



Agri-Food Regional Profile

European Union 27

July 2010



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Overview

The European Union (EU) is an international organization comprised of 27 European member countries. The EU began as a regional economic agreement in the early 1950's and has evolved into a supranational organization encompassing the greater part of Europe today.

EU 27 Member Nations	
Austria	Latvia
Belgium	Lithuania
Bulgaria	Luxembourg
Cyprus	Malta
Czech Republic	Netherlands
Denmark	Poland
Estonia	Portugal
Finland	Romania
France	Slovakia
Germany	Slovenia
Greece	Spain
Hungary	Sweden
Ireland	United Kingdom
Italy	

The EU was formally created in November 1993 with the ratification of the *Maastricht Treaty*. The treaty was designed to enhance both political and economic integration in Europe. This was done by creating a single currency (Euro €), a unified foreign and security policy, common citizenship rights, and cooperation in the areas of immigration and judicial affairs.

The main decision body within the European Community is the Council of the European Union, consisting of ministerial representatives from all of the member nations. The composition of this council changes frequently as countries send different

representatives depending on the issue being debated. All European legislation requires the approval of this council. Under the rules of the newly-adopted *Lisbon Treaty*, signed to enhance the efficiency and democratic legitimacy of the Union and to improve the coherence of its actions, the EU elected its first permanent European Council President.

The EU continues to advance and better develop its internal market. Both the maintained product and capital market reform, and further establishing the Euro as the single currency have assisted the EU in this goal. The creation of a single market is a great achievement for the EU. This market aims to reduce barriers and simplify existing rules, enabling everyone in the EU to make the most of the opportunities that arise from having direct access to 27 countries and a 480 million plus consumer market.

The EU contains five of the ten largest economies in the world (Germany, France, Italy, United Kingdom (UK), Spain), and approximately 30% of the world's GDP. For Canadian exporters, access to the EU means an open door to its many member countries and expansive population.

Euro

The Euro was introduced as hard currency in 2002. With the Euro being the official single currency of the EU, it is intended to provide greater transparency in prices and improve market access among European producers. This single currency allows for a more stable trading environment among businesses. Currently sixteen countries use the Euro as their official currency: Austria, Belgium, Cyprus, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Malta, Netherlands, Portugal,

Slovakia, Slovenia, and Spain. Seven countries have yet to adopt the Euro: UK, Sweden, Denmark, Estonia, Latvia, Lithuania, Poland, Czech Republic, Hungary, Romania, and Bulgaria. However, Denmark, Sweden, and the UK have Euro accounts and credit cards available to customers and businesses.

With the recent election of a permanent president, the EU will aim to bolster Europe's trade position and its political and economic power. However, great differences in per capita income among member states (from \$7,000 - \$70,000) and various political, cultural and social national differences will mean that the EU council will have a difficult task enforcing policies within EU's borders.

Challenges

The EU will continue to face various challenges in the near future. As the EU continues to expand and accommodate its newest members, distribution of power between large and small countries will undoubtedly become a focus of the European Commission. The dichotomy between the EU's aspiration for deeper integration among member nations, versus the individual nation's aspirations to protect their national traditions, will also be an issue that consumes the EU internally in years to come.

Creating a genuine single market economy will also be a significant challenge for the EU. Reducing physical, technical, and tax barriers will be key to the success of the single market economy that is an evolving process; constantly adjusting to adapt to Europe's changing circumstances.

The European Council will also be challenged with leading Europe past the current economic crisis and into the future. The current fiscal stimulus cannot go on indefinitely as too much stimulus over too long a period will saddle future European generations with unsustainable debt. The EU must start looking to develop new sources of growth which can take over when the stimulus is eventually withdrawn.

Economy

Overview

The EU contains five of the ten largest economies in the world, and has global influence only rivaled by the United States. The EU strives to be one of the most competitive and knowledge-based economies in the world, creating better jobs and greater social cohesion. Internationally, the EU aims to bolster Europe's trade position and its political and economic power. With the struggling global economy in the past few years, the EU has suffered some difficulties and minor setbacks, but is working hard to ensure that prudent financial decisions are made to protect and strengthen the European economy.

The situation within EU labour markets, although serious, is much better than expected. Short term policy measures taken in various member states are partly to explain for the improving situation. However, high unemployment continues to affect certain countries within the EU. Firms are expected to continue job cuts and the unemployment rate is set to rise. Latvia has the highest unemployment rate at 19.7%, followed closely by Lithuania at 13.8% and Estonia at 13.3%. Netherlands has the lowest unemployment rate at 2.8%; Austria comes in second at 4.5%. The overall unemployment rate in the EU was 8.2% in 2009. Despite this rather negative outlook, unemployment rates have improved for 15 of EU's 27 countries since 2006.

Labour market reforms are expected to be high on the new administration's agenda as they strive for a common standard of living.

Single Market

One of the core objectives of the European Economic Community was the development of a single market economy, which the EU has successfully established today. This also includes the non-member states of Iceland, Liechtenstein, and Switzerland. The cornerstone of the single market rests on four pillars – the free movement of people, goods, services, and capital. The success of the single market is already evident, as enhanced employment, increased investment, greater diversity of goods and services, lower prices, labour mobility and increased competitiveness on the global market are all byproducts of the evolving single market within the EU.

Despite significant achievements thus far, the single market is not yet complete. Creating a genuinely integrated market is not a finite task, but rather an ongoing process that requires continuous improvement. As a result of technological and political developments changing the single market environment, the European Commission constantly reviews the policy and revises legislation to keep the single market running smoothly.

Expansion

With the five largest economies of the EU accounting for close to 75% of the total GDP, there are substantial economic differences that exist between individual member states. Although the twelve newest members make up the EU's smallest economies, their addition binds the division that separated the former communist bloc countries; thus having a significant geographical impact.¹

As a result of continued expansion to smaller countries outside central Europe, the EU's average per capita income dropped. The gap between the poorer and wealthier countries within the EU remains evident, and economic convergence under the single market will continue to represent a real challenge to the EU.

Future physical growth of the EU is unlikely because the EU cannot enlarge beyond 27 states without reform of the institution of the current *Treaty of Nice*. However, candidate status has been given to Croatia, Macedonia and Turkey. The mere addition of Turkey alone would add 74 million people to the EU and close to US\$500.2 billion to the GDP. Further accession remains a hot topic within the European community, and will be a contentious issue in the near future.

Gross Domestic Product (2008)	
GDP	\$23.31 trillion
GDP growth (real)	0.8% (2008) -4.2% (2009)
GDP/capita (PPP)	\$52,582

Current

- In 2008 GDP was \$23.3 trillion.
- Real GDP growth for 2008 was 0.8%, but declined 4.2% in 2009.
- Revenue for 2008 was estimated at 48% of GDP.
- Expenditure for 2008 was an estimated 51.8% of GDP.
- Government debt (percentage of GDP): 61.5%.

