

Czech University of Life Sciences Prague

Faculty of Economics and Management

Department of Economics



Diploma Thesis

**Comprehensive Economic Trade Agreement – its
impacts on tariffs of selected agricultural commodities in
the Czech Republic.**

Jana Musilová

© 2018 CULS Prague

DIPLOMA THESIS ASSIGNMENT

Bc. Jana Musilová

Economics and Management

Thesis title

Comprehensive Economic Trade Agreement – its impacts on tariffs of selected agricultural commodities in the Czech Republic.

Objectives of thesis

The thesis will focus on impacts on the prices and import of selected agricultural commodities, will investigate what changes CETA brings and how it will influence international trade.

The main objective is research on effects on import to the Czech Republic how price and demand for certain group of commodities will change due to CETA. Partial aim is analysis of fluctuations of imported commodities and analysis of the import market to the Czech Republic in those selected commodities. Comparison of prices in Canada and the import price to Czech Republic.

Methodology

This Diploma thesis consists of two parts, theoretical and practical. The theoretical part is concentrated on understanding of specialized literature about the European Union, its institutional structure and the historical evolution and integration, the trade policy.

The practical part is going to contain the analysis of specified international trade based on theoretical economics. Selection of agricultural products that are traded among EU and Canada the most. How the price is going to change due to the decrease in tariffs.

The theses will use data of the EU, Czech statistical office, World Trade Organisation, the selected time period for anylsis is 2007 – 2017.

The proposed extent of the thesis

60 – 80

Keywords

trade, CETA, European Union, Canada, tariffs

Recommended information sources

ARTIS, M J. – NIXSON, F. *The economics of the European Union : policy and analysis*. Oxford: Oxford University Press, 2007. ISBN 978-0-19-929896-9.

Celní sazebník 2001. 1. část, kapitola 1-63..

Celní sazebník 2001. 2. část, kapitola 64-97..

DIXIT, A K. – NORMAN VICTOR. *Theory of international trade*. Cambridge: University Press, 1998. ISBN 0-521-29969-1.

WALLACE, W. – WALLACE, H S. – POLLACK, M A. *Policy-making in the European Union*. Oxford: University press, 2007. ISBN 9780199276127.

WYPLOSZ, C. – BALDWIN, R E. *The economics of European integration*. London: McGraw-Hill Higher Education, 2012. ISBN 978-0-07-713172-2.

Expected date of thesis defence

2017/18 SS – FEM

The Diploma Thesis Supervisor

Ing. Pavel Kotyza, Ph.D.

Supervising department

Department of Economics

Electronic approval: 26. 2. 2018

prof. Ing. Miroslav Svatoš, CSc.

Head of department

Electronic approval: 5. 3. 2018

Ing. Martin Pelikán, Ph.D.

Dean

Prague on 26. 03. 2018

Declaration

I declare that I have worked on my diploma thesis titled " Comprehensive Economic Trade Agreement – its impacts on tariffs of selected agricultural commodities in the Czech Republic." by myself and I have used only the sources mentioned at the end of the thesis. As the author of the diploma thesis, I declare that the thesis does not break copyrights of any their person.

In Prague on 26. 3. 2018

Acknowledgement

I would like to express my sincere gratitude to my supervisor Ing. Pavel Kotyza, Ph.D. for his valuable advice and professional assistance and guidance throughout my work. Furthermore, I would like to thank Ing. Mgr. Lenka Fořtová from Ministry of industry and trade for her willingness to provide underlying information.

Comprehensive Economic Trade Agreement – its impacts on tariffs of selected agricultural commodities in the Czech Republic.

Abstract

This thesis examines the effect of the Comprehensive Economic Trade Agreement on import and prices of selected agricultural commodities imported to the Czech Republic. Two commodities were selected based on having the highest share on imports from Canada in volume in kilos. Those were lentils and maple syrup.

For both products analysis of their import trends to CZ were made. Fluctuations in trends were examined and explained. It was detected whether the tariff elimination occurred after CETA was put into force. For lentils no change occurred after CETA however for maple syrup the tariff duty was removed. Based on that fact it was calculated of how much the price of maple syrup will decrease because of tariff reduction. For the selected time period it was estimated how much in euros was the tariff duties. Maple syrup import will be influenced by CETA in terms of removal of trade barriers. It was estimated that the price of 250ml bottle of maple syrup will be reduced by around 4% by tariff reduction. Therefore, it is assumed that CETA might influence the import of maple syrup by tariff elimination.

Keywords: International trade, CETA, European Union, Canada, tariffs, import, unit price, trade barriers

Komplexní hospodářská a obchodní dohoda s Kanadou – její dopady na cla vybraných zemědělských komodit

Abstrakt

Tato Diplomová práce se zabývá dopadem Komplexní hospodářské a obchodní dohody mezi Evropskou Unií a Kanadou. Orientuje se na dovoz a ceny vybraných zemědělských komodit z Kanady do České republiky. Komodity byly vybrány na základě největšího podílu na dovozu v hmotnostních jednotkách ve vybrané komoditě. Mezi tyto komodity patří čočka a javorový sirup.

U obou produktů byla provedena analýza jejich dovozních trendů do ČR. Kolísání trendů bylo zkoumáno a vysvětleno. Bylo zjištěno, zda došlo k vyloučení cla po uvedení Komplexní dohody v platnost. U čočky nebyla cla před ani po uvedením dohody v platnost v případě javorového sirupu, protože cla byla zrušena. Na základě této skutečnosti bylo vypočteno, o kolik se cena javorového sirupu sníží kvůli snížení sazeb cla. Ve zvoleném časovém období bylo odhadnuto, kolik bylo v eurech vybráno na celních povinnostech. Dovoz javorového sirupu bude ovlivněn Komplexní dohodou z hlediska odstranění obchodních bariér. Bylo odhadnuto, že cena 250 ml láhve javorového sirupu bude snížena přibližně o 4 % z důvodu odstranění cel. Proto se předpokládá, že tato obchodní smlouva může ovlivnit dovoz javorového sirupu při odstraňování cel.

Klíčová slova: Mezinárodní obchod, Evropská unie, Kanada, cla, dovoz, jednotková cena, bariéry obchodu

Table of content

1 Introduction	12
Objectives and Methodology	14
1.1 Objectives.....	14
1.2 Methodology	14
2 Literature Review	16
2.1 The European Union and its institutions	16
2.2 History of the European Union	20
2.2.1 Trade policy of the European Union.....	26
2.3 Instruments of the external trade policy.....	32
2.3.1 Tariffs.....	32
2.3.2 Non-tariff barriers	33
3 Practical Part	35
3.1 CETA - Overview	35
3.1.1 CETA – Chapter 2: National treatment and market access for goods	36
3.1.2 CETA - Chapter 4: Technical barriers to trade.....	37
3.1.3 CETA – Chapter 8: Investment	38
3.2 The Volume and Patterns of EU External Trade	39
3.2.1 Bilateral trade between Canada and the European Union	40
3.2.2 Bilateral trade between Canada and the Czech Republic	40
3.2.3 The top imported agricultural products from Canada to Czech Republic	44
3.2.4 Imported Lentil	46
3.2.5 Discussion.....	52
3.2.6 Imported Maple sugar, syrup	53
3.2.7 Discussion.....	62
3.2.8 Europe expectations of CETA	63
4 Conclusion	64
5 References	67
Appendix 1	72

List of pictures

Picture 1: The EU's institutional structure	16
Picture 2: Structure of the European Parliament	18
Picture 3: The European Union	22
Picture 4: The Eastern Partnership.....	32
Picture 5: CETA – World map	36
Picture 6: Country life Maple syrup	61

List of graphs

Graph 1: Volume of merchandise trade 2012 - 2015.....	27
Graph 2: Import by commodity from Canada to CZ (accumulated for 2012 – 2016), in share of total import.....	42
Graph 3: Export by commodity from CZ to Canada (accumulated for 2012 – 2016), in share of total export	43
Graph 4: Import of lentil in EUR (ths.)	49
Graph 5: Import of lentil in kilos	51
Graph 6: Import of maple sugar, syrup in EUR (ths.)	54
Graph 7: Import of maple sugar, syrup in kilos	57
Graph 8: Price development of Country life Maple syrup in CZK	60
Graph 9: Farm value of maple syrup in Ontario per litre from 2000 to 2017	62

List of tables

Table 1: Countries with standard GPS.....	29
Table 2: Countries with standard GPS+	29
Table 3: Countries in EBA (2016).....	30

Table 4: EU tariff elimination (selected products)	37
Table 5: EU partners – Merchandise trade (2016).....	39
Table 6: Key figures – EU and Canada (2016).....	40
Table 7: International trade CZ - Canada	41
Table 8: Top import commodities, 2012 – 2016, SITC nomenclature	41
Table 9: Top export commodities, 2012 – 2016, SITC nomenclature	42
Table 10: Top imported products from Canada to CZ by amount and value	44
Table 11: Top imported products to CZ from Canada with total import (amount, value) ..	45
Table 12: Canadian products, share of total import.....	46
Table 13: Import of lentils	47
Table 14: Top import countries of lentils in 2017	47
Table 15: Top import countries of lentils in 2009	48
Table 16: Selected countries share of import to CZ in Netto Kg	48
Table 17: Unit price of lentils (EUR/Kg)	49
Table 18: Chain and Base index for lentils in value	50
Table 19: Chain and Base index for lentils in amount.....	51
Table 20: Tariff measures for lentils (2007).....	52
Table 21: Import of maple sugar, syrup to CZ	53
Table 22: Unit price maple sugar, syrup (EUR/Kg)	54
Table 23: Top countries that import maple sugar, syrup to CZ in 2017.....	55
Table 24: Top countries that import maple sugar, syrup to CZ in 2009.....	55
Table 25: Import market share for maple sugar, syrup in Netto Kg.....	55
Table 26: Top export countries of maple sugar, syrup from CZ in 2009	56

Table 27: Top export countries of maple sugar, syrup from CZ in 2017	56
Table 28: Chain and Base index for Canadian import in EUR.....	57
Table 29: Chain and Base index for Canadian import in amount in kilos.....	58
Table 30: Tariff measures for maple sugar, syrup (2007)	58
Table 31: Tariff calculation (2007 – 2017).....	59
Table 32: Average prices of maple syrup with and without tariffs	60
Table 33: Prices of maple syrup in retail stores in CZK.....	61
Table 34: Comparison of prices of maple syrup in 2017	62

List of abbreviations

CAD	Canadian dollar
CETA	Comprehensive Economic Trade Agreement
CZ	Czech Republic
CZK	Czech crown
EU	European Union
EUR	Euro
GDP	Gross Domestic Product
GPS	General Scheme of Preferences
TBT	Technical Barriers to Trade
UK	United Kingdom
US	United States
VAT	Value Added Tax
WTO	World Trade Organisation

1 Introduction

This diploma thesis deals with a trade agreement called Comprehensive Economic Trade Agreement between Canada and the European Union.

