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OFFICE OF
THE CHIEF
ECONOMIST

CANADA - SPAIN TRADE AND INVESTMENT PERFORMANCE UNDER CETA

Madrid, January 2023



DISCLAIMER

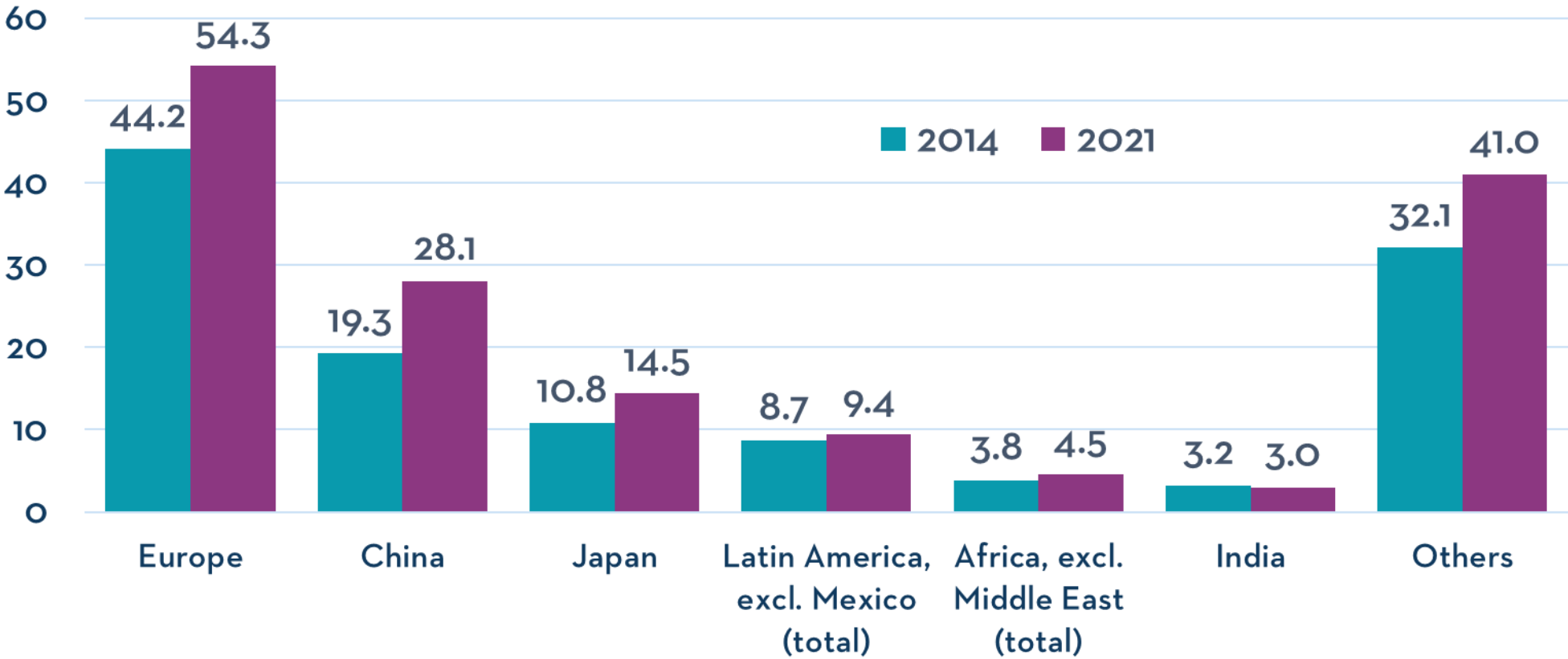
All calculations done by the Office of the Chief Economist are estimates.

Any excerpts from this document must be referenced.



AFTER THE U.S., EUROPE IS THE 2ND MOST IMPORTANT DESTINATION FOR CANADA

Canadian exports by region/country excluding the U.S.
(in billions CAD\$)

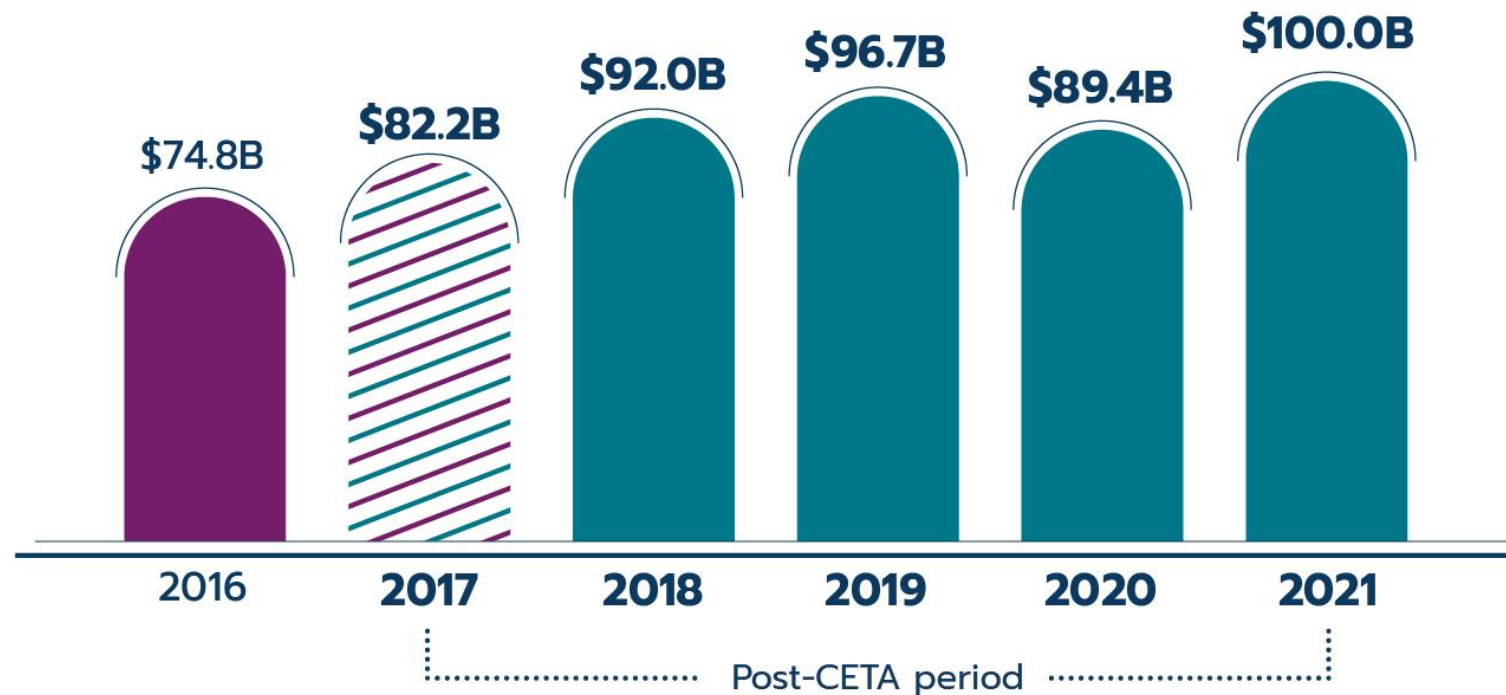


Source : [Report - Trade Data Online - Import, Export and Investment - Innovation, Science and Economic Development Canada](#)

