



Araştırma Makalesi • Research Article

European Union-Canada Relations: Cooperation, Disputes and Prospects

Avrupa Birliği-Kanada İlişkileri: İşbirliği, Uyuşmazlıklar ve Olasılıklar

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ABSTRACT

This paper aims to analyze European Union-Canada relations that have significantly enhanced in the last decade. Economic and security relations between the European Union and Canada have considerably improved in the last decade particularly after the conclusion of the Comprehensive Economic and Trade Agreement and the Strategic Partnership Agreement, which are also milestones that would govern the parties' long-term relations. Despite a territorial dispute between Canada and Denmark regarding Hans Island, and Canada's on-going opposition to the European Union's Arctic Council membership, these frictions are not significant enough to jeopardize the current progress in relations, as analyzed in this paper. As long as both sides continue their powerful commitment to liberal democracy, free market economy and multilateralism, their cooperation is likely to intensify in the 21st century in the face of international economic and security problems.

ÖZ

Bu makale, son on yılda önemli ölçüde gelişmiş olan Avrupa Birliği-Kanada ilişkilerini incelemeyi amaçlamaktadır. Avrupa Birliği ile Kanada arasındaki ekonomik ilişkiler ve güvenlik ilişkileri son on yılda, özellikle, tarafların uzun vadeli ilişkilerini de yönetecek dönüm noktaları olan Kapsamlı Ekonomi ve Ticaret Antlaşması'nın ve Stratejik Ortaklık Antlaşması'nın imzalanmasının ardından önemli ölçüde gelişmiştir. Kanada ve Danimarka arasında Hans Adası ile ilgili uyuşmazlığa ve Kanada'nın Avrupa Birliği'nin Arktik Konseyi üyeliğine devam eden muhalefetine rağmen, bu anlaşmazlıklar, makalede de analiz edildiği gibi ilişkilerdeki mevcut ilerlemeyi tehlikeye atacak derecede önemli değildir. Her iki tarafın da liberal demokrasiye, serbest piyasa ekonomisine ve çok taraflılığa olan güçlü bağlılıkları sürdükçe 21. yüzyılda, uluslararası ekonomik sorunlar ve güvenlik sorunları karşısında işbirliklerinin yoğunlaşması muhtemeldir.

1. Introduction

On October 30, 2016, amid the protests of anti-globalists clashing with police forces and breaking down their barriers in front of the European Commission's headquarters, the

Berlaymont building, the EU and Canada signed the historic Comprehensive Economic and Trade Agreement (CETA) (EU, Canada Sign Historic Trade Deal, 2016). After its signing, while Jean-Claude Juncker, President of the

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European Commission, defined CETA as “the best trade agreement the European Commission has ever negotiated,” (EU, Canada Sign Historic Trade Deal, 2016). Canada’s Prime Minister, Justin Trudeau, stated that “Canadians and Europeans share the understanding that in order for real and meaningful economic growth, we need to create more goods, well-paying jobs for our citizens” (CETA: EU and Canada Sign Long Delayed, 2016). As a new generation free trade agreement, CETA removed 98% of customs duties, which was expected to increase bilateral trade by 20% per year (CETA: EU and Canada Sign Long Delayed, 2016). On the same day, the EU and Canada also signed the Strategic Partnership Agreement (SPA) to institutionalize their cooperation through regular summits of leaders and meetings of senior officials to fight together against terrorism and ensure collaboration in significant areas, such as illegal immigration, climate change, environment, energy and effective multilateralism (Prime Ministry of Canada, 2016). President Juncker indicated that the SPA did not “only symbolize our commitment to a shared future but also set a common project that will improve the lives of millions of Canadians and Europeans” (European Commission, 2016). The conclusion of these two significant agreements demonstrates the shared vision of the EU and Canada regarding the necessity for cooperation against the recently rising international economic and security problems. This paper analyses the significant enhancement of EU-Canada relations in the last decade. Although there are some ongoing frictions regarding Hans Island and Canada’s opposition to the EU’s Arctic Council membership, they have not jeopardized the current progress in their relations. It seems that as long as the strong commitment of both sides to political and economic freedoms and multilateralism continues, they are likely to intensify their cooperation in the face of economic and security problems in the 21st century.