This topic was selected because of the authors subject of study which is Economics and Management with the focus on finance and European Union while having an interest in international trade and international relations.

International trade between different countries is an important factor in raising living standards, enabling consumers to enjoy a greater variety of goods and providing employment. International trade has occurred since the earliest civilisations began trading, but in recent years international trade has become increasingly important with a larger share of GDP devoted to external trade that includes exports and imports.

Trading globally gives consumers and countries the opportunity to be exposed to new markets and products. Almost every kind of product can be found in the international market: food, clothes, spare parts, oil, jewellery, wine, stocks, currencies, and water. Services are also traded: tourism, banking, consulting and transportation. Trade between different countries takes place because it is to their mutual advantage. There is a profit for both countries.

For a clear majority of countries international trade is regulated by barriers of several types, including tariffs, nontariff barriers, and outright prohibitions. Trade agreements are one way to reduce these barriers, thereby opening all parties to the benefits of increased trade. International trade has expanded, and trade agreements have increased in complexity. While the trend over the last few hundred years has been towards greater openness and liberalized trade.

The European Union and Canada are one of the closest and longest standing partners. The two countries share common democratic values and the responsibility to defend human life. Their relationship is the European Union's oldest formal partnership with any industrialised country, officially starting in 1959 when the two signed the Agreement for Cooperation in the Peaceful Uses of Atomic Energy (Mission of Canada to the EU, 2012).

Since then the relationship was rectified with other agreements including; The Transatlantic Declaration, in 1990, which formed how Canada and EU consult with each other; The Joint Canada-EU Political Declaration and Action Plan created in 1996, which

set up commitments in working together in many areas; The Canada-EU Partnership Agenda from 2004 which upgraded the relationship and strengthen mutual contacts at the political level (Government of Canada , 2017).

Objectives and Methodology

1.1 Objectives

This thesis will focus on impacts on the prices and import of selected agricultural commodities, will investigate what changes CETA brings and how it will influence international trade.

The main objective is research on effects on import to the Czech Republic how price and demand for certain group of commodities will change due to CETA. Partial aim is analysis of fluctuations of imported commodities and analysis of the import market to the Czech Republic in those selected commodities. Comparison of prices in Canada and the import price to Czech Republic.

The research questions will be: How will CETA influence the price of Lentils imported to the Czech Republic? How will CETA influence the price of maple syrup imported to the Czech Republic? What is expected of CETA? How will tariff regime change for maple syrup?

1.2 Methodology

This Diploma thesis consists of two parts, theoretical and practical. The theoretical part is concentrated on understanding specialized literature about the European Union, its institutional structure and the historical evolution and integration. Next describing the EU's trade policy with concentration on the neighbourhood policies and the interaction with third countries. Furthermore, it deals with tariff regimes to understand which kinds of tariffs can be applied and characterize non-tariff barriers.

The practical part contains the overview of the Comprehensive Economic Trade Agreement with focus on three selected chapter that fit the most to the topic of this thesis. Next the spotlight is on the volume and patterns of the European Union's external trade, how the EU is trading internationally, especially with a specific trading partner that is Canada. For Canada, the EU is the second largest international trading partner. To be more specific the concentration is on the trade with the Czech Republic. Focusing on the analysis of the trade structure of the two partners. Which commodities are imported the most to Czech Republic and could influence the market when CETA is put into force. Data collection was made with commodities that are imported to the Czech Republic from Canada using the External Trade Database in cross-border concept of the Czech Republic.

The concentration is on agricultural commodities that are marked in the Harmonised System from 01 to 24 then a calculated share of the imported market was made to determine which commodities are the most influential of the market for further examination. Two agricultural commodities were selected because they had the highest share of import in amount in kilos. For both commodities an analysis of a trend development was made, eventual fluctuations were examined, and Base and Chain index was calculated for the selected years to examine the fluctuations.

Base index - the price of the calculation period is always compared with the selected base period. Chain index is an index number in which the value of any given period is related to the value of its immediately preceding period (resulting in an index for the given period expressed against the preceding period = 100) (Eurostat, 2018).

Unit prices were calculated for the selected time period and also the import from other countries for each commodity was monitored to determine from where the price is lower and from where is it higher and to determine some competitors for Canada in the importing Czech market. For both commodities it was detected whether the tariff regime for Canada was changed after CETA was put partially into force. For first commodity the change did not occur however for the second product the tariff was eliminated. When the tariff elimination occurred, it was calculated how the fact is going to influence the price of the end product. The unit of measurement for this commodity was DTN-Z = 100 kg/net/% sacchar that means 100 kg net weight per 1% sucrose (Celní správa České republiky, 2017). It was determined how much money was collected throughout the selected years just in tariffs on the one particular commodity. For comparison if the price change really happened the Czech internet portal Heureka was used with their price development. At the end of the thesis a price comparison was made between Canadian price and importing price of the product.

The thesis will use data mainly from the Czech Statistical Office, External Trade Database in cross-border concept of the Czech Republic, World Trade Organisation and the database of Integrated Tariff of the European Communities (TARIC). For recalculations from US dollar or Czech crowns to euros an annual average exchange rate was used. Recalculation from volume to weight $V=m/\rho$ (Hazell, 2011). For calculation the selected time period is from 2007 to 2017.

2 Literature Review

2.1 The European Union and its institutions

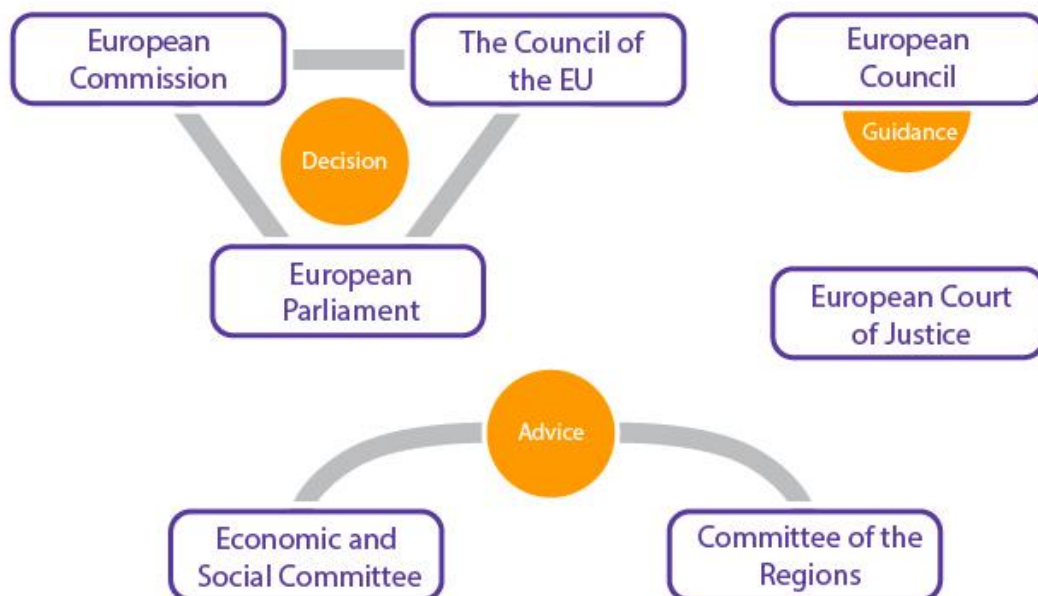
The European Union is an economic and political union of 28-member states that are located essentially in Europe. The main objective of the EU is an internal single market with standardized laws that are implemented in all member states. The Union provides free movement of goods, services, capital and people within the market. The government of the EU is composed by the European Parliament and the European Council where the member states are represented and also the Council of the EU.

Human dignity, freedom, democracy, equality and respect for human rights: these are the core values of the EU. The main intention of the EU is to promote them all around the world. (Communication department of the European Commission, 2017).

Institutions

The institutional organisation of the European Union is unique and differs entirely from the institutions of its 28 Member States. There is no single president, or any European prime-minister, and not even a single European government in charge. Every institution has its own structure, members and specific place among the other European institutions (Centre d'Information sur les Institutions Européennes, 2017).

Picture 1: The EU's institutional structure



Source: University of Portsmouth, 2013

Council of the European Union

The Council is the EU's main decision-making body. Subject to approval by the Council is nearly every piece of legislation. It consists of one representative of each EU member. The council is the place where the member states assert their influence directly. It has 28 members. (Baldwin, Wyplosz, 2009).

Council meetings are chaired by the relevant minister of the country holding the rotating EU presidency. It rotates on a six-month basis among the 28 member states. All discussion and votes take place in public. To pass a decision it requires a qualified majority, that means 55% of countries (16 countries), representing at least 65% of EU population. To block a decision at least 4 countries are necessary, representing 35% of EU population. There is an exception for sensitive topics like foreign policy or taxation and they require a unanimous vote that means all countries must agree (Communication department of the European Commission, 2017).

European Commission

The European Commission is responsible for a large part of the practical tasks of the Union. It can be considered as the heart of the EU's institutional structure. About 30 000 European Commission agents work on European law proposals which are to be submitted to the Council of the EU and to the European Parliament for a vote. These people are known as the "eurocrats" (Centre d'Information sur les Institutions Européennes, 2017).

The institution based in Brussels has three main roles:

1. To submit legislation to the Council and Parliament
2. To conduct and implement EU policies
3. To provide surveillance and enforcement of EU law in assistance with the EU court

The commission also represent the EU at some international negotiations such as those related to the World Trade Organisation. The European Commission is made up of one Commissioner from each member state (28 commissioners). This includes the President and two Vice-Presidents. The Commissioners including the President are all appointed together and serve for 5 years. The Commissioners are elected by national governments (Baldwin, Wyplosz, 2009).

The current president of the commission is Jean-Claude Juncker, who is a Luxembourgish politician. He used to be a prime-minister of Luxemburg and the minister of finance (Communication department of the European Commission, 2017).