¹ The twelve newest members are: Bulgaria, Romania, Cyprus, Czech Republic, Estonia, Hungary, Slovakia, Slovenia, Poland, Latvia, Lithuania and Malta.

- Inflation rate in 2009 was 1%, down from 3.7% in 2008.
- Unemployment rate December 2009: 9.5%.
- Exports 2009: \$1.7 trillion.
- Imports 2009: \$1.9 trillion.
- Top export destinations: U.S. 18.3%, Switzerland 8%, China 7.4%, Russia 5.9%, Turkey 4%.
- Top import sources: China 17.9%, U.S. 13%, Russia 8.6%, Switzerland 6.1%, Japan 4.7%.

Despite the recent financial crisis, the EU economy is now at a turning point. Determined policy action taken throughout the EU has avoided a systematic meltdown and outright depression. The European Economic Recovery Plan has been instrumental in navigating the rough economic waters and ultimately stabilizing the economy. Signs of improvement in the overall economic situation and outlook became quite apparent in autumn 2009. While GDP growth dropped to around 0.5% for the last quarter of 2009, it is expected to improve into 2010.

As of spring 2010, the over-burdened debt of some EU country members is creating concern with investors in the marketplace of the strength of the sovereign debt of other euro-area countries. Greece is heavily in debt and has been very close to defaulting on debt. As a result, the EU and IMF have been negotiating with the Greek government on a bail-out package, which has climbed to \$133.6 billion* (€100 billion). There is also increasing concern regarding Portugal, Ireland, Italy and Spain's public finances. Government debt as a percentage of GDP in 2009 was 116% for Italy, 115% for Greece, 77% for Portugal, 65% for Ireland, and 53% for Spain.

*Bank of Canada Exchange Rate: May 3, 2010

Forecast

- Although year-end 2009 GDP was expected to fall, leading economists at the European Commission predict both external and domestic demand to gradually strengthen. Growth could recover to about 0.5% quarter-on-quarter during 2011 in both the EU and the Euro area.
- Growth is expected to continue within the EU as global trade strengthens. Real GDP growth of 0.7% is forecast for 2010 and 1.6% growth for 2011.
- Divergences in economic performance from different members reflect the varying exposure member nations have to the global financial sector, and in turn, the varying effects the global financial meltdown had on their respective economies.
- Sound monetary and fiscal measures put in place prior to the recession have helped prevent a systematic meltdown, and will even pave the way for continued market resurgence in the upcoming future as the EU economy continues to bounce back from the recession.
- To retain market confidence in the EU and the sovereign debt of euro-area countries, Greece's public debt situation needs to be resolved as quickly as possible. It is believed that over the next few years, Greece may need up to \$200.4 billion* (€150 billion) in bail-out money. If other euro-area countries appear on the verge of defaulting on their debts, investment confidence in the EU will further weaken. *Bank of Canada Exchange Rate: May 3, 2010
- Unemployment continues to rise as a direct result of the recession, causing deterioration within the labour market.
- The internal sector relies heavily on the service industry. Although the initial outlook is relatively optimistic, changes in labour laws throughout the various

- member countries, particularly in the newer members, and external demand changes could drastically shift this position.
- Further on, an easing in growth could follow as a number of factors may dampen economic activity. These include further deterioration within certain labour markets, the need for financial distribution across sectors and countries, subdued profitability gains and moderated credit growth, with domestic demand slowly gathering strength.

The forecast for the EU's immediate future looks positive as a relatively strong pickup is expected in the near term, following improved financial conditions, and prudent fiscal and monetary changes. The EU economy is emerging from recession with GDP growth expected to turn positive, above 1%, in the latter stages of 2010. A more gradual recovery is expected between 2011 and 2012. According to the European Commission, for the first time in a number of years, the forecast has been revised upwards. This better-than-expected rebound in the near term is expected to be followed by a certain easing in growth. The European Commission outlook is thus for a gradual recovery as several factors are set to restrain domestic and external demand in the short term. Future developments in the labour market and public finances will largely determine the success of the rebound process.

Consumer Market

Overview

Demographics 2008	
Population	501,259,852 (July 2009 e.)
Age Structure	0-14 yrs: 15.4% 15-64 yrs: 67.2% 65 years +: 17.3%
Life Expectancy	Male: 75.5 Female: 81.9
Unemployment Rate	7.2%
Labour Force: (% of GDP)	Agriculture: 5.6% Industry: 27.7% Services: 66.7%

The EU food market is attractive due to its sizeable population, high consumption patterns and generally high income per capita. However, it is difficult to enter and maintain successful market share in the EU due to the strong and favoured partnerships between member states, and in many cases, an already mature market. Despite this, the EU 27 is a diverse economic region with annual imports amounting to \$3.1 trillion; offering a multitude of commercial opportunities for Canadian companies.

Market

With the EU constituting approximately 7% of the world's population, with 27 member nations and a plethora of ethnicities and consumer tastes, it is one of the most diverse markets.

The consumption of member nations differs due to a variety of varying circumstances. However, as the EU strives for a single market economy and a basic standard of living between citizens of all member nations, consumption patterns across EU member states appear to be converging. Factors contributing to this convergence include stabilizing household incomes, demographic changes, and trends toward nutritional foods. The internationalization of the food industry has also had a significant impact on citizens of Europe, as has economic coordination and political will to foster greater institutional similarities between member EU nations.

Country	Population
Germany	82,217,800
France	60,765,983
United Kingdom	60,587,000
Italy	59,715,625
Spain	45,061,270
Poland	38,625,478
Romania	22,303,552
Netherlands	16,499,085
Greece	10,645,343
Belgium	10,274,595
Czech Republic	10,256,760
Portugal	10,084,245
Hungary	10,075,034
Sweden	9,076,744
Austria	8,169,929
Bulgaria	7,621,337
Slovakia	5,422,366
Denmark	5,368,854
Finland	5,302,545
Ireland	4,234,925
Lithuania	3,601,138
Latvia	2,366,515
Slovenia	2,048,847
Estonia	1,415,681
Cyprus	767,314
Luxembourg	448,569
Malta	397,499

From the perspective of traditional household consumption, the EU undoubtedly leads amongst developed nations. The majority of populations live in, or near, urban centres and almost all people are exposed daily to traditional channels of consumption. As such, the true “consumer” spans beyond the immediate urban areas and into rural communities. In many of the EU 27 countries, the quality of living allows people the comfort of accessing traditional channels of consumption wherever they are, representing a large market for Canadian investors.

