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## TRANSATLANTIC RELATIONS: THE US AND CANADA

The EU, the US and Canada share the values of democracy, human rights, the rule of law, and economic and political freedom, and have common foreign policy and security concerns. Close cooperation and strategic relations with the US and Canada remain a priority for the EU.

### EU-US POLITICAL DIALOGUE

The close cooperation and strategic relations between the European Union and its Member States and the United States are built on common history and a shared set of democratic values. These are key to both partners' security and prosperity. The EU and the US closely cooperate in a number of foreign policy areas and geographical contexts, such as security, energy and technology cooperation, Russia, Ukraine, the Western Balkans, counter-terrorism and the Middle East.

Joe Biden's inauguration as the US President on 20 January 2021 brought impetus to the EU-US relationship, which had deteriorated during President Trump's term. The EU-US summit in Washington DC on 20 October 2023 was an opportunity to review the transatlantic partnership, including the shared commitment to support Ukraine. The leaders also stressed the importance of trade and investment and discussed how to resolve outstanding issues. At the end of the summit, they adopted a [joint statement](#).

The fourth meeting of the EU-US Trade and Technology Council (TTC) – established during the EU-US [summit](#) in June 2021 – took place in Sweden in May 2023. The TTC serves as a forum for the two partners to coordinate their approaches to key global trade, economic and technology issues. On 10 March 2023, President Biden and European Commission President Ursula von der Leyen signed a [joint statement](#) addressing the joint efforts to end the Russian war against Ukraine and cooperation on building the clean economies of the future.

In October 2021, the European Parliament adopted a [resolution on EU-US relations](#), which called for both sides to strengthen multilateralism and work together on shared foreign policy, security and economic objectives, including the pandemic, human rights and global tax reform..

### INTERPARLIAMENTARY DIALOGUE – THE TRANSATLANTIC LEGISLATORS' DIALOGUE PROCESS

The relationship between Parliament and the US Congress, which dates back to 1972, was upgraded and institutionalised with the establishment of the Transatlantic



Legislators' Dialogue (TLD) in 1999. The dialogue brings together Members of the European Parliament and Members of the US House of Representatives at biannual interparliamentary meetings (IPMs) that alternate between the US and Europe. Legislators attending these meetings exchange views on key political issues of mutual concern, such as trade and economic cooperation, foreign policy challenges and security and defence, among others. The importance of transatlantic political dialogue is substantial given Congress's legislative responsibility and power to authorise US intervention in global crises and shape US participation in global governance institutions. The 86th EU-US IPM/TLD was held in Stockholm, Sweden in June 2023. The topics discussed included transatlantic support to Ukraine, sanctions, security and stability in the Indo-Pacific, the EU and US policy towards China, trade and technology, NATO enlargement and EU-NATO cooperation. A [joint statement](#) was signed at the end of the meeting.

## EU-US ECONOMIC RELATIONS

The EU and the US are the world's major global [traders and investors](#). In 2022, the US was the largest economy in the world, with 25% of global GDP and 8% of the world's merchandise exports. The EU was the third largest economy in the world, representing 25% of global GDP and 28.5% of trade in goods.

The EU is working with the US to solve bilateral trade irritants, including those that arose during the previous administration, notably through the TTC. With the inaugural event of the TTC in September 2021, the US and the EU embarked on a series of specific dialogues to address the responsibility of online platforms and big tech, including artificial intelligence and data flows, to work together on fair taxation and market distortions, and to develop a common approach to protecting critical technologies. The [Clean Energy Incentives Dialogue](#) was launched in March 2023 to coordinate EU and US incentive programmes. It aims to make these programmes mutually reinforcing and will also become part of the TTC.

Since October 2022, an EU-US Task Force on the Inflation Reduction Act has also been working to identify the challenges in aligning the approaches on strengthening and securing supply chains, manufacturing and innovation on both sides of the Atlantic. As a result, negotiations have begun on a targeted critical minerals agreement to enable relevant critical minerals extracted or processed in the EU to count towards requirements for the clean vehicles tax credit under the US Inflation Reduction Act.

