

Strengthening Canada-EU Trade Relations: Enhancing Bilateral Trade Ties with France to Mitigate U.S. Tariff Risks

Presented by: Riva WALIA

Insights from Industry Leaders



Riva WALIA

Founding Managing Director,
FCCCO



Rita Trichur

Senior Business Writer & Columnist,
The Globe and Mail



Adrian Thomas

President, EUCCAN
CEO, Hammond Power Solutions



Marie Glenn

Senior Vice President, Strategy,
CRH Plc



Sanjay Tugnait

Founding President, FCCCO
President & CEO,
Fairfax Digital Services



David Anonymchuk

Global Vice President,
Metallurgy and Consulting,
SGS



Wendy Wagner

Partner at Gowling WLG



Anders Fisker

President & Founder,
FCL Fisker Customs & Logistics

Canada's **economic resilience** is being tested by the **rise of protectionism** and **tariff threats**, particularly from the **United States**. Diversifying trade partnerships, with a particular focus on **strengthening bilateral relations** with the European Union (EU), especially **France**, is crucial. Leveraging Canada's **natural resources**, **emerging industries**, and **diplomatic ties** can mitigate U.S. tariff risks while fostering **long-term economic stability**.

EXECUTIVE SUMMARY

1. Strengthen Canada's Positioning:

Capitalize on Canada's wealth of natural resources to enhance its negotiating power on the international stage.

2. Unified Provincial Strategy:

Encourage Canadian provinces to act cohesively, consolidating efforts to strategize against external tariff threats effectively.

3. Promote Canadian Innovation:

Invest in programs like "Create and Innovate in Canada" and foster national pride in Canadian-made products.

4. Industry-Friendly Approach:

Develop sector-specific policies to attract foreign investment, making Canada a global hub for diverse industries.

5. Streamline Business Processes:

Reduce regulatory barriers and create a seamless, business-friendly environment for international companies operating in Canada.

6. Leverage Trade Agreements:

Maximize the benefits of agreements like CETA to expand market access and improve trade competitiveness.

7. Learn from Global Leaders:

Study successful models from countries like Singapore to adopt best practices in trade and economic strategy.

1. Strengthen Canada's Positioning



Canada's wealth of **natural resources** serves as a cornerstone for its **international negotiating power**. Abundant **energy resources**, critical **minerals**, and expertise in **emerging technologies** like artificial intelligence (AI) and **green energy** can enhance its role as a key **trade partner to both the U.S. and the EU**. Leveraging these resources strengthens Canada's ability to **counter external tariff threats** while building **lasting economic partnerships**.

2. Unified Provincial Strategy

A **cohesive national approach** is essential to counteract external tariff threats. **Encouraging provinces to work collaboratively** strengthens Canada's **negotiation power** and ensures a **unified strategy** in addressing international trade challenges. Recent displays of national unity in response to Trump's rhetoric of making Canada a state of the USA highlight the **importance of interprovincial cooperation** in achieving **long-term economic resilience**.

3. Promote Canadian Innovation

Investing in initiatives like “**Create and Innovate in Canada**” can foster **national pride** and elevate **Canadian-made products** on the global stage. Focused support for **innovation** in **technology, clean energy, and agriculture** will enhance Canada’s reputation as a **hub for cutting-edge industries**. Strong promotion of **Canadian innovation** also reinforces its trade relationships and **attracts foreign investment**.

4. Industry-Friendly Approach

Developing **sector-specific policies** that cater to industries such as **energy, technology, and critical minerals** can attract **foreign investment** and position Canada as a **global hub** for diverse industries. **Partnerships with EU** nations like France can focus on **co-developing solutions** in areas like **AI, aerospace, and renewable energy**, capitalizing on mutual strengths.

5. Streamline Business Processes

Reducing regulatory barriers and creating a seamless, **business-friendly environment** is vital for attracting international companies. **Streamlined customs processes** and **clearer regulatory frameworks** will enable **easier market entry** for EU partners, ensuring that **Canada remains competitive** in a rapidly evolving trade landscape.

6. Leverage Trade Agreements

Maximizing the **benefits of trade agreements** like the Comprehensive Economic and Trade Agreement (**CETA**) is key to **expanding market access** and **improving trade competitiveness**. CETA's **tariff-free benefits** and **regulatory cooperation** provide opportunities for Canadian businesses to **grow their presence in EU markets**, particularly in sectors like **agriculture, energy, and manufacturing**.

7. Learn from Global Leaders

Studying **successful trade** and **economic models** from global leaders such as Singapore can provide valuable insights for Canada. Adopting **best practices** in **streamlining business processes**, **fostering innovation**, and creating **resilient supply chains** will strengthen Canada's position in international trade. **Collaboration with EU partners** offers further opportunities to integrate successful strategies.

Conclusion: Turning Challenges into Opportunities

U.S. tariff threats present both **challenges and opportunities** for Canada. By **unifying provincial efforts, leveraging its resources, and fostering innovation**, Canada can strengthen its position on the **global stage**. Collaborating with **international partners** like France and utilizing **trade agreements** like CETA will ensure **long-term economic stability, sustainability, and growth**. A proactive, **industry-friendly approach** will empower Canada to navigate an increasingly complex global trade environment with confidence.