The European Parliament

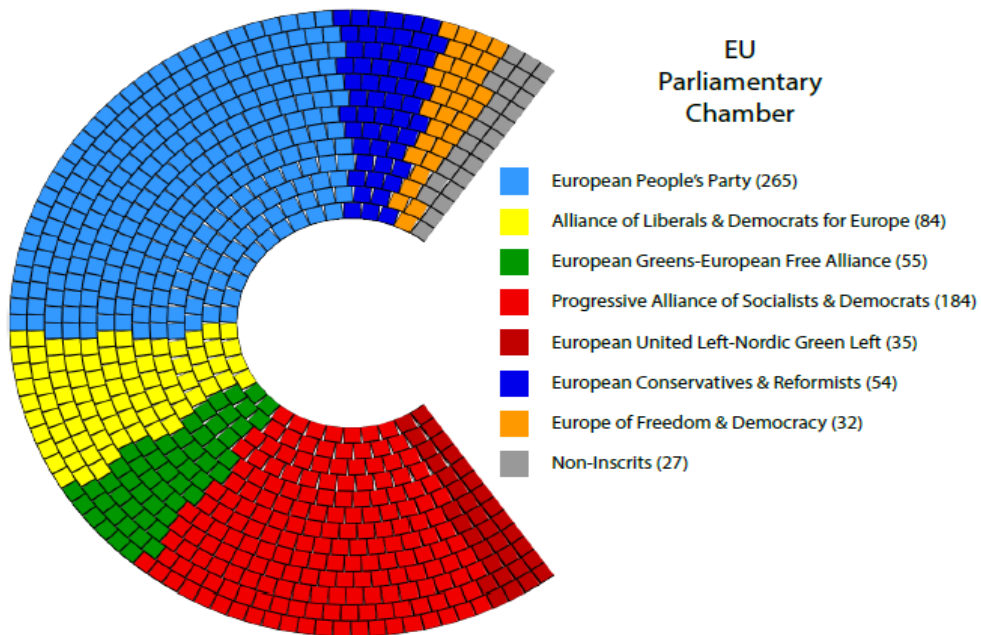
The European Parliament is designed to represent the citizen of European Union member states, it is the only directly elected institution of the European Union. European Parliament has a dual structure: members of the parliament represent their own countries and at the same time they belong to national political parties. They are divided into seven political groups.

European political parties:

1. PPE-DE: Group of the European People’s Party and European Democrats
2. PSE: Socialist Group in the European Parliament
3. ALDE: Group of the Alliance of Liberals and Democrats for Europe
4. Verts/ ALE: Group of Greens/ European Free Alliance
5. GUE/ NGL: Con-federal Group of the European United Left – Nordic Green Left
6. IND/ DEM: Independence/ Democracy Group
7. UEN: Union for Europe of the Nations Group

(Turnovec, 2012)

Picture 2: Structure of the European Parliament



Source: EU Commission

The Parliament has two essential duties: Distributing legislative powers with the Council of Ministers (The Council of the European Union) and the Commission and overseeing all EU institutions, but especially the Commission. It has 732 members. The number of members of Parliament per nation varies with population and they serve for 5 years (Baldwin, Wyplosz, 2009).

The head of the European Parliament is its president, appointed for two-and-a-half-year period. The current president is Antonio Tajani of Italy who is an Italian politician. The Parliament is located in Strasbourg. All the plenary sessions, as well as the budgetary sessions, take place here. The additional meetings take place in Brussels, while the secretary of the Parliament is in Luxembourg (Centre d'Information sur les Institutions Européennes, 2017).

European Council

The European Council consist of the heads of each EU country and the President of the European Commission. The European Council brings out extensive guidelines for EU policy and the final arrangements that are necessary to conclude many aspects of EU business, including changes in the EU policies or the EU's multi-year budget plan, Treaty changes and terms in case of enlargements. This institution is the most influential because its members are the leaders of the member nations (Baldwin, Wyplosz, 2009).

The Council takes the form of (usually quarterly) summit meetings between EU leaders, chaired by a permanent president. The President can convene additional meetings to address urgent issues. It generally decides issues by consensus – but by unanimity or qualified majority in some cases. Only the heads of state/government can vote (Communication department of the European Commission, 2017).

The European Court of Justice

The Court of Justice of the European Union is the Union's only body of a legal nature. It has its seat in Luxembourg and is composed of 28 judges (one judge per member state), as well as 9 advocates-general, appointed for a renewable six-year term, by agreement among the member states of the European Union. The judges are selected from "persons whose independence is beyond doubt" and who are legal experts of recognised competence (Centre d'Information sur les Institutions Européennes, 2017).

2.2 History of the European Union

After the end of fighting in May 1945 Europe has seen the most devastating and bloodiest war. The idea of integrating the European nations was considered by a number of different influential individuals and groups. The vision of united Europe was not entirely new. George Washington was one of the earliest statemen to speak of a United States of Europe as the natural outcome of processes already at work in Europe (Berend, 2016).

In May 1949, the Federal Republic of Germany was established. The new government agreed to make a military contribution to the western defence effort. The UK and the US supported European integration as the best way to counter the spread of communism in Europe. German leaders embranced European integration as the surest route to re-establishing Germany as a „normal“ nation (Germany was recognized as an independent nation only in 1955) (Baldwin, Wyplosz, 2009).

From the perspective of European intergration, the most important result of the western European effort to resist communism was the Marshall Plan and the Organisation for European Economic Cooperation (OEEC). The US Secretary of State George Marshall announced that the USA would provide financial assistance to all European nations if they could agree to a joint programme for economic reconstruction (Berend, 2016).

The OEEC was established in 1948 with 13 members. The members formed a council of organisation which ruled in the basis of intergovermental decision making (unanimity). In 1961, the OEEC was reconstructed into the Organisation for Economic Cooperation and Development (OECD) (Baldwin, Wyplosz, 2009).

As of 1950, **the European Coal and Steel Community** begins to unite European countries economically and politically to secure lasting peace. The six founding countries are Belgium, France, Germany, Italy, Luxembourg and the Netherlands. The biggest problem lay in the relationship between France and Germany, who had been arch enemies for decades. The primary objective of European reconstruction was to create a lasting bond between those two countries, a bond that would spread between all the free countries of Europe, in order to build a permanent, peaceful community together (Communication department of the European Commission, 2017).

Along with Jean Monnet, Robert Schuman, the French Minister of Foreign Affairs, made a proposal (known as the Schuman Plan) to pool France's and Germany's two most important resources -coal and steel- together, into an organization that would also be open to other European countries. This plan was signed on April 18, 1951 with **the Treaty of**

Paris, establishing the first European community, the ECSC: the European Coal and Steel Community. The decisions of this body would be made by a higher authority, a cooperative, multi-national body whose members were appointed by the member governments. Six countries signed the treaty: Germany, Belgium, France, Italy, Luxembourg, and the Netherlands. The United Kingdom refused to join and challenged the nature of this new super national European Community (Baldwin, Wyplosz, 2009)

The ECSC was a success, not so much in that it solved the thorny problems of Europe's coal and steel sectors, but rather as a training scheme for European integration. It showed that the Six could cooperate in federal structure. The Six as a whole, but especially Germany, continued to grow spectacularly, while East-West tensions continued to mount. This combination made German rearmament essential (Berend, 2016)

Jean Monnet formed a high-powered pressure group – bluntly called the Action Committee for the United States of Europe – whose membership included leading figures from all the main political parties in each of “The Six”. The group's aim was nothing less than to merge European nation-states into a supranational organization along the lines of the ECSC but much broader in scope (Baldwin, Wyplosz, 2009).

With this goal in mind, the same six countries signed the Treaty of Rome, which established the **EEC (the European Economic Community)**, and **Euratom (the European Atomic Energy Community)**. The goal of the EEC was to create a large common market in Europe, characterized by a customs union and the gradual removal of tariffs, so that people and goods could move freely between all the member countries. The EEC also sought to implement common policies in all of the member countries, particularly in the field of agriculture. The principle aims of the European Atomic Energy Community, meanwhile, was the joint development of peaceful atomic energy in Europe (Centre d'Information sur les Institutions Européennes, 2017).

To facilitate the work of the fledgling European Community, four new institutions were established in 1958: the European Commission, a Council of Ministers, a Parliamentary Assembly (later titled the "European Parliament"), and a Court of Justice.

By July 1, 1968, the customs union had become a reality; tariffs had completely disappeared between the member countries. The effect was amazing. Between 1957 and 1970, intra-community trade increased six-fold, and the EEC's trade with the rest of the world had tripled. Consumers benefited directly from the union as well, because they were

offered an increasingly varied range of imported products. The European community was becoming a reality (Berend, 2016).

The lowering of intra – EEC trade barriers had an immediate and dynamic impact on trade patterns. During the formation of the customs union, the EEC’s share in its own trade rose from about 30 per cent to almost 50 per cent. At the same time, the share of EEC imports coming from six other major European nations remained almost unchanged, falling from 8 per cent to 7 per cent (Baldwin, Wyplosz, 2009).

The first enlargement of the EEC was in 1973. The United Kingdom, Ireland and Denmark entered into the EEC, increasing the number of member states from 6 to 9. Norway rejected membership in a referendum.

In June 1979, the deputies of the European Parliament, then chosen by the national Parliaments of the different countries, are elected for the first time to direct universal suffrage by the European citizens. After the fall of the regime of the Colonels, Greece enter in the European Community in 1981. Greece is followed by Spain and Portugal in 1986. This brought the number of member countries up to a dozen (Communication department of the European Commission, 2017).

Picture 3: The European Union



Source: Britannica, 2013

In 1968, the **Single European Act (SEA)** set a deadline for the creation of the Single Market: January 1993. The SEA was signed and ratified by the twelve-member states of the Community on July 1, 1987. This new treaty required the member states to commit to establishing a Europe without internal borders by that date. The key changes in the Single Market Programme were designed to reinforce the “four freedoms” (free movement of goods, services, people and capital). The particular steps were:

- Elimination of boarder formalities
- Harmonization of VAT rates
- Liberalization of government procurement
- Harmonization and mutual recognition of technical standards
- Removal of all capital controls
- Increase in capital market integration
- Liberalization of cross-border market-entry policies

(Baldwin, Wyplosz, 2009)

The Maastricht Treaty, signed on February 7, 1992, took European construction to a new level. It established the **European Union (EU)** and added a political dimension to the Community. The “House of Europe” now rested on three pillars:

A community pillar (which comprises the European Community, the European Coal and Steel Community and the European Atomic Energy Community). This pillar focuses on the transfer of sovereignty from the member states to the European institutions.

A political pillar, which focuses on foreign and security policy (CFSP) and sets the procedures for intergovernmental cooperation in all matters of foreign policy. This pillar does not involve a transfer of sovereignty.

A pillar that focuses on cooperation in the fields of justice and interior affairs. It provides procedures for intergovernmental cooperation in the fields of immigration, asylum, the fight against organized crime, etc. This pillar does not involve a transfer of sovereignty (Jones et. al, 2012).

Another innovation of the Maastricht Treaty was the creation of EU citizenship. That includes the right to move to and live in any EU state and to vote in European and local elections in any Member State and the right to register a complaint with the European Ombudsman, etc. Finally, the Maastricht Treaty called for the establishment of a single currency by January 1, 1999, and of a European Central Bank (EBC). The Maastricht

Treaty, therefore, put the finishing touches on the economic and monetary union (Baldwin, Wyplosz, 2009).

