affairs Canada



THE EUROPEAN UNION IS ALSO CANADA'S SECOND PARTNER FOR SERVICES TRADE IN 2020

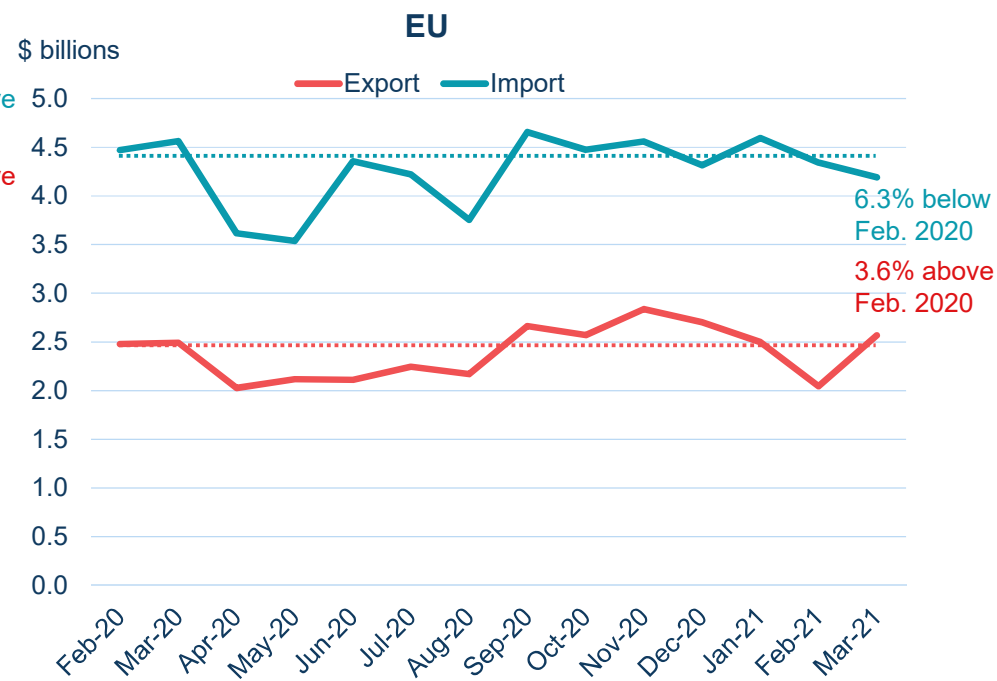
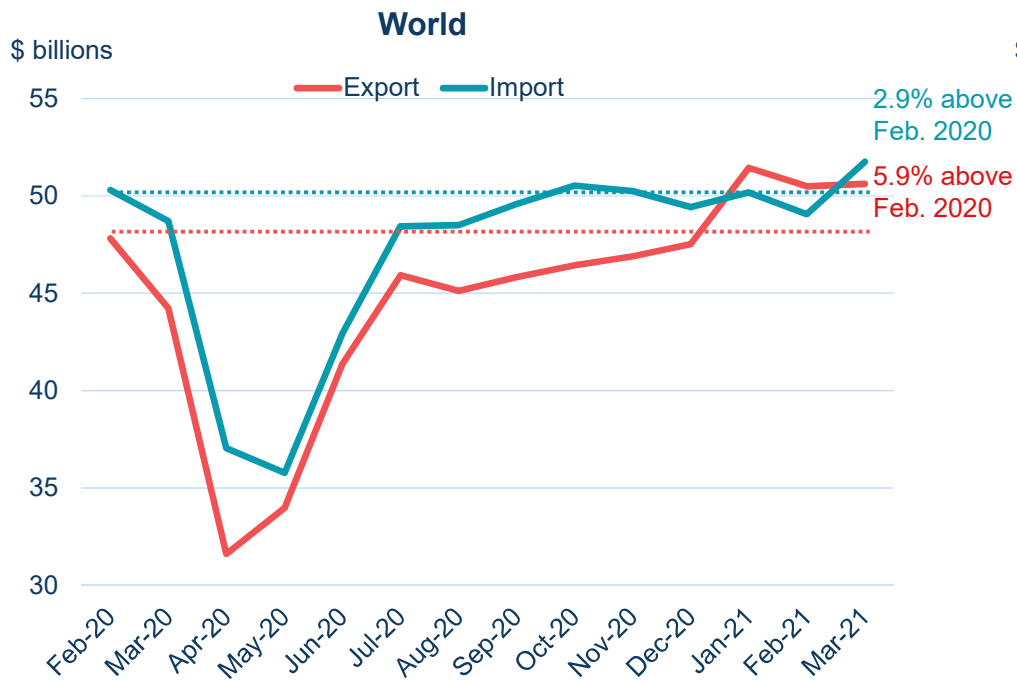
TOP 3 SERVICES TRADING PARTNERS



