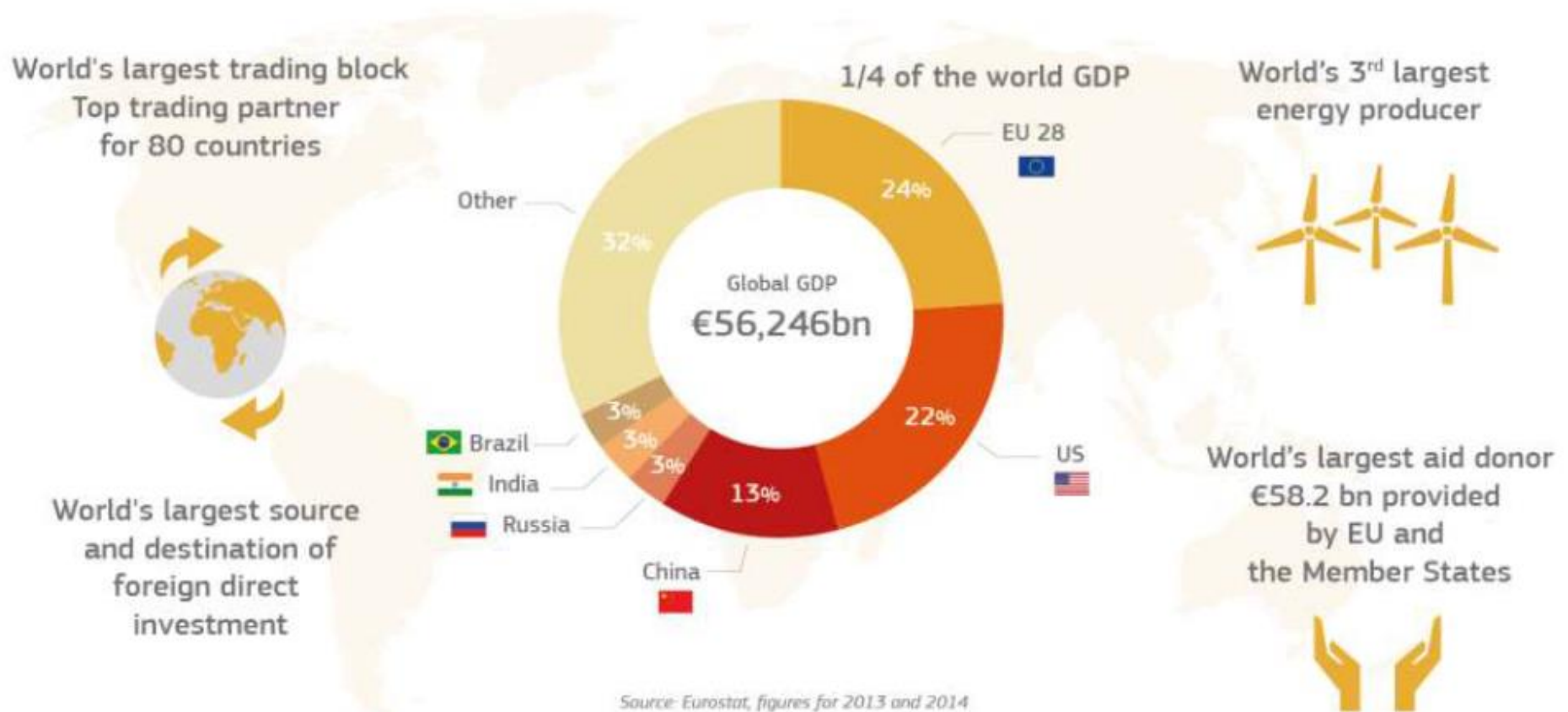


EU Economic Integration and EU-Canada relations

Crina Viju

Institute of European, Russian and Eurasian Studies
Centre for European Studies

EU economic global importance



The stages of economic integration in the EU

Level of integration	Main features	Period
Free trade area	Free trade among members	From 1958 to the early 1960s
Customs union	Free trade with a common external tariff	In theory from 1958, in reality from the early 1960s until 1993
Common market	Free mobility of factors across member states	1993-1999
Monetary union	Harmonization of monetary policy	Early stages in 1993. Monetary union in 1999
Complete economic integration	Completely unified economic policy	Not yet achieved

The single market: freedom of choice



Since 1993:

- ▶ 2.5 million new jobs
- ▶ prices of phone calls and airfares halved

Four freedoms of movement:

- ▶ goods
- ▶ services
- ▶ people
- ▶ capital





European Commission: the **main non-tariff barriers** to be eliminated were:

- frontier controls;
- differences in technical specifications and standards;
- restrictions on competition for public purchases;
- restrictions on providing certain services (in particular financial and transport services) in other EC countries; and
- differences in national tax systems.

Free to move

“Schengen”:

No police or customs checks at borders between most EU countries

Controls strengthened at EU external borders

More cooperation between police from different EU countries

You can buy and bring back any goods for personal use when you travel between EU countries



