



TRANSATLANTIC RELATIONS: USA AND CANADA

The EU, US and Canada share the values of democracy, human rights, and economic and political freedom, and overlapping foreign policy and security concerns. The EU-Canada Comprehensive Economic and Trade Agreement and the Strategic Partnership Agreement were signed on 30 October 2016, receiving the European Parliament's consent on 15 February 2017. Negotiations on an EU-US Transatlantic Trade and Investment Partnership, launched on 8 July 2013, have been halted since President Trump was elected.

EU-US FOREIGN POLICY RELATIONS

The US is the EU's closest foreign policy ally. The partners cooperate closely, consulting one another on their international priorities and often working to advance their overlapping interests in multilateral forums. They cooperate on foreign policy in several geographical contexts, with a current focus on the Middle East and North Africa (particularly Iraq and Syria) and Europe's eastern neighbourhood (particularly Russia and Ukraine).

The US has proved to be a reliable security partner for a number of EU Member States, as demonstrated by the cooperation among the North Atlantic Treaty Organisation (NATO) allies. For example, effective practical cooperation has been developed between NATO and missions deployed under the EU's Common Security and Defence Policy (CSDP) in theatres such as Afghanistan, Iraq, Kosovo, Bosnia and Herzegovina and the Horn of Africa.

While the EU and the US do not speak in unison on all foreign policy issues, they remain one another's most important and reliable allies. Their foreign policy bonds have endured over many decades, despite shifting political configurations and geostrategic changes on both sides.

Following the US presidential election of 8 November 2016, many questions and concerns have arisen regarding EU-US foreign policy relations. In spite of critical remarks by President Trump regarding for instance financial contributions to NATO, the German trade surplus or the EU in general, the first visits of Vice-President Pence and Secretary of State Tillerson to Europe have pointed towards general continuity in EU-US relations, though a more bilateral approach per country may be expected.

EU-US POLITICAL RELATIONS WITHIN THE TRANSATLANTIC LEGISLATORS' DIALOGUE (TLD) PROCESS

Contacts between Parliament and the US Congress date back to 1972. In 1999, their relations were upgraded and institutionalised with the establishment of the Transatlantic Legislators' Dialogue (TLD). The TLD brings together Members of the European Parliament and members of the US House of Representatives at twice-yearly interparliamentary meetings alternating between the US and Europe.

One of the most important economic issues for discussion in the past year has been the negotiation of a Transatlantic Trade and Investment Partnership (TTIP). Despite modest

progress made during the negotiation rounds, important differences remained and the negotiations could not be concluded under the Obama Administration.

The US presidential and congressional elections, including the appointment procedure to nominate a new US Trade Representative, have called TTIP more fundamentally into question. The EU is open to resuming negotiations. In the meantime, technical contacts continue to the extent possible.

Legislators attending these biannual meetings exchange views on key political issues of mutual concern, ranging from the rise of the so-called Islamic State group in the Middle East and North Africa to the coordination of international punitive sanctions. While transatlantic views converge in a number of areas, the legislators' exchanges have also exposed divergences on key political issues. The importance of this transatlantic political dialogue should not be underestimated, particularly given the power wielded by the US Congress, for example in authorising US intervention in global crises and shaping US participation in global governance institutions.

Global financial challenges are also discussed regularly in the TLD, with exchanges of views on how to ensure the long-term sustainability of public finances and how to strengthen coordination in the field of financial regulation. Cyber security and internet freedom are also major concerns and are addressed in EU-US discussions.

EU-US ECONOMIC RELATIONS

The combined economies of the EU and the US account for almost 50% of global gross domestic product (GDP) and one third of world trade.

In 2015, the EU maintained its position as the US's largest merchandise trade partner — ahead of China and Canada, the country's North American Free Trade Agreement (NAFTA) partner.