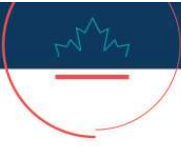
Source: Office of the Chief Economist, Global Affairs Canada



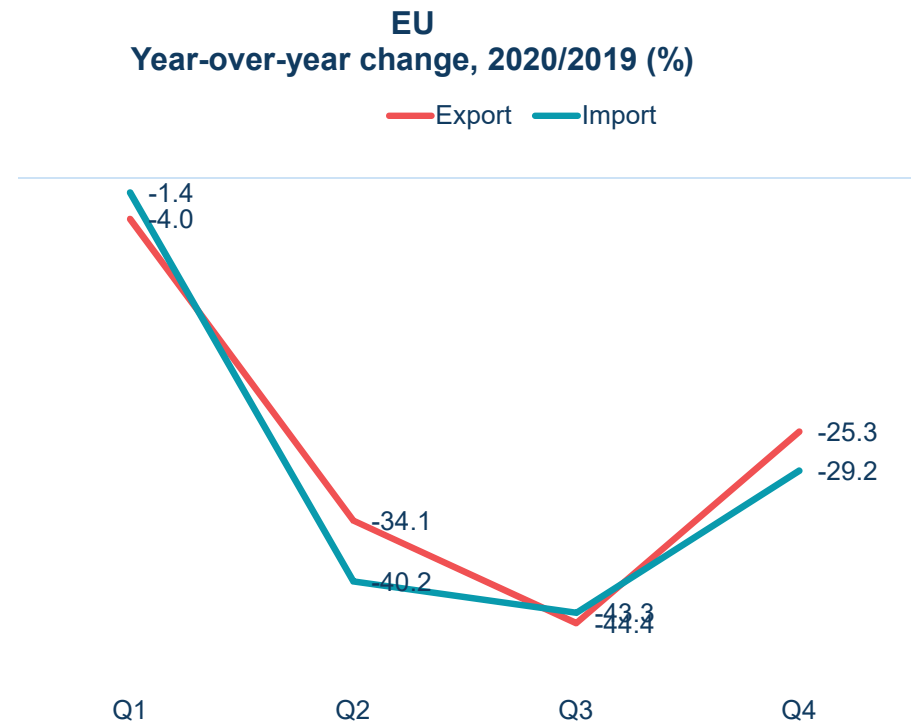
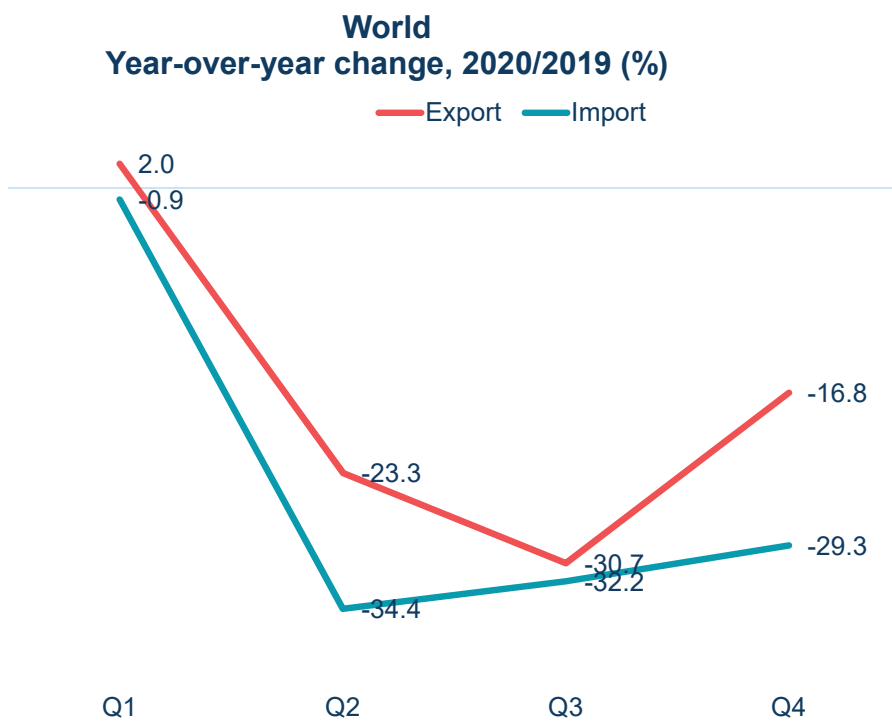
CANADA'S GOODS TRADE WITH THE WORLD AND THE EUROPEAN UNION RELATIVE TO PRE-PANDEMIC LEVELS



Source: Statistics Canada Table 12-10-0011-01. Balance of payments basis, seasonally adjusted.