Criteria were established (the "Maastricht criteria"), which facilitate economic convergence between the Member States. European Union members also must meet the following criteria before they can adopt the euro as their currency:

The national inflation rate cannot be more than 1.5% higher than the average of the three best-performing Member States of the European Union (the three States with the lowest inflation). The ratio of the planned or actual government deficit to GDP exceeds a reference value (defined in the Protocol on the excessive deficit procedure as 3% of GDP) and the ratio of gross government debt to GDP must not exceed 60%. These criteria were reasserted in 1997, when the Treaty of Amsterdam was signed, through the adoption of the Stability and Growth act. Thus, the obligation to avoid excessive budget deficits became permanent (European Central Bank, 2018).

Long-term interest rates must not be more than 2 percentage points higher than the average of the three best-performing Member States of the European Union (the three Member States with the lowest long-term interest rates).

Member States must show stability by participating in the exchange rate mechanism (ERM II), for at least two years, without deviating too much from the ERM II central rate (Baldwin, Wyplosz, 2009).

In January 1, 1999, eleven of the countries in the European economic and monetary union decided to adopt the euro: Germany, Austria, Belgium, Spain, Finland, France, Ireland, Italy, Luxembourg, the Netherlands, and Portugal.

The Single Market finally became a reality on January 1st, 1993. The year 1993 depend on the process of enlargement of the European Union, which was entering a new level. The European Council of Copenhagen, in June of 1993, set out the criteria that any candidate country who wants to enter the European Union must meet before its extension. These so-called "Copenhagen Criteria" were aimed mainly at the countries of Eastern and Central Europe, who were seeking to become part of the European Community (Berend, 2016).

It was also in 1993 that enlargement negotiations started with Austria, Finland, and Sweden. These negotiations ended one year later and on January 1, 1995, the European Union welcomed three new members states, becoming Europe of 15 (Centre d'Information sur les Institutions Européennes, 2017).

The Schengen Agreements enter into force in seven Member States: Germany, Belgium, Spain, France, Luxembourg, the Netherlands and Portugal. The citizens, of all member states, can go in these countries without any identity check at the borders. Other countries since joined the Schengen zone. The agreements allow the free movement of persons and harmonize controls of the persons within the space compound of the states (Baldwin, Wyplosz, 2009).

On October 2, 1997, the Treaty of Amsterdam was signed, it is thought of as a follow up of Maastricht Treaty. The substantial extensions consisted of a more influential role of the EU in social policy also the European parliament's powers were boosted. The new treaty improved the organization of intergovernmental cooperation between the Member States of the European Union (Berend, 2016).

2.2.1 Trade policy of the European Union

Trade policy is one of the most traditional areas of collaboration in the EU. The EU's trade policy is the direct result of the agreement in the Treaty of Rome to establish a customs union, which involves the elimination of tariffs among the members and the establishment of a common tariff with consideration to imports from third countries. Creating a customs union required setting up the instruments of agreeing on the common trade policy, the CCP. The EU pursues its trade policy through multilateral negotiations within the context of the World Trade Organisation through bilateral relations with specific countries or groups of countries; and through unilateral actions (Jones et. al, 2012).

The EU has a common trade policy. This means that the EU and its 28 Member States act as one single authority in all trade-related matters. The external trade policy of the European Union covers nearly one-fifth of world trade. Understanding the principles and practice of EU trade policy, the Common Commercial Policy (CCP), is crucial for knowing the EU's role and impact on the global economy (Ardy, El-Agraa, 2011).

Because the EU is a customs union it has a common trade policy. Another reason is the use of a common trade policy for opening markets for investments and exports (Buonanno, Nugent, 2013).

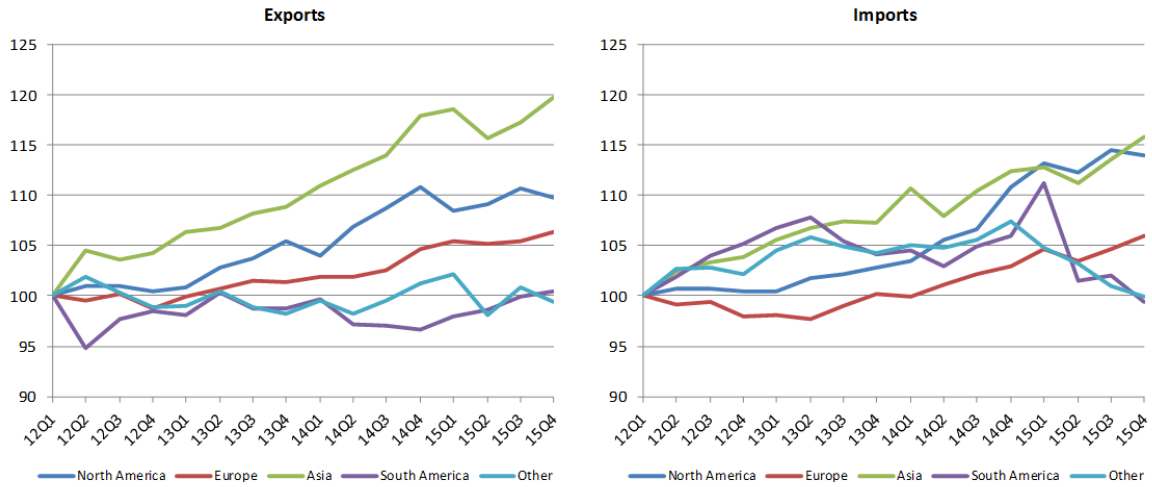
The CCP was originally concentrated on tariffs and quantity restrictions regulating trade in goods. As tariffs were reduced due to multilateral trade negotiations and other policy areas connected with regulatory issues had become related to international trade. The main objective is to design a trade policy that will stimulate growth and create jobs in Europe (Ardy, El-Agraa, 2011).

The EU's member states are highly dependent on international trade. Being a successful international trader depends on a few factors, one of those is the capability of negotiating a proficient and beneficiary trading terms with partners. The trade policy of the EU is hugely effective in this view because it allows all member countries to use their trading power collectively via the CCP when negotiating trading terms with important trading partners (Baldwin, Wyplosz, 2009).

This cumulative use of the trading powers of the member states results in the European Union being the world's largest exporting body, the second largest importer, the dominant market for over 100 countries and the top in both inward and outward foreign

direct investment. All those factors make the union highly powerful international trading actor (Buonanno, Nuget, 2013).

Graph 1: Volume of merchandise trade 2012–2015



Source: World Trade Organisation, 2016

Regimes

The Treaty on European Union constrains the EU to uphold and promote its values and to contribute to the protection of human rights in its connection with the wider world. The EU therefore has already in place trade agreements with some 50 partners (European Commission, 2013).

No agreement

There are countries that have no agreement with The EU and are not members of the World Trade Organisation. There are currently 164 countries who are WTO members, 36 of whom have joined since 1995. The organization has been working to encourage trade policies, settle conflicts, conduct economic research, help government officials, and educate the public about international trade. However, despite the wide scope and large membership paltry of the WTO, there are 34 nations who are not a part of the organization. These countries face significant obstacles to promotion of their trade, as they do not hold the Most Favored Nation status given to all WTO members and they do not receive the same lower trade barriers all WTO members must give one another (O'Brien, 2016).

Most important countries with no agreement: Iran, Algeria, Sudan, Belarus, Serbia, Turkmenistan, Azerbaijan etc.

Most-Favoured-Nation Treatment under WTO

The most-favoured-nation (MFN) principle is a cornerstone of the multilateral trading system conceived after World War II. It aims to replace the frictions and distortions of power-based (bilateral) policies with the assurance of a rules-based structure where trading rights do not depend on the individual participants' economic or political clout. Rather, the best access conditions that have been accepted to one country must automatically be drawn-out to all other participants in the system. This allows everybody to benefit, without additional negotiating effort, from arrangement that may have been agreed between large trading partners with much negotiating leverage (World Trade Organisation, 2018).

Some exceptions are allowed. For example, countries can set up a free trade agreement that applies only to goods traded within the group — discriminating against goods from outside. Or they can give developing countries special access to their markets (Eurostat, 2018).

Generalised Scheme of Preferences

The EU's "Generalised Scheme of Preferences" (GSP) allows developing country exporters to pay less or no duties on their exports to the EU. This gives them vital access to EU markets and contributes to their economic growth (Eurostat, 2018).

The GSP has three objectives:

- contribute to poverty eradication by expanding exports from countries most in need
- promote sustainable development and good governance
- ensure that the EU's financial and economic interests are safeguarded

(Centre d'Information sur les Institutions Européennes, 2017)

GSP promotes economic growth and job creation in the beneficiary country by generating increased export revenue. Also, GSP supports EU businesses competitiveness by lowering the cost of imported components. The GSP Regulation adds a sliding scale of preferences within three schemes according to the different needs of developing countries:

Standard GSP for low and lower-middle income countries

It reduces EU import duties for about 66% of all product tariff lines. Any developing country can benefit from the GSP unless; they have another access to the EU trade by the

same tariff preferences or the country gained a high- or upper-middle income economy status according to the World Bank classification.

Table 1: Countries with standard GPS

Republic of Congo	India	Micronesia
Cote d'Ivoire	Indonesia	Nauru
Ghana	Tajikistan	Niue
Kenya	Uzbekistan	Tonga
Nigeria	Vietnam	Ukraine
Swaziland	Cook Islands	Syria

Source: Communication department of the European Commission, 2017

GSP+ for vulnerable low and lower-middle income countries

It grants full elimination of tariffs on over 66% of EU tariff lines.

Table 2: Countries with GPS+

Cape Verde	Mongolia	Sri Lanka
Armenia	Pakistan	Bolivia
Kyrgyzstan	Philippines	Paraguay

Source: Communication department of the European Commission, 2017

EBA (Everything But Arms)

It was created in 2001 to provide Duty-Free, Quota-Free access for all products except arms and ammunition for Least Developed Countries (LDCs). Access to the scheme is automatic if a country has a status as LDC. Differently from other GSP schemes it has no expiration date (Committee for Development Policy of United Nations, 2018).

Countries do not need to apply to benefit from EBA, they are added or removed to relevant list through a delegated regulation. EBA preferences can be withdrawn in case of some exceptional circumstances, notably in case of serious and systematic violation of principles laid down in fundamental human rights and labour rights conventions (Communication department of the European Commission, 2017).

