



## **The opportunities of EU-Canada trade**

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**EU Trade Commissioner Cecilia Malmström**

*Speech to the Munk School*

Ladies and gentlemen,

It has been an active year for trade, in which trade policy has become even more a major area of political debate across the world. 10 years ago, there was not much interest in trade agreements. Today, people want to know more about them, and that interest is a good thing.

It's a good time to recall why we trade - 31 million jobs in Europe depend on exports; almost the same as the entire population of Canada. And millions of jobs also depend on imports. And we should recall the importance of pursuing a responsible trade policy: one that is effective, transparent, and based on values.

Combined, EU nations are the world's biggest exporters, the world's biggest importers, the world's biggest investors; the world's biggest recipient of investment. Our leading role in trade will continue, even with a Member State leaving the Union. We will continue to believe that trade needs to be fair, efficient, transparent and based on values.

In all this, we have an important partner with Canada. Our relations are strong. The EU is Canada's second largest trading partner. While Canada is a top 10 EU partner in the goods trade, and a top 5 partner in foreign investment. And foreign direct investment between us supports over half a million jobs.

We have now ratified at EU level the EU-Canada trade agreement, CETA. It is the most ambitious and progressive we have ever struck. It will cut 99% of tariffs, in many cases from day one. It will expand access to services markets. It will allow companies to bid for each other's government contracts. In a time of stretched public funds, such open procurement is an opportunity to do more with less.

It will help investors who want to expand and create jobs.

It will mean new opportunities for Canadians who want to work in Europe, and vice versa...

...while professionals from architects to crane operators could see their qualifications recognised across the Atlantic.

These are not abstract laws or theoretical changes. They make a difference to the opportunities for businesses, and the lives of consumers. Deals struck in Brussels and Ottawa make a difference to lives and opportunities from Toronto to Turin, from Alberta to Zagreb.

I have met with European companies today working in fashion, design, indoor insulation systems, construction - and they will all benefit from the Agreement. It will also mean Canadians get better deals on European products like food or fashion.

Under CETA, tariffs on clothes and shoes will go from 18% to zero. So will most food tariffs, currently between 10 and 20%. CETA will also help many great transatlantic initiatives.

Like the Active House, developing the next generation of energy efficient homes.

Started in Denmark...

... now based in Brussels...

... a flagship home was last year unveiled just near Centennial Park. Lower tariffs and public procurement will make cooperation that easier.

And transportation: The Toronto car2go vehicle sharing scheme is buying thousands of cars from Mercedes...

...helping Torontonians cut carbon and congestion....

... and again, easier investment and more open procurement can make this kind of cooperation stronger.

There are huge opportunities for Canadian companies too: such as metals, cars, medical devices, and clean technology. New opportunities will open. Canadian investors and pension funds can support Europe in making a much-needed investment in infrastructure. Not to mention the "sweetest" benefit of all; our 8% tariffs on maple syrup will disappear.

Most of these benefits can occur once the deal is provisionally applied, after both sides have notified that they have completed all the necessary procedures. That will happen this spring. Full application - which would bring extra benefits, such as investment protection - will happen once each EU country has ratified the deal.

For the EU, agreeing the deal with Canada is a landmark; but just one part of our ambitious programme of negotiations with the world.

Our trade strategy, Trade for All, sets out an ambitious and responsible trade policy that is effective, transparent and based on values. The debate in Europe shows that people are concerned about what trade means for standards, values and public services.

These are concerns we need to address and explain. We need to explain that there is no lowering of standards, no compulsory privatisation. If we are harmonising, it is about harmonisation upwards. And our trade agreements must have a strong provisions on sustainable development.

This is a strategy that we are currently taking forward in over 20 ongoing trade negotiations. And we are seeing partners like Mexico, Japan, and the ASEAN bloc of South-East Asia...  
... throwing more resources and energy into their EU negotiations than before.

In an age when some doors are closing, we are clear to the world that ours are open. We are building bridges, not walls. Canada and Europe are developed democracies that share many views and values.

We are natural partners not only on trade but also on issues, from climate change, to migration, to common defence. And we work together on many trade issues plurilaterally and multilaterally too. For instance:

- Cutting the cost of environmental goods in the plurilateral Environmental Goods Agreement, like those goods that are used to produce renewable energy.
- On services, an increasingly important area of trade where we have been working together plurilaterally on TiSA, the Trade in Services agreement.
- On investment courts, where we have agreed on a new system, more transparent and professional, with an appeal mechanism. And Canada and the EU have presented the idea of a multilateral, international system to the world's trade ministers, with a positive response.

The EU and Canada also share a common commitment both to the virtues of progressive trade policy...  
... and to the multilateral, rules-based system that has safeguarded our prosperity over many decades.

In the US, the new administration has withdrawn from the Transpacific Partnership...  
... has effectively put EU-US talks on a Transatlantic Trade and Investment Partnership in the deep freeze...  
... and seems to favour bilateral agreements over multilateral or regional ones.

Meanwhile, US proposals for introducing a border tax could have a significant, adverse effect on trade, and be at odds with World Trade Organisation rules. These are worrying signals. We know the consequences of turning away from open trade.

It would raise prices, hitting the poorest hardest of all.  
And it would cost jobs; for the relatively wealthy countries of Canada and the EU...  
... and for the developing world.

Some see trade as a game you win or lose – like chess or football. That's not how I see it. And in case you're confused: "football" is the European word for hockey.

We think trade agreements can be win-win. We do not agree with those who want to raise walls or circumvent global rules. You create something new, that wasn't there before, that neither party could have achieved alone.

That's the value you can add...  
... the mutual benefit you can bring ...  
... by sharing and exchanging ideas, goods, services between Canada and Europe.

So we do not agree with those who think the answer is to raise barriers...  
... build walls...  
... or circumvent the international, rules-based trading system.

In Europe, long divided itself by walls and borders, we know those divisions bring anything but freedom and prosperity. We know that unplugging from the global grid is not an option; it would kill jobs, not create them. It would raise prices for consumers, not lower them.

We know that by engaging in the world with a progressive trade agenda we can shape globalisation, not merely submit to it. And we are reaching out to progressive partners across the world who share that view.

In that struggle, Canada is the obvious partner.

Thank you.