GDP purchasing power parity is the highest in the world at \$15 trillion*. The highest 10% of household incomes account for over 20% of the Union’s overall consumption. Luxembourg has the highest GDP per capita (PPP) at approximately \$81,635*, with Ireland being second highest at \$44,167*, and Austria is third with \$41,236*. *Bank of Canada Exchange Rate: December 31, 2009

Lifestyle and Trends

Food consumption in the EU is dominated by fresh foods and produce. However, the EU market has seen an increase in demand for prepared and pre-packaged convenience goods. Due to fast paced lifestyles, snack food is one of the fastest growing sectors. Snack bars, snack mixes and energy bars continue to be a driving force in the snack market in Europe and steady growth is expected in 2010. Snack bars have moulded well with the emerging trend for organic, fortified, and functional products. Product launches include the Novartis Cereal branded calcium bars in Belgium and the Nutri-grain twist bars from Kellogg. The energy bar segment has witnessed continued success in North America, and also offers strong potential for growth in Europe.

Another important consideration in the EU consumer market is the substantial Muslim population of 16 million, comprising close to 20% of the population in some countries. Predominantly Muslim-Sunni, the lifestyle now plays a large role in European society and particularly in countries such as France, Cyprus, Belgium and Bulgaria where the agricultural sector is experiencing a Muslim drive. Consequently, imported meat must be “halal”. For more information on the “halal” consumer market, consult the Global Halal Food Market Brief on the Agri-Food Trade Service website at: www.ats.agr.gc.ca/afr/4491-eng.htm

In Western and Central Europe, consumption expenditure has increased by 25% since 2000. Households spend between three and five times more than the public sector. Current food and drink expenditures amongst consumers in Western Europe, in particular the newer member nations, tend to be more than most of the original EU 15. This trait is quite common amongst developing economies which have a lower

average income than the more affluent countries. These countries are likely to spend a greater amount of their disposable income on food and beverage consumption.

The rural and urban population in Western Europe is moving towards a trend of westernization. Most of the population in the major urban areas speak some English and are comfortable with western culture and products. As a result, western goods are increasing in popularity within those urban centres. Recent data shows an increasing number of people migrating to urban areas in search of jobs, which is largely a result of the success of the service sector.

Of the new member nations to the EU, both Romania and Bulgaria represent significant food and beverage consumption. Romania's GDP increased 7%, the highest of any EU member, second to that was Bulgaria, witnessing an increase in GDP of 6%. Both countries have increased their GDP (PPP) for 2008 and both have witnessed drops in unemployment since joining the EU.

Distribution

The EU market is both diverse and dynamic. With the addition of countries such as Romania and Bulgaria over the past decade to the European Community, the level of competition has dramatically increased. With Turkey commencing the accession talks, distribution and sales channels could span from the Middle East to northern Sweden.

Due to cultural and language barriers, exporters must be mindful of the diversity within Europe and target specific individual markets. They must also examine the trade and distribution channels and assess the country's capability/progress in entering the competitive global market.

Trade and Investment

Trade Agreements

With certain exceptions, the EU grants Most Favoured Nation (MFN) treatment in all product categories to a number of World Trade Organization (WTO) members. This includes Canada, allowing Canadian companies the same trade advantages as other companies in countries that also receive MFN treatment from the EU. These other countries include Australia, Canada, Chinese Taipei, Hong Kong, China, Japan, Republic of Korea, New Zealand, Singapore, and the United States.

Tariffs giving preferential treatment are granted by the EU to more than 120 developing countries and roughly 40 overseas territories under the Generalized System of Preferences (GSP). The GSP applies if goods originate in a developing country and are transported to the EU directly from that country. A system of providing certificates of origin has been established to ensure that goods are not diverted through GSP countries taking advantage of the lower tariff concessions.

Economic Partnership Agreements (EPAs) came into effect in 2008 and have been negotiated between the EU and African, Caribbean and Pacific (ACP) countries since 2002. They are aimed at creating a free trade area between the two parties and focus on building markets rather than opening them.

The EU also shares a free trade agreement with the European Economic Area (EEA) consisting of Iceland, Liechtenstein, Norway, and Switzerland. Most industrial

products and some processed agricultural products are exempt from import duties within these 29 countries (EU 25 plus the above mentioned four countries).

The European Community is also a strong supporter of the WTO's Doha Development Agenda (DDA). These negotiations aim at further liberalizing trade while enhancing development. The agreement will bring a substantial cut in trade-distorting agricultural support, elimination of trade-distorting export competition practices, and contribute to a significant opening of agriculture markets while allowing for special treatment of sensitive food products.

Finally, the EU has free trade agreements with Mexico, South Africa, South American countries (Mercosur), and the Mediterranean countries. Israel has also negotiated a free trade agreement with the EU, but it does not include agricultural goods.

Market Access

Constraints and Challenges

The EU has one of the most attractive food markets in the world due to its size and high consumption patterns. The addition of new member states has only increased this diversity and market size. However, the EU market is mature and still suffering the lasting effects of the recent financial crisis. Highly protected products that are accompanied by competition from various regions, command high quality and innovation backed by excellent customer service. Sales increases for companies are generally related to gains in market share instead of market growth. One indication of the EU's market maturity is the general stability of per capita consumption among the many members.

The EU has been known to adopt very protectionist trade policies in agriculture, where trade barriers are extensive and tempered by preference agreements that give favourable access to developing countries. The EU has adopted a series of policy instruments used to protect the EU's agri-food markets from farmer competition and food processors outside the EU. These include: tariffs and safeguard measures, domestic and export subsidies, as well as health and safety standards, and other types of regulatory barriers. Medicines, pesticides, plants and foodstuffs, electrical products, and exotic animals and plants are some of the restricted products.

However, the wall built to insulate EU farmers from world market penetration and limiting agricultural trade with third countries is far from watertight. Some imports enter under long-standing bilateral agreements, such as specific amounts of New Zealand butter and lamb. Other market access opportunities have been created by the EU under various preferential access agreements, particularly with developing countries. These include: preferences provided under the Cotonou Agreement to the African, Caribbean and Pacific (ACP) states, to all developing countries under the Generalised System of Preferences (GSP), the more extensive GSP preferences provided to the Least Developed Countries (LDCs) under the 'Everything But Arms' (EBA) scheme, as well as preferences accorded to individual countries under bilateral trade agreements (Mediterranean countries, South Africa, Chile, Mexico).

The EU 27's biggest trading partner is the United States, generating 15.2% of EU 27 total trade. Machinery and transport equipment are one of the EU 27's largest import commodities (23.8% all imports) with the United States, Russia, and China the key suppliers. Canada's largest competition for the EU 27's agri-food market comes from India.

Tariffs

As members of the WTO, both Canada and the EU are committed to a set of maximum tariffs, called 'bound tariffs'. These tariffs apply to any nation that does not have preferential access right. The EU bound tariffs range between 18%-28%; higher than tariffs protecting agriculture in the United States and Canada.