The US was the Union's primary export destination in 2016, absorbing 20.7% of total EU goods exports (compared with China's 9.7%). The US ranked second among the EU's import partners, and still supplied 14.5% of the EU's imported goods. In this respect, the US lagged behind China, which supplied 20.2% of the EU's total imports, but was ahead of Switzerland and Russia, which supplied 7.1% and 7.0% respectively.

EU-US trade in goods 2014-2016 (EUR billion)

Year	EU goods imports from US	EU goods exports to US	EU balance (goods)
2014	209.3	311.6	+102.3
2015	249.3	371.3	+122.0
2016	246.8	362.0	+115.2

Source: European Commission, DG TRADE

The EU's service exports to the US increased between 2013 and 2015, as did its service imports from the US. In 2015, the EU enjoyed a EUR 13 billion service trade surplus with the US.

EU-US trade in services 2013-2015 (EUR billion)

Year	EU service imports from US	EU service exports to US	EU balance (services)
2013	166.0	183.5	+17.5
2014	189.3	199.2	+9.9

2015	212.8	225.8	+13.0
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Source: European Commission, DG TRADE

The EU and the US are one another's largest investors. In 2015, investment stocks increased further on both sides. It could be argued that bilateral direct investment — which is by nature a long-term engagement — is the driving force behind transatlantic commercial relations. This is reinforced by the fact that trade between parent companies and affiliates in the EU and the US accounts for more than one third of all transatlantic trade. Estimates indicate that EU and US companies operating on one another's territory provide jobs for more than 14 million people.

EU-US bilateral investment stocks (EUR billion)

Year	US FDI stocks in the EU	EU FDI stocks in the US	Balance
2015	2 436.4	2 561.2	+124.8

Source: European Commission, DG TRADE

EU-CANADA POLITICAL DIALOGUE

Canada is one of the European Union's oldest and closest partners. Bilateral relations started in the 1950s on a purely economic basis and have since evolved over the years into a close strategic partnership. The EU and Canada work closely together on global challenges such as the environment, climate change, energy security and regional stability. Canada is a regular contributor to the EU's CSDP missions (such as the EU police missions in Afghanistan and in the Palestinian territories) and also participates in the [EU's election observation missions](#).

The 1976 EU-Canada Framework Agreement for Commercial and Economic Cooperation was the first formal agreement of its kind that the EU signed with an industrialised country. This was followed by a Declaration on Transatlantic Relations adopted in 1990, which extended the scope of their contacts and established regular meetings at summit and ministerial level.

Since then, European and Canadian representatives have met regularly to exchange views at all levels, from bilateral summits of leaders to meetings between officials on specific issues, including in various multilateral fora. In 2013-2014, negotiations were conducted with the aim of upgrading EU-Canada relations under a Comprehensive Economic and Trade Agreement (CETA) and a Strategic Partnership Agreement (SPA).

Negotiations were launched in 2011 and concluded in September 2014. The SPA is a political agreement aimed at strengthening bilateral cooperation in a number of foreign policy and sectoral fields, including international peace and security, counter-terrorism, crisis management, maritime security, global governance, energy, transport, research and development, health, the environment and climate change. The SPA is intended to enhance the forms of cooperation that impact directly on individual citizens, including youth, education and culture programmes, consular protection and various people-to-people exchanges.

The decision on the signing and provisional application of the SPA was adopted by the Commission in February 2015. The SPA was signed by Canada and the EU on 30 October 2016 at the EU-Canada Summit and received the European Parliament's consent in February 2017.

Large parts of the SPA agreement have been provisionally applied since 1 April 2017. It will now go through the respective parliamentary approval procedures. In addition to the dialogue between the EU and Canadian executive branches, Members of the European Parliament and their Canadian counterparts meet regularly. Interparliamentary meetings are held

annually, supplemented by other interparliamentary exchanges in working groups and between delegations.