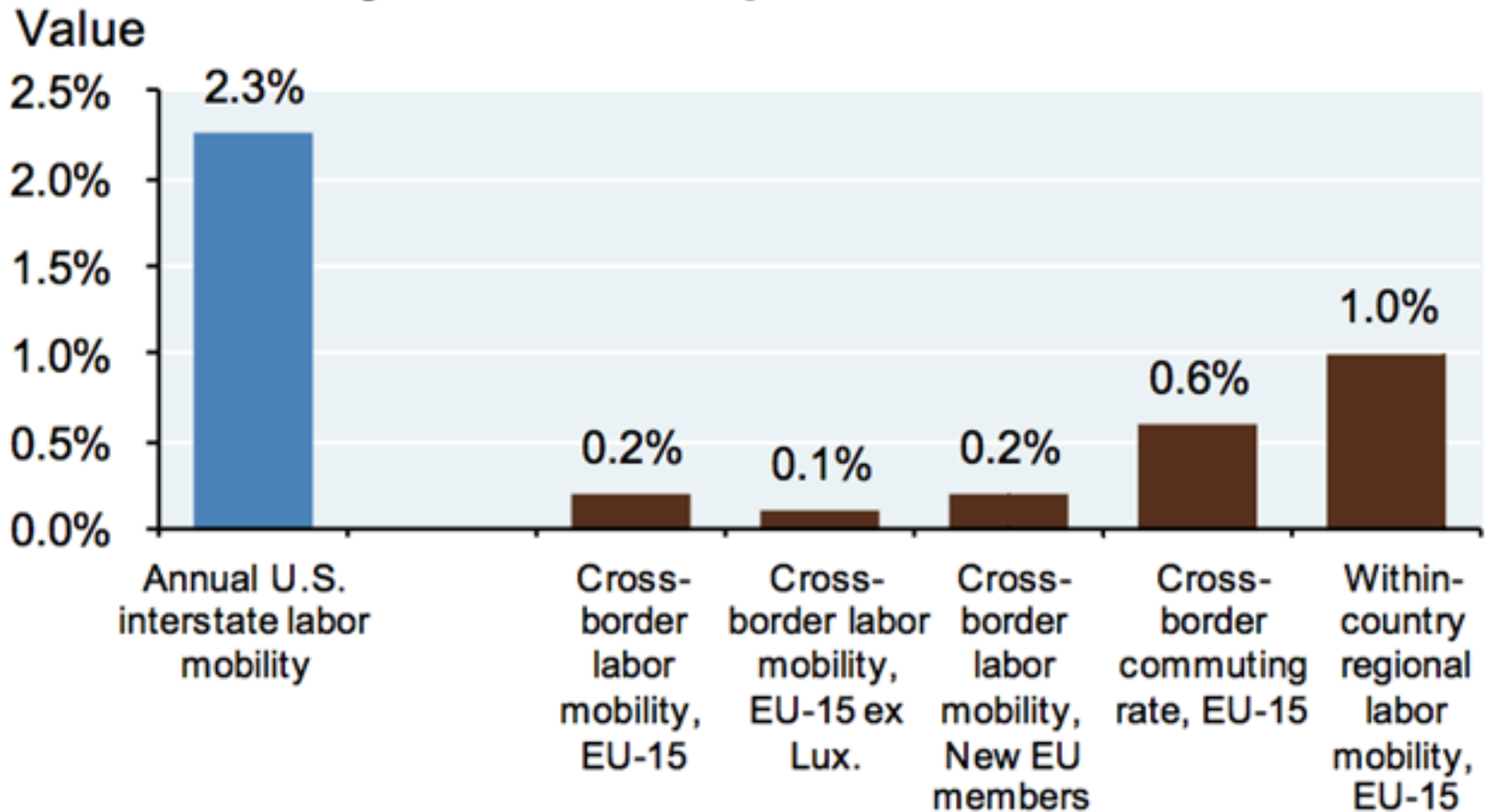
SCHENGEN COUNTRIES

Austria
Belgium
Czech Republic
Denmark
Estonia
Finland
France
Germany
Greece
Hungary
Iceland
Italy
Latvia
Lithuania
Luxembourg
Malta
Netherlands
Norway
Poland
Portugal
Slovakia
Slovenia
Spain
Sweden
Switzerland



Labor mobility

Labor mobility: U.S. vs Europe



Source: "Geographic Mobility in the European Union", April 2008, European Commission, Directorate General for Employment, Social Affairs and Equal Opportunities.

Labor mobility

Table 1: Number of working-age (15-64) people by group of citizenship and labour market outcomes (EU-28, 2013)

Group of citizenship	Number (in millions)	Activity rate	Employment rate	Unemployment rate
Mobile EU citizens	10,3	77,7	68,0	12,4
<i>of whom:</i>				
South (EU-15)	2,4	77,7	69,8	10,1
Other EU-15	2,7	75,1	68,8	8,2
EU-10	2,3	80,7	72,9	9,6
EU-2	2,5	78,5	60,9	22,4
Croatians	0,3	73,1	68,4	6,3
Third-country nationals	15,5	67,7	52,6	22,2
Nationals	305,5	72,0	64,5	10,2
All groups (incl. nationals)	331,2	71,9	64,1	10,8

Source: Eurostat, EU-LFS. Note: While the activity and employment rates are calculated for the whole working-age population (15-64), only the unemployment rate is calculated for the economically active population (aged 15+).

Source: European Commission, June 2014

Going abroad to learn



Every year, more than 400,000 young people studie or pursue personal development in other European countries with support from EU-programmes:

Comenius: school education

Erasmus: higher education

Leonardo da Vinci: vocational training

Grundtvig: adult education

Youth in Action: voluntary work and non-formal education



The EU programs for lifelong learning: estimated figures for the period 2007–13.

Area concerned	Name of EU programme	Aims
School education	Comenius	5 % of schoolchildren in the European Union will participate in joint educational activities.
Higher education	Erasmus	Three million students will be able to study at universities abroad.
Vocational training	Leonardo da Vinci	Every year 80 000 people will be able to do traineeships in companies and training centres in another European country.
Adult education	Grundtvig	7 000 people every year will be able to carry out educational activities abroad.
European integration studies	Jean Monnet	Support for academic research and teaching in European integration.



Bologna Process

- **European Higher Education Area:**
 - Named after Bologna Declaration signed in Bologna in June 1999 by ministers of higher education from 29 European countries;
 - Today: 46 countries, part of the European Cultural Convention;
 - It involves European Commission, Council of Europe and UNESCO-CEPES, as well as representatives of higher education institutions, students, staff, employers and quality assurance agencies.



Bologna Process

- **Reforms:**

- Easily readable and comparable degrees organised in a three-cycle structure (e.g. bachelor-master-doctorate);
- Quality assurance in accordance with the [Standards and Guidelines for Quality Assurance in the European Higher Education Area](#) (ESG);
- Fair recognition of foreign degrees and other higher education qualifications in accordance with the Council of Europe/UNESCO Recognition Convention.

The euro – a single currency for Europeans



Can be used everywhere in the euro area

Coins: one side with national symbols,
one side common

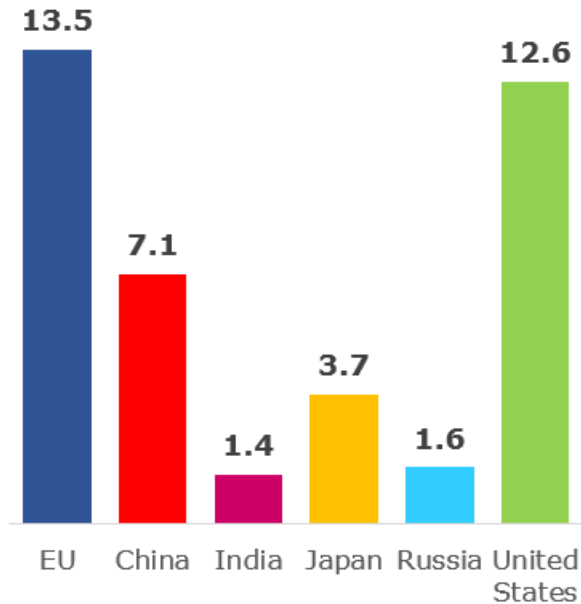
Notes: no national side

Institutional reforms

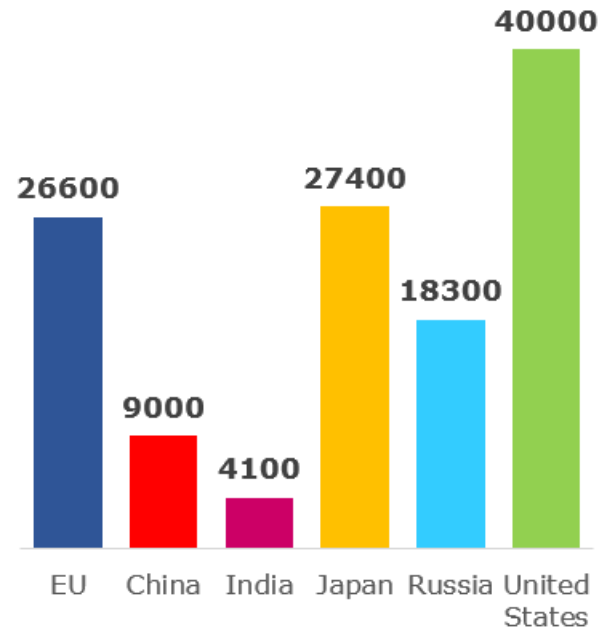
- **‘six-pack’ (September, 2010):**
 - five regulations and one directive that cover both fiscal and macroeconomic surveillance and apply to all 27 Member States of the EU, with special provisions for the Eurozone countries;
 - reinforces the rules of the Stability and Growth Pact, by defining strict fiscal rules and financial sanctions for the Eurozone member states that breach the rules.
- **a permanent bail-out mechanism** for euro-area member states that are experiencing financial problems (March, 2011):
 - European Stability Mechanism will replace the European Financial Stability Facility and the European Financial Stabilization Mechanism after their expiry date in June 2013.
 - financial assistance will be conditional on the implementation by the recipient countries of macroeconomic adjustment programs and on a detailed analysis of the public debt sustainability conducted by the European Commission together with the IMF and ECB.
- **Euro-Plus Pact** (signed by all but the UK, Czech Republic, Sweden and Hungary) in March 2011:
 - Tighten economic cooperation in return for German agreement to increase bail-out funds;
- **Treaty on Stability, Coordination and Governance**, which was signed by 25 EU Member States (all but the United Kingdom and the Czech Republic) in March 2012:
 - Includes the Fiscal Compact which will run in parallel with the ‘six-pack’.
- **Banking Union:** single rule book, single supervision, single resolution, European deposit insurance scheme (proposed by the Commission in November 2015).