Tariffs are an important issue in the trade relationship between Canada and the EU. The EU employs Most Favoured Nation (MFN) tariffs on agricultural goods imported; mostly favouring developed countries. For example, MFN tariffs average as high as 23% on most fish and seafood products. This is especially pertinent as Canadian fish and seafood imports make up approximately 2.5% of all EU fish and seafood imports, and represent a substantial amount of Canadian agricultural goods exported to the EU. The amount of fish and seafood exports would be substantially higher if not for the preferential treatment certain countries receive; of which Canada is not a part.

When considering the factors that affect Canada's trade and investment with the EU, tariffs are actually quite nominal. A large majority (80%) of Canadian exports to the EU are void of substantial tariffs, while the same can be said for 78% of EU goods imported into Canada. Of these important sectors, processed foods are the only products facing noteworthy tariffs. Exports of processed foods from the EU face a 70% tariff upon entry into Canada, while processed foods exported to the EU face a 17% tariff upon entry into Europe. Conversely, Canada imposes an applied tariff of 90% on footwear and tariffs as high as 18% on textiles and apparels.

Notwithstanding the already low level of tariffs applied to many sectors of Canada-EU trade, many in the private sector still believe that the tariffs act as barriers to trade and put firms at a disadvantage. Eliminating and lowering tariffs in certain areas would bring significant gains to both the EU and Canada.

Excise Tax

An excise tax, sometimes referred to as a duty of excise or a 'special tax', may be defined broadly as an inland tax on the production or sale of a good, or as a tax on a good produced within the country. Excise taxes are distinguished from customs duties, which are taxes on importation. Excises are inland taxes, whereas customs duties are border taxes. Excises are typically imposed in addition to another indirect tax such as a sales tax or value added taxes, and are paid by the importer. Excise tax is levied on certain products such as soft drinks, wine, beer, and other spirits. Tobacco, sugar, and oil and petroleum are also included in the excise tax.

Value Added Tax

A Value Added Tax (VAT) is a consumption tax levied on all imported products sold within the EU. For basic necessities, the tariffs are often low and for luxury items the tariffs are much higher. VAT's range from 0-25% and each member nation's VAT must comply with the provisions of EU VAT law directive. However, EU VAT law does afford member nations some degree of flexibility and are not harmonized across EU member nations.

Certification Requirements

The EU requires a commercial invoice for custom clearance into the EU. The invoice is to include a description of the product, terms of sale, including the details necessary to establish the full cost, and insurance and freight prices. An air way bill

with the name of the party to be notified is also required for clearance along with a packing list for shipments of more than one item.

A certificate of origin is required for goods subject to quota restrictions. The need for a certificate of origin should be verified directly from the importer or appropriate customs officials prior to exporting.

Products such as fresh fruits, vegetables, and other plant materials which are being exported to the EU require phytosanitary certificates. The phytosanitary certificate guarantees that the product was in good condition when it left its country of origin. Upon arrival, the product will again undergo inspection to ensure it is free of insects and contamination from travel. For more information on what plants, fruits, and vegetables are governed by these conditions please visit:

http://ec.europa.eu/food/plant/organisms/imports/index_en.htm

According to the European Commission, sanitary certificates are required for commodities of animal products or containing animal byproducts. This standard applies whether or not the product is for consumption. With regard to the export of live animals, the conditions for trade are harmonized between the member states. All live animals must travel with a health certificate validated by an official veterinarian specifying that the animals fulfill the basic animal health requirements as set in the relevant Council Directives. Further random checks on the animals may also be carried out at the final destination. In addition to the general health requirements, in the event of a serious exotic disease outbreak within the member states, specific requirements for trade in certain live animals may also be laid down in order to prevent the spread of the disease. Additional animal health requirements are often set out in specific Commission Decisions depending on the importer. These lay down health certificates which must accompany all animal imports. In general, these certificates must be signed by an official veterinarian of the competent authority of the exporting third country guaranteeing that the conditions for import into the EU have been met. On arrival in the EU, the animals and the accompanying certificates must be verified and checked by EU official veterinarians at a designated Border Inspection Post (BIP). Further checks on the animals may also be carried out at the final destination. The United Kingdom, Ireland, and Belgium are the only member states requiring a veterinarian's signature for the Veterinary Certificate for egg products at this time and will not recognize an inspector's signature (European Commission). For further information visit:

http://ec.europa.eu/food/animal/liveanimals/index_en.htm

Importing Licenses

An import license must be issued to the exporter prior to customs clearance. However, once an import license has been issued, it is valid throughout the EU. Import licenses are mostly needed for agriculture and food items such as wine, milk, wheat, meat, and rice, but are also needed for coal and fuel, some specific base metal products such as steel, various apparel and textile products and controlled items such as arms and ammunition. The Department of Trade and Industry issues these licenses that can be assigned at either the time of export or import.

Packing and Labelling

In response to recent concerns over food safety, new regulatory requirements have been put into place regarding the labeling of food products of all origins to ensure traceability. Composition, content, and destination country in the EU must currently be marked at the time of sale on some products. The European Commission is

currently reviewing its entire food labelling system, proposing to make food labels clearer and more relevant to the needs of EU consumers, simplify food labels, harmonize label appearance, and find methods to provide non-essential information via pamphlets, phone lines or websites (European Commission).

Container sizes have been prescribed for a number of food products. These include butter, fresh cheese, salt, sugar, breakfast cereals, pasta, rice, dried fruits and vegetables, coffee, frozen fruits and vegetables, fish fillets, fish fingers, ice cream, preserved fruits and vegetables, and products sold in metal containers.

There is a CE marking, which is a European standard set for products produced both internationally and domestically. The CE designation is a sign to consumers that the product meets standards set out by the European Commission. Having the CE mark allows the product to have free access to all markets in the union, thus reducing inspection hassles for distributors. The mark is also becoming a sign of superior quality to consumers.

Sales Channels

The EU market continues to remain one of, if not the world's most diverse, dynamic, and competitive economies. The level of competition has increased dramatically in the last few years with the addition of new members to the union such as Bulgaria and Romania, and can potentially grow even larger with the accession of Turkey and the continued reduction of border and market barriers. Exporters must study specific target markets in the EU, examine the trade and distribution channels, and assess their capabilities in preparation for the competitive market. Due to the varying cultural and language barriers between member nations, it is a good idea to promote products specifically to individual markets. No single marketing plan will be successful in all EU countries.

In an effort to make successful inroads into the EU with products and services, Canadian exporters are encouraged to develop business relationships with agents and distributors in the targeted EU regions. However, exporters must exercise caution when choosing agents and distributors, as the EU continues to move toward a single internal market. When a distributor is chosen to launch a product, control of pricing and the method used in presenting the product is often surrendered to the distributor. An agent will give the exporter control over pricing and the presentation of the product.