TWO-WAY TRADE BETWEEN CANADA AND THE EU HIT A RECORD HIGH IN 2021, REACHING \$100B FOR THE FIRST TIME

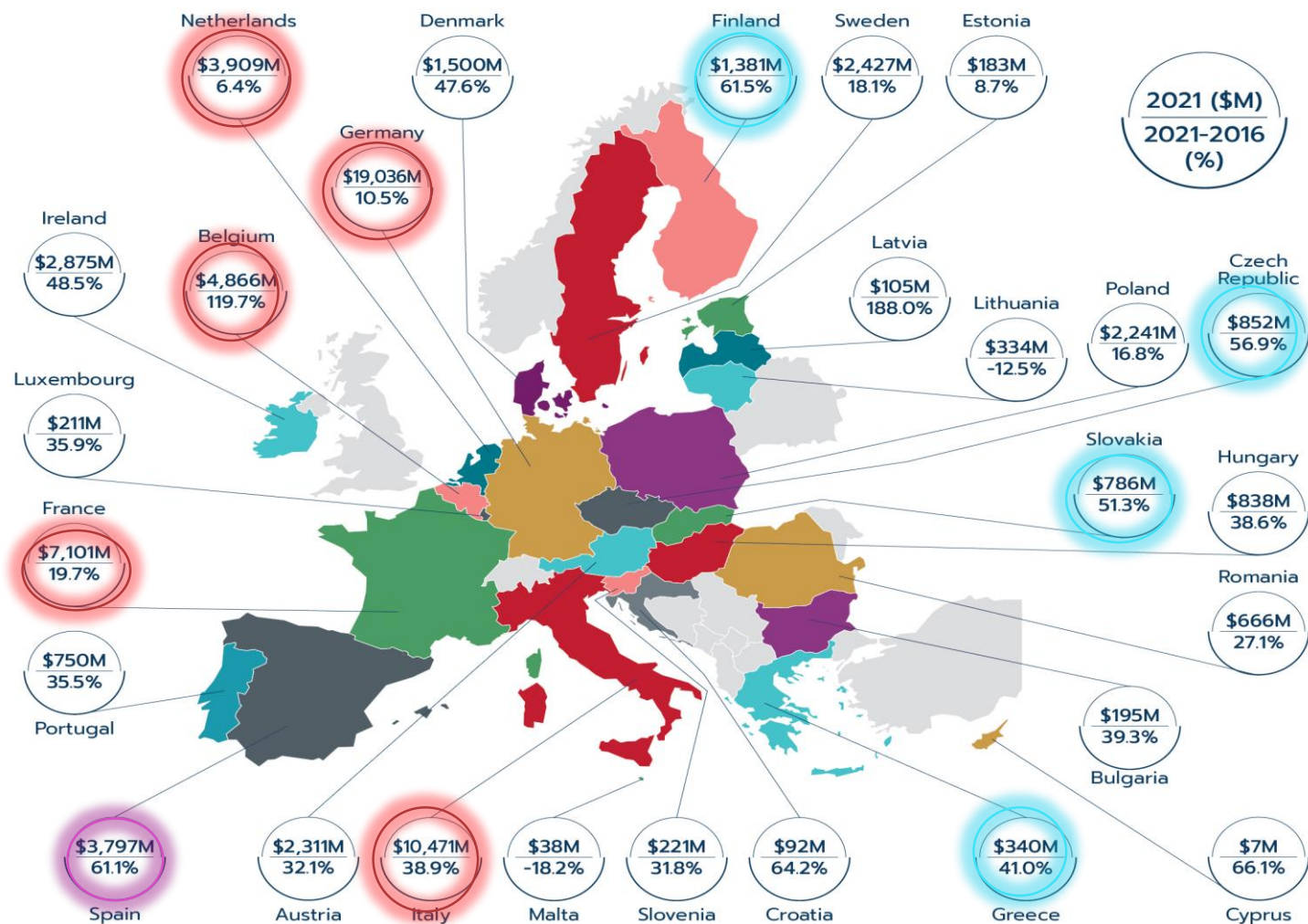
Canada-EU bilateral merchandise trade

- Canadian exports that received tariff reduction from CETA grew 25%
- Canadian imports that received tariff reduction from CETA grew 46%



MAIN EU EXPORTING COUNTRIES ACCOUNTED FOR MOST OF INCREASE IN TRADE, BUT A NUMBER OF SMALLER PARTNERS ARE GROWING FAST

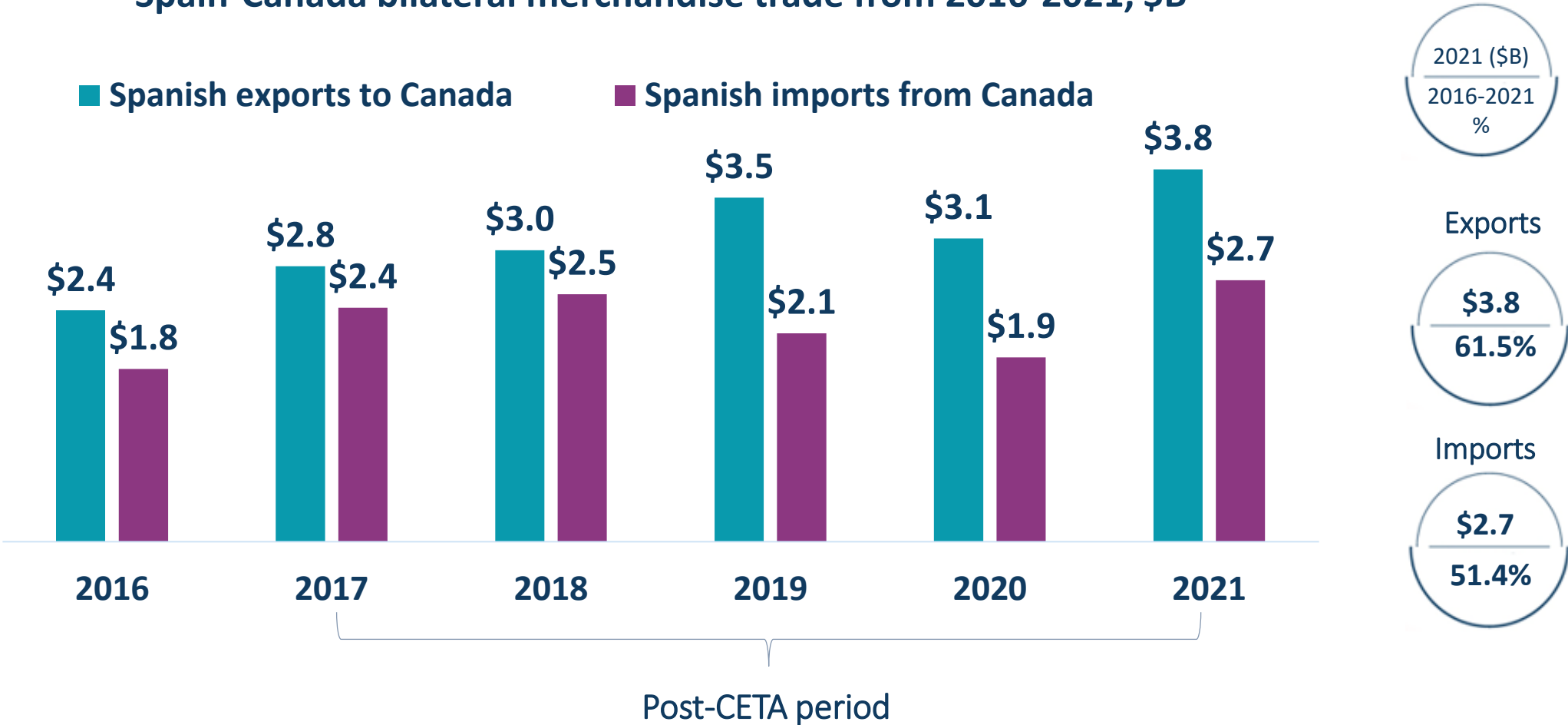
EU merchandise exports to Canada by country, 2016-2021





THE GROWTH IN TOTAL TRADE WAS MOSTLY DRIVEN BY SPAIN'S EXPORTS TO CANADA

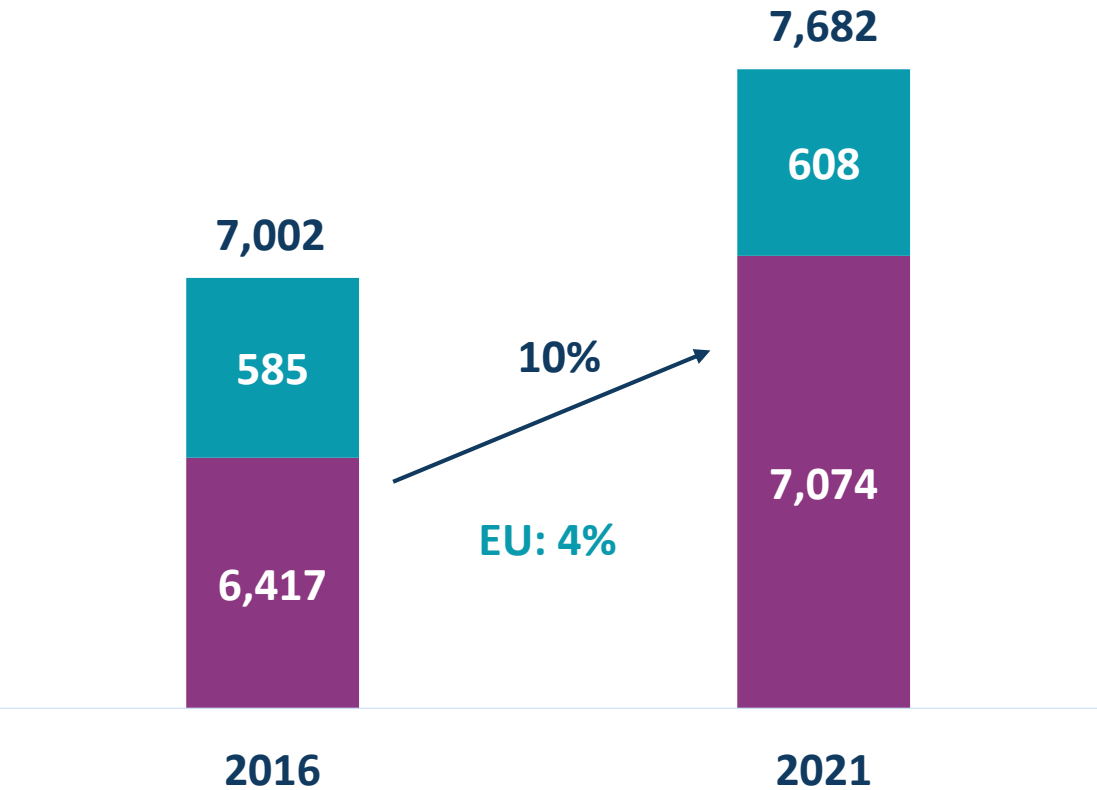
Spain-Canada bilateral merchandise trade from 2016-2021, \$B