How rich is the EU compared to the rest of the world?

Size of economy:
GDP in trillions of euro (2013)



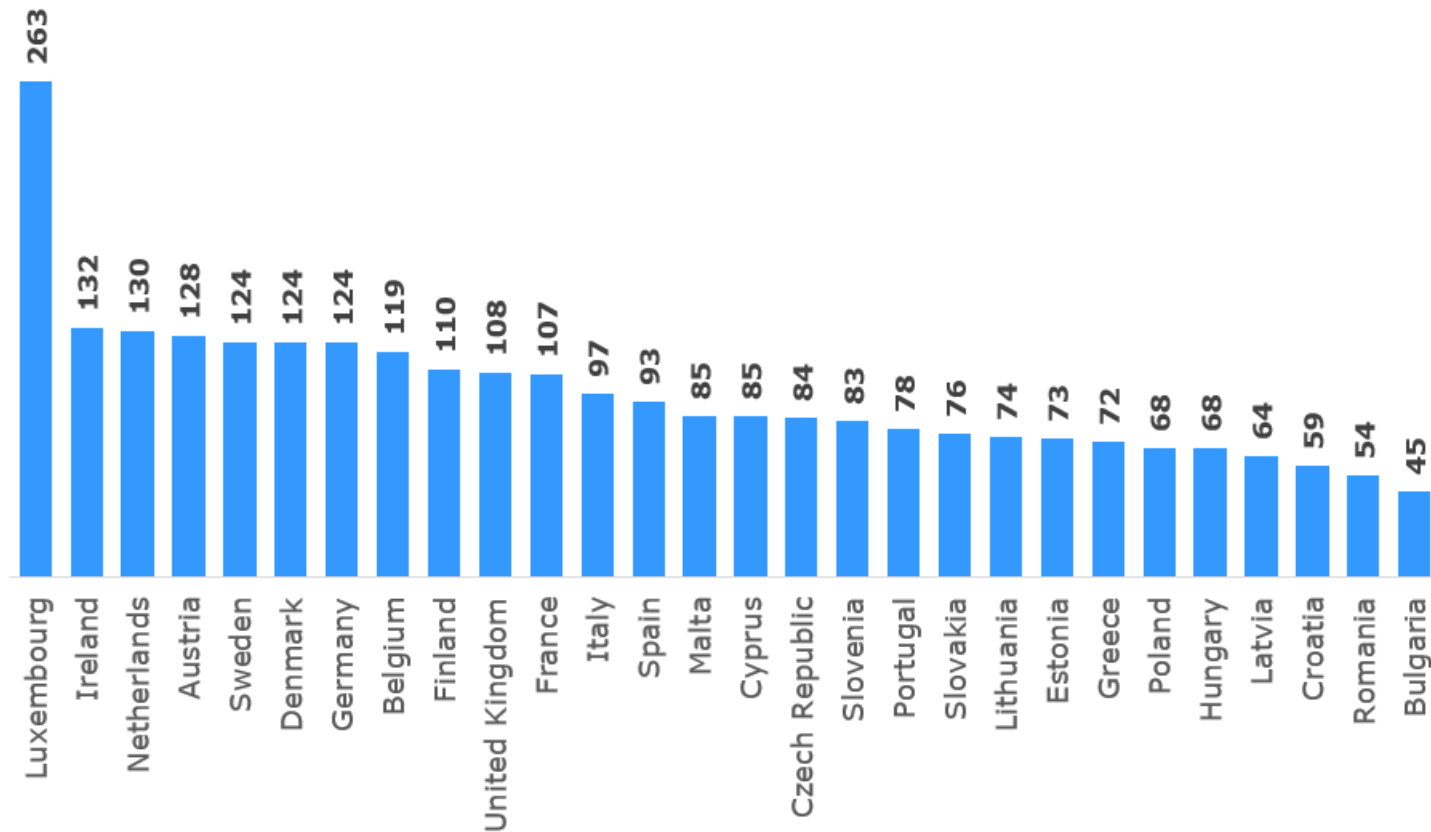
Wealth per person:
GDP per person (2013)



GDP per inhabitant: the spread of wealth

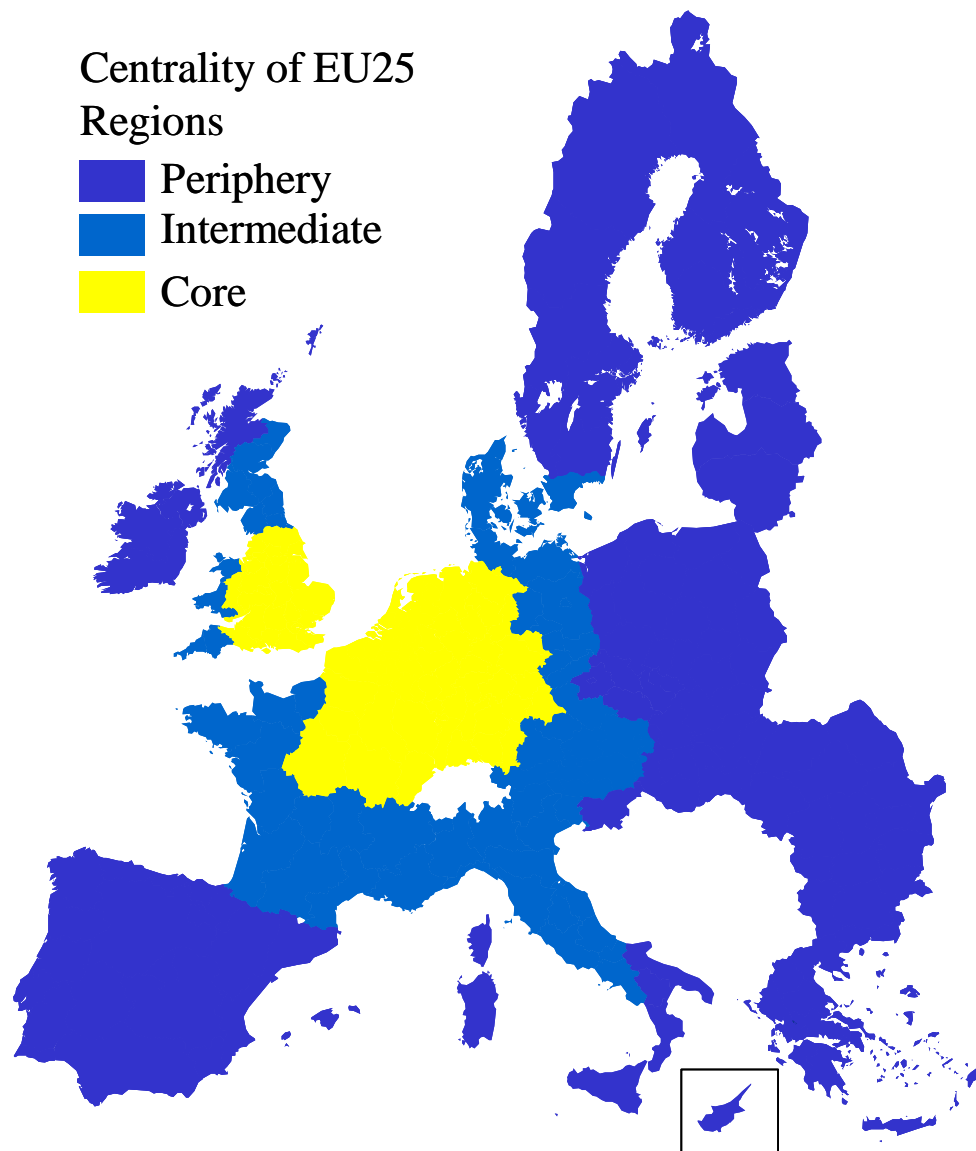
GDP per inhabitant (2014)