The retail market is quickly consolidating with large supermarkets, corporations, and box stores. These larger retailers have a greater negotiating strength when dealing with suppliers, so look for rural markets or areas around urban cities in the early stages of this transformation for the best market penetration. Retailers are usually looking for suppliers that can provide large volumes of their product. Another option is to look at the smaller, growing economies that have less established and consolidated markets. Smaller retailers may be a good entry point for new and smaller exporters. A discrepancy still remains between many of the newer EU countries with smaller, growing economies that consequently have a less consolidated retail market. Nonetheless, under EU guidance, they are all quickly heading in a similar direction, but still have many smaller retailers which may be good entry points for new and smaller exporters. Consolidated distribution systems will benefit major trading countries in the EU that act as distribution centers for the rest of the EU.

Although many of the member states are at different points in retail stages, some trends are emerging across the EU. Large food stores, price clubs and food malls are gaining popularity while supermarkets are expanding to become hypermarkets. Quality and service infused into a retail shopping experience is increasingly important to EU consumers, and often mimic similar consumer trends within North America. Urban centres are dispersed, and in certain areas outside the more central established markets, limited transportation networks make nationwide distribution difficult.

There is certainly an advantage in exporting and doing business in Europe. If products meet standards and have the necessary certification from the EU departments, the products can freely cross borders within the EU nations and potentially grow exponentially in market share. To better facilitate trade, investment and the exporting/importing of goods, the European Commission has detailed the importance of foreign investment. For a more in-depth look, visit: <http://ec.europa.eu/trade/creating-opportunities/trade-topics/investment/>

Business Travel Tips

- When first entering the EU, a good approach for smaller exporters is at a local level. Familiarize yourself with local regional areas and move from there. Like many other countries, the EU is certainly a union of regional diversity and it is important to have an understanding of the regions before branching out.
- It is courteous to inquire about dining preferences and customs; however, in almost all European countries these preferences are the same as in Canada.
- The EU currency is the Euro.
- Traveler's cheques are widely accepted in city centers and ATM's are frequently found throughout all countries.
- An important issue for business travelers to the EU is maintaining good health. Avoid eating a wide variety of cuisines if you are not used to it. Healthcare is readily available in almost all countries, in some cases better than in Canada. However, certain areas are not up to Canadian standards.
- Tourist facilities are plentiful.

Agriculture and Agri-Food Overview and Outlook

Agriculture Sector

In recent years, the EU has witnessed a decline in agricultural production. The percentage of agricultural exports to the world in relation to overall trade exports is in decline. This is largely the result of increased EU consumption, but can also be attributed to the decline in EU production and certain Common Agricultural Policy (CAP) reform measures. Despite this decline in economic influence, the industry continues to play a vital role within the EU. Agriculture employs approximately 5.6% of the EU's labour force, and still accounts for a significant part of the EU's budget. The industry is expected to account for 34% of the EU budget expenditure in 2009 (Europa, 2009).

EU agricultural output is quite diverse, ranging from field crops to fruits and vegetables, fish, cattle, and sheep. Cereals, wine and livestock make up nearly half of total agricultural production in the EU. Other important agricultural outputs include: fresh vegetables, fresh fruit, eggs, and poultry. The leading food producing nations are: France, Italy, Netherlands, Germany, Spain, and Belgium. The EU is also

home to some of the largest wine producing nations in the world, making the EU the largest producer.

As a percentage of the GDP, agriculture is most important to Romania (8.1%), Ireland (5%), and Poland (4.5%). For most of the member states within the EU, the agricultural sector accounts for approximately 4% or less of GDP. The addition of 12 new member states added millions of farmers to the European economic landscape, bringing new challenges to existing agricultural agreements. The enlargement also added approximately 40 million hectares of farmland; an increase of 30%. However, agricultural production is not expected to increase relatively, and is only forecast to increase around 10%. The addition of poorer countries with large numbers of rural farmers poses a challenge to the administration as they look to increase efficiency and economic prosperity in the field of agriculture.

Agriculture has suffered significant social and economic decline in the less productive regions. Several of the new member states have agricultural sectors that can be characterized as 'semi subsistence'. Constant support is needed as countries such as Romania and Bulgaria adopt the integrated market approach to economic activity. The European Commission looks to help ease rural transition problems as the agricultural sector and rural economy of Bulgaria and Romania are exposed to the competitive pressure of the single market. Facilitating and encouraging the restructuring of farms is still an ongoing process.

2008 saw a period of transition from the sectoral approach, where each category of products was governed by their own common organization of the market (CMO), to the single CMO; a new, unified, approach covering all products. This new unified framework will be applied gradually to the relevant sectors throughout 2010 and beyond.

Common Agricultural Policy (CAP)

Precedent for a CAP was first established in article 39 of the *Treaty of Rome* in 1957. The purpose was to increase agricultural productivity as a way to ensure a fair standard of living for the agricultural community, stabilize markets, and ensure that goods would be supplied at an affordable price to consumers. Food security was another main reason for the development of the Common Agricultural Policy in the 1960s. The current European landscape is largely a product of these farming practices that have occurred over past centuries.

Agriculture now plays a different role in various EU member nations. In some countries, farmers have adapted to become an integral part of the greater community's market economy, while in others, rural farmers still maintain a relatively self sufficient livelihood. Balancing the two under CAP is a constant challenge facing the EU administrative body.

The reformed CAP takes a variety of factors into account, including the needs of farmers, the needs of the general population, food safety and security, and the environment. New policy allows farmers to produce in accordance with market demand, and have a stable income without incentives to overproduce. Another decisive step was the decoupling of direct aids from production and a move to try to realign the CAP with consumer concerns. The scope of this latest reform of the CAP was widened with the introduction of a comprehensive rural development policy. The reforms also represent positive changes for international agricultural producers. By decoupling subsidization payments from output, the EU is taking away incentives for

farmers to over produce, thus removing trade distorting farm income stabilization. This will create a more level playing field between EU and non-EU agricultural producers.

Together, these policies aim to encourage entrepreneurship among European rural farmers so that they can better respond to market signals, introduce new techniques and promote diversified activities such as rural crafts, food processing facilities on farms, tourism, or afforestation, as well as promoting sustainable farming practices and various other rural development measures.

A CAP review is currently taking place on all aspects of the EU budget and the funding of agricultural policies post 2013, and will then become the basis for the preliminary drafting of the financial perspective for 2014-2020.