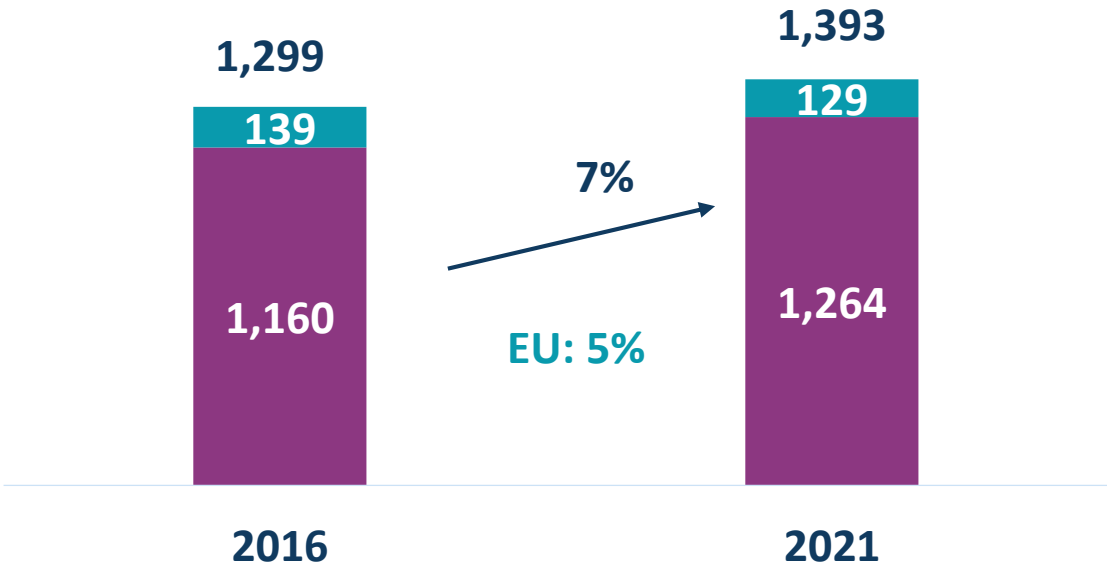


SINCE CETA’S IMPLEMENTATION, SPAIN IS TRADING WITH MORE CANADIAN FIRMS, MOSTLY SMES

Canadian firms that import from Spain,
(number of enterprises and % growth, 2016-2021)



Canadian firms that export to Spain,
(number of enterprises and % growth, 2016-2021)



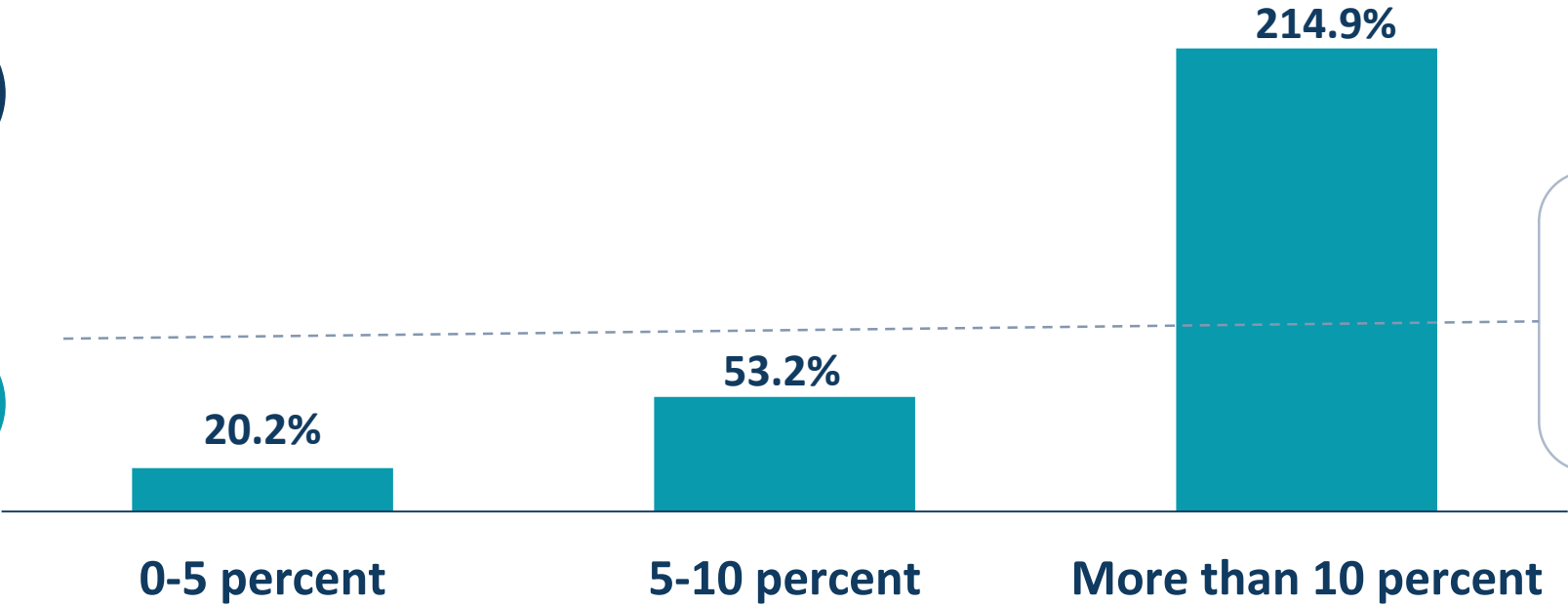


EXPORTS WITH LARGER TARIFF REDUCTIONS HAD STRONGER GROWTH

Growth in Spanish merchandise exports to Canada by preference margin (tariff reduction), 2016-2021

Preference margin=
MFN - CETA tariff


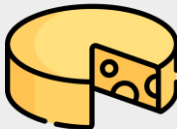





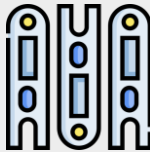




MFN= general
tariff for WTO
member countries



All products
with tariff
reductions:
67.1%



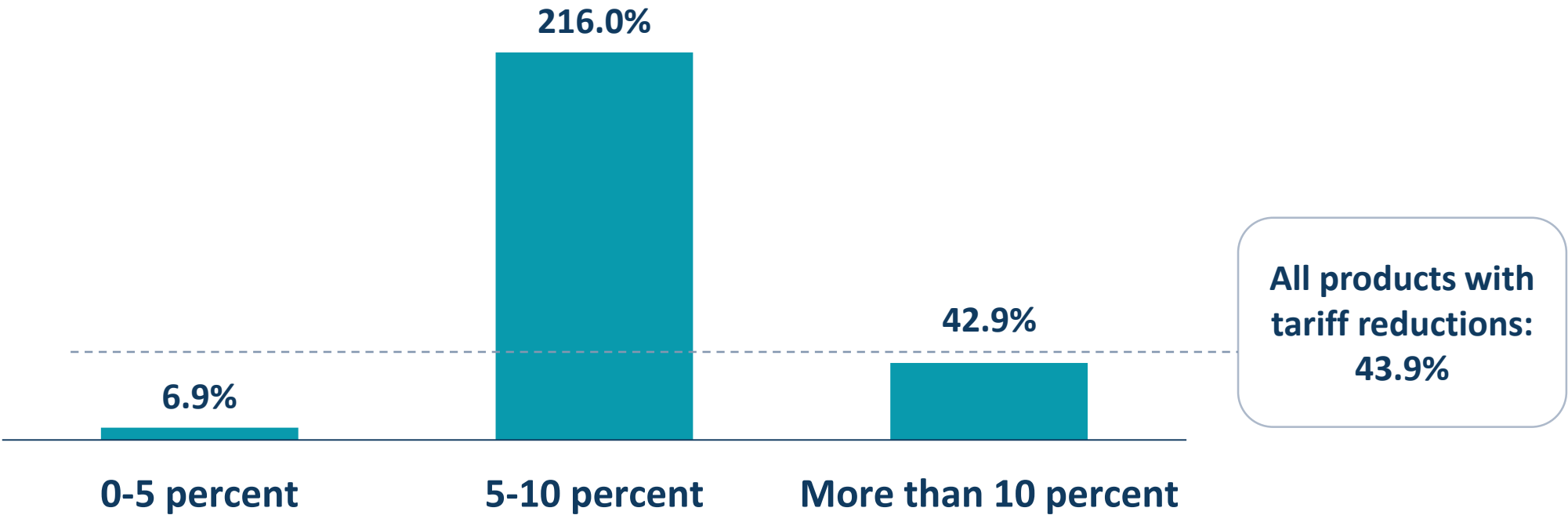
SPANISH EXPORTS TO CANADA INCREASED FOR PRODUCTS THAT BENEFITTED FROM PREFERENTIAL ACCESS