Index where the average of the 28 EU countries is 100



Europe's Economic Geography: Facts

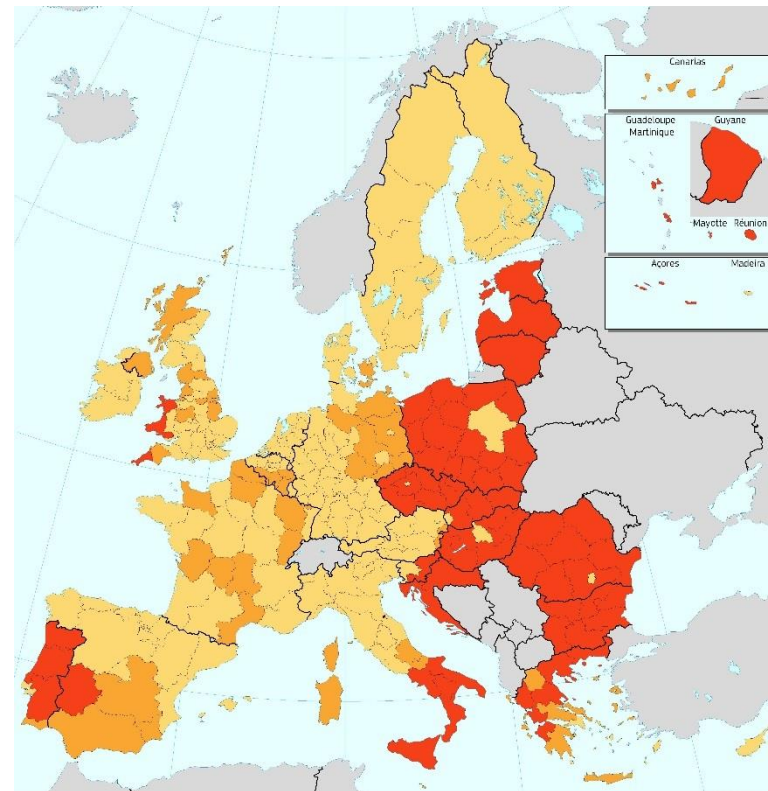
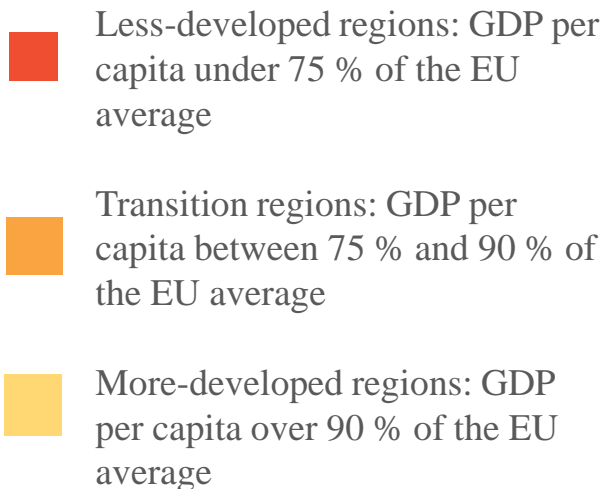
- Europe highly centralised in terms of economic activity.
 - western Germany, Benelux nations, N.E. France and S.E. England have 1/7th land, but 1/3rd of pop. & 1/2 GDP
- Periphery has lower standard of living
 - More unemployment
 - Especially among youth
 - More poverty



Solidarity in practice: the EU cohesion policy

2014-2020: € 352 billion invested in infrastructure, business, environment and training of workers for the benefit of poorer regions and citizens

- Regional fund
- Social fund
- Cohesion fund



The EU – a major trading power

EU 28 remains a trading power...

14.8 % of world trade (in goods) in 2014

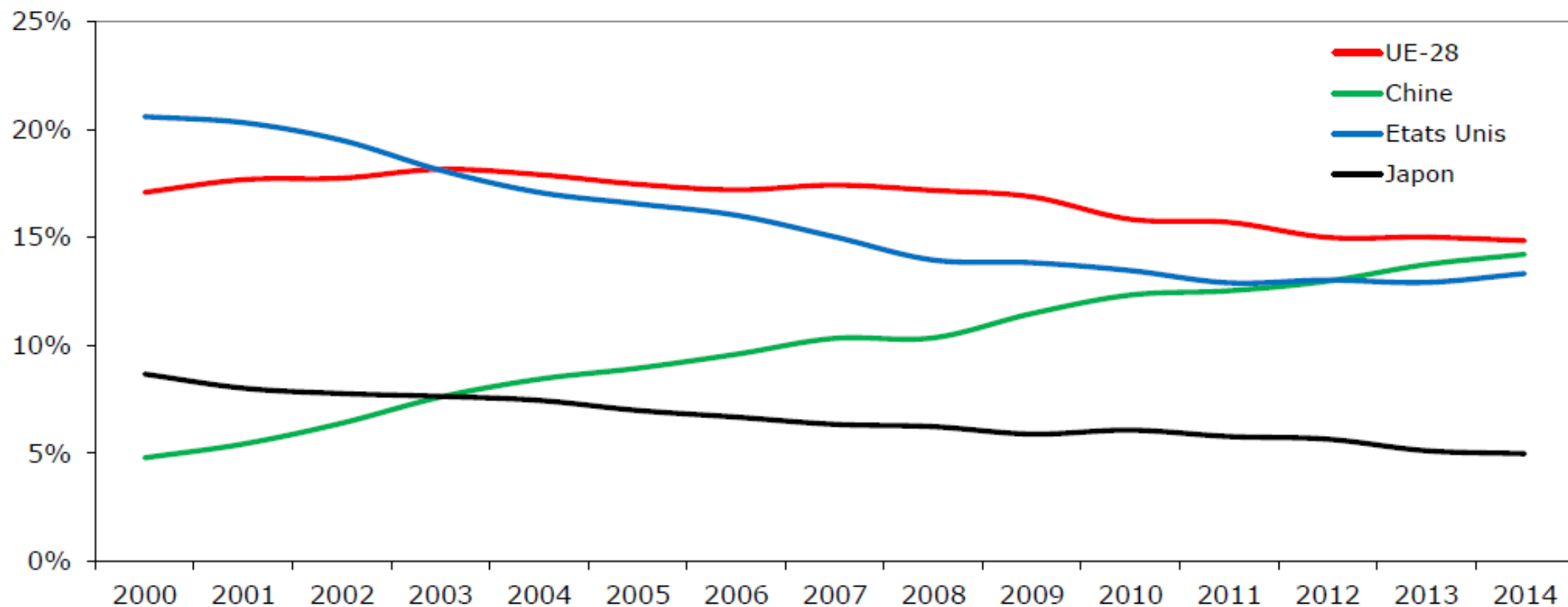
*Second-largest
importer
(after the US)
€ 1.680,5 bn (2014)*



*Second-larger
exporter
(after China)
€1.702,9 bn (2014)*

EU-28 received €523 bn in FDI 2013
(ranking 1st before US € 141.2 bn)*

Share of EU28 (excluding intra-EU trade), USA, Japan and China in world trade in goods (%)