After a brief overview of economic relations, the first section of the paper focuses on economic cooperation between the EU and Canada through CETA. It then analyses their security cooperation under the SPA, EU missions and shared views on key global issues. The second section explains past and current disputes between the EU and Canada. The conclusion provides a general overview of the paper and suggests prospects for the future of EU-Canada cooperation.

2. Economic and Security Cooperation

Formal EU-Canada economic relations began with the assignment of Canada’s first ambassador to the European Economic Community (EEC) in 1958. In 1976, the EEC and Canada signed the Framework Agreement for Commercial and Economic Co-operation. Under this agreement, the EEC and Canada agreed to improve and diversify their bilateral trade exchanges and enhance their economic partnership. Since then, Canada and the EU have signed various other agreements covering many sectors, such as fisheries, veterinary issues, alcoholic drinks, nuclear energy, and research (European Commission, 2014). These sectoral agreements are the Agreement on Research in Peaceful Uses of Nuclear Energy (1959), the Agreement on Cooperation in Nuclear Research (1998), the Fisheries Agreement (1981), the Agreement on Science and Technology Cooperation (1995, amended in 1998), the Agreement on Education and

Training (1996), the Customs Cooperation Agreement (1997), the Mutual Recognition Agreement (1998), the Veterinary Agreement (1998), the Competition Agreement (1999), and the Agreement on Trade in Wine and Spirit Drinks (2003) (Cameron et al, 2010:291).

While bilateral trade between Canada and the EU already provides important trade opportunities for both parties, there is great potential to increase it further. The EU is Canada’s second largest foreign trade partner after the United States, accounting for around 10% of Canada’s trade in products in 2019, worth 116 billion dollars, according to the Canadian official figures. Canada’s goods exports to the EU reached almost 50 billion dollars while EU goods imports were worth 66.2 billion dollars. Canada exported services worth 22 billion dollars to the EU compared to services imports of 26.7 billion dollars. These figures reflect the importance of trade in both goods and services for the two parties. Foreign Direct Investment (FDI) also reached significant and promising levels: EU FDI was around 308 billion dollars in 2019, or one third of global FDI in Canada, while Canadian FDI in the EU was around 305 billion dollars, or around one fifth of Canada’s outward FDI (Government of Canada, 2020a).

The North American Free Trade Agreement (NAFTA), signed by the United States of America, Canada and Mexico, was put into effect on January 1, 1994. It has led to the expansion of the economies of all three countries and contributed to increased living standards (Ibid). However, soon after his election as President of the United States in 2016, Donald Trump demanded the renegotiation of NAFTA on the grounds that it was outdated and had cost many American jobs. In fact, NAFTA resulted in a dramatic increase in imports to the US, leading to a significant trade deficit from the US perspective. According to US Labour Department calculations, around one million American jobs were eliminated due to rising imports and outsourcing under NAFTA (NAFTA’s Legacy, 2018). Consequently, following a US proposal, NAFTA was replaced by the new agreement called the United States-Mexico-Canada Agreement (USMCA). Following ratification by the three member countries, it entered into force on July 1, 2020. According to President Trump, “The USMCA is the largest, most significant, modern, and balanced trade agreement in history. All our countries will benefit greatly. USMCA will bring our trade relationship with Canada and Mexico into the 21st century.” (Whitehouse, 2020).

From Canada’s perspective, NAFTA was outdated and fragile while the country was missing out on global free trade agreements being signed worldwide. Canada thus realized that it needed to enhance trade relations with the EU. Europe has always been a good choice for collaboration to counterbalance the US’s impact and minimize Canadian dependency on the US (Deblock et al, 2010:40). Thus, Canada reshaped its policy to plan a more competitive economy, participate in the global order, and avoid being left outside the global economy. These reasons motivated Canada to negotiate CETA with the EU.