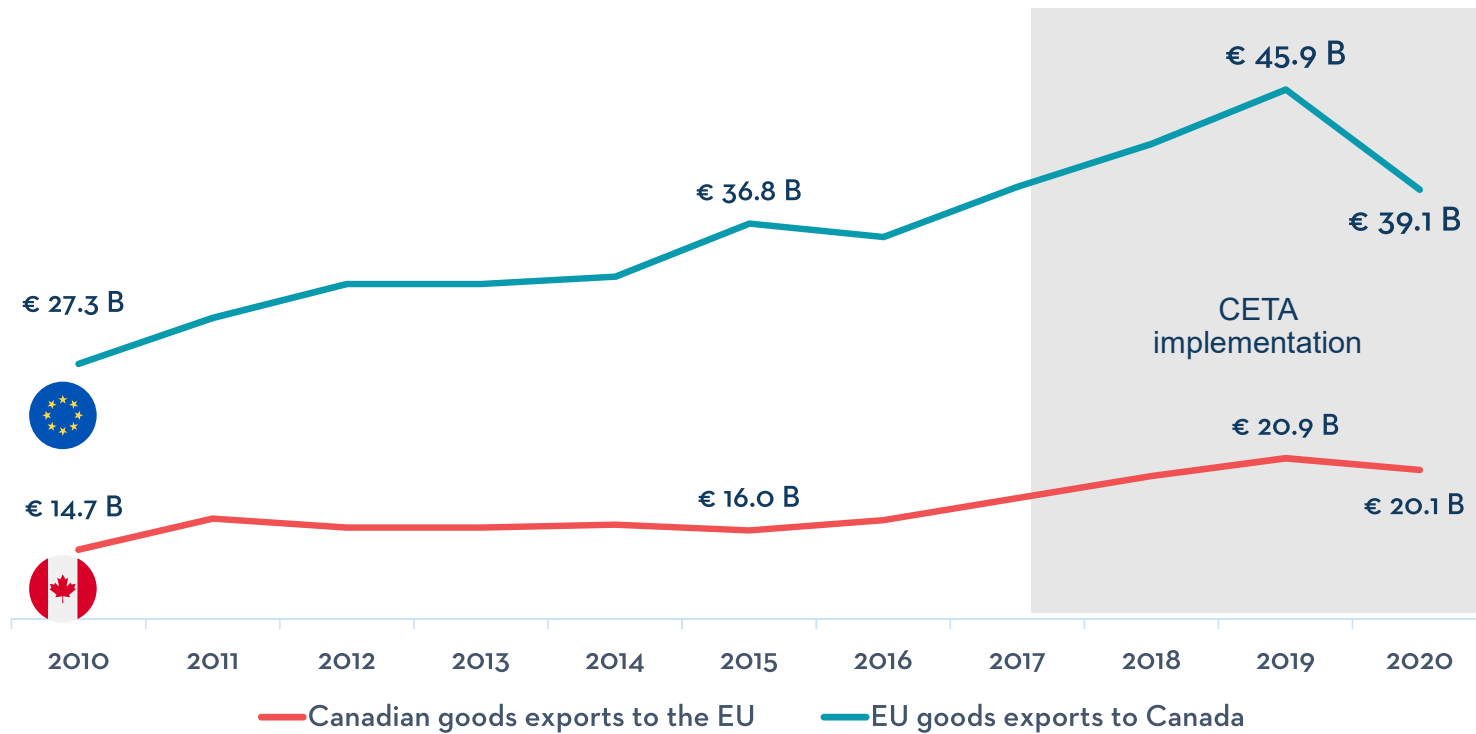
SERVICES TRADE DECLINED SINCE THE PANDEMIC STARTED AND HAS SEEN LITTLE RECOVERY



Source: Statistics Canada Table 36-10-0024-01. Balance of payments basis.