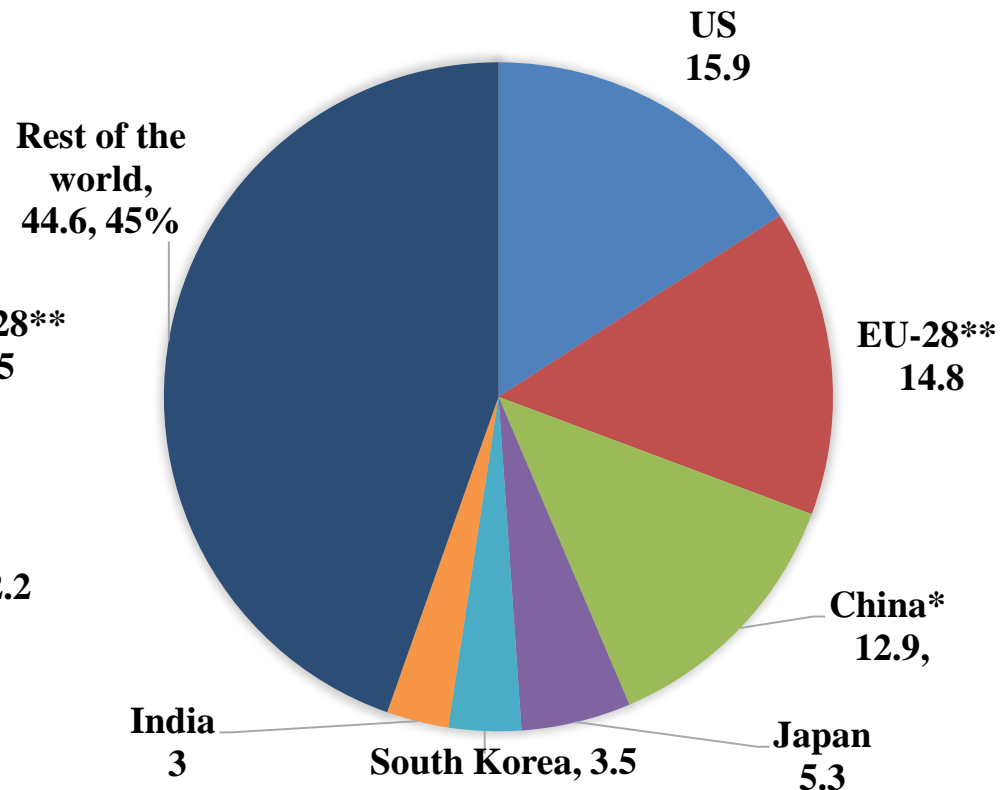
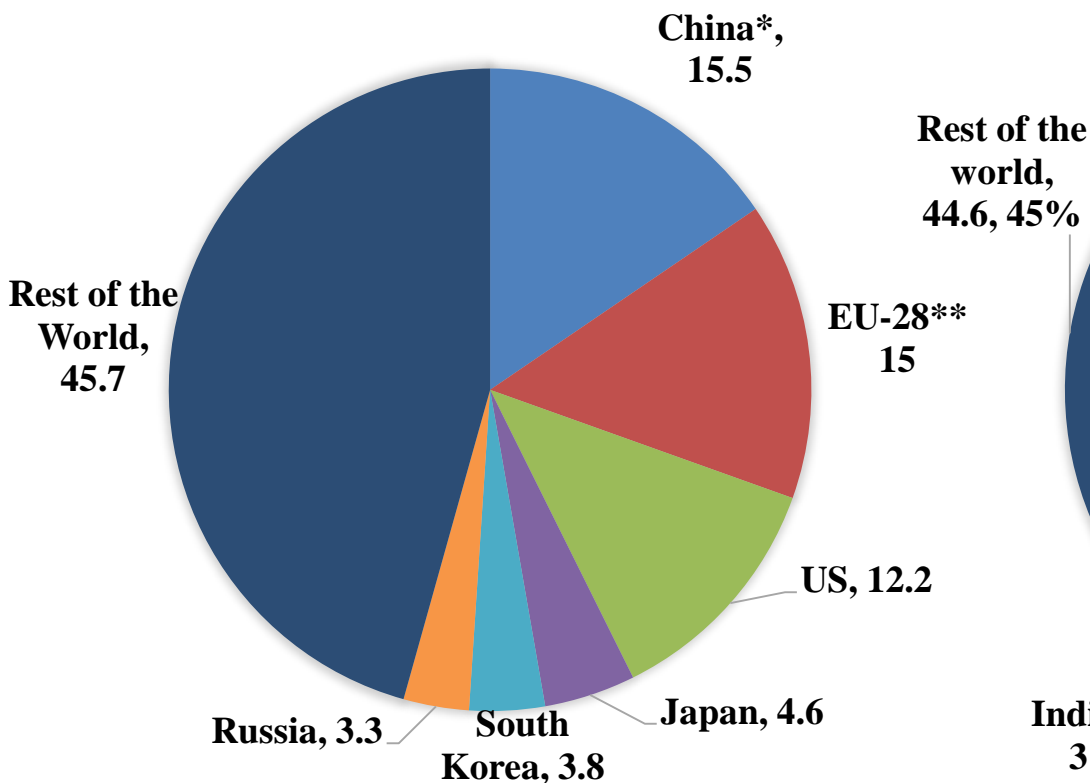
Coverage: shares in world trade excluding intra-EU trade.
Sources: Eurostat (Comext, Statistical regime 4), WTO

Source: European Commission (2016)

