

## **CANADA AND THE EU: FROM TRANSATLANTIC ECONOMIC DIALOGUE TO MONOLOGUE**

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Once again, Canada is making another attempt to revive and improve economic and political ties with Europe. This recurrent theme on the transatlantic front reminds one of someone pushing on a replay button frantically in an attempt to trigger some new dynamics without ever really succeeding. Canada enjoys good relations with the EU, but Canada, unlike the United States, is not a priority for the EU. While new initiatives have been launched to reset the transatlantic economic dialogue, one can wonder whether the interest and the political will, on the European side, are really there. Numerous reasons explain why Canada seeks to secure and revitalize its relationship with the EU, but the most important one is that Canada is looking for a solution to a stalling and slowing North American economic integration.

Indeed, since NAFTA, Canada's international economic policy has been centered on renewing and deepening economic integration with the United States. Yet, the benefits of North American integration for Canada are less evident now than there were in the late 1990s. Canada is looking for new options. One of which is to build on NAFTA and *The Security and Prosperity Partnership of North America*, and to deepen economic integration with United States. Some have proposed a customs union, others the setting-up of a bilateral commission to harmonize market regulations, norms and standards, but even if this were achieved, it would not help Canada face the challenges of the new geo-economic order and improve its international competitiveness. Increasingly, Canada is an exporter of energy and raw materials; its huge surplus with United States is in fact mainly tied to this sector. With an overvalued dollar and a poor productivity growth, manufacture exports face hard competition on American markets, while Asian imports have exploded. Canada has a trade deficit in goods with almost all countries except the United States, and its surplus with its neighbor masks important industrial adjustment and competitiveness problems. Thank to NAFTA, and natural resources, Canada's economic performance is still rather good, but it needs to boost its economy, reconsider its international economic policy, and adapt to the new world economic geography, just as Canadian enterprises are trying to do.

Multilateralism being on hold while Canada's bilateral ties with BRICs, and Asia, developing slowly, Canada finds nowhere else to turn to than Europe in its latest attempt to gain autonomy from the United States and to look for a new engine for growth, competitiveness and prosperity. Trade relations are developing as Canadian firms are everyday more active in Europe - commercial services are showing interesting prospects, etc. - but the fact is: the United States is a much bigger economic player than Canada and the prime transatlantic interlocutor for the EU. Moreover, the EU is too busy building Europe and developing its own trade and investment cooperation partnerships to pay real attention to a dialogue with Canada. At last, harmonizing market standards and regulations, a Canadian objective, could be an insurmountable task as North American and European systems are so different.

But let's make it clear, the fundamental problem is that Canada has mostly wrong reasons to get closer to Europe. Canada can keep looking for a dialogue but at the end of the day Europe knows that Canada has never really developed a true "European" policy.... except to save it from the stranglehold of the United States.

For a much detailed analysis, see this paper by Christian Deblock on the CEIM website:

[http://www.er.uqam.ca/nobel/ieim//spip.php?page=article-ceim&id\\_article=4327](http://www.er.uqam.ca/nobel/ieim//spip.php?page=article-ceim&id_article=4327)