TRADE IN GOODS REACHED RECORD HIGH IN 2019 BUT WAS AFFECTED BY THE PANDEMIC



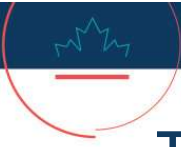
Data: Eurostat, Statistics Canada
Source: Joint Report, March 2021



SEVERAL GOODS SECTORS PERFORMED REALLY WELL UNTIL 2019 BUT A FEW WERE AFFECTED BY THE PANDEMIC

Sector	Growth 2016-2019 (€ millions)	Growth 2016-2019 (%)	Growth 2016-2020 (%)
 Agriculture	800	14.8	34.7
 Machinery	2,660	28.9	6.1
 Pharma products	2,055	42.9	44.0
 Ores, slag and ash	1,717	97.2	105.3
 Mineral fuels*	1,308	44.9	-27.9
 Motor vehicles, parts	838	16.2	-15.9

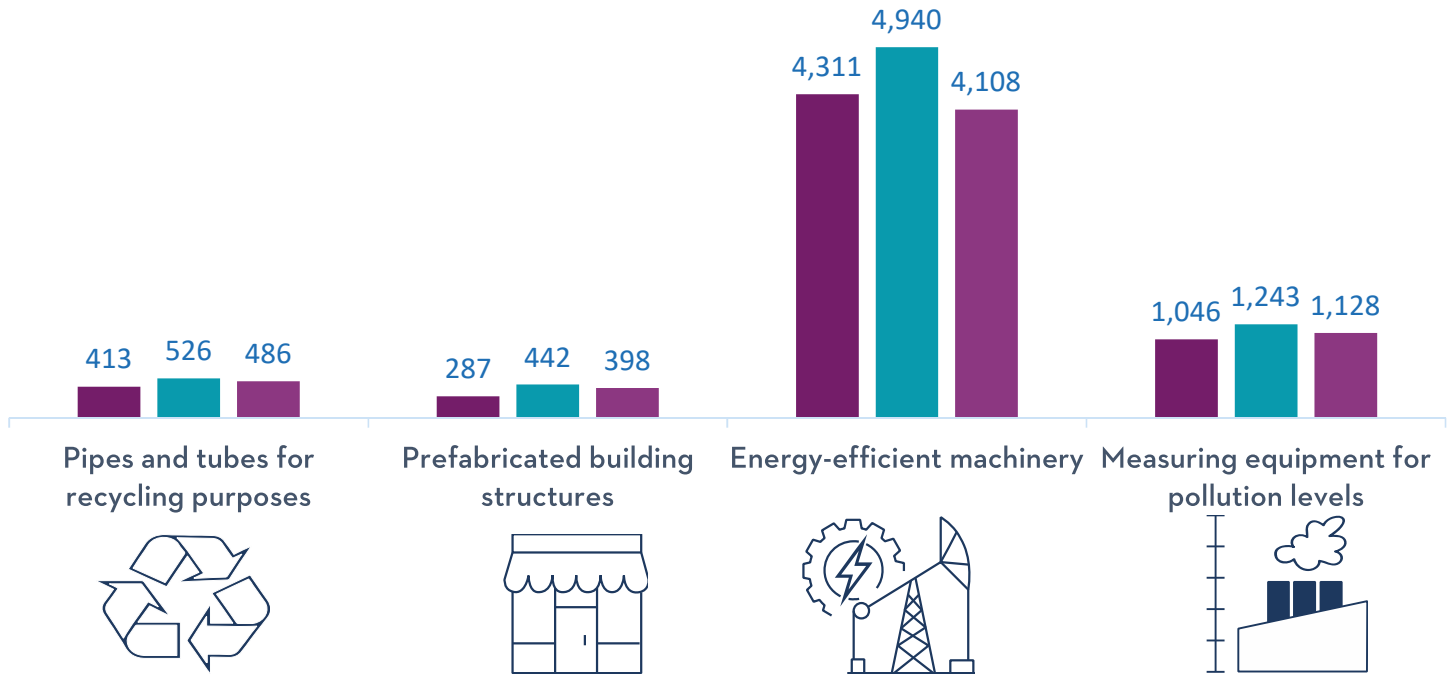
Data: Eurostat, Statistics Canada. *Source:* Joint Report, March 2021. * The great majority (almost two thirds) of EU imports of mineral fuels from Canada is represented by crude oil. These imports were already duty free before the conclusion of CETA and, therefore, were not affected by the entry into force of CETA. EU crude oil imports from Canada originate exclusively in the Atlantic Provinces. Canada is the 16th provider of crude oil imports for the EU (0.6% of all EU imports).