On another impasse resulting from the imposition of tariffs by the US on imports of steel and aluminium under Section 232 of the Trade Expansion Act (imports threatening national security), the EU and the US have agreed on the temporary removal of the Section 232 tariffs on historic volumes of EU exports of steel and aluminium. The two blocks also agreed to seek an arrangement to facilitate the decarbonising of the steel and aluminium industries, as well as addressing the issue of overcapacity in these industries caused by non-market practices in some economies. At the EU-US summit on 20 October 2023, both sides stated that substantial progress had been made to identify the sources of non-market excess capacity and that they looked forward to continuing to make progress over the next two months.



The US was the EU's primary export destination in 2022, absorbing 19.8% of total EU [goods](#) exports (compared with China's 9%). The US ranked second among the EU's import partners and supplied 11.9% of the EU's imported goods. In 2022, EU exports to the US increased by 27.5%, reaching a record high of EUR 509.4 billion, while imports from the US rose by 53.4% equalling to EUR 358.7 billion. The EU trade surplus with the US fell by EUR 15.3 billion to 2019/2020 levels.

The US is the EU's main partner for international [trade in services](#). Taken together, the economies of both territories amount to more than 40% of global GDP and more than 40% of global trade in goods and services. However, since 2016, the balance of trade has shifted to a trade deficit for the EU in services, which amounted to EUR 87.9 billion in 2021.

The EU and the US are each other's largest investors, with total US investment in the EU being four times higher than in the Asia-Pacific region. EU investment in the US is around ten times higher than EU investment in India and China combined. In recent years, however, there have been some drawbacks, with negative investment flows both from the US into the EU and from the EU into the US in 2018. This resulted in a rebalancing of the foreign direct investment (FDI) stocks balance, which amounted to an EU deficit of EUR 16.4 billion in 2021 compared to an EU surplus of EUR 284.5 billion in 2018. In 2021, the total volume of EU FDI stocks in the US was again higher (by EUR 47.2 billion) than US FDI stocks in the EU. It could be argued that bilateral direct investment – which is, by nature, a long-term commitment – 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-CANADA POLITICAL DIALOGUE**

Canada is one of the EU's oldest and closest partners. The collaboration between the EU and Canada, based on shared values, a long history of close cooperation and strong people-to-people ties, has been considerably strengthened in the last few years.

Bilateral relations started in the 1950s on an economic basis and have since evolved 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, and are close partners in the G7 and G20 context.

The EU and Canada responded decisively to Russia's unprovoked and brutal military aggression against Ukraine through coordinated sanctions and by providing comprehensive – security, financial, material and humanitarian – support to Ukraine.

In the field of energy, Canada has helped to enhance the security of EU energy supplies and end the EU's dependence on Russian energy. With regard to COVID-19, the EU played a vital role in ensuring a consistent and steady supply of vaccines to Canada. In the early stages of the vaccination rollouts, most of the vaccines distributed in Canada came from EU-based plants.



Canada is a regular contributor to the EU's [Common Security and Defence Policy missions](#) and has participated in 24 of the EU's [election observation missions](#) since 2005. Canada was officially [invited to participate](#) in the [Permanent Structured Cooperation](#) projects on Military Mobility (December 2021) and on the '[Network of Logistic Hubs in Europe and Support to Operations](#)' project. The [EU-Canada Strategic Partnership Agreement](#) (SPA), which replaced the [1976 Framework Agreement](#), is a comprehensive 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, and the Arctic.

The SPA was signed by Canada and the EU on 30 October 2016 at the EU-Canada summit and received Parliament's backing in February 2017. Large parts of the agreement have been in force provisionally since 1 April 2017. The agreement needs to be ratified in all Member States ([currently](#) waiting for Italy, France and Ireland) before it will be fully applied. In order to facilitate cooperation in this framework, a number of joint institutions have been set up and an intensive dialogue has been taking place at civil servant and ministerial levels. On 16 May 2022, the third meeting of the EU-Canada Joint Ministerial Committee took place in Brussels and was chaired by VP/HR Josep Borrell and Canadian Foreign Minister Mélanie Joly (see [joint statement](#)). The most recent [EU-Canada summit](#) between the Canadian Prime Minister and the Presidents of the European Council and the European Commission took place in person in Brussels on 14 June 2021 (see [joint statement](#) and [press conference](#)). From 6 to 8 March 2023, European Commission President Ursula von der Leyen visited Canada. She [addressed](#) a joint session of the Canadian Parliament and met Prime Minister Justin Trudeau. Their [joint statement](#) focused on topics including Ukraine, disinformation, climate, sustainable energy and raw materials, economy and technology, and research and gender equality.