Agricultural Trade

The EU is the world's largest importer of agricultural goods, importing over \$115.5 billion*. For many years, the EU has been a net food importer. Even if the EU's overall trade is in fairly close balance, the EU still remains a substantial importer for many product groups. Main product groups exported by the EU are cereals, wine, and livestock. *Bank of Canada Exchange Rate: December 31, 2009

Given the domestic industry's high level of protection, it is interesting to note that the EU is one of the world's largest single importers of raw products. This is due largely in part to the fact that tariffs are virtually negligible on non-competing commodities such as tropical fruits which the EU does not produce. Other contributors to this are oilseeds, oils, fruits and vegetables. Also, preferential access given to many developing nations' means a substantial amount of food is imported from the developing world. The EU has become a major importer of beef, which bodes well for Canada's beef farmers. Recent sugar reform means that the EU will switch from the world's second largest exporter to a net importer. Other significant imports include cereals, livestock, raw products, and dairy.

Although the EU is the world's largest importer of agricultural products, its trade policy is not as liberal as one might think. The EU has significant barriers to agricultural imports from certain countries, while tariffs on some agricultural imports are among the highest the EU imposes on any traded goods. Conversely, some privileged developing countries benefit from unlimited access to the EU market, but are also excluded from the high internal prices paid to EU farmers.

The EU receives 24.5% percent of its agricultural imports from Mercosur (South America), 9.1% from the U.S. and 8.1% from Asia, which are the three largest exporting regions. A total of 178 developing countries and territories benefit from EU preferences under the recently enhanced "General System of Preferences" (GSP).

Canada-EU Trade and Investment

Canada–EU Relations

Canada's bilateral economic relationship with the EU dates back to 1959, although relations with individual countries go back much further. In 1976, Canada signed a Framework Agreement for Commercial and Economic Co-operation with the EU. For more than 30 years, this agreement provided the foundation for the management and development of the Canada – EU relationship in a variety of fields.

Since then, various agreements have been reached improving relations between the two sides, such as the EU-Canada Joint Declaration and Action Plan of 1996 and the EU-Canada Trade Initiative (ECTI) of 1998. The latter is a comprehensive program covering multilateral and bilateral trade areas. The EU and Canada meet in annual bilateral summits, at which they discuss the issues of greatest importance to their relationship. The June 2007 Summit between Canada and the EU launched a joint study to assess the costs and benefits of closer economic partnership. The study published in October 2008 concluded that potential gains were numerous for both parties.

In February 2009 at the Canadian–EU Summit in Prague, both sides agreed to launch a Comprehensive Economic and Trade Agreement (CETA). In the first round of negotiations, which took place in October 2009, progress was made towards reaching a comprehensive common text. The second round of negotiations was planned for January 2010, and is expected to produce concrete results and create measures to improve trade between both parties.

The Government of Canada has identified EU 27 as a priority market, “based on extensive consultations with a variety of audiences including the government, Canadian business and various industry representatives.” While comprehensive negotiations are under way to foster a better economic partnership, Canada is focusing on the agriculture sector as an area of keen interest.

Foreign Direct Investment

The EU and Canada are significant investment partners, representing an important area of trade. Both Canada and the EU exchange large amounts of inflow and outflow of Foreign Direct Investment (FDI). The EU ranks as the second highest investor in Canada, while Canada ranks as the fourth highest investor in the EU. In 2008 Canadian FDI in the EU rose to a record €18 billion, and for the first time in a number of years operated a €9 billion positive balance with the EU in terms of FDI.

Canadian FDI in the EU since 1995 has increased seven times, while FDI with the U.S. has only increased by a factor of five. The most important component to this successful relationship with the EU is foreign affiliate sales, which is the sale of goods in a foreign country through established commercial presence in that country.

Canada has experienced a recent resurgence in FDI from a decline in 2006. The record level of €18 billion in 2008 is significantly higher than levels in 2006, which was a direct result of the strength of the Canadian dollar which had a negative effect on the valuation of stock and Canadian direct investment abroad.

Canada FDI flows with EU 27 (billions)				
	2005	2006	2007	2008
Canadian FDI in EU27 (outward)	\$11.9	\$5.1	\$15.0	\$18.0
EU27 FDI in Canada (inward)	\$17.7	\$44.2	\$63.0	\$14.9
Net Canadian FDI flows	-\$5.8	-\$29.1	-\$50.9	\$14.0

Bilateral Trade

Bilateral relations with the EU are for the most part well functioning. Canada is the thirteenth most important source of imports for the EU, and the tenth largest export destination for the EU, accounting for approximately 1.7% of the EU's total bilateral trade. The EU is Canada's second largest trading partner after the United States,

comprising 10% of Canada's total bilateral trade, 12.1% of all imports into Canada and 8.3% of Canada's exports.

Canada's trade with the EU has been increasing throughout the past decade, from \$57.6 billion in 2000 to \$75 billion in 2009. Since 2002, the relative importance of EU trade with Canada has grown exponentially, yet the volume of trade has slowed in the past few years. Although this can be considered partly due to the addition of new members within the EU and the recent recession, many still believe the relationship between Canada and the EU to be quite under-traded, particularly when considering the EU's trade with countries such as India and South Korea. Total trade between Canada and the EU increased by approximately \$6.2 billion from 2007-08, but decreased by \$15.5 billion from 2008-09. While the drop that occurred in 2009 was not common, there has been a slowing trend in bilateral trade, and the decision to engage in CETA was partly due to these trends.

Despite these trends, Canada has continued to increase overall exports to the EU in the past decade and has been working to decrease the negative trade balance. Since 2006, Canada has lowered its negative trade balance with Europe by nearly 22%. In 2008, total Canadian exports to the EU were valued at \$36.3 billion, a slight increase of \$1.4 billion (4.2%) from the previous year. However, Canada's exports to the EU experienced a drop in 2009 of \$6.5 billion. Imports into Canada from the EU from 2007 to 2008 increased by nearly 10%; however, there was a decrease in imports of approximately \$9 billion (16.5%) in 2009. All of these trends point to well established trade relations between Canada and the EU, but also indicate that it is a relationship that can be further exploited for the benefit of both sides.