Global economic trends have also made the EU eager to increase its competitiveness and gain new market share, motivating it to make more bilateral agreements. That is, the

EU decided to negotiate CETA with Canada due to strong globalization sentiment and proliferating bilateral FTAs worldwide. Another motivation was ongoing problems with negotiating multilateral trade agreements under the World Trade Organization. The EU saw bilateral and regional FTAs as an effective way out of this deadlock (Hübner et al, 2017:1).

CETA is among the so called 'new generation' free trade agreements. It covers large areas of co-operation, including services, foreign investments, and settlement of international disputes. The EU considers CETA as the most dynamic and forward-looking form of FTA, and it has even been called the 'gold-plated' trade agreement (Fahey, 2017:1). Initially, in 2009, CETA negotiations only included trade issues. However, investment issues were added in September 2011, making CETA a new generation FTA covering investment and services chapters as well as dispute settlements mechanisms (Bernasconi-Osterwalder, 2013:1). After many years of negotiations, the agreement was partially implemented on September 21, 2017. Today most provisions have been implemented, with 20 CETA committees meeting to discuss best practices regarding its implementation. CETA has thirty chapters that aim to reduce custom duties and trade obstacles between the EU and Canada.¹

As mentioned above, CETA is currently in transitional application and will only be fully implemented after every EU member state's national parliament (and regional parliaments in some cases) has approved and ratified it. As with every EU free-trade agreement, the ratification process is a long-term process (European Commission, 2019). CETA's overall objective is to expand commercial transactions between Canada and the EU by reducing taxes, which will benefit businesses and people on both sides.

What are the benefits that EU and Canadian officials, bureaucrats and technocrats declared to European and Canadian people, businesses, environmental, trade or other associations and groups? According to the Economic and Sustainability Impact Assessment reports, carried out by the European Commission, CETA is expected to save around half a billion euros in taxes for EU exporters every year by eliminating customs duties, of which 470 million euros per year for industrial products and 42 million euros per year for agricultural products. CETA's elimination of most customs duties benefits both European and Canadian consumers and companies. It also provides bilateral recognition in professions subject to certifications and regulations, such as engineers, accountants, and architects, and facilitates company staff transfers between the EU and Canada. Overall, CETA aims to provide the following benefits for Canada and the EU: (European Commission, 2016): reduced custom taxes; protection of investments through dispute settlement; bilateral recognition in regulated professions; facilitation of staff exchanges; services after sales between Canada and the EU; admittance to public tenders; cancelling double payments for laboratory tests or any other costs related to standards; protection of inventions; and engagement in sustainable development.

Several assessment reports have evaluated CETA's benefits, such as the Joint Study by the European Commission and the Government of Canada in 2018 and the European Commission's EU Sustainability Impact Assessment in 2011. Both reports found positive effects for both sides. A joint report prepared by Raza, Tröster and Von Arnim in August 2016 also assessed CETA's benefits using ÖFSE Global Trade Model, which like the Canadian and European Commission forecast reports, also estimated macroeconomic indicators, such as budget deficits, wages, current accounts and employment. This study also concluded that CETA has had a positive impact but had marginally low effects in the long-run for all CETA-member states (Raza et al, 2016:7).

While the above-mentioned general benefits can be expected technically, what have been the concrete effects on bilateral trade since CETA's implementation? Here, it is useful to analyse the first year after CETA was provisionally implemented in September 2017. EU exports to Canada increased by 7% between October 2017 and June 2018, compared to the same period in the previous year. Within these exports, machinery, and mechanical appliances (20% of EU exports) increased by over 8% while pharmaceuticals (around 10% of EU exports), clothing and furniture exports all increased by 10%, perfumes and cosmetics increased by 11%, and footwear by 8%. Agriculture figures were even more promising. For example, chocolate exports expanded by 34%, fruits and nuts exports rose by 29% and sparkling wine exports increased by 11%. Through CETA, 143 EU 'high quality' food and drink products, namely those with 'geographical indications', are now on sale in Canada. This is especially important from the EU's perspective as geographical indications provide legal protection against counterfeiting (European Commission, 2018). Regarding, 2019 trade relations, Canada's goods exports in goods, including to Great Britain, increased by 16.6% to 46.6 billion dollars in 2018 and 2019 compared to 2016 while Canada's goods imports from the EU increased by 24% between 2016 and 2019, (Government of Canada, 2020b) as shown in Figures 1 and 2.