	GROWTH IN SPANISH EXPORTS TO CANADA, 2016 TO 2021	
% increase	1 to 400%	More than 400%
Tariff reduction:		
0 to 5 percentage points	<div>Wine</div> <div></div> <div>Cheese</div> <div></div> <div>Cereals (corn flakes)</div> <div></div> <div>Table salt</div> <div></div>	
5 to 10 percentage points	<div>Ceramic tiles</div> <div></div> <div>Perfumes and toilet waters</div> <div></div> <div>Vibration control rubber</div> <div></div> <div>Cast iron articles</div> <div></div>	
More than 10 percentage points	<div>Ships, boats</div> <div></div> <div>Boneless beef</div> <div></div> <div>Clinical trial kits</div> <div></div> <div>Tomatoes preparations</div> <div></div>	








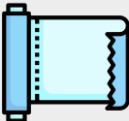






IMPORTS WITH TARIFF REDUCTIONS BETWEEN 5 AND 10% HAD THE LARGEST GROWTH

Growth in Spanish merchandise imports from Canada by preference margin (tariff reduction),
2016-2021



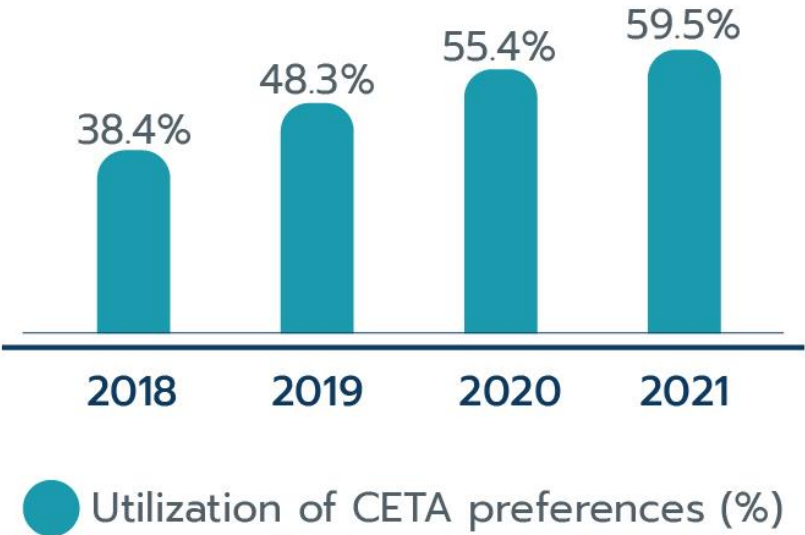
SPANISH IMPORTS HAVE GROWN FOR PRODUCTS THAT BENEFITTED FROM PREFERENTIAL ACCESS TO CANADA

	GROWTH IN SPANISH IMPORTS FROM CANADA, 2016-2021	
% increase	1 to 400%	More than 400%
Preference margin:		
0 to 5 percentage points	Aluminium (unwrought)*  Aeroplanes, helicopters (parts) 	Pallets for handling goods  Optical instruments 
5 to 10 percentage points	Chemical products (linear alkylbenzenes)  Fertilizers 	Chemical products (supported catalysts with precious metal)  Articles of plastic 
More than 10 percentage points	Cranberries (preserved, prepared)  Women's or girls' dresses 	Fertilised eggs for incubation (fowls)  Molluscs (fresh or chilled) 



THE USE OF CETA PREFERENCES BY CANADIAN FIRMS HAS JUMPED SUBSTANTIALLY

Utilization rates of CETA preferences in EU exports to Canada, 2018-2021



EU countries with the highest utilization rates in 2021 :



Cyprus (99.3%)



Croatia (86.5%)

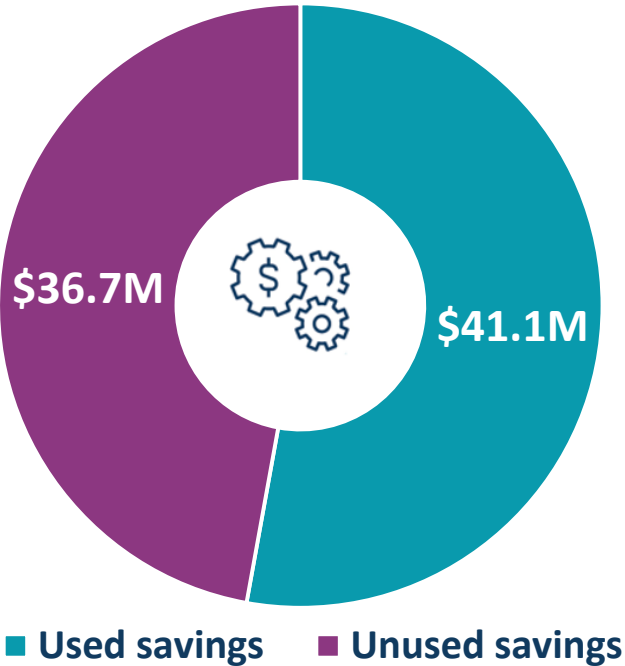


Spain (62.1 %)

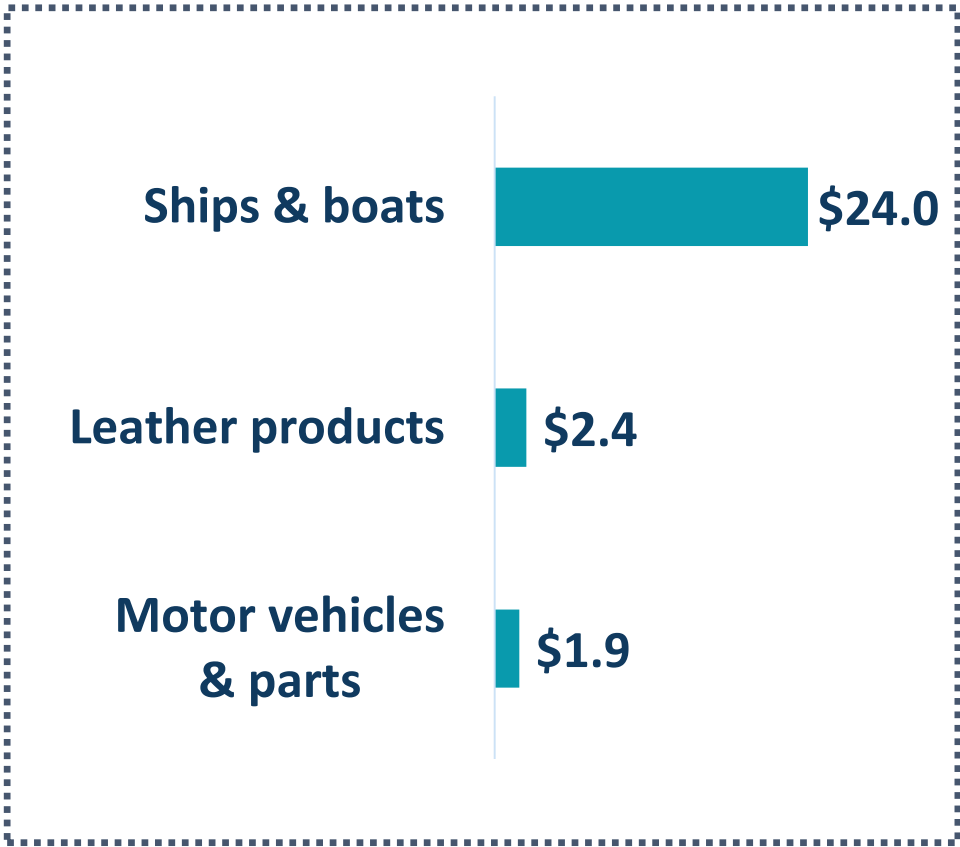


SPANISH FIRMS BENEFITED FROM LOWER PRICES FOR THEIR PRODUCTS SOLD TO CANADA

Tariff savings for Spanish exports to Canada, 2021



Spanish exports to Canada: Most unused preferences (Million of CAD\$, 2021)








Data: Office of Chief Economist, DG Trade of the EU Commission.
Source: Office of the Chief Economist, Global Affairs Canada.