The EU – a major trading power

% of global exports,
goods, 2014

% of global imports,
goods, 2014

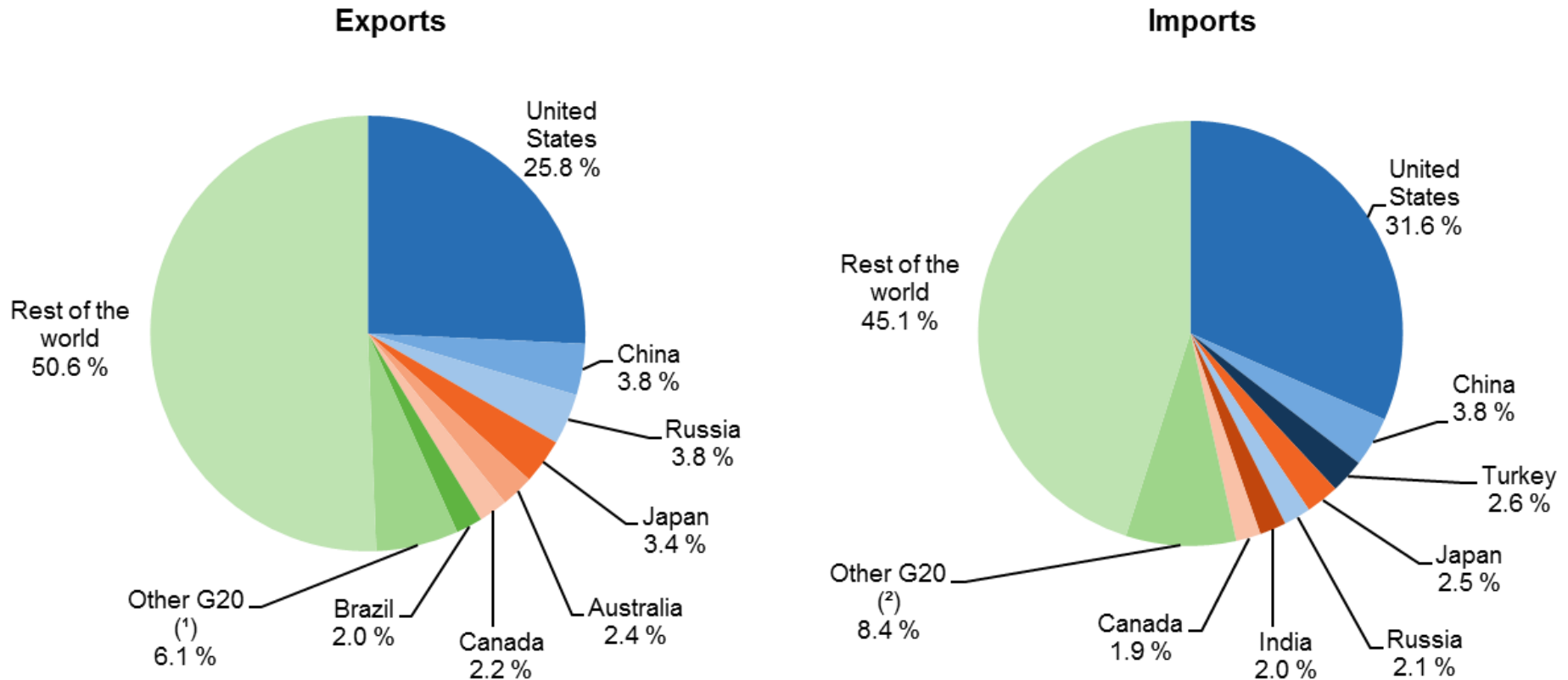


Major EU trade partners (2015)

EU Imports from...	million euro	share (%)	EU Exports to...	million euro	share (%)
Extra EU28	1,726,705	100.0	Extra EU28	1,791,034	100.0
China	350,535	20.3	USA	371,381	20.7
USA	248,988	14.4	China	170,362	9.5
Russia	135,867	7.9	Switzerland	150,826	8.4
Switzerland	102,377	5.9	Turkey	79,154	4.4
Norway	74,079	4.3	Russia	73,920	4.1
Turkey	61,607	3.6	Japan	56,605	3.2
Japan	59,907	3.5	Norway	48,852	2.7
South Korea	42,350	2.5	United Arab Emirates	48,502	2.7
India	39,458	2.3	South Korea	47,841	2.7
Brazil	31,187	1.8	Saudi Arabia	40,246	2.2
Vietnam	29,983	1.7	India	38,170	2.1
Canada	28,282	1.6	Hong Kong	35,375	2.0
Taiwan	25,564	1.5	Canada	35,199	2.0
Malaysia	22,742	1.3	Brazil	34,587	1.9
Saudi Arabia	21,404	1.2	Mexico	33,660	1.9

EU-28 International exports and imports of services by main partners, 2014

(% share of extra-EU-28 exports and imports)



(1) Argentina, India, Indonesia, Mexico, South Africa and Turkey. Not including Saudi Arabia or South Korea.

(2) Argentina, Australia, India, Indonesia, Mexico and South Africa. Not including Saudi Arabia or South Korea.

Source: Eurostat

Major investment partners (2012-2014)

	Outward				Inward			
	Value (billion EUR)			Share (%)	Value (billion EUR)			Share (%)
	2012	2013 (*)	2014 (*)		2012	2013 (*)	2014 (*)	
Extra EU-28	5 112.0	5 344.4	5 748.6	100.0	3 905.9	4 179.7	4 582.5	100.0
United States	1 627.8	1 812.6	1 985.3	34.5	1 543.9	1 756.0	1 810.8	39.5
Switzerland	664.8	665.9	632.3	11.0	500.6	484.1	509.4	11.1
Brazil	257.1	278.2	343.6	6.0	81.1	99.4	113.6	2.5
Canada	247.1	234.7	274.7	4.8	135.5	135.5	165.9	3.6
Russia	193.5	189.9	171.5	3.0	75.3	63.5	74.4	1.6
China	120.7	124.9	144.2	2.5	27.4	22.3	20.7	0.5
Mexico	82.4	109.6	119.2	2.1	21.4	23.8	28.3	0.6
Australia	141.0	126.9	115.3	2.0	30.7	24.2	26.4	0.6
Hong Kong	132.1	113.4	106.3	1.8	50.7	57.4	71.2	1.6
Singapore	92.6	91.9	102.9	1.8	47.7	35.7	43.8	1.0

(*) Based on international standards BPM6 and BD4.

Source: Eurostat (online data codes: bop_fdi_main and bop_fdi6_pos)

Eurostat, 2016

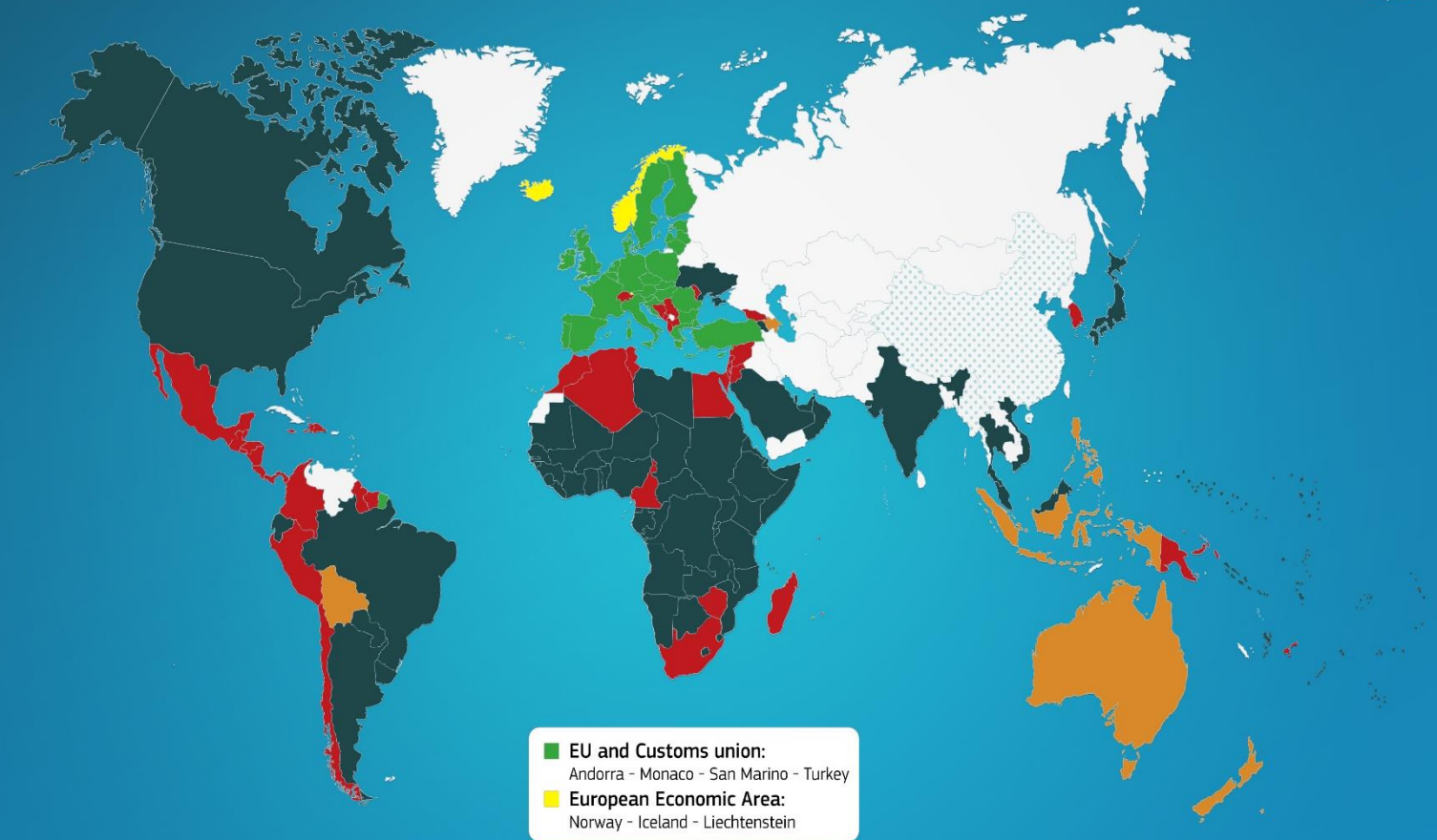
New EU trade policy



- **Global Europe Strategy, 2006:**
 - “an integrated approach to trade policy, linking the internal and external aspects of the EU’s competitiveness” (EC);
 - Increased market access (tariffs, NTBs);
 - New generation of trade agreements.
- **Europe 2020, 2010:**
 - Completion of current negotiating agenda;
 - Deepen trade relations with other strategic partners;
 - Help European businesses access global markets;
 - Create opportunities for investors;
 - More assertive approach to enforcement;
 - Share the benefits of the global economy.