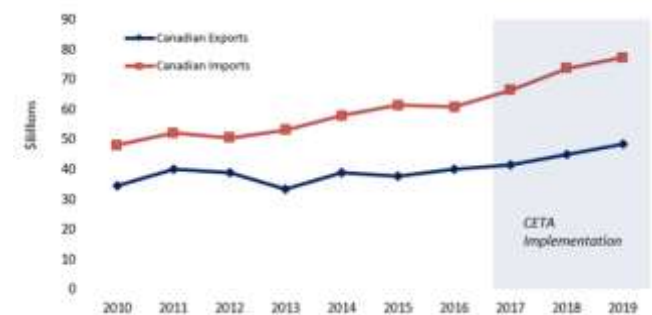


Figure 1. Bilateral Trade in Goods Between Canada and the EU, 2010-2019

Source: Office of the Chief Economist Global Affairs Canada, 2020.

¹ To see CETA by chapters via <https://ec.europa.eu/trade/policy/in-focus/ceta/ceta-chapter-by-chapter/>

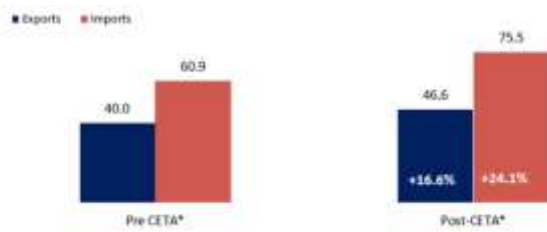


Figure 2. Canadian Goods Trade with the EU before and after CETA, in Billion Dollars

Pre-CETA: 2016 / Post-CETA: annual average of bilateral trade in 2018 and 2019

Source: Statistics Canada, Office of the Chief Economist, Global Affairs Canada, 2020.

As Figure 2 shows, Canada's goods exports to the EU increased by 6.6. billion dollars from 2016 to 2019, a rise of 16.6% since CETA was implemented, while its imports increased by 24.1%.

Table 1. Top Five Sectors for Canada's Goods Exports to the EU

Sector	Pre-CETA*	Post-CETA*	Growth (million dollars)	Growth (%)
Precious stones and metals	13,174	14,108	933	7.1
Mineral fuels and oils	1,727	4,512	2,785	161.3
Machinery	3,725	4,036	311	8.4
Mineral ores	2,749	3,843	1,094	39.8
Aircrafts and parts	3,355	2,797	-558	-16.6
Other	15,263	17,317	2,054	13.5
Total	39,993	46,613	6,620	16.6

Pre-CETA: 2016 / Post-CETA: annual average of bilateral trade in 2018 and 2019

Source: Statistics Canada, Office of the Chief Economist, Global Affairs Canada, 2020.

Table 1 shows the top five sectors for Canadian goods exports to the EU over between 2016 and 2019. Mineral fuels and oils increased the most (161.3%) in the first two years since CETA while mineral ore exports also increased considerably by 39.8%, and precious stones and metals and machinery exports also improved. In contrast, Canadian exports of aircraft and parts decreased by 16.6% (Government of Canada, 2020b).

Table 2. Top Five Sectors for Canada's Goods Imports from the EU

Sector	Pre-CETA*	Post-CETA*	Growth (million dollars)	Growth (%)
Machinery	11,575	14,895	3,319	28.7
Motor vehicles and parts	8,306	9,987	1,682	20.2
Pharmaceutical products	6,132	8,034	1,902	31.0
Mineral fuels and oils	3,385	4,294	909	26.8
Electronics	4,067	4,254	187	4.6
Other	27,402	34,056	6,654	24.3
Total	60,867	75,519	14,652	24.1

Source: Statistics of Canada, 2020.