Table 3: Countries in EBA (2016)

Angola	Gambia	Sao Tome & Principe	Bhutan
Benin	Guinea	Senegal	Cambodia
Burkina Faso	Guinea - Bissau	Sierra Leone	Lao PDR
Burundi	Lesotho	Somalia	Myanmar/Burma
Central African Republic	Liberia	South Sudan	Nepal
Chad	Madagascar	Sudan	Timor-Leste
Comoros	Malawi	Tanzania	Yemen
Congo	Mali	Togo	Kiribati
Djibouti	Mauritania	Uganda	Solomon Islands
Equatorial Guinea	Mozambique	Zambia	Tuvalu
Eritrea	Niger	Afganistan	Vanuatu
Ethiopia	Rwanda	Bangladesh	Haiti

Source: Committee for Development Policy of United Nations, 2018

Common Commercial Policy

The key provisions of the common external trade policy are fixed in the Treaty of Lisbon, formally the Treaty on the Functioning of the European Union. The foundation of the CCP is Article 188C. It sets out the important that: The CCP shall be based on uniform principles, particularly regarding changes in tariff rates, the conclusion of tariff and trade agreements relating to trade and goods and services, and the commercial aspects of intellectual property, foreign direct investment, the achievement of uniformity in measures of liberalization, export policy and measures to protect trade such as those to be taken in the event of dumping or subsidies. The CCP shall be conducted in the context of the principles and objectives of the Union's external action (The Lisbon Treaty, 2007).

The demands of international competition mean that, to be efficient, the EUs must be both bold and capable of being immediately adaptable to changing global trading circumstances. This is because the EU must be able to create favourable conditions for its producers as they try to sell their products on the world market and also to be able to provide protection for its producers when that is deemed to be necessary – which in reality

means when EU producers are subject to what is perceived as unfair competition (Buonanno, Nuget, 2013).

Association agreement

An association agreement is a bilateral agreement between the EU and a third country. In the context of accession to the EU, it serves as a core for implementation of the accession process. Areas frequently covered by such agreements include the development of political, trade, social, cultural and security links. (Communication department of the European Commission, 2017).

In some cases they prepare for future EU membership. Association agreement differ in their content and names. However they all meet some of the following points:

- aim to build close political and economic partnership
- set up bodies for management of the partnership and the capability to draw out decisions that bind the cooperating partners
- give Most Favoured Nation regime
- offer a privileged relationship between the EU and its partner
- the respect of human rights and democratic principles is always included as an essential element

(European Union External Action Service, 2011)

European Neighbourhood Policy

The ENP intends to build common interests among East and South countries and responsibility to work together in the most important areas such as promotion of democracy and human rights, the rule of law and social cohesion. The main aim is to have a more stable neighborhood/ borders in economic, political and security terms. Strengthening the partners has the key importance in face of threats and tensions connected with the challenges associated with mobility and migration (European External Action Service, 2016).

The Eastern Partnership is under the European Neighbourhood policy and it is a collective action that engage the EU and six Eastern European countries:

1. Armenia
2. Azerbaijan
3. Belarus
4. Georgia
5. Republic of Moldova
6. Ukraine

(European External Action Service, 2016)

Picture 4: The Eastern Partnership



Source: Ministry of Foreign Affairs of the Czech Republic, 2012

2.3 Instruments of the external trade policy

2.3.1 Tariffs

The tariff is common to all EU members, but the rates of duty differ from one kind of import to another depending on what they are and where they come from. The rates depend on the economic sensitivity of products. The tariff is therefore the name given to the combination of the nomenclature (or classification of goods) and the duty rates which

apply to each class of goods. In addition, the tariff contains all other Community legislation that has an effect on the level of customs duty payable on a particular import, for example country of origin (The European Union, 2017).

Tariffs are applied on imports coming from countries whose products do not enjoy EU preferential treatment. There are only nine countries in the world which the EU does not have a preferential trade agreement and who are members of the WTO, hence the common external tariff (CET) applies only to imports from them (Brian Ardy, 2011).

EU tariffs are expressed as ad valorem tariffs equal to a percentage of the product's value, specific tariffs per unit weight/volume/number of pieces and a combination of ad valorem and specific tariffs. Nilsson, 2012).

A **Most Favored Nation (MFN) Tariff** is one that WTO member countries promise to impose all of their trading partners who are also WTO members, unless the country is part of a preferential trade agreement (such as a free trade area or customs union). This means that, in practice, MFN rates are the highest (most restrictive) tariffs that WTO members charge one another (World Trade Organisation, 2018).

A **Preferential Tariff** is one that falls under a preferential trade agreement. Basically, countries make a deal in which they agree to charge a lower rate than the MFN rate. Details of various Preferential Tariffs are available in the Global Preferential Trade Agreement Database (GPTAD), which contains the original text of preferential trade agreements (PTA). It is indexed using classification consistent with WTO criteria.

Bound Tariffs are specific commitments made by individual WTO member governments. The bound tariff is the maximum MFN tariff level for a given commodity line. When countries join the WTO or when WTO members negotiate tariff levels with each other during trade rounds, they make agreements about bound tariff rates, rather than applied rates (Kaushik, 2016).

2.3.2 Non-tariff barriers

Non-tariff measures are generally defined as policy measures other than ordinary customs tariffs that can potentially have an economic effect on international trade in goods. (United Nations, 2013).

Quantitative restrictions in imports has the same effects to tariffs in that they raise the price in domestic market, but they will not provide revenue to the government unless the government collects the quotas rents instead of the importer or exporter firms. Import

quotas are not permitted under the World Trade Organisation rules, but they were established on clothing and textile and have been regulated by the World Trade Organisation agreement on Textiles and Clothing since 1995 (Communication department of the European Commission, 2017).

The (Deardorff, Stern, 1998) propose five categories of the non-tariff barriers.

- **Quantitative NTBs and similar restrictions**

This includes import quotas and their administrative form – licensing auctions and other, export limitations and their bans, export restraints, limit on import but handled by exporters, foreign exchange controls base on licencing, prohibitions such as embargos, forcing the use of domestic components in the final product, rules of origins (Beghin , 2006).

- **Fees other than tariffs**

This category consists of variable levies triggered once prices reach a threshold or target level, advanced deposit requirements on imports, anti-dumping and countervailing duties imposed on landing goods supposedly exported below cost, value-added taxes potentially imposed asymmetrically on imported and domestic competing goods (Deardorff, Stern, 1998).

- **Various forms of government policies**

Includes direct governmental assistance and restrictive practices in trade, such as state-trading and state-sponsored monopoly; government procurement policies with domestic preferences; and industrial policy favouring domestic firms with associated subsidies and compensation. This category expands to the macroeconomic and foreign exchange policies; foreign direct investments policies (United Nations, 2013).

- **Customs procedure and administrative practices**

Covers custom valuation methods that may depart from the actual import valuation; customs classification procedures other than the international harmonized system of classification to levy further fees; and customs clearance procedures, such as inspections and documentation creating trading cost (Beghin , 2006).

- **Technical barriers to trade**

Relate to health, sanitary, animal welfare, and environmental regulations; quality standards; safety and 3 industrial standards; packaging and labelling regulations and other media/advertising regulations (United Nations, 2013).

3 Practical Part

3.1 CETA - Overview

Canada, parliamentary constitutional monarchy, is the second largest country in the world. It is a federation of ten provinces and three federal territories. The formal head of the state is Queen Elizabeth II represented by the Governor General Julie Payette. With a population of 36 million and a gross domestic product of 1.6 trillion USD, Canadian market is definitely an interesting investment and business partner (Kocourek, Šímanová, 2017).

The Comprehensive and Economic Trade Agreement, or CETA, is a trade deal between the EU and Canada. It aims to boost trade and help generate growth and jobs. CETA will remove custom tariffs and other barriers to trade, will uphold Europe's high standards on food safety, workers right and the environment (Communication department of the European Commission, 2017).

The agreement with Canada is one of the most ambitious and progressive trade agreements the EU has ever conducted. It offers companies in both the EU and Canada new opportunities for transatlantic trade and investment, giving EU exporters – large and small – much improved access to one of the world's most developed markets.

The agreement will:

- Abolish custom duties on 98% of the types of product that the Eu trades with Canada
- Allows companies to bid for tenders at all levels of Canadian Government
- Help EU firms sell more and improved services in Canada by creating new market access in certain sectors
- Uphold the EU's high standards
- Promote high quality investment between the EU and Canada

(Euroepan Comission, 2017).

The European Commission proposed the signature of the EU-Canada Comprehensive Economic and Trade Agreement (CETA) to the Council of the EU in July 2016. The Council approved the agreement in October 2016 and the European Parliament voted in favour of it on 15 February 2017. CETA entered into force provisionally on 21

September 2017. National parliaments in EU countries have still to approve it before it can take full effect (Communication department of the European Commission, 2017).

The agreement overview:

Trade in goods

Prior to CETA's entry into force, only 25 percent of EU tariff lines on Canadian goods were duty-free. On the day that CETA entered into force, 98 percent of EU tariff lines became duty-free for Canadian goods, and an additional one percent will be eliminated over a seven-year phase out period. Tariff elimination will provide enhanced export opportunities into the EU market for Canadian producers, processors, and manufacturers, as well as for agricultural and agri-food products, fish and seafood, forestry goods, and the full range of industrial goods (Government of Canada , 2017).

Picture 5: CETA – World map



Source: mapchart.net, 2018

3.1.1 CETA – Chapter 2: National treatment and market access for goods

This Chapter applies to trade in goods. Each Party shall reduce or eliminate customs duties on goods originating in either Party in accordance with the tariff elimination schedules. For the purposes of this Chapter, "originating" means originating in either Party under the rules of origin set out in the Protocol on rules of origin and origin procedures (Comprehensive Economic Trade Agreement, 2016).

The elimination of tariffs will appear when CETA comes into force or continuously within 3, 5 or 7 years for almost all goods. For the most sensitive agricultural products an alternative to full liberalisation was negotiated (European Commission, 2017).

The purpose of rate elimination is to reduce the costs for exporters and importers and therefore make goods more capable of competition on the importing market. Tariff elimination is an advantage for consumers because it leads to wider choice and lower

prices of the goods. The duty elimination agreed in CETA is without any harm to the rules and regulations that the products had to comply on the relevant import market (technical or sanitary rules for the security and protection of consumers or the environment, including particularly food safety and labelling requirements). Altogether the tariffs for 98.6% of all Canadian tariff lines and 99.0% of all EU tariff lines will be removed (European Commission’s Directorate-General for Trade, 2017).

Table 4: EU tariff elimination (selected products)

EU Tariffs Eliminated on Entry into Force (Select Products):	EU Tariff before CETA
Products	
Maple Syrup	8%
Fresh Cherries	Up to 12% (seasonal)
Fresh Apples	Up to 9% (seasonal)
Frozen potato products, incl. French fries	14.4% to 17.6%
Sweetened, Dried Cranberries	17.60%
Cat and Dog Food	Up to € 948 /tonne
Oils (for example, Canola and Soybean Oils)	3.2% to 9.6%
Processed Pulses (for example, Flour, Meal and Powder)	7.70%
Processed grains (for example, Wheat flour)	€ 172/tonne
Baked Goods, such as breads, pastries, cakes	From 9%
Dairy	Up to € 2313/tonne

Source: Government of Canada, 2017

Rules of Origin

Agriculture and agri-food products must meet the CETA rules of origin to benefit from the preferential market entry under CETA. The CETA rules of origin also allow preferential tariff-free access for Canadian exports of specific processed agricultural products that are manufactured using a higher share of non-originating components or ingredients than would otherwise be allowed, subject to an annual quota volume. These more liberal rules of origin will benefit producers of products that contain imported ingredients, such as certain grains (e.g. rice) imported into Canada (Government of Canada, 2017).