Insights in Action: Detailed Strategies for Canada-EU Trade

Tables of contents

Introduction

1. Leverage the Comprehensive Economic and Trade Agreement (CETA)

2. Foster Sector-Specific Collaboration

3. Bilateral Investment and Financial Cooperation

4. Strengthening Diplomatic and Institutional Ties

5. Policy Recommendations to Enhance Trade Resilience

Conclusion : A Strategic Path Forward



Introduction



Canada's economic stability and growth depend significantly on **diversified global trade partnerships**. With the ongoing risk of tariff increases from the United States, strengthening **bilateral trade relations with the European Union**, particularly France, presents a strategic opportunity. France, as a **leading EU economy** with complementary industries and a **history of collaboration with Canada**, offers immense potential for deeper trade ties. This document explores strategies for Canada to **bolster its trade relations with France to mitigate the impact of U.S. tariffs**, supplemented by industry-specific examples of successful collaborations.

1. Leverage the Comprehensive Economic and Trade Agreement (CETA)

The **Comprehensive Economic and Trade Agreement (CETA)**, a landmark trade deal between Canada and the EU, offers a **foundation for expanding trade with France**. To maximize CETA's benefits:

- **Reduce Non-Tariff Barriers:** Streamline regulatory cooperation, technical standards, and certification processes to enhance market access for Canadian products in France.
- **Expand Trade Promotion Initiatives:** Increase Canadian business delegations and trade missions to France, focusing on sectors like agriculture, energy, aerospace, and technology.
- **Utilize Tariff-Free Benefits:** Promote awareness among Canadian exporters of tariff-free access under CETA for products like seafood, dairy, and manufactured goods.

Example: Since CETA's provisional application, two-way merchandise trade between Canada and the EU has grown to a record high of \$100 billion in 2021, demonstrating the agreement's effectiveness in enhancing trade relations.

2. Foster Sector-Specific Collaboration

Targeted partnerships in **key sectors** can create mutually beneficial trade growth:

- **Technology and Innovation:** Collaborate on R&D initiatives, especially in AI, clean energy, and digital infrastructure where both countries excel.
- **Aerospace:** Leverage both countries' expertise in aerospace manufacturing for co-production and technology sharing.
- **Agriculture and Agri-Food:** Encourage partnerships between Canadian and French agricultural producers for organic products, wines, and specialty foods through co-branding initiatives.
- **Infrastructure and Transportation:** Encourage partnerships between Canadian and French project management firms for large-scale infrastructure collaboration.

Example: The Canada–France Declaration on Artificial Intelligence underscores both nations' commitment to strengthening economic exchanges between their AI ecosystems, fostering innovation and technological advancement.

3. Bilateral Investment and Financial Cooperation

Encouraging **cross-border investments** can deepen economic ties:

- **Investment Treaties:** Strengthen bilateral investment treaties to offer security and incentives for French investors in Canada and vice versa.
- **Joint Venture Opportunities:** Promote joint ventures between French and Canadian firms in sectors like renewable energy and infrastructure.
- **Green Financing Partnerships:** Collaborate on sustainable investment initiatives, such as green bonds and ESG-focused financial products.

Example: The partnership between the Government of the French Republic and Canada focuses on promoting gender and sustainable development issues in an integrated approach, highlighting their commitment to collaborative investment in sustainable initiatives.

4. Strengthening Diplomatic and Institutional Ties

A **proactive diplomatic approach** can reinforce trade relations:

- **High-Level Trade Dialogues:** Organize regular trade summits between Canadian and French policymakers and business leaders.
- **Chamber of Commerce Collaboration:** Enhance partnerships between the France Canada Chamber of Commerce and Business France to facilitate trade intelligence sharing.
- **Cultural and Educational Exchange:** Expand cultural diplomacy and educational partnerships, including language programs and student exchange initiatives.

Example: In April 2024, Minister Ng met with France's Minister Riester, noting that CETA creates opportunities for French and Canadian businesses and workers, exemplifying high-level trade dialogues enhancing bilateral relations.

5. Policy Recommendations to Enhance Trade Resilience

To ensure **long-term stability** in bilateral trade, Canada can adopt the following policies:

- **Diversification Funds:** Establish government grants and support programs for SMEs seeking to diversify exports to France.
- **Simplify Export Processes:** Streamline export documentation requirements for Canadian businesses entering the French market.
- **Public Awareness Campaigns:** Launch initiatives highlighting the benefits of France-Canada trade relations to both business communities.

Example: The EU-Canada Comprehensive Economic and Trade Agreement (CETA) cuts tariffs and makes it easier to export goods and services, benefiting people and businesses in both regions.

Conclusion: A Strategic Path Forward

By strengthening trade relations with France through **CETA utilization**, **sector-specific collaboration**, and **deeper diplomatic ties**, Canada can create a robust economic buffer against potential U.S. tariffs. A proactive approach, emphasizing **mutual growth and investment opportunities**, will not only **mitigate economic risks** but also **open new pathways for innovation, sustainability, and long-term prosperity** for both nations.

The **France Canada Chamber of Commerce (ON, MB)** is committed to **fostering stronger bilateral relations between Canada and France**, supporting businesses in achieving international success.



About FCCCO

France Canada Chamber of Commerce (ON, MB) - (FCCCO) is a prestigious non-profit organization under the aegis of the Economic Ministry of France, started by the former Ambassador of France to Canada and Chambre de Commerce et d'Industrie (CCI) France International.

We strive to drive growth of bilateral trade and commerce between France and Canada contributing towards trade of more than \$10 Billion each year.

OUR OBJECTIVES



Accelerate business growth for French companies in Ontario and Manitoba, Canada.



Provide strong business ecosystem, and ease of doing business in Canada for French companies



Contribute strongly to the socio-economic fabric of France and Canada to foster bilateral trade.