UNUSED TARIFFS SAVINGS ON SPANISH EXPORTS TO CANADA

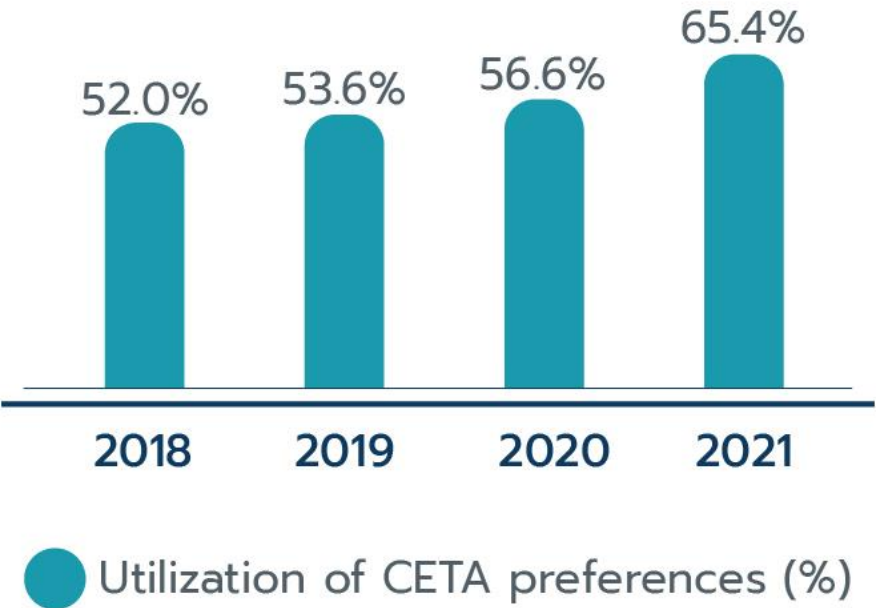
Spanish exports (in CAD\$, 2021)

HS 4 description		Possible savings	Used savings	Unused savings
8901 Cruise and cargo ships, excursion boats, ferry-boats		24,013,004	0	24,013,004
4202 Trunks, suitcases, briefcases		2,865,055	1,067,474	1,797,581
7601 Unwrought aluminum		1,180,817	242,735	938,082
3303 Perfumes and toilet water		1,571,663	655,008	916,655
8704 Motor vehicles for the transport of goods		2,362,305	1,566,235	796,070







MORE SPANISH IMPORTERS ARE USING CETA PREFERENCES EVERY YEAR

Utilization rates of CETA preferences in EU imports from Canada, 2018-2021



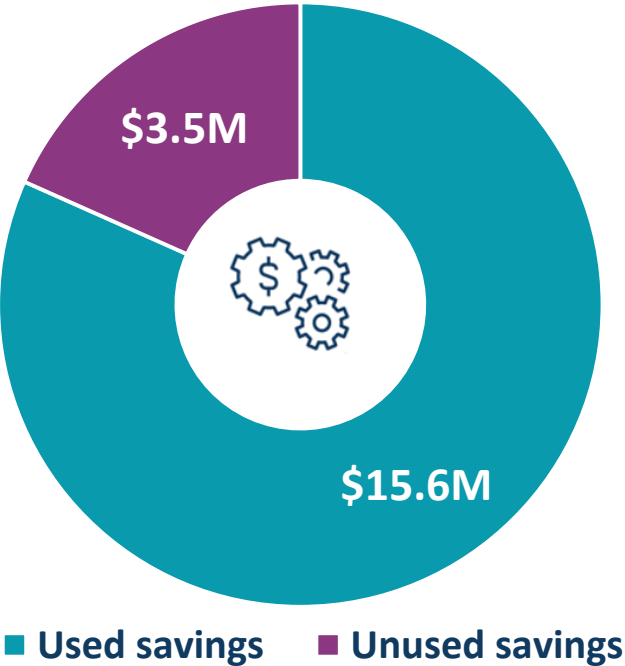
Countries with highest utilization rates imports from Canada in 2021:

- Greece (95.2%) 
 - Denmark (87.5%) 
 - The Netherlands (84.7%) 
-
- Spain (77.9%) 

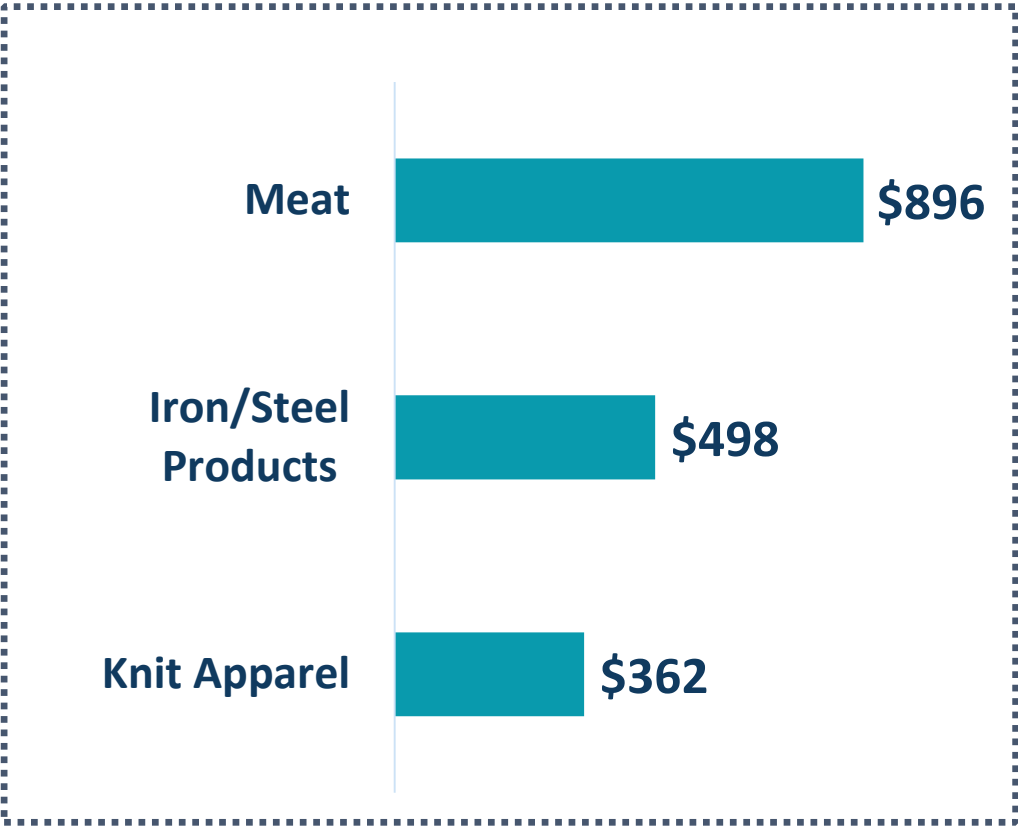


CETA ALLOWED SPANISH IMPORTERS TO LOWER PRODUCT PRICES FOR THEIR CONSUMERS

Tariff savings for Spanish imports from Canada, 2021



Spain imports from Canada: Most unused preferences (thousand of CAD\$, 2021)





UNUSED TARIFFS SAVINGS ON SPANISH IMPORTS FROM CANADA

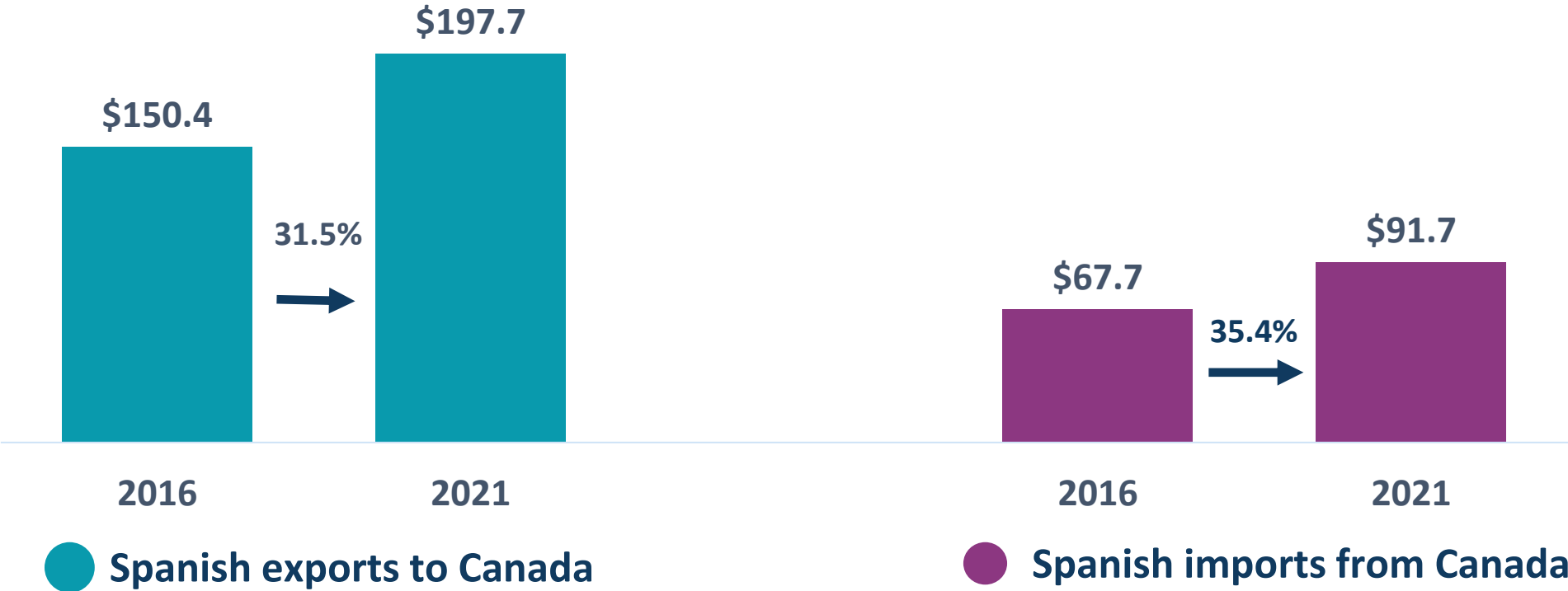
Spanish imports (in CAD\$, 2021)