As well as being a forum for discussing ongoing negotiations, these meetings allow controversial issues — such as the environmental impact of tar sands and shale gas exploitation, fisheries policies, animal welfare issues (including seal hunting) and the visa requirements that Canada imposes on citizens of some EU Member States — to be aired. These areas of discord do not detract from the excellent overall quality of relations between the two sides.

Parliament’s Delegation for relations with Canada meets regularly throughout the year to prepare the interparliamentary meetings. This involves detailed exchanges with other EU institutions, including the Commission and the European External Action Service (EEAS), as well as with Canada’s Mission to the EU and the Canadian Department for Foreign Affairs and International Trade.

EU-CANADA ECONOMIC RELATIONS

A. Comprehensive Economic and Trade Agreement (CETA)

The negotiations between the EU and Canada on CETA, launched on 6 May 2009, were concluded on 26 September 2014. The text was adopted by the Council and signed at the EU-Canada Summit on 30 October 2016. The European Parliament gave its consent on 15 February 2017. It now needs to be ratified by the Member States in accordance with their internal constitutional provisions. Provisional application of the parts falling within the EU’s competence will start on 21 September 2017.

This will be the EU’s first comprehensive economic agreement with a highly industrialised country. The EU and Canada will open their markets to one another’s goods, services and investments, including via public procurement. An ex-ante impact assessment carried out in 2008 estimated annual real income gains of approximately EUR 11.6 billion for the EU, and EUR 8.2 billion for Canada, within the seven years following the agreement’s implementation. Liberalising trade in services was projected to contribute substantially to the GDP gains (50% of the total gains for the EU, and 45.5% of the gains for Canada).

CETA is also the first of the EU’s bilateral economic agreements to incorporate a special Investment Court System (ICS) for the settlement of investment disputes between investors and states. Because of its innovative nature and the fact that the public debate on it has not finished in many countries, the ICS will be beyond the scope of the provisional application of CETA. Moreover, CETA contains a clear statement on the government’s right to regulate for public purposes as regards public health, safety, the environment, public morals, and social and consumer protection.

B. Bilateral trade and investment relations

In 2015, the EU was Canada’s second-largest trading partner, after the US, accounting for around 9.5% of Canada’s total combined exports and imports of goods. In 2016, the EU exported goods worth EUR 35.2 billion to Canada and absorbed Canadian goods valued at EUR 29.1 billion. In 2016, Canada ranked 10th among the EU’s international trading partners. Machinery, transport equipment and chemicals are among the main goods traded between the two partners.

EU-Canada trade in goods 2014-2016 (EUR billion)

Year	EU goods imports from Canada	EU goods exports to Canada	EU balance (goods)
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2014	27.4	31.6	+4.2
2015	28.3	35.1	+6.8
2016	29.1	35.2	+6.1

Source: European Commission, DG TRADE

Trade in services is an important part of the EU-Canada trade relationship. In 2015, the value of EU exports of services to Canada increased, compared with 2013, to EUR 18.0 billion, and the Union's imports of services from Canada increased to EUR 12.1 billion. These changes took place after a decline in 2014 in the level of trade in services. Transport, travel, insurance and communication are some examples of services traded frequently between the EU and Canada.

EU-Canada trade in services 2013-2015 (EUR billion)

Year	EU service imports from Canada	EU service exports to Canada	EU balance (services)
2013	11.6	17.7	6.1
2014	11.2	16.4	5.2
2015	12.1	18.0	5.9

Source: European Commission, DG TRADE

In terms of foreign direct investment (FDI), the EU has invested more in Canada than Canada has in the EU. In 2015, the EU's outward FDI stocks in Canada amounted to EUR 249.2 billion. Canadian stocks in the EU were valued at EUR 228.1 billion.

EU-Canada bilateral investment stocks (EUR billion)

Year	Canadian FDI stocks in the EU	EU FDI stocks in Canada	Balance
2015	228.1	249.2	+21.2

Source: European Commission, DG TRADE

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