Table 2 shows that Canada's top five sectors for imports from the EU all increased after CETA. Machinery imports grew by 28.7% while motor vehicles and parts, and pharmaceutical products expanded by 20% and 31%, respectively.

CETA's provisional implementation eliminated 98% of tariffs between the parties for goods exports while 99% will be removed once it is fully implemented (Ibid). Another important benefit is the liberalization of Canada's maritime transport market between Montreal and Halifax ports. The introduction of this new maritime line will allow EU companies to be more active in maritime operations in Canada, which is especially important considering that more than 80% of world goods is carried by sea. In particular, it enables European companies to be more globally competitive, considering that the EU is the world's largest exporter and second largest importer. Consequently, maritime activities are a priority for European companies wishing to expand their transatlantic operations (European Commission, 2017).

In conclusion, the foreign trade export and import statistics demonstrate the positive impact of CETA. Besides these statistical and economically measurable benefits, new generation trade agreements like CETA offer other advantages by focusing on non-tariff measures, such as regulations and standards. In particular, bilateral recognition of geographical indications offers protection from counterfeiting.

While trade was initially the core of EU-Canadian relations, the scope of these relations has expanded over time. For example, the economies of both sides have expanded through cooperation since the 'Declaration on Canada-European Community Transatlantic Relations' in 1990. However, wider collaboration areas than trade were then introduced through several agreements. The Strategic Partnership Agreement (SPA), signed in 2016, clearly exemplifies how extensive cooperation has become between Canada and the EU (Bendiek et al., 2018:4).

Regarding security cooperation, as prominent defenders of Western values, the EU and Canada have a shared commitment for bilateral and multilateral cooperation to maintain peace and stability. In 2005, they signed the 'Agreement between the European Union and Canada Establishing a Framework for the Participation of Canada in the European Union Crisis Management Operations'. Under this agreement, within the framework of the EU's Common Security and Defence Policy (CSDP), Canada has regularly contributed to EU policing missions in the Palestinian Territories (EUPOL COPPS) and Afghanistan (EUPOL Afghanistan) (Iglor et al, 2019). Canada recently expanded this role by contributing to EU civilian missions in Mali (EUCAP Sahel Mali), Iraq (EUAM Iraq), and Ukraine (EUAM Ukraine) (Government of Canada, 2020c).

In 2016, to enhance bilateral cooperation, the EU and Canada signed the SPA. This aims to deepen cooperation in the fight against international terrorism, protection of human rights, prevention of nuclear weapons proliferation, illegal immigration, climate change and sustainable development (Ibid). To improve cooperation in these areas, the SPA institutionalized bilateral political and security relations. The agreements established a Summit at heads of state and government level, a Joint Cooperation Committee of senior officials and a Joint Ministerial Committee, which comprises the Foreign Minister of Canada and the EU's High Representative for Foreign Affairs and Security Policy. The agreement was provisionally implemented on April 1, 2017, and 20 member states have ratified it so far (Ibid).

To fight international terrorism, the EU and Canada bilaterally share good practices and information under the external aspect of the European Programme for Critical Infrastructure Protection (EPCIP). Multilaterally, they work within the Global Counter Terrorism Forum (GCTF) to strengthen the role of the UN's Office for Counterterrorism. Concerning key geopolitical issues, both sides have strongly opposed Russia's annexation of Crimea and Sevastopol and implemented sanctions. They have also supported the Joint Comprehensive Plan of Action (JCPOA), which put Iran's nuclear activities under an international inspection regime, to ensure that Iran's nuclear activities are peaceful. They therefore regretted the US withdrawal from the JCPOA under the Trump administration. Climate change is a very significant security issue for both the EU and Canada. They are thus powerfully committed to implementing the Paris Agreement (2016) (Ibid), which aims to keep the global average temperatures below 2 °C or even 1.5 °C to minimize the negative effects of climate change.