HS 4 description		Possible savings	Used savings	Unused savings
0201 Beef		746,328	0	746,328
7326 Iron and Steel articles		480,831	9,806	471,024
6104 Women's or girls' suits, ensembles, jackets, blazers, dresses, skirts		499,742	213,821	285,921
3105 Fertilisers (mineral or chemical)		327,402	246,429	80,973
0304 Fish Filets		138,063	61,391	76,671



TRADE IN ENVIRONMENTAL GOODS BETWEEN SPAIN AND CANADA HAS EXPANDED

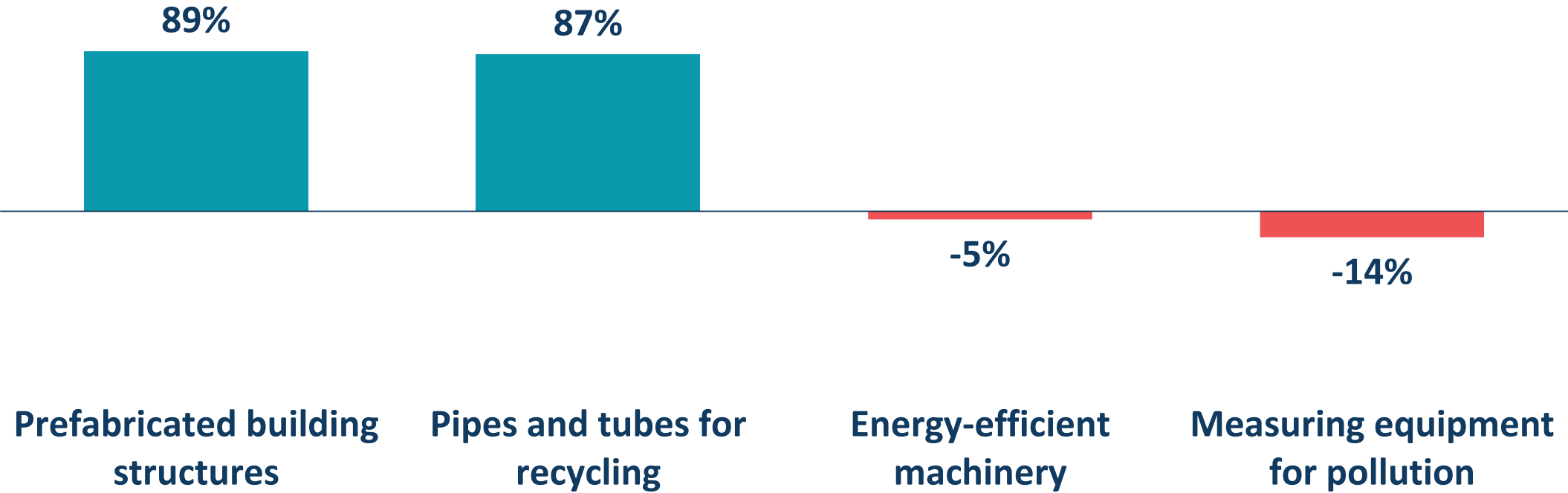
Trade in environmental goods (Million of CAD\$), 2016-2021





THE GROWTH IN SPANISH EXPORTS OF ENVIRONMENTAL GOODS WAS DRIVEN BY PIPES AND TUBES FOR RECYCLING AND MEASURING EQUIPMENT

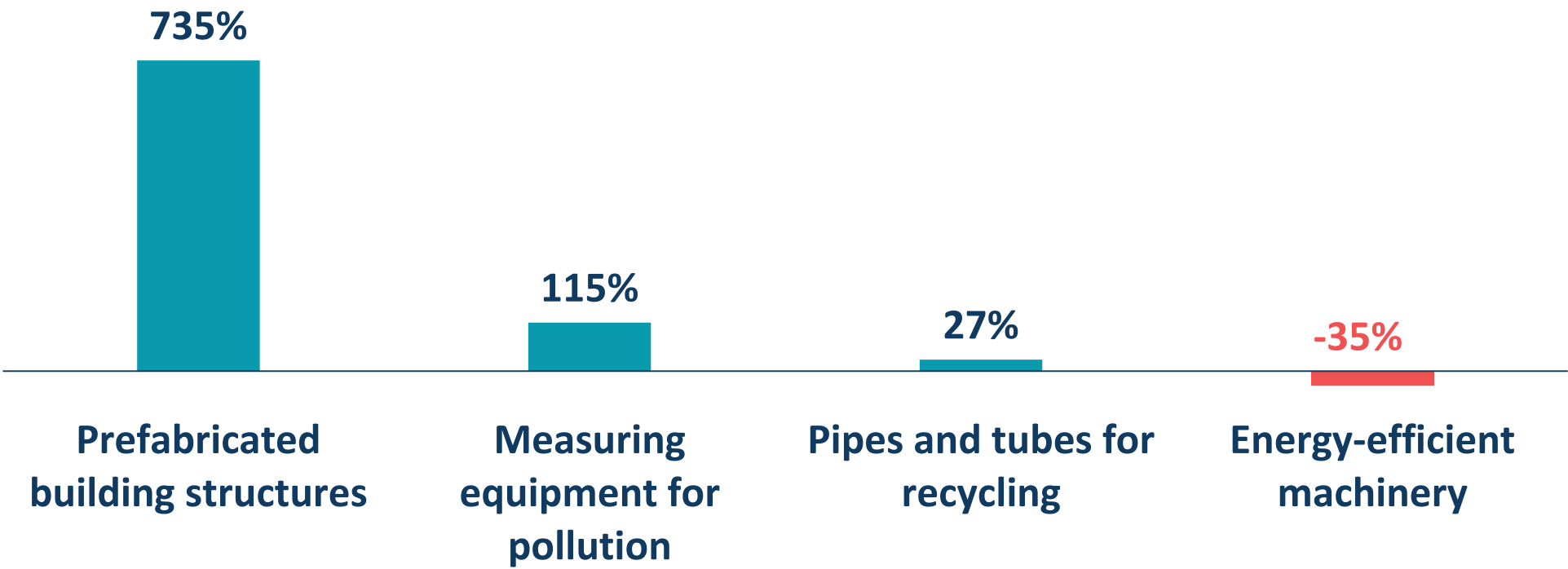
Growth in Spanish exports of environmental goods to Canada, 2016-2021





THE GROWTH IN SPANISH IMPORTS OF ENVIRONMENTAL GOODS WAS DRIVEN BY PREFABRICATED BUILDING STRUCTURES

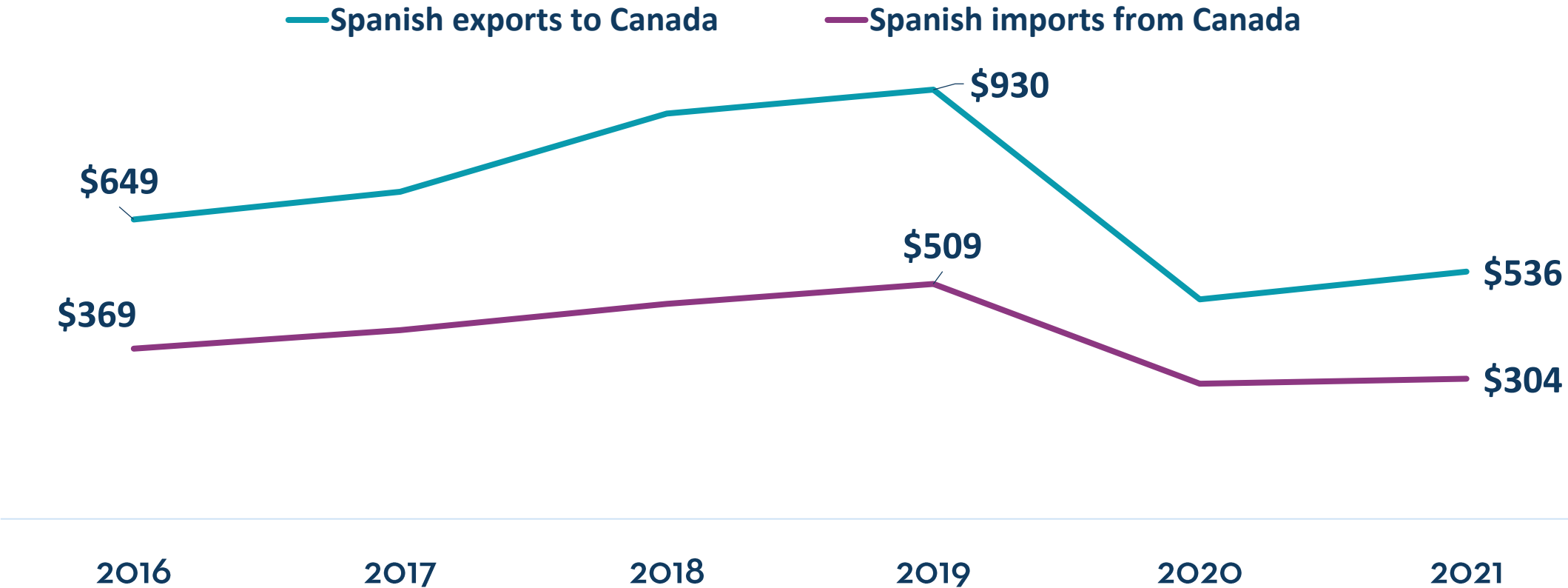
Growth in Spanish imports of environmental goods from Canada, 2016-2021