TRADE IN ENVIRONMENTAL GOODS IS ON THE RISE AND THE PANDEMIC HAS HAD A MINOR IMPACT

(€ million)

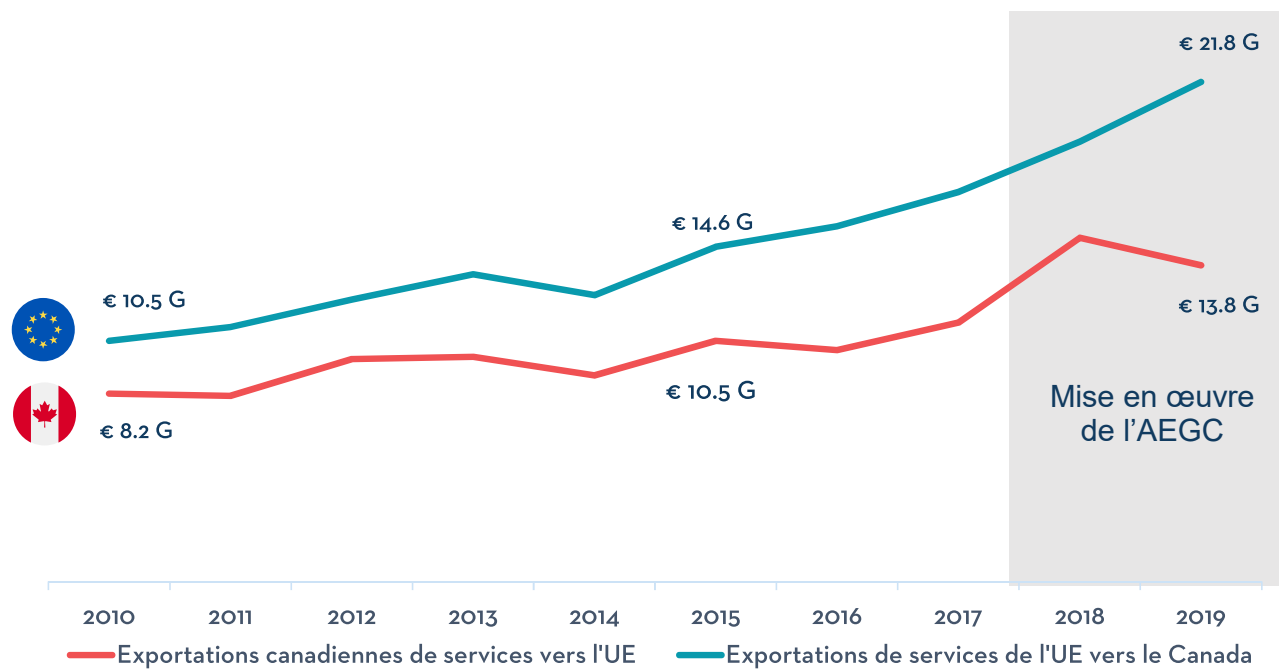
■ 2016 ■ 2019 ■ 2020



Data: Eurostat, Statistics Canada
Source: Joint Report, March 2021



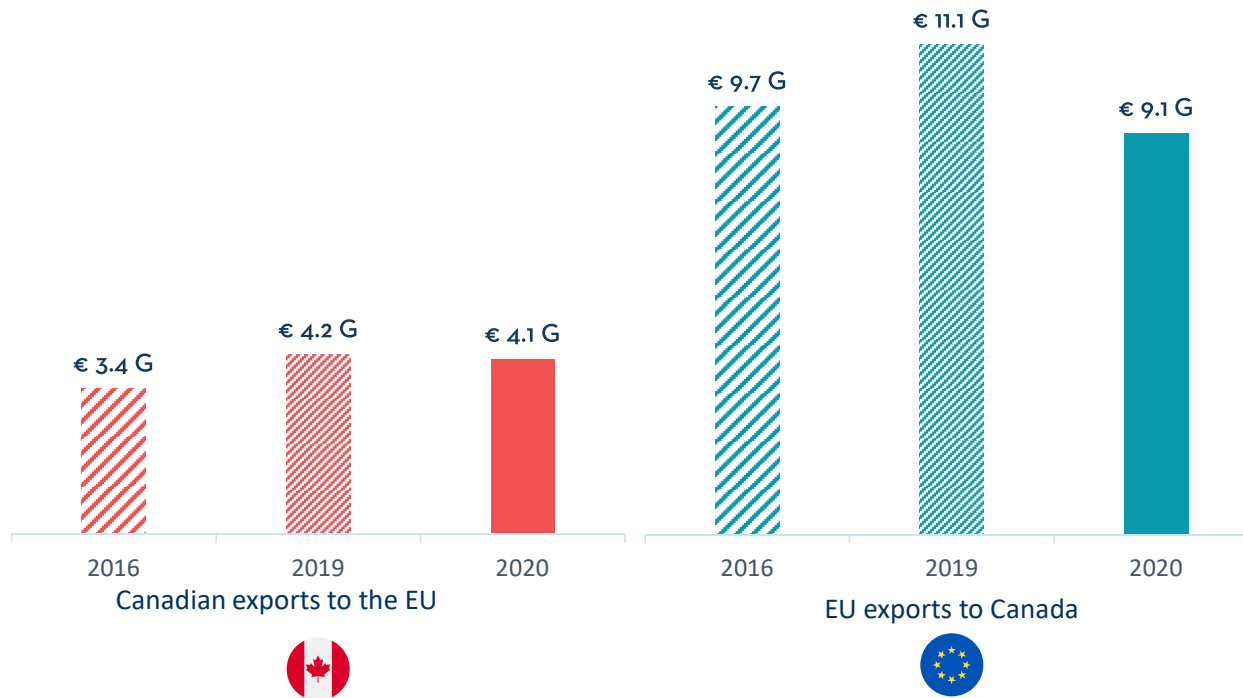
TRADE IN SERVICES GREW AT A STEADY RATE UNTIL 2019