3.1.2 CETA - Chapter 4: Technical barriers to trade

The Technical barriers to trade chapter ensures to protect the market access gains made in other parts of CETA. This chapter’s arrangements assure that technical norms and regulations are applied fairly to products and goods originating in both Canada and the EU. Where a difference in regulations or norms occurs, the provisions of the TBT chapter

pursue to boost convergence of our respective methods where achievable, while protecting each Party's right to control in its own best prosperity. Participation of the parties is voluntary. Nothing in the TBT chapter orders Canada or the EU to downward their safety norms and regulations (Comprehensive Economic Trade Agreement, 2016).

The Parties guarantee to collaborate to the extent possible, to assure that their technical norms are consistent with one another. In order to achieve this aim, if a Party suggests an interest in establishing a technical regulation comparable or similar in scope to one that exists in or is being processed by the other Party, that other Party will, on request, contribute to the Party, to the extent practicable, the suitable information, studies and data upon which it has count on in the preparation of its technical regulation, whether adopted or being developed (Government of Canada , 2017).

3.1.3 CETA – Chapter 8: Investment

Investments take up a massive portion of the Canada-EU economic partnership. Direct investments by Canadian companies in the EU came to \$232 billion in 2016, which is around 22 percent of Canadian direct investments abroad. The same year, direct investments from European companies in Canada accounted for \$247 billion, representing 30 percent of total foreign investments in Canada (European Commission, 2017).

The investment chapter is split into areas corresponding to several types of provisions. The Establishment of investments section bans Canada and the EU from implementing unsuitable restrictions on the access into their markets of new investments. The non-discriminatory section requires the two countries to treat each other's investors no less fairly than they treat to any other investor in their area. The Investment protection area protects investors from unauthorized government behaviour, such as illegal expropriation, denial of justice or of due process. The Reservations and exceptions section summarize the capability of governments to operate in the public interest when regulating in areas such as safety, the environment, health and other sensitive policy areas such as aboriginal affairs (Government of Canada , 2017).

3.2 The Volume and Patterns of EU External Trade

EU commercial policy is shaped by the Union's obligations (and reciprocal rights) under the WTO, which came into being in 1995. The purpose of the WTO is to establish and monitor the rules for trade policy-making in its members and to encourage the liberalisation of trade through successive rounds of trade negotiations to reduce tariffs and other barriers to trade in goods and services (Brühlhart, Matthews, 2016).

Most EU trade is happening inside the European Union (intra-EU) it is approximately two thirds of all imports and exports. Only one third is operated by the outside world. The three main partners for imports of the EU are China, The USA and Russia as seen in table 5.

Table 5: EU partners – Merchandise trade, 2016

	Total EU trade	milion euro	Share (%)
		3,452,143	100
1	USA	608,817	17,60
2	China	514,779	14,90
3	Switzerland	264,04	7,6
4	Russia	191,089	5,5
5	Turkey	144,681	4,2
6	Japan	124,519	3,6
7	Norway	111,306	3,2
8	South Korea	85,951	2,5
9	India	77,065	2,2
10	Canada	64,294	1,9

(Source: European Commission, 2017)

The main EU partner country in services trade is the USA, with the ration of services to goods is remarkably high in comparison with other main trading partners. There is a difference in the structure of EU imports and exports. Machinery and transport equipment take over EU exports (42 percent of total EU exports and only 29 percent of share in EU imports). Mineral fuels and related material products are representing the main part of total EU imports (Ardy, El-Agraa, 2011).

The first estimate for euro area (19-member states) exports of goods to the rest of the world in July 2017 was €177.7 billion, an increase of 6.1% compared with July 2016 (€167.6 bn). Imports from the rest of the world stood at €154.6 bn, a rise of 8.2% compared with July 2016 (€142.8 bn). As a result, the euro area recorded a €23.2 bn

surplus in trade in goods with the rest of the world in July 2017, compared with +€24.8 bn in July 2016 (Eurostat, 2017).

3.2.1 Bilateral trade between Canada and the European Union

64.3 billion was the amount of bilateral trade in goods between Canada and the EU in 2016. Canada's second most important trading partner after the United States is the European Union with 9.6% of its international trade in goods in 2016, also in that year Canada accounted for almost 2% of the EU's total external trade in goods (European Commission, 2017).

Table 6: Key figures – EU and Canada, 2016

Key Figures - Trade with Canada						
Indicator	Unit	Period	Imports	Exports	Total Trade	Balance
Last year	Mil. Euros	2016	29,156	35,187	64,343	6,032
Rank as EU partner		2016	12	11	10	
Share in EU trade	%	2016	1.7	2.0	1.9	
Annual Growth Rate	%	2015–2016	3.0	0.1		
Annual Average Growth Rate	%	2012–2016	-1.0	2.9		

(Source: European Commission, 2017)

In terms of composition of products traded the most important group is machinery computing 23.6% of EU exports to Canada and 13.7% of its imports. The second group with 18.7% of EU export and 11.4% of its imports was transport equipment. Canada and European Union also share a significant trade in services that accounted to EUR 30.1 billion in 2015. Communication, insurance, travel and transportation are some of the examples of services traded between those two countries (Eurostat, 2018).

3.2.2 Bilateral trade between Canada and the Czech Republic

Canada belongs to a traditional trade partner. In 2015 it was 46th trade partner and 52nd export market for the Czech Republic. In 2016 the trade turnover increased by 5.4% between the two years. The export to Canada has decreased by 5% and the import increased by 2.2%. Six years in a row the Czech Republic accounted a positive trade balance with Canada (Ministry of Industry and Trade of the Czech Republic, 2017).

Table 7: International Trade CZ – Canada

Trade Canada - Czech Republic (ths. EUR)					
	2012	2013	2014	2015	2016
Export CZ	197,615	211,121	194,330	235,281	225,880
Import CZ	128,652	148,125	133,465	147,979	180,626
Turnover	326,267	359,246	327,795	383,259	406,506
Balance	68,963	62,996	60,864	87,302	45,254

(Source: Czech Statistical Office, 2017)

Import to the Czech Republic has increased throughout the five years from 128,652 thousand of Euros to 180,626 thousand of Euros. In the next table there are groups of commodities that are imported the most from Canada.

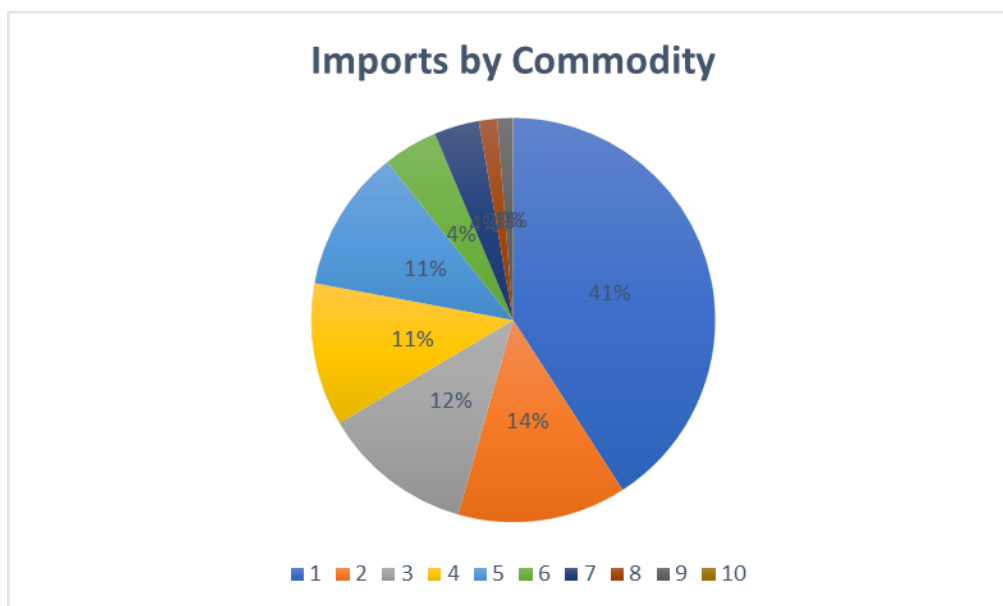
Table 8: Top import commodities, 2012-2016, SITC nomenclature

Rank	Commodity	Code
1	Machinery and transport equipment	7
2	Food and live animals	0
3	Chemicals and related products, n.e.s.	5
4	Manufactured goods classified chiefly by material	6
5	Miscellaneous manufactured articles	8
6	Crude materials, inedible, except fuels	2
7	Commodities and transactions n.e.c. in the SITC	9
8	Beverages and tobacco	1
9	Mineral fuels, lubricants and related materials	3
10	Animal and vegetable oils, fats and waxes	4

(Source: Czech Statistical Office, 2018)

The groups of products are sorted from the most imported to the least imported. The machinery and transport equipment are the commodity that is imported to the Czech Republic the most. The second group of products are Food and live animals, followed by Chemicals and other related products.

Graph 2: Imports by commodity from Canada to CZ (accumulated for 2012 – 2016), in share of total import



(Own calculation, Data from Czech Statistical Office, 2018)

In the graph 2 the commodities are represented by their code from Table 8. The machinery and transport equipment take almost half of all import with the share of 41%. With 14% there are the products that contains food and live animals. The same share has two commodities and that is the manufactured goods classified chiefly by material and miscellaneous manufactured articles they both take 11% of all import.

The export through the years has fluctuated but overall it was always higher than import that creates a positive trade balance for the Czech Republic. The next table 9 shows a list of commodities that are exported most to Canada.