SERVICES TRADE BETWEEN SPAIN AND CANADA DECLINED DURING THE PANDEMIC AND HAS NOT YET RECOVERED

Services trade between Spain and Canada (million of CAD\$)

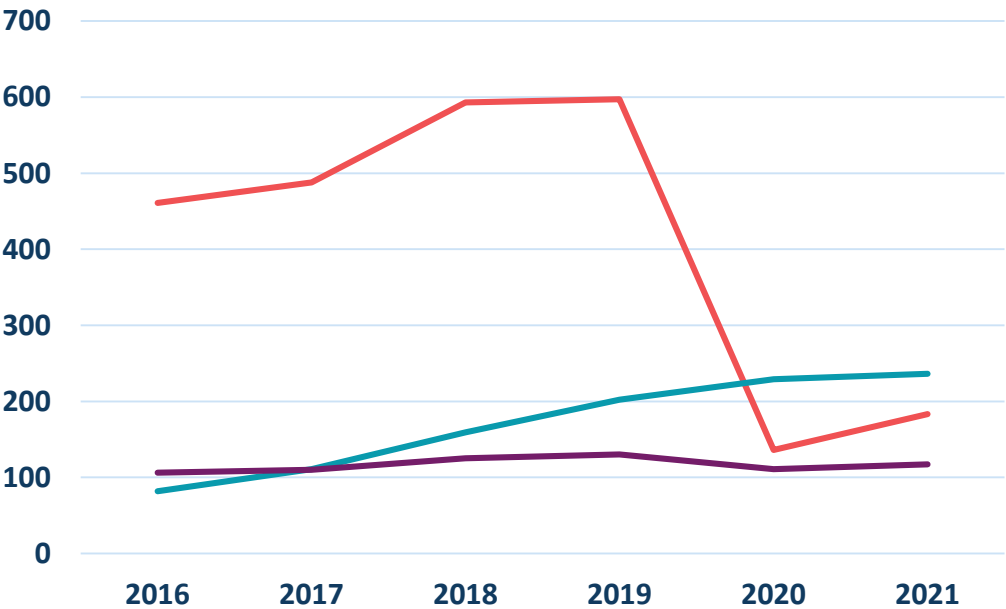




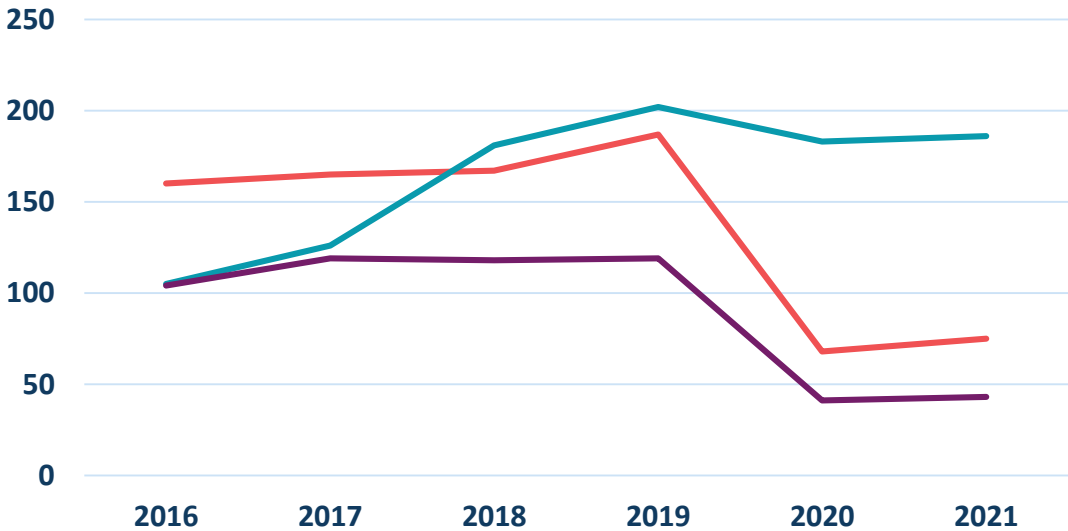
THE DECLINE WAS MOSTLY DRIVEN BY DROP IN TRAVEL SERVICES

— Travel — Commercial services — Transportation & government services

Spanish exports to Canada (\$Million)

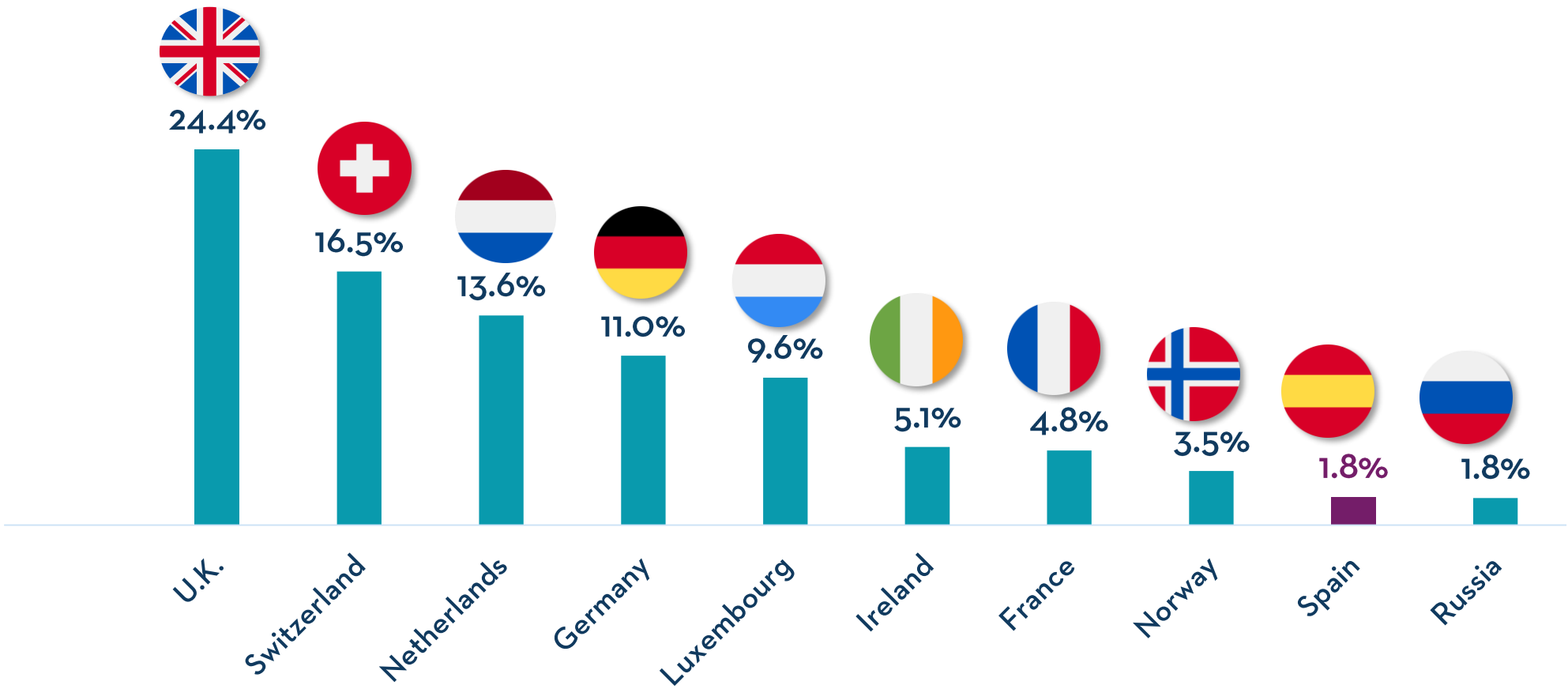


Spanish imports from Canada (\$Million)