## INTERPARLIAMENTARY DIALOGUE

For more than 40 years, Members of the European Parliament and their Canadian counterparts have been meeting annually in [IPMs](#), alternating between venues in the EU and Canada, to discuss political developments in Canada and the EU and exchange views on issues of mutual concern such as trade, climate change and migration.

Building on the SPA, the 38th IPM adopted a [joint statement](#) in which both parliaments undertook to transform the IPM into a continuous dialogue through regular additional meetings and agreed that it would act as a counterpart to the other bodies set up under the SPA. The [42nd IPM](#), which took place in Brussels in June 2023, dealt with trade and EU-Canada cooperation in the areas of AI regulation, energy, foreign interference and security and defence (see [joint statement](#)). D-CA members meet stakeholders regularly throughout the year to prepare for the IPMs. Recent meetings have been dedicated to the five-year implementation of CETA, security of supply of critical minerals and Canada-US relations.



## EU-CANADA ECONOMIC RELATIONS

[CETA](#) has considerably improved the [economic, trade and investment relationship](#) between the EU and Canada, opening up the markets to one another's [goods, services and investments](#), including public procurement. CETA has also created opportunities for sustainable growth and reflected shared values through its Trade and Sustainable Development Chapter and its [broad range of dialogues](#), including its regular civil society forum. It is the first of the EU's bilateral economic agreements to incorporate a special investment court system for the settlement of investment disputes between investors and states.

The text was signed at the EU-Canada summit on 30 October 2016 and Parliament gave its consent on 15 February 2017. Provisional application of the parts falling within the EU's competence began on 21 September 2017. CETA needs to be ratified by all Member States and is [currently](#) awaiting ratification by 10 Member States before it can be fully applied. .

During the [third](#) CETA Joint Committee, held in Ottawa on 2 December 2022, both sides underscored that the positive economic performance under CETA is crucial in the current global context of rising geopolitical tensions and the Russian war against Ukraine, supply chain disruptions, food insecurity, the global energy crisis and the emerging economic recession.

Building on the closer relationship brought about by CETA, the EU and Canada also signed the [EU-Canada strategic partnership on raw materials](#) on 21 June 2021 to further advance the integration of raw material value chains and enhance collaboration on science, technology and innovation, as well as environmental, social and governance criteria, and standards between the parties. In March 2022, Canada and the EU concluded negotiations on a [Mutual Recognition Agreement](#) on the professional qualifications of architects, the EU's first ever agreement with a non-EU country on professional qualifications. In late 2022, negotiations began on Canada joining the EU research programme [Horizon Europe](#).

Both Canada and the EU were hit by the US tariffs on steel and aluminium, and shared the view that they were neither justified economically nor compatible with World Trade Organization rules. As a consequence, the EU and Canada, together with other defenders of the rules-based trade order, have intensified their dialogue on trade issues.

Trade in goods between the EU and Canada increased by 66% between 2016 and 2022, while EU-Canada trade in services increased by 46%, outperforming other trade with non-EU partners.

In 2022, the EU was Canada's [second-largest trading partner](#) after the US, accounting for 8.2% of Canada's total combined exports and imports of goods. In 2022, the EU exported goods worth EUR 47.4 billion to Canada and absorbed Canadian goods valued at EUR 29.7 billion. Canada ranked 12th among the EU's international trading partners in 2021. Machinery, mineral products, transport equipment and chemicals are among the main goods traded between the two partners.



Trade in services is an important part of the EU-Canada trade relationship. In 2021, the value of EU exports of services to Canada increased to EUR 17.4 billion, while the EU's imports of services from Canada rose to EUR 13.7 billion. Transport, travel, insurance and communications are some examples of services traded frequently between the EU and Canada. In 2020, owing to the COVID-19 pandemic, trade in services from Canada to the EU and from the EU to Canada shrunk by 21% and 33% respectively.

In terms of FDI, the EU and Canada invested almost equal amounts in each other's economies in 2018. The EU is Canada's second largest partner for two-way direct investment after the US. In 2019 and 2020, in the light of the COVID-19 pandemic, Canadian stocks in the EU were valued 30% lower at EUR 257.7 billion, while EU stocks in Canada contracted by 22% in 2020. In 2021, the opposite happened. While Canadian FDI stocks in the EU grew by 6% in 2021, EU stocks in Canada contracted by a further 4%.

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