Canada-EU Bilateral Trade (2009)	
EU Total Trade	\$3.6 trillion
Exports	\$1.7 trillion
Imports	\$1.9 trillion
Trade balance	(\$0.2) trillion
Canada-EU Trade	\$75.0 billion
Exports	\$29.8 billion
Imports	\$45.2 billion
Trade balance	(\$15.4) billion
Canada-EU Ag Trade	\$5.5 billion
Exports	\$2.0 billion
Imports	\$3.5 billion
Trade balance	(\$1.5) billion

- In 2009, the EU exported a total \$1.7 trillion in goods, and imported a total of \$1.9 trillion.
- Major EU exports in 2009 were: machinery; electrical machinery; non-railway vehicles; pharmaceutical products; mineral fuel and oil.
- Major imports into the EU in 2009 were: mineral fuel and oil; electrical machinery; machinery; non-railway vehicles; pharmaceutical products.
- Between 2000 and 2009, Canada

- exports to the EU grew 51.8% from \$19.6 billion to \$29.8 billion.
- Canada's top exports to the EU include: precious stones and metals; machinery; aircraft and spacecraft; ores, slag and ash; mineral fuel and oil.
- Manufactured goods make up approximately 54% of Canada's total goods exported to the EU, while primary products represent 30%.
- Between 2000 and 2009, Canada's imports from the EU grew 16.1% from \$37.9 billion to \$45.2 billion.
- Canada's top imports from the EU include: machinery; pharmaceutical products; mineral fuel and oil; non-railway vehicles; electrical machinery.
- Manufactured goods make up approximately 78% of Canada's total imports from the EU.

Canada Trade with EU 27 Member States (millions)						
	Canada's Exports to...		Canada's Imports from...		Trade Balance	
	2000	2009	2000	2009	2000	2009
EU-27	\$19,623	\$29,809	\$37,948	\$45,205	-\$18,325	-\$15,396
Belgium	\$2,128	\$1,893	\$980	\$1,448	\$1,148	\$445
Denmark	\$713	\$619	\$548	\$1,607	\$165	-\$988
Netherlands	\$1,432	\$2,759	\$1,268	\$1,872	\$165	\$887
Greece	\$156	\$112	\$106	\$141	\$50	-\$29
Luxembourg	\$108	\$71	\$78	\$138	\$30	-\$67
Slovenia	\$62	\$56	\$44	\$86	\$18	-\$30
Cyprus	\$14	\$12	\$2	\$2	\$11	\$10
Latvia	\$12	\$25	\$33	\$17	-\$22	\$7
Slovakia	\$8	\$27	\$34	\$166	-\$26	-\$138
Lithuania	\$20	\$42	\$54	\$154	-\$34	-\$113
Romania	\$54	\$90	\$102	\$121	-\$48	-\$31
Bulgaria	\$8	\$71	\$61	\$119	-\$53	-\$49
Malta	\$13	\$46	\$72	\$23	-\$59	\$23
Estonia	\$6	\$31	\$85	\$22	-\$79	\$9
Czech Republic	\$67	\$137	\$161	\$269	-\$94	-\$132
Hungary	\$40	\$274	\$157	\$371	-\$117	-\$96
Poland	\$155	\$236	\$273	\$753	-\$119	-\$517
Portugal	\$102	\$201	\$237	\$322	-\$135	-\$121
Spain	\$664	\$1,132	\$941	\$1,331	-\$278	-\$199
Finland	\$292	\$331	\$638	\$942	-\$345	-\$611
Austria	\$350	\$402	\$723	\$1,180	-\$373	-\$778
Ireland	\$322	\$543	\$945	\$2,196	-\$623	-\$1,653
Sweden	\$350	\$381	\$1,772	\$1,796	-\$1,422	-\$1,415
Italy	\$1,744	\$1,798	\$3,669	\$4,444	-\$1,925	-\$2,647
France	\$1,901	\$2,682	\$4,162	\$5,626	-\$2,261	-\$2,943
Germany	\$3,155	\$3,739	\$7,774	\$10,662	-\$4,619	-\$6,922
United Kingdom	\$5,747	\$12,100	\$13,027	\$9,399	-\$7,280	\$2,701

Canada–EU Agri-Food Trade

The presence of Canadian agricultural products is steadily growing in the EU as companies capitalize on opportunities that exist in the growing market. Canada exports have increased 65.4% from 2000 to 2009, and with a total of \$2.3 billion in agri-food exports in 2008, Canada has increased exports by 20.1% from 2006. Even with a decrease in exports to the EU of \$218.5 million (9.6%) in 2009, growth in the past four years is positive at 8.5% with agricultural exports to EU 27 totalling \$8.2 billion.

Canadian Agri-Food Exports to EU 27 2009 (millions)			
Italy	\$450.5	Austria	\$10.2
Belgium	\$342.7	Finland	\$7.2
United Kingdom	\$295.3	Hungary	\$6.3
Spain	\$205.3	Lithuania	\$5.1
Germany	\$196.1	Bulgaria	\$3.8
Netherlands	\$178.5	Latvia	\$3.0
France	\$108.7	Estonia	\$2.9
Portugal	\$67.5	Cyprus	\$2.1
Denmark	\$49.3	Romania	\$2.1
Greece	\$29.9	Slovakia	\$1.8
Czech Republic	\$24.7	Slovenia	\$1.7
Poland	\$19.8	Malta	\$1.0
Ireland	\$18.0	Luxembourg	\$0.4
Sweden	\$12.1		

Agricultural exports to EU member countries have largely grown in the past four years, with occasional drops to certain countries, particularly in 2009. Agricultural exports to Canada's significant export country Belgium, nearly doubled from \$328 million to \$631 million from 2006-08. Agricultural exports to Denmark have also grown substantially (184%) from 2006-08, as did exports to some of Canada's smaller export countries, such as Austria (484%), Finland (205%), and Lithuania (117%). Although exports to a number of countries decreased in 2009, there was Canadian agricultural export growth to Italy, Spain, Netherlands, Portugal, Denmark, Lithuania, Estonia, Cyprus, and Luxembourg.

Exports to Italy have already surpassed 2008 totals by \$40 million to reach \$365 million as of September 2009. The largest drop in Canada's agricultural exports (-95.2%) from 2006-08 was Romania, while the largest drop (-67.9%) from 2008-09 was to Austria.

Canada's Top 5 Agricultural Exports to EU 27 2009 (millions)	
Total agri-food exports	\$2,046.2
Durum wheat	\$456.9
Soya beans	\$327.0
Wheat nes and meslin	\$245.0
Linseed, whether or not broken	\$102.0
Lentils dried, shelled, whether or not skinned or split	\$90.7

The most significant category growth (83%) from 2006-09 was grains, bulk or cereals. Grain exports reached \$743.8 million in 2009, and represented approximately 36.3% of all Canadian agri-food exports to EU. Grains, whether in bulk or cereal, has consistently been Canada's top agri-food export. Canada exports over \$9 billion in grains, and is the third largest exporter in the world. Of all Canadian grain exports, 14% went to EU 27 in 2009. The next largest export categories in 2009 were oilseeds, seeds for sowing, and fodder; accounting for \$542.1 million (26.5%

of total Canada agri-food exports to the EU), with edible vegetables and certain roots and tubers at \$234.5 million (11.5%). The second largest category growth from 2006-09 was in coffee, tea, maté and spices (71.1%), followed by sugars and sugar confectionery (66.5%).