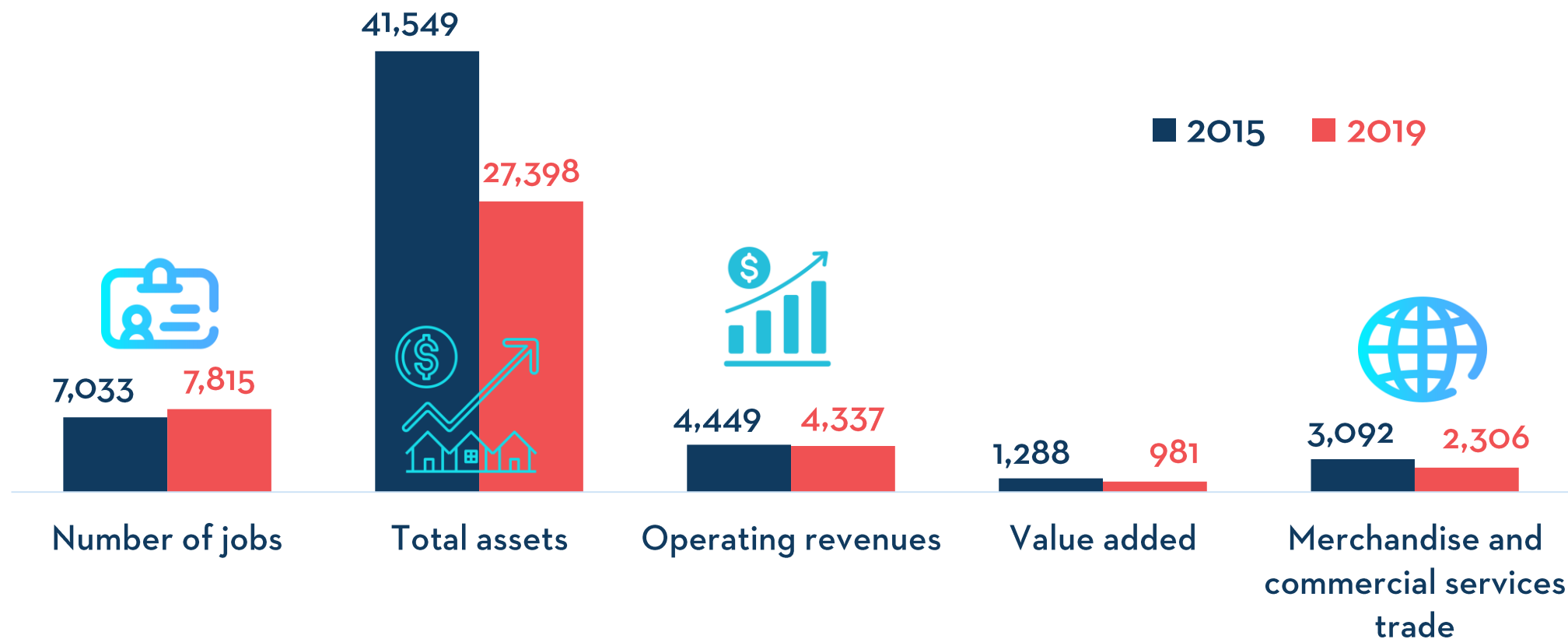
SPAIN RANKED 9TH AMONG EUROPEAN SOURCE COUNTRIES OF FDI (UIC) IN CANADA IN 2021



FDI from Europe represents 26.8% of all FDI in Canada. The top 10 European countries represent 92% of all FDI coming from Europe.

SPANISH COMPANIES HAVE LOWERED THEIR ASSETS IN CANADA WHILE INCREASING THE NUMBER OF EMPLOYEES

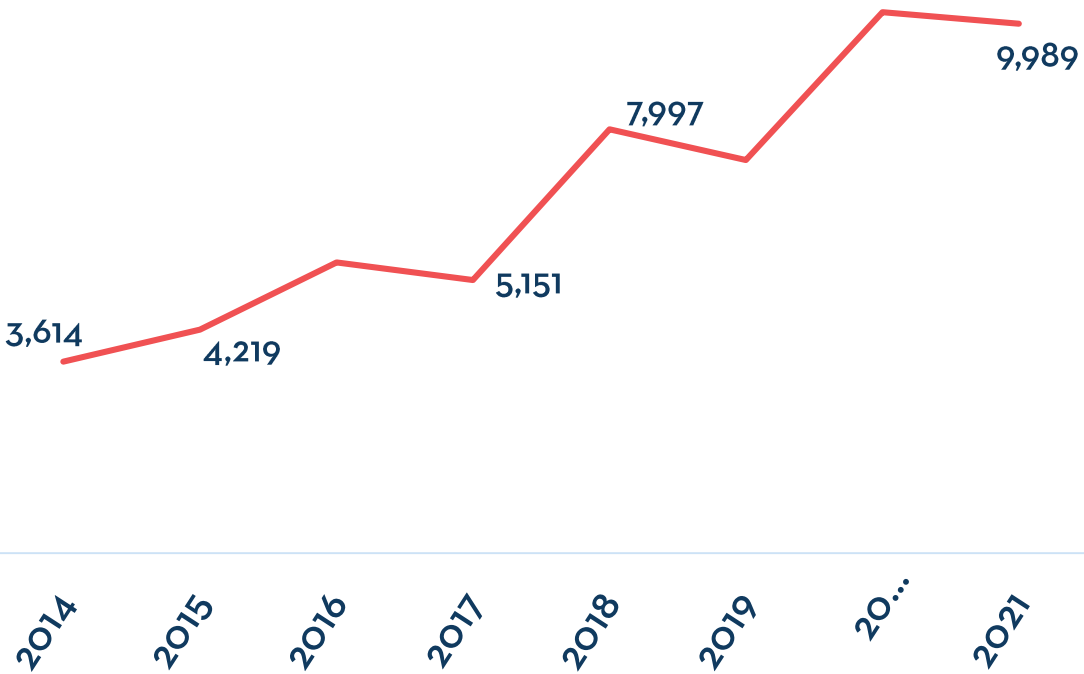
Activities of Spanish multinational enterprises in Canada
(in millions of CAD\$, except for the number of jobs)



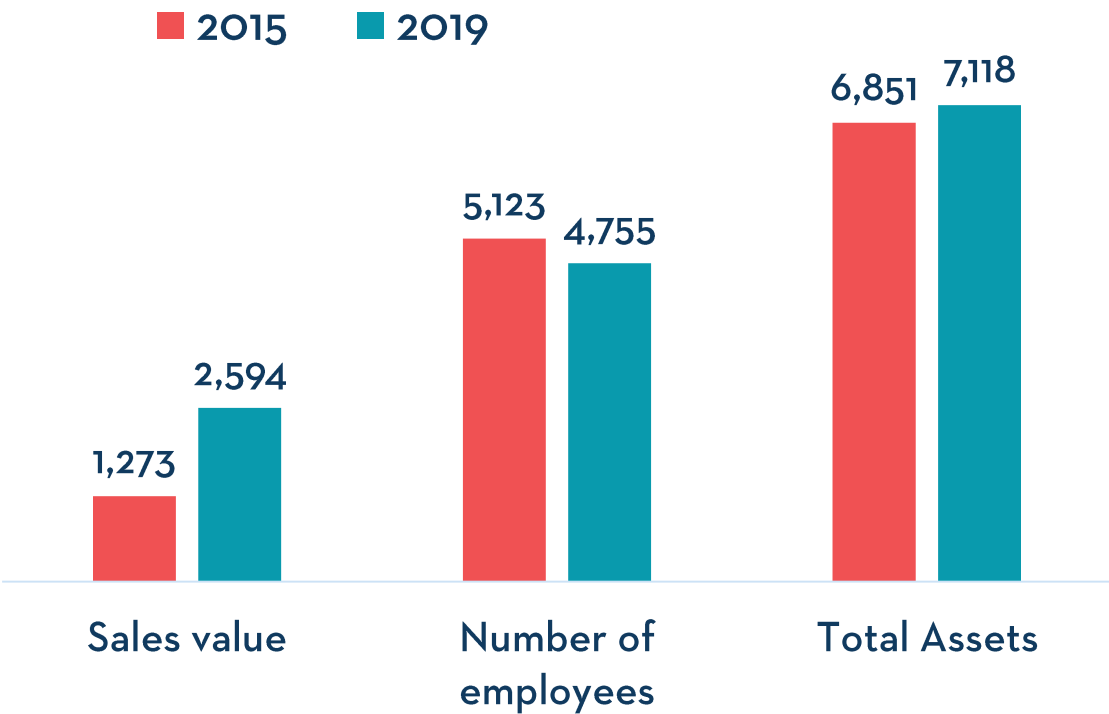


CANADIAN DIRECT INVESTMENT IN SPAIN FLUCTUATED OVER THE YEARS BUT HAS BEEN INCREASING

CDIA (in millions of CAD\$)



Activities of Canadian multinational enterprises
(in millions of CAD\$, except for employees)





THANKS FOR YOUR ATTENTION

1. Report on benefits of CETA: https://www.international.gc.ca/trade-commerce/assets/pdfs/economist-economiste/analysis-analyse/benefits-ceta5-avantages_eng.pdf
2. State of Trade 2022: The Benefits of Free Trade Agreements: <https://www.international.gc.ca/transparency-transparence/state-trade-commerce-international/2022.aspx?lang=eng>