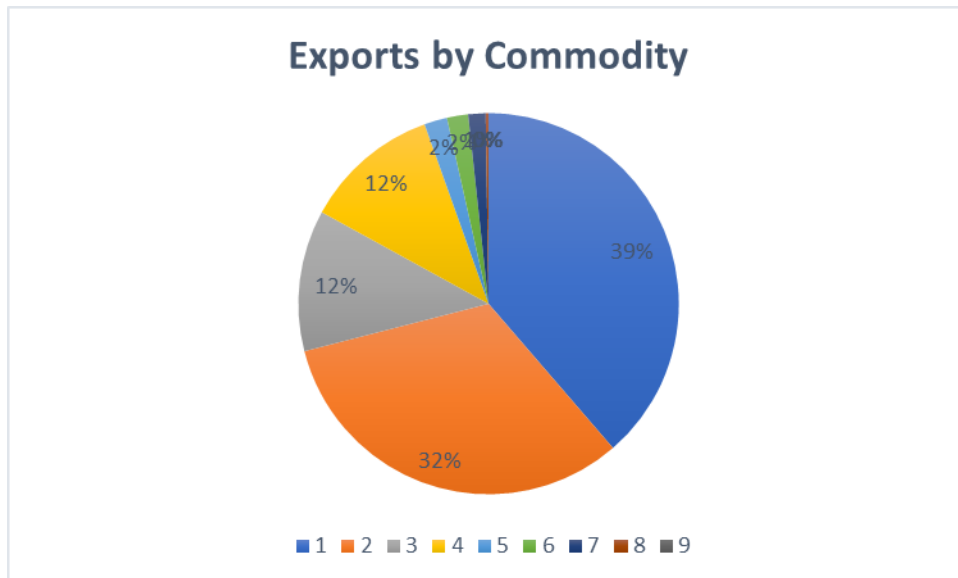
Table 9: Top export commodities, 2012-2016, SITC nomenclature

Rank	Commodity	Code
1	Manufactured goods classified chiefly by material	6
2	Machinery and transport equipment	7
3	Miscellaneous manufactured articles	8
4	Chemicals and related products, n.e.s.	5
5	Beverages and tobacco	1
6	Food and live animals	0
7	Crude materials, inedible, except fuels	2
8	Mineral fuels, lubricants and related materials	3
9	Commodities and transactions n.e.c. in the SITC	9

(Source: Czech Statistical Office, 2018)

The order of the products has slightly changed in comparison with import table 8. Machinery and transport equipment is the second most exported commodity instead of first. The top exported commodity is manufactured goods classified chiefly by material. Food and live animal's products were second in import but in export they take 6th place.

Graph 3: Export by Commodity from CZ to Canada (accumulated for 2012 – 2016), in share of total export



(Own calculation, Data from Czech Statistical Office, 2018)

The commodities are represented by the code from Table 9. There is two group of products that take very similar share of all exports and that is the first two – the manufactured goods and machinery and transport equipment. Together they take up to 71% of all exports.

The main exported products in detail are railways made of iron and steel, parts of motor vehicles, rubber tires and furniture (Ministry of Industry and Trade of the Czech Republic, 2017).

3.2.3 The top imported agricultural products from Canada to Czech Republic

As of the year 2017 imported agriculture commodities from Canada to the Czech Republic by the amount were as follows, also seen in appendix 1 (marked in the Czech Harmonised System from 01 – 24);

The first 20 out of 107:

Table 10: Top imported products from Canada to CZ by amount and value

Year	Code	Product name	Netto (kg)	Stat. value EUR (ths.)
2017	071340	Dried, shelled lentils, whether or not skinned or split	6,682,702	5,879
2017	230910	Dog or cat food, put up for retail sale	3,025,851	6,279
2017	120190	Soya beans, whether or not broken (excl. seed for sowing)	575,240	361
2017	071333	Dried, shelled kidney beans "Phaseolus vulgaris", whether or not skin	566,969	465
2017	071320	Dried, shelled chickpeas "garbanzos", whether or not skinned or split	355,577	433
2017	220299	Non-alcoholic beverages (excl. water, fruit or vegetable juices, milk)	207,449	1,567
2017	210690	Food preparations, n.e.s.	191,708	3,792
2017	081190	Frozen fruit and nuts, uncooked or cooked by steaming or boiling	148,224	259
2017	170220	Maple sugar, in solid form, and maple syrup (excl. flavoured or colour)	136,913	949
2017	190219	Uncooked pasta, not stuffed or otherwise prepared, not containing eggs	111,500	97
2017	090931	Cumin seeds, neither crushed nor ground	108,000	238
2017	151800	Animal or vegetable fats and oils and their fractions, boiled, oxidise	107,890	65
2017	120750	Mustard seeds, whether or not broken	107,607	119
2017	200893	Cranberries (Vaccinium macrocarpon, Vaccinium oxycoccos, Vaccinium vitis-i)	86,662	233
2017	030486	Frozen fillets of herring "Clupea harengus, Clupea pallasii"	58,247	102
2017	220830	Whiskies	53,645	172
2017	210610	Protein concentrates and textured protein substances	51,698	649
2017	200899	Juice of fruit or vegetables, unfermented, whether or not containing a	50,890	131
2017	030499	Frozen fish meat n.e.s. (excl. fillets)	44,985	82
2017	120929	Seeds of forage plants for sowing (excl. of cereals and of sugar beet,	37,800	59

(Source: Czech Statistical Office, 2018)

The most imported product is dried, shelled lentils. Almost 7 million kilos were imported to the Czech Republic in the year 2017. The second product from the top is the dog and cat food put up for retail sale, 3 million kilos came to Czech Republic in 2017 with the value of 6 million euros, one million euro higher and 3 million kilos lower than the lentils on the top.

To detect which out of the 107 commodities has the biggest portion on the import to the Czech Republic. The amount of entire import for each product is required for the year 2017.

Table 11: Top imported products to CZ from Canada with total import amount, value

Code	Product name	Netto (kg)	Stat. value EUR(th.s.)
071340	Dried, shelled lentils, whether or not skinned or split	8,849,514	8,068
170220	Maple sugar, in solid form, and maple syrup (excl. flavoured or colour	269,911	2,161
160530	Lobster, prepared or preserved (excl. smoked)	1,152	18
030612	Frozen lobsters "Homarus spp.", even smoked, whether in shell or not,	9,559	172
071320	Dried, shelled chickpeas "garbanzos", whether or not skinned or split	1,627,547	1,990
090931	Cumin seeds, neither crushed nor ground	592,365	1,486
030326	Frozen eels "Anguilla spp."	1,908	27
051110	Bovine semen	686	2,277
010649	Live insects (excl. bees)	38,401	436
071333	Dried, shelled kidney beans "Phaseolus vulgaris", whether or not skinn	5,221,613	3,631
090961	Juniper berries and seeds of anise, badian, caraway or fennel, neither	270,670	1,035

(Source: Czech Statistical Office, 2018)

Total import of selected products changed the order of commodities. Dried and shelled lentils are still at the top with 8 million kilos with the value of 8 million euros. The seconds biggest amount has dried, shelled kidney beans with 5 million kilos and the value of 3.6 million euros. The third place was taken by dried, shelled chickpeas. These three groups of products are very close they are all legumes and are traded in huge amounts.

To detect the most influential products - the division of Canadian import of each product and the total import of each product was made, calculated in percentage as seen in the table 12 below.

Table 12: Canadian products, share of total import

Code	Product name	Share(kg)	Share EUR
071340	Dried, shelled lentils, whether or not skinned or split	75.51%	72.87%
170220	Maple sugar, in solid form, and maple syrup (excl. flavoured or colour)	50.73%	43.91%
160530	Lobster, prepared or preserved (excl. smoked)	34.72%	44.44%
030612	Frozen lobsters "Homarus spp.", even smoked, whether in shell or not,	22.36%	29.65%
071320	Dried, shelled chickpeas "garbanzos", whether or not skinned or split	21.85%	21.76%
090931	Cumin seeds, neither crushed nor ground	18.23%	16.02%
030326	Frozen eels "Anguilla spp."	15.72%	14.81%
051110	Bovine semen	14.14%	12.69%
010649	Live insects (excl. bees)	10.94%	16.51%
071333	Dried, shelled kidney beans "Phaseolus vulgaris", whether or not skin	10.86%	12.81%
090961	Juniper berries and seeds of anise, badian, caraway or fennel, neither	9.24%	5.51%

(Own calculation, Data from Czech Statistical Office, 2018)

Dried, shelled lentils take a 75.51% share of all import to the Czech Republic. The second is the famous maple sugar or maple syrup which is not a surprise because Canada is the largest maple sugar and syrup exporter in the world (Government of Canada, 2015). At the third and fourth place are two types of lobsters, one prepared or preserved and second frozen.

These eleven products are the most influential on the import to the Czech Republic, which means the change in prices could have an impact on the amount traded.

In the next chapters the focus will be on the two commodities that have the highest share on import to the Czech Republic.

3.2.4 Imported Lentil

Canadian lentil is at the top of the table with over 70% share of all imported lentil. From the year 2007 to 2017 the import from Canada was relatively stable. Unfortunately, the data from year 2007 and 2008 in the amount in kilos are not available.

Canada is the largest producer of Lentil taking up more than 30% of the global production (Belaya, 2017).

Table 13: Import of lentils

Period	Code	CANADA		TOTAL	
		Netto (kg)	Stat. Value EUR(ths.)	Netto (kg)	Stat. Value EUR(ths.)
2017	071340	6,682,702	5,879	8,849,514	8,068
2016	071340	6,104,492	5,791	7,977,071	7,954
2015	071340	6,824,933	5,730	8,129,000	7,114
2014	071340	6,208,173	3,222	7,530,414	4,329
2013	071340	6,701,649	3,608	7,822,098	4,551
2012	071340	6,149,803	3,790	6,970,148	4,492
2011	071340	6,173,213	4,491	6,930,818	5,198
2010	071340	6,160,222	4,658	6,893,584	5,334
2009	071340	6,885,647	4,400	7,223,905	4,760
2008	071340	N/A	3,955	N/A	4,335
2007	071340	N/A	2,393	N/A	2,534

(Source: Czech Statistical Office, 2018)

The import of lentils is fluctuating throughout the years but its overall trend seems to be upward. The import from Canada was the highest in 2009 in terms of amount. The total import was the highest in 2017 that means other countries started or imported more to the Czech Republic. In the year 2017 Canada was the biggest importer of lentils however other countries started to engage such as the Russian Federation, Slovakia, Turkey, Germany and France, seen in table 14 (Czech Statistical Office, 2017).

Table 14: Top import countries of lentils in 2017

Period	Country	Netto (kg)	Stat. Value EUR(Ths.)	Unit Price EUR/Kg
2017	Canada	6,682,702	5,879	0.880
2017	Slovakia	644,193	727	1.129
2017	Russia	829,334	603	0.727
2017	Turkey	430,851	440	1.021
2017	Germany	83,057	184	2.215
2017	France	54,887	71	1.294

(Source: Czech Statistical Office, 2018)

Canada is the top imported by far. However other countries took up a share of the market. The proportion of the Russian import is different from Slovakian import. As seen in the table the unit price of Slovak lentils is much higher than Russian lentils. The most expensive lentils are from Germany. Canadian is the second cheapest therefore the import is that significant.