3. Former and Current Disputes

As strong representatives of the Western Alliance, Canada and the EU, which dominate opposite coasts of the Northern Atlantic, have long engaged in intense cooperation. While the spirit of their nature requires such a relationship, this does not mean that the relationship is without problems. On the contrary, there have always been problems between them. Various sovereignty, economic, maritime delimitation or other disputes have occurred between Canada and the EU or particular EU member states, which may affect their general relationship. These disputes can be categorized as past disputes, resolved by the international courts or competent authorities, and ongoing disputes.

As there are too many past disputes to include here, this section discusses a few critical past examples. One famous case was between France and Canada in relation to delimiting the maritime boundary of the small French islands of St. Pierre and Miquelon, situated just 10 nautical miles from Canada's eastern coast at a very strategic point from a Canadian perspective. The waters surrounding the islands harbour very rich marine resources, both living and potential non-living. Thus, maritime boundary delimitation was required to determine how to share these resources.

The Arbitration Court established by France and Canada to decide the dispute (see McDorman, 1990:357-361) ruled that the two small French islands should be granted a maritime zone of 24 nautical miles between them and mainland Canada and a corridor of 200 nautical miles to the south, opening directly into the Atlantic Ocean. This delimitation became famously known as the 'mushroom solution' from its shape (for more detailed analyses, see Hight, 1993:452-464; Marston, 1993:155-170; Evans, 1994: particularly 678-689). However, this decision did not satisfy either party. On the one hand, it deprived Canada of direct ocean access along most of its eastern coast. On the other hand, the French islands ended up with abnormal maritime zones despite gaining more than they had expected.

The second example is a fisheries jurisdiction dispute in 1994 and 1995 between Canada and Spain, widely called the 'turbot war' in the media. In 1994, the Canadian authorities seized a Spanish trawler, *Estai*, on the Grand Banks, 245 miles off Canada's coast, and therefore in international waters. Spain immediately protested, claiming that Canada had breached international law. Interestingly, although the European Community supported Spain, the United Kingdom and Ireland supported Canada.

The conflict rested on a disagreement over the total allowable catch under the Northwest Atlantic Fisheries Organization's (NOFA) Convention on Future Multilateral Co-operation in the Northwest Atlantic Fisheries whereby the EU refused to obey NOFA's quota relating to allowable catch. Canada proposed a 60-day moratorium on turbot fishing outside its 200-mile limit in NOFA waters. However, after this was vehemently rejected by the EU, Canada amended its Coastal Fisheries Protection Act to include Spain and Portugal in its list of target countries, leading to the seizure of *Estai*. Although the dispute was submitted to the ICJ, it held that it had no jurisdiction (see Pfeil, 2010:para. 8; for further general analysis of this judgment, see Kwiatkowska, 1999:502-507; Pfeil, 2010:paras. 8-18). The issue was ultimately resolved when Canada and the EU signed an agreement under the auspices of NOFA (see Howe & Kerby, 2009:162-165). Given that competent international courts or authorities have made the decisions to resolve the two disputes, they are unlikely to cause further friction between Canada and the EU.

The two most important ongoing disputes concern the Hans Islands and the Arctic Council. Hans Island is a small, barren island in the North Atlantic in a channel between Greenland and Canada's Ellesmere Island, over which both Canada and Denmark claim sovereignty (for further information and analysis relating to the status of Hans Island, see Byers, 2009:22-35; Stevenson, 2007:263-275; Kristiansen, 2013:34-41; Rudnicki, 2016:307-320; Uddin, 2016:30-33). Due to this sovereignty dispute, the maritime boundary

between Canada and Denmark in this area remains undelimited (for maritime boundary delimitation between Canada and Denmark in the Kennedy Channel, see Pharand, 1993:177-179; Gray, 1997:68-69; Alexander & Charney, 1996:371-385). Whereas Denmark relies on 'discovery' for its sovereignty claim, Canada leans mainly on 'territorial transfer', and 'use and occupation' (for acquisition of territory in international law, see Jennings, 1967:particularly 1-50; O'Connell, 1970:405-443; Verzijl, 1970:346-386). Although nationalistic feelings and claims occasionally flare up, this dispute does not appear able to jeopardize the delicate relations and balance between Canada and Denmark, let alone the EU.