Canadian Agri-Food Imports from EU 27 2009 (millions)			
France	\$751.3	Finland	\$11.7
Italy	\$785.0	Bulgaria	\$18.2
United Kingdom	\$426.4	Czech Republic	\$10.5
Netherlands	\$372.3	Hungary	\$8.6
Germany	\$299.8	Estonia	\$2.7
Spain	\$194.5	Romania	\$2.2
Belgium	\$179.3	Lithuania	\$4.0
Ireland	\$143.1	Slovenia	\$1.7
Denmark	\$68.3	Cyprus	\$1.5
Greece	\$69.8	Slovakia	\$0.9
Portugal	\$62.9	Malta	\$0.7
Sweden	\$52.4	Latvia	\$0.1
Poland	\$47.3	Luxembourg	\$0.1
Austria	\$20.8		

Imports from Lithuania (growth of 157%) and Estonia (135%) have increased the most from 2006 to 2008. Imports from Lithuania also increased by \$1.8 million in 2009. However, the value of Italy's imports into Canada increased by the largest amount, from \$649.8 million in 2006 to \$782.6 million in 2008. In 2009, the largest value increases were from the UK (\$10.7 million), Spain (\$7.5 million) and Greece (\$6.4 million). France and Italy, the two largest exporters,

combine to represent 43% of all European agricultural imports into Canada.

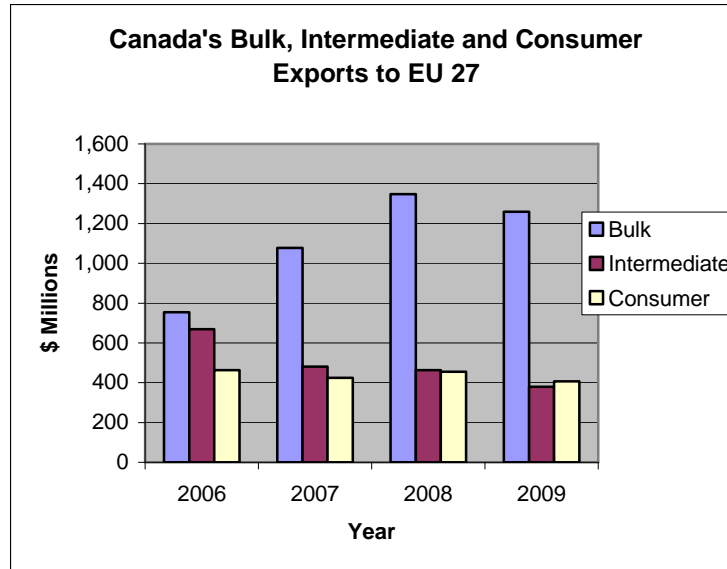
Canada's Top 5 Agricultural Imports from EU 27 2009 (millions)	
Total agri-food imports	\$3,536.0
Grape wines	\$789.6
Beer made from malt	\$353.5
Chocolate and other food preparations containing cocoa	\$147.4
Cheese	\$134.0
Liqueurs and cordials	\$113.3

The category beverages, spirits and vinegar has consistently been Canada's top import from EU 27 throughout the past five years. Since 2005, beverages, spirits and vinegar have annually represented 45-50% of total EU imports into Canada. Preparations of grains and pasta accounted for the second largest import category from the EU, valued at \$265.3 million or 7.5% of total EU agri-food imports in 2009. The third largest import category was cocoa and cocoa preparations worth \$243.7 million and representing 6.9%

of total agri-food imports from the EU. The smallest import category: miscellaneous chemical products, has also experienced the largest growth, increasing 186.3% from 2006-09. Other large growth import categories are furskins and oilseeds.

Canada–EU 27 Bulk, Intermediate and Consumer Exports

- Canada's bulk agri-food exports to EU 27 were approximately \$1.3 billion in 2009. Top exports included: durum wheat (\$456.9 million or 36.3% of bulk exports), soya beans (\$327 million or 26%), wheat nes and meslin (\$245 million or 19.5%), linseed (\$102 million or 8.1%), and canola seeds (\$42.6 million or 3.4%).
- Bulk exports have nearly doubled since 2006 (growth of 67%), reflecting the rising demand in Europe for Canadian bulk agri-food goods, particularly grains. In 2009, grains, bulk or cereals, accounted for 59% of Canada's bulk exports to the EU. The grain industry in France (the EU's leading grain producer) is in turmoil as French grain farmers' protest daily about lack of funding from the government.
- A number of bulk export categories have been declining in recent years; however, several categories have also experienced notable growth. From 2006-09 exports of cocoa and cocoa preparations increased 133.7%, grains 83.1%, and oilseeds 63.8%.
- Intermediate agri-food exports to the EU totaled \$380.3 million in 2009. Top exports included: lentils dried, shelled (\$90.7 million or 23.8% of intermediate exports), kidney beans and white pea beans dried, shelled (\$85.3 million or 22.4%), peas dried, shelled (\$24.5 million or 6.5%), beans dried, shelled (\$21.7 million or 5.7%) and bovine semen (\$20.2 million or 5.3%).
- Intermediate exports have been gradually declining (43.1% from 2006-09). However, this overall decline is due to decreases in the larger intermediate export categories. A number of Canada's smaller intermediate export categories have continued to grow from 2006-09. Some of these categories are: food industry residues & waste, prepared fodder (11.6%), live animals (34.3%), lac, gums, resins & other vegetable saps & extracts (41.4%), miscellaneous edible preparations (321.4% growth), caseins and albumins (57.3%), coffee, tea, maté and spices (450.1%).
- Consumer agri-food exports to EU 27 have fluctuated over the past few years, reaching \$406.9 million in 2009. Top exports include: fruits and edible nuts (\$56.4 million or 13.9% of consumer exports), maple sugar and maple syrup (\$47.8 million or 11.8%), dog or cat food for retail sale (\$45.8 million or 11.3%), horse, ass, mule or hinny meat (\$44.6 million or 11%), and cheese (\$23.3 million or 5.7%).
- Consumer export categories that have grown from 2006-09 are: sugars and sugar confectionery (66% growth), food industry residues & waste, prepared fodder (91.4%), preparations of vegetables, fruit & nuts (33%), cocoa and cocoa preparations (21.2%), and coffee, tea, maté and spices (72.9%).



While Canada imports a substantial variety of agricultural goods from the EU, it is important to note that the majority of imports into Canada are specialty commercial goods such as wine and spirits. The agricultural trade relationship between Canada and the EU is typically characterized by the export of bulk commodities and the import of luxury goods. Exports of these luxury commodities have steadily increased throughout the past decade with minor declines as a result of fluctuating demand in the Canadian market.

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For up-to-date trade events listing for Europe, please follow this link:
www.ats-sea.agr.gc.ca/eve/eve-eur-eng.htm

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