Données: Eurostat
Source: Rapport conjoint, mars 2021



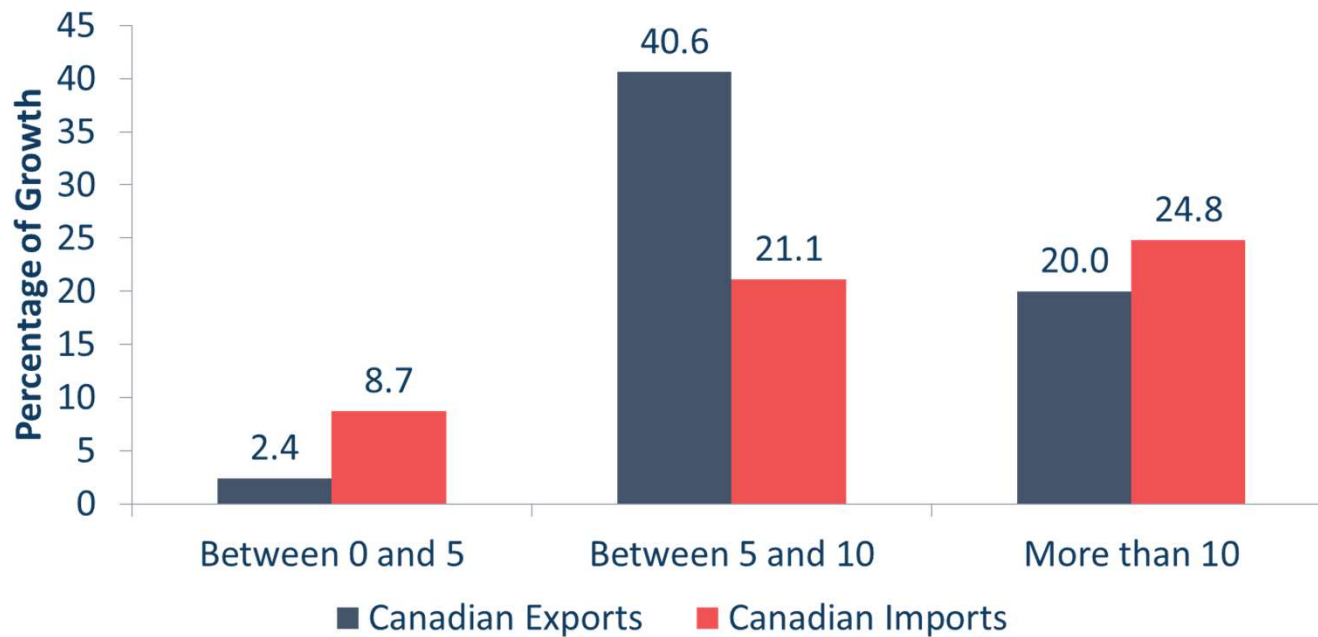
DUTIABLE EXPORTS GREW BETWEEN 2016 AND 2019, BUT WAS ALSO AFFECTED BY THE PANDEMIC IN 2020