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



■ Countries with which the EU has a preferential trade agreement in place:

Mexico - Chile - Peru - Morocco - Algeria - Tunisia - Egypt - Jordan - Israel - Occupied Palestinian Territory - Lebanon - Syria - Former Yugoslav Republic of Macedonia - Albania - Serbia - Montenegro - Bosnia-Herzegovina - Switzerland - Republic of Korea (South Korea) - Antigua* - Barbuda* - Belize* - Bahamas* - Barbados* - Dominica* - Dominican Republic* - Grenada* - Guyana* - Haiti* - Jamaica* - St Kitts and Nevis* - St Lucia* - St Vincent and the Grenadines* - Suriname* - Trinidad and Tobago* - Colombia - Honduras - Nicaragua - Panama - Guatemala - Papua New Guinea* - Sth Africa - Madagascar* - Mauritius* - Seychelles* - Zimbabwe* - Costa Rica - El Salvador - Fiji* - Cameroon* - Georgia - Moldova

■ Countries with which the EU negotiates or has a preferential agreement that is not yet applied:

Canada - India - Malaysia - Brazil - Argentina - Uruguay - Paraguay - Saudi Arabia - Botswana* - Ivory Coast* - Kuwait - Qatar - United Arab Emirates - Oman - Bahrain - Libya - Cook Island* - Kiribati* - Lesotho* - Swaziland* - Mozambique* - Marshall Islands* - Micronesia* - Nauru* - Samoa* - Solomon* - Tonga* - Tuvalu* - Vanuatu* - Angola* - Namibia* - Comoros* - Djibouti* - Eritrea* - Ethiopia* - Malawi* - Sudan* - Zambia* - Burundi* - Kenya* - Rwanda* - Uganda* - Tanzania* - Central African Republic* - Chad* - Congo* - Democratic Republic of Congo* - Equatorial Guinea* - Gabon* - Sao Tome and Principe* - Benin* - Burkina Faso* - Cape Verde* - Gambia* - Ghana* - Guinea-Bissau* - Liberia* - Mali* - Mauritania* - Niger* - Nigeria* - Senegal* - Sierra Leone* - Togo* - Zambia* - Vietnam - Armenia - United States of America - Thailand - Japan - Ukraine - South Africa* - Mauritius* - Madagascar* - Seychelles* - Zimbabwe* - Papua New Guinea* - Singapore - Morocco - Ecuador

■ Countries with which the EU is considering opening preferential negotiations:

Azerbaijan - Brunei Darussalam - Indonesia - Philippines - Bolivia - Australia - New Zealand

■ Countries with which the EU is negotiating a stand-alone investment agreement:

China - Myanmar

*Economic Partnership Agreements

FTA partners and trade in goods

Country / Region	Imports	Exports	Trade	% EU28 Trade
USA	204.9	311.1	516.0	15.2
China	302.4	165.0	467.4	13.8
EFTA	185.5	194.3	379.8	11.2
Russia	182.0	103.5	285.5	8.4
MEDA (excl EU and Turkey)	77.5	107.3	184.8	5.5
ASEAN	100.5	78.6	179.2	5.3
GCC	51.4	97.1	148.5	4.4
ACP (excl South Africa)	72.5	62.2	134.8	4.0
Turkey	54.2	74.8	129.0	3.8
Japan	54.5	53.4	107.8	3.2
MERCOSUR (5)	44.6	51.3	96.0	2.8
South Korea	38.9	43.2	82.1	2.4
India	37.0	35.5	72.6	2.1
Canada	27.4	31.7	59.1	1.7
Mexico	18.2	28.5	46.7	1.4
Hong Kong	10.6	34.7	45.4	1.3
South Africa	18.4	23.4	41.8	1.2
Taiwan	23.2	17.0	40.2	1.2
Australia	9.1	29.6	38.7	1.1
Ukraine	13.8	17.2	30.9	0.9
Andean Community (4)	16.2	12.6	28.8	0.8
Central America (6)	6.2	5.2	11.4	0.3
Other Countries	132.0	128.2	260.2	7.7
Extra EU28	1,681.2	1,705.4	3,386.5	100.0

Grey	Concluded or under negotiations
White	No preferential trade agreement

Canada and the EU: benchmarks

- Strategic partner with the EU + bilateral relations with Member State
- Commonwealth country, special links to UK
- EU: 2nd largest trading partner
- Usually congruent positions
- Issues:
 - EU disappointment with Can climate change policy during the Conservative government
 - Canadian objections to EU Fuel Quality Directive
 - Trade disputes (WTO)(e.g., seal ban)
 - Visa requirements for Romania, Bulgaria
 - Minor issues: e.g., Canadian cuts to student mobility programs
 - Arctic Council observer status

EU - Canada Relations



- 1976:
 - Bilateral Framework Agreement for Commercial and Economic Cooperation: Joint Cooperation Committee
- Bilateral agreements for various trade issues, sectoral agreements and bilateral “consultations” or “dialogues” for various sectors:
 - 1997: cooperation between customs administrators;
 - 1998: Mutual Recognition Agreement (MRA):
 - good manufacturing practices for pharmaceuticals and mandatory conformity procedures in the following sectors: medical devices, tele-communications, terminal equipment, information technology equipment and radio transmitters, electrical safety, electromagnetic compatibility and recreational craft.
 - 1999: competition agreement (cooperation between Competition Bureau Canada and the European Commission);
 - 1999: Veterinary Agreement;
 - 2003: Wine and Spirits Agreement;
 - 2009: Civil Aviation Safety Agreement;
 - 2009: Comprehensive Air Services Agreement;
 - 2005: negotiations on a Trade and Investment Enhancement Agreement (TIEA):
 - Regulatory cooperation, gov. procurement, financial services, IPR

EU – Canada relations



- September 26, 2014 – Canada-EU Summit in Ottawa:
 - Conclusion of negotiations for Canada-EU Comprehensive Economic and Trade Agreement (CETA)
 - Conclusion of negotiations for Canada-EU Strategic Partnership Agreement (SPA)
- October 30, 2016 – EU-Canada Summit Brussels:
 - Signing of CETA and SPA

Canada's top export destinations (goods) 2015

	2015	
	Value (\$ mil.)	Share in world (%)
Exports	525,304.80	
United States	397,061.70	75.59
European Union	39,454.80	7.51
United Kingdom	16,608.70	3.16
Germany	3,897.30	0.74
Netherlands	3,721.90	0.71
France	3,266.80	0.62
Italy	2,373.00	0.45
Belgium	3,186.20	0.61
Spain	1,115.70	0.21
China	21,463.10	4.09
Japan	10,126.10	1.93
Mexico	7,920.90	1.51
India	4,497.00	0.86
South Korea	4,220.60	0.80
Hong Kong	4,059.80	0.77
Brazil	2,318.60	0.44
Norway	1,947.60	0.37