While the Arctic remains one of the world's most isolated areas, this situation has gradually changed in the last 20 years, primarily because of climate change, which has made it much more accessible. This has brought a new perspective to the Arctic and its management. On the one hand, the decrease in year-round ice coverage means that the region can be more effectively exploited as ships can navigate through it without difficulty and rich minerals can be more easily extracted. On the other hand, this change requires a strong management system to protect the Arctic's delicate and vulnerable environmental balance. To tackle these management and protection issues, particularly its resources, eight Arctic states (Canada, Denmark, Iceland, Norway, Sweden, Finland, the Russian Federation, and the US) established the Arctic Council in 1996 through the Ottawa Declaration. The Arctic Council is an important platform for shaping policies and managing Arctic related issues (for further information and detailed analysis about the Arctic Council, see Graczyk and Koivurova, 2015:328-351).

In recent years, it has become important for major powers to become arctic actors. Since the EU naturally sees itself as one, becoming an Arctic Council member state or gaining observer status is a critical step towards enabling the EU to shape key policies relating to the region. Unfortunately, the EU's position has been rejected by Arctic Council members (see <https://arctic.council.org/en/about/observers/intergov-interparl/> (last visited 25/09/20)), primarily by Canada due to the EU's ban on seal products (see Offerdal, 2011:869). This has become the most important source of friction between the EU and Canada in recent years.

4. Conclusion

EU-Canada relations date back to the EU's foundation, when Canada appointed its first ambassador to Brussels in 1958. To improve and diversify bilateral trade and investments, the two sides signed the Framework Agreement for Commercial and Economic Cooperation in 1976. Since then, they have signed many other agreements covering nuclear cooperation, fisheries, science, technology, education and competition, etc. Whereas the US became protectionist in international trade under the Trump Administration, the EU and Canada demonstrated their commitment to free trade principles and globalization as well as their desire to promote new generation FTAs by signing CETA in 2016. As a new generation FTA, CETA covers public procurements, free movement of services, foreign investments, and mechanisms to solve disputes. Its provisional implementation eliminated 98% of customs duties from bilateral trade. CETA was

expected to increase bilateral trade by around 20%. In reality, Canada's goods exports to the EU increased by 6.6 billion dollars from 2016 to 2019 or 16.6% while its imports increased by 24.1%. That is, overall bilateral trade between Canada and the EU increased by around 21% from 2016 to 2019, after CETA's implementation.

In addition to economic cooperation, because of their commitment to Western values of freedom, and bilateral and multilateral cooperation, the EU and Canada have easily engaged in security cooperation for many years. Importantly, since 2005, Canada has participated in EU missions under CSDP, including EUPOL Afghanistan and EUAM Ukraine. To cope effectively with growing international security problems, the EU and Canada took a landmark step by signing the SPA in 2016. This has improved security cooperation, particularly against terrorism, illegal immigration and nuclear weapons proliferation while institutionalizing security cooperation by creating the bodies like the Summit, the Joint Cooperation Committee and the Joint Ministerial Committee. Among other initiatives mentioned in this paper, CETA and the SPA represent real milestones that have enhanced bilateral relations between the EU and Canada over the last decade. Current problems between them, namely the territorial dispute between Canada and Denmark over Hans Island and Canada's ongoing opposition to the EU's Arctic Council membership, have not been enough to prevent the recent enhancement in relations.

In today's world, one of the most fundamental characteristics of countries with strong relations is their strict adherence to liberal democratic values and free market economic principles. These relationships to protect and further these values are also based on trust. While the EU and Canada have always had such a relationship, it has strengthened further in the last decade in the face of rising international economic and security problems. Since the EU and Canada believe that the main way to tackle economic problems in a globalized world is to expand free international trade to create more jobs with good salaries while security problems like international terrorism that threaten these freedoms can only be fought through bilateral and multilateral cooperation, they are likely intensify their cooperation in the 21st century.

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