Données: Eurostat, Statistiques Canada
Source: Rapport conjoint, mars 2021



CETA DELIVERS BENEFITS FOR FIRMS: PRODUCTS WITH LARGE TARIFF REDUCTIONS GREW FASTER*



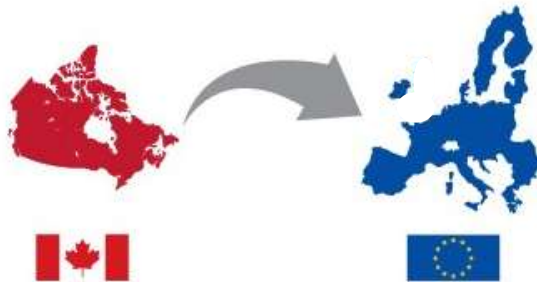
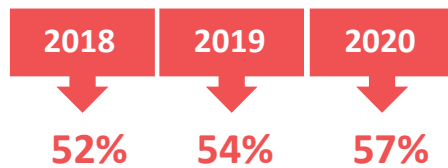
*Changes in trade value between 2016 and the annual average trade value in 2018 and 2019
Data: Statistics Canada Data: EU DG Trade, Unit of the Office of Chief Economist; Statistics Canada
Source: Office of the Chief Economist, Global Affairs Canada



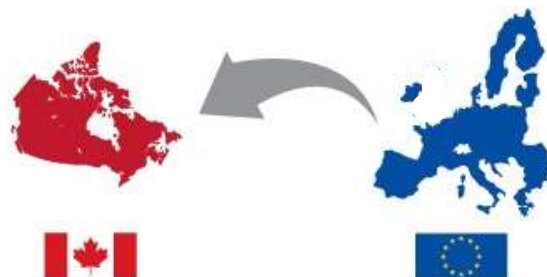
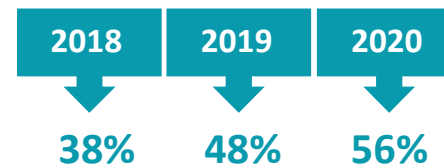
CETA PROMOTION EFFORTS HAVE YIELDED RESULTS

Preference utilization rates of exports

from Canada to the European Union



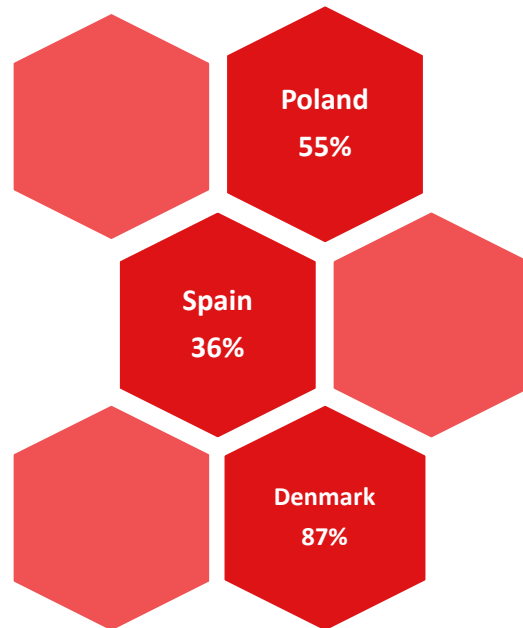
from European Union to Canada



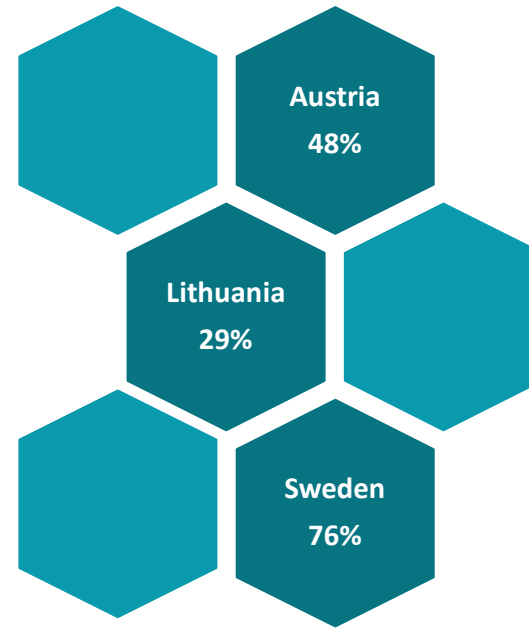


MORE OPPORTUNITIES AVAILABLE FOR FIRMS ON BOTH SIDES OF THE ATLANTIC

Preference utilization rates for Canadian exports to the EU (2020)