Stats Canada, 2016

Canada's top import sources (goods) 2015

	2015	
	Value (\$ mil.)	Share in world (%)
Imports	547,765.10	
United States	363,054.40	66.28
European Union	53,004.50	9.68
United Kingdom	8,634.90	1.58
Germany	14,970.90	2.73
Netherlands	4,356.50	0.80
France	4,555.90	0.83
Italy	5,424.60	0.99
Belgium	3,147.90	0.57
Spain	2,212.40	0.40
China	38,910.20	7.10
Mexico	18,369.20	3.35
Japan	10,905.90	1.99
South Korea	6,157.00	1.12
Switzerland	5,313.00	0.97
Hong Kong	4,408.60	0.80
Taiwan	3,436.10	0.63
Brazil	3,157.30	0.58

Statistics Canada, 2016

EU – Canada relations



- 2015:
 - Canada – the 13th most important trading partner for the EU (1.8% of EU external trade in goods)
 - EU – the 2nd most important trading partner for Canada (8.6% of Canada external trade in goods)
- Important trading partners in services
- EU is Canada's fourth largest source and destination of investment (2014)

Comprehensive Economic and Trade Agreement (CETA)



- October 2008: Joint Study, Assessing the Costs and Benefits of a Closer EU-Canada Economic Partnership:
 - EU GDP increase by 0.08%;
 - Canada GDP increase by 0.77% (\$12 billion benefit);
- May 2009: Launch of CETA negotiations;
- September 2014: end of CETA negotiations;
- October 2016: signing of CETA.

Comprehensive Economic and Trade Agreement (CETA): Scope



- Trade in goods: non-agricultural and agricultural
- Regulatory measures: sanitary and phytosanitary issues; technical barriers to trade
- Customs procedures and rules of origin
- Cross-border trade in services, including mutual recognition of professional qualifications
- Investment

Comprehensive Economic and Trade Agreement (CETA): Scope



- Central and sub-central government procurement
- Regulatory cooperation (laws and procedures)
- Intellectual property
- Temporary movement of business persons
- Competition policy and related matters (monopolies and state enterprises)
- Institutional arrangements and dispute settlement
- Sustainable development

Comprehensive Economic and Trade Agreement (CETA): Achievements

- **Tariffs:**

- *Industrial goods:*

- 99.3% (EU); 99.6% (Canada) at 0% at entry into force;
 - Autos: rule of origin: 50% limit on non-originating materials for 7 years
 - 100,000 vehicles: 70% transaction value or 80% net cost for non-originating materials;
 - Cumulation provision in case of EU-US FTA.

- *Agricultural goods:*

- 93.6% (EU); 92% (Canada) at 0% at entry into force;
 - EU meat markets:
 - Beef and veal market: 50,000 tonnes duty-free in-quota hormone-free; 11,500 tonnes duty-free in-quota of high-quality beef;
 - Bison: 3,000 tonnes duty-free in-quota;
 - Pork: 81,011 tonnes duty-free in-quota;
 - Canada supply-managed products:
 - Poultry and eggs excluded;
 - Cheese: 16,800 tonnes (16,000 tonnes new market access plus 800 tonnes from current WTO quota for new member states); 1,700 tonnes for industrial-use cheese.

Comprehensive Economic and Trade Agreement (CETA): Achievements

- **Services and investment:**
 - Health care, public education, cultural and other social services excluded;
 - *Labour mobility:*
 - Process of recognizing foreign qualifications streamlined;
 - Minimize barriers to temporary entry;
 - *Investment:*
 - Investor-state dispute settlement:
 - Clear investor protection standards such as rules followed by arbitration tribunals;
 - Clear rules on the conduct of procedures in arbitration tribunals;
 - Transparent process.
 - “A breach of the fair and equitable treatment obligation can only arise when there is:
 - » Denial of justice in criminal, civil or administrative proceedings;
 - » A fundamental breach of due process, including a fundamental breach of transparency, in judicial and administrative proceedings.
 - » Manifest arbitrariness;
 - » Targeted discrimination on manifestly wrongful grounds, such as gender, race or religious belief;
 - » Abusive treatment of investors, such as coercion, duress and harassment.”

Comprehensive Economic and Trade Agreement (CETA): Achievements

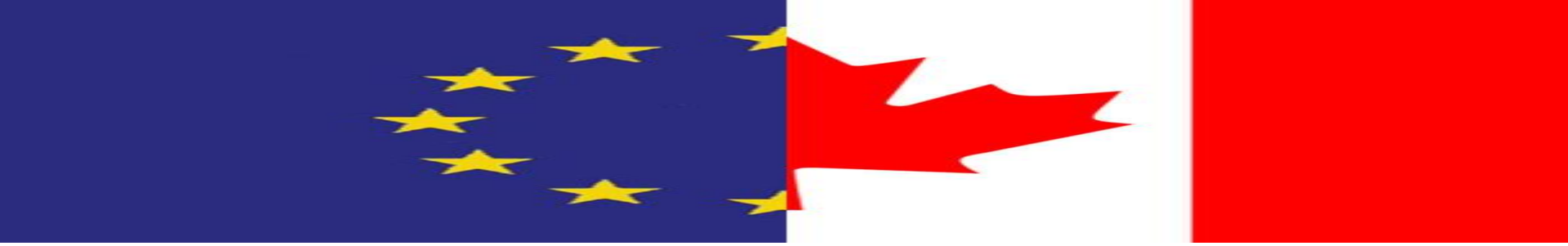
- **Government procurement:**
 - Established thresholds;
 - Negative list.
- **Intellectual property:**
 - Pharmaceutical:
 - Additional protection for pharmaceutical products never more than 2 years;
 - Canadian generics able to be exported during the additional protection period.
 - Geographical Indicators (GIs):
 - Various ways of addressing 179 terms covering foods and beer:
 - Keep the validity of existing Canadian trademarks;
 - Ability to use specified English and French language terms commonly employed in Canada;
 - Limited GI rights on: Asiago, Feta, Fontina, Gorgonzola and Munster (future users accompany them by expressions such as “kind”, “type”, “style”, “imitation”;
 - Ability to use components of multi-terms.
- **State-to-state dispute settlement.**

Comprehensive Economic and Trade Agreement (CETA): Achievements

- Regulatory cooperation activities on a voluntary basis;
 - “recognizing the right of each Party to determine their desired level of health, safety, environment, and consumer”;
 - Explain why no initiation or withdrawal from cooperation;
- Ongoing bilateral discussions on regulatory governance;
 - Sharing information, consult, sharing proposed regulations that might have an impact on the other party at an early stage;
- Regulatory Cooperation Forum:
 - Setting for discussion, assist individual regulators, review initiatives, encourage bilateral cooperation;
- Outside bodies to conduct assessments on product standards:
 - Parties have to accept decisions.

Comprehensive Economic and Trade Agreement (CETA): Achievements

- Cooperation in motor vehicles regulations:
 - International standards: on a voluntary basis;
- Cooperation in biotechnology:
 - Shared objectives:
 - Exchanging information on policies, regulations and risk assessment processes; promoting science-based approval process; low level presence of GMOs; minimize adverse trade impacts of regulatory practices.
- CETA results in substantial progress by establishing various institutional channels through which sector-specific NTBs can be addressed over time;
- Elimination of small regulatory differences, double testing, inspection procedures (conformity assessment).



Thank you!

Questions?

Crina Viju: crina.viju@carleton.ca

- <http://www.youtube.com/watch?v=IiOC5XG2I5Y>