Preference utilization rates for European exports to Canada (2020)

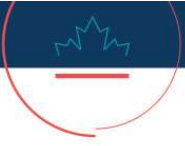




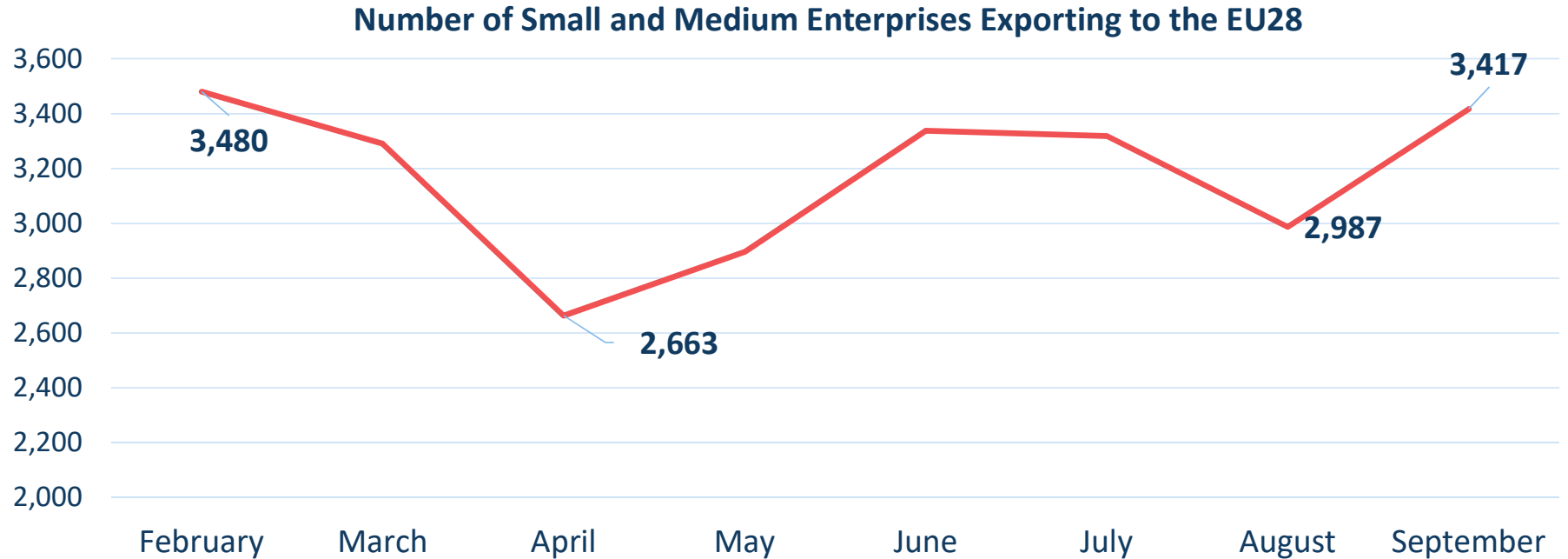
UTILIZATION RATES DIFFER ACROSS COUNTRIES EVEN IN THE SAME SECTOR

EU state	Share in CETA-eligible exports to the EU (HS87), 2019	Utilization rate (%)	Share in CETA-eligible exports to the EU (HS 87), 2020	Utilization rate (%)
Germany	37.7	5.2	31.9	53.7
Belgium	16.7	39.8	19.0	18.0
Finland	14.7	66.8	12.3	55.7
Netherlands	5.2	9.6	8.0	7.3
Sweden	2.6	33.2	4.5	29.5

Data: EU DG Trade, Unit of the Office of Chief Economist
Source: Office of the Chief Economist, Global Affairs Canada



THE TWO WAVES OF COVID-19 SEEM TO HAVE AFFECTED THE NUMBER OF SMES EXPORTING TO THE EU



Data: Statistics Canada, Monthly Trade by Exporters Characteristics, unadjusted for seasonality. Source: Office of the Chief Economist, Global Affairs Canada



CONCLUSION

- Trade in goods grew steadily and significantly between 2016 and 2019, experienced a decline in 2020, and has already started to recover.
- Trade in services experienced a steady growth from 2016 to 2019.
- Preference utilization rates have continued to increase amidst the pandemic for both parties.
- Efforts to promote CETA appear to have had the desired effect and work is ongoing.
- As vaccine roll-outs continue, overall trade is expected to pick up post-COVID 19.
- CETA still has a lot to offer for both Canadian and European companies.