Table 15: Top import countries of lentils in 2009

Period	Country	Netto (kg)	Stat. Value EUR(Ths.)	Unit Price EUR/Kg
2009	Canada	6,885,647	4,400	0.639
2009	Slovakia	18,319	18	0.983
2009	Russia	N/A	N/A	N/A
2009	Turkey	111,849	152	1.359
2009	Germany	149,231	144	0.965
2009	France	547	2	3.656

(Source: Czech Statistical Office, 2018)

To compare year 2017 from table 14 and year 2009 it shows the drop in Canadian import and the entry of new importers in the lentil market. Russia started to import lentils in 2010 and in 2017 it has third place in the biggest importers in amount in kilos. France has made quite a step in importing lentils from 547kg in 2009 to 54,887kg in 2017 with dropping the unit price by almost 3 euros per kilo. Slovakia is a significant importer of lentils as well, it is our closest neighbor. The most expensive lentils were from France in 2009 the cheapest were from Canada.

Table 16: Selected countries share of import to CZ in Netto (kg)

	Canada	Slovakia	Russia	Turkey	Germany	France
2009	95.318%	0.254%	N/A	1.548%	2.066%	0.008%
2017	75.515%	7.279%	9.372%	4.869%	0.939%	0.620%

(Source: Czech Statistical Office, 2018)

Table 16 illustrates the percentage of share on total import in amount in kilos. Throughout the years Canada is continuously losing its share from around 95% to 75% in 8 years. Russia came up to 9% of the import market. Germany is the only country except Canada that dropped down to only 1%.

In Europe the consumption of Lentils is gradually increasing. This growth is largely due to a rise in the size of the ethnic community, but also to the fact that more non-ethnic consumers now consider lentils to be a nutritious and healthy food and part of a varied diet. Increased attention to health, environmental and social responsibility is leading to rapid growth of the organic sector. Many grains and pulses, including lentils, are also available as organic products (Ministry of Foreign Affairs of the Netherlands, 2016).

Table 17: Unit price of lentils (EUR/kg)

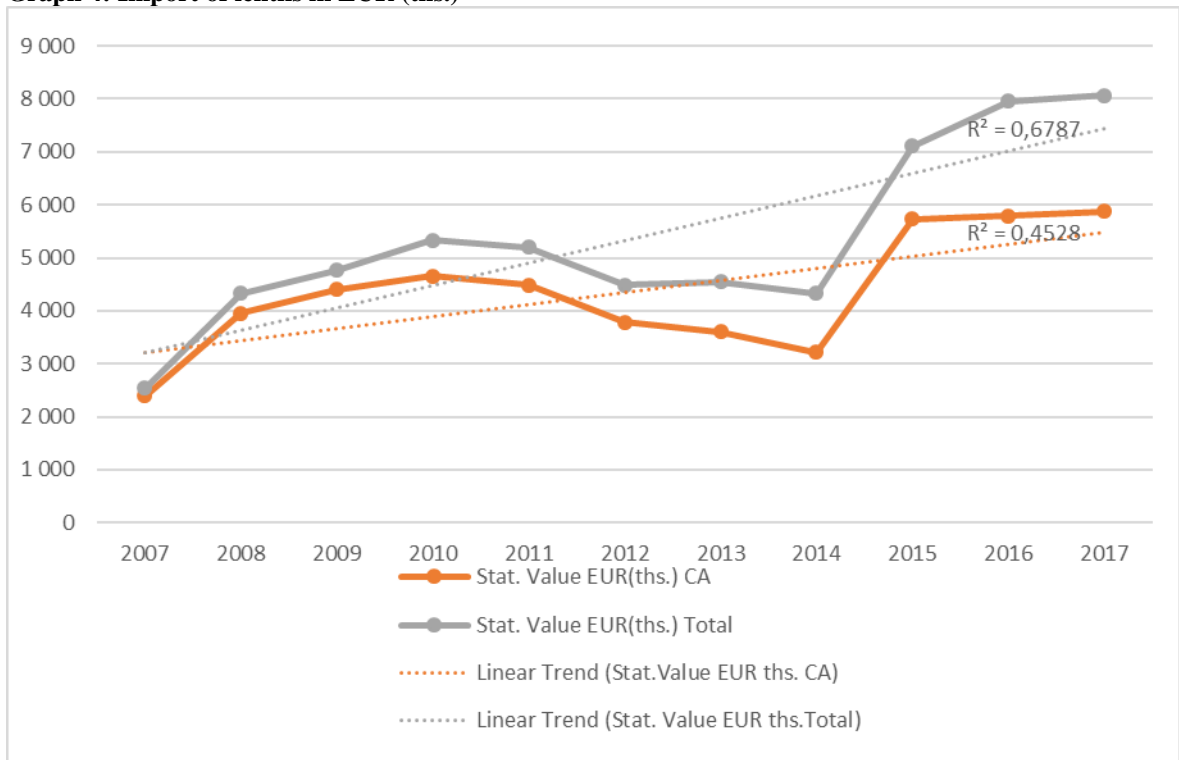
Period	Unit Price CA	Unit Price
2017	0.880	0.912
2016	0.949	0.997
2015	0.840	0.875
2014	0.519	0.575
2013	0.538	0.582
2012	0.616	0.644
2011	0.727	0.750
2010	0.756	0.774
2009	0.639	0.659
2008	N/A	N/A
2007	N/A	N/A

(Own calculation, data from Czech Statistical Office, 2018)

Table 17 illustrates unit prices. From 2014 to 2015 the price almost doubled from 0.519 to 0.840 in terms of Canadian Lentils and from 0.575 to 0.875 if in calculation total numbers are included.

This is a result of a strongly growing demand elsewhere, such as in India, which drives up the price of lentils (Ministry of Foreign Affairs of the Netherlands, 2016).

Graph 4: Import of lentils in EUR (ths.)



(Source: Czech Statistical Office, 2017)

As seen in the graph 4 from year 2007 the total import and Canadian import was identical therefore all lentils coming to the Czech Republic was Canadian, throughout the years it started to separate a little, the biggest difference was in 2017. From 2010 the trend was downward till 2014. 2014 was a breakthrough year the import started to rapidly increase to 2016 where it stabilized. It is displayed in thousands of euros. The graph shows the massive change in price seen in Table 17 the price between the years 2014 and 2015 doubled.

Also, in 2012 the prices of food products were influenced by an increase of reduced value added tax rate from 10% to 14%. The Czech food market reacts sensitively to changes in food prices on the global market as well as on the EU market. There is a high responsiveness in the development of prices to changes in the EU market prices (Smutka et. al, 2012).

To compare of how big the change in between the years was, the calculation of Chain and Base indexes was performed.

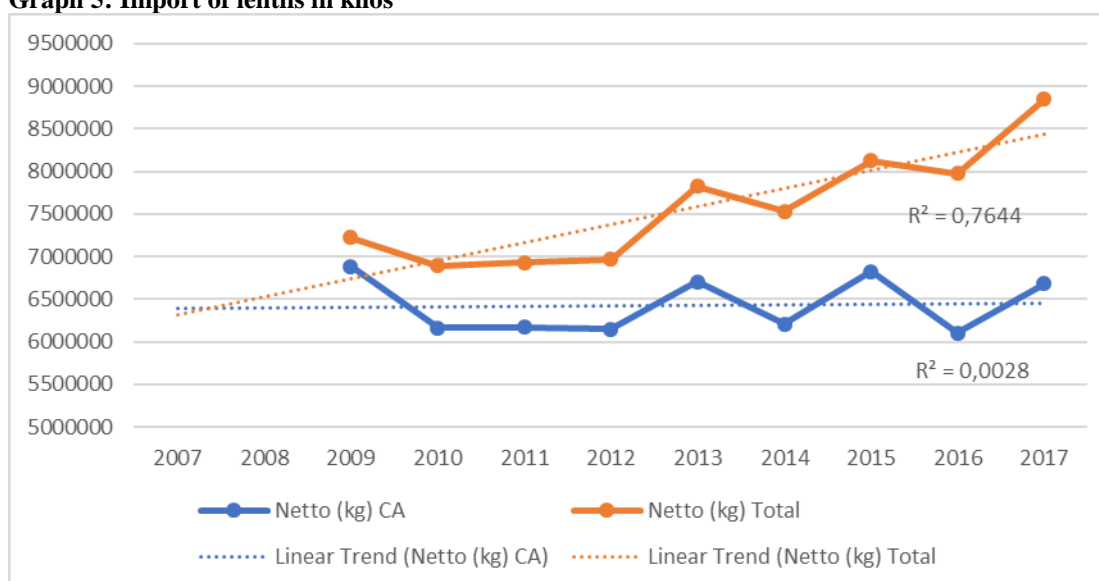
Table 18: Chain and Base index for lentils in value

Period	Stat. Value EUR(thrs.) CA	Stat. Value EUR(thrs.) Total	Chain index CA	Chain Index Total	Base index CA	Base Index Total
2007	2,393	2,534	N/A	N/A	100%	100%
2008	3,955	4,335	165.3%	171.1%	165.3%	171.1%
2009	4,400	4,760	111.3%	109.8%	183.9%	187.8%
2010	4,658	5,334	105.9%	112.1%	194.7%	210.5%
2011	4,491	5,198	96.4%	97.5%	187.7%	205.1%
2012	3,790	4,492	84.4%	86.4%	158.4%	177.3%
2013	3,608	4,551	95.2%	101.3%	150.8%	179.6%
2014	3,222	4,329	89.3%	95.1%	134.6%	170.8%
2015	5,730	7,114	177.8%	164.3%	239.4%	280.7%
2016	5,791	7,954	101.1%	111.8%	242.0%	313.9%
2017	5,879	8,068	101.5%	101.4%	245.7%	318.4%

(Own Calculation, Data from Czech Statistical Office, 2018)

As the Table 18 shows the drastic changes in between the years 2014 and 2015 in chain index for CA from 89% to 177% that is more than double. For the Base Index where the base is the year 2007 it grew to from the base to the year 2017 from 100 % up to 246 %.

Graph 5: Import of lentils in kilos



(Source: Czech Statistical Office, 2018)

To compare the amount and value of import, the graph 5 shows the amount imported in kilos. The import from Canada in amount of kilos is stable, the linear trend is straight, no change through the years in kilos however the prices changed because the trend of canadian import in the value has an upward slope. There is a visible fluctuation during the 9 years.

Table 19: Chain and Base index for lentils in amount

Period	Netto (kg) CA	Netto (kg) Total	Chain index CA	Chain Index Total	Base index CA	Base Index Total
2007	N/A	N/A	N/A	N/A	N/A	N/A
2008	N/A	N/A	N/A	N/A	N/A	N/A
2009	6,885,647	7,223,905	N/A	N/A	100%	100%
2010	6,160,222	6,893,584	89.5%	95.4%	89.5%	95.4%
2011	6,173,213	6,930,818	100.2%	100.5%	89.7%	95.9%
2012	6,149,803	6,970,148	99.6%	100.6%	89.3%	96.5%
2013	6,701,649	7,822,098	109.0%	112.2%	97.3%	108.3%
2014	6,208,173	7,530,414	92.6%	96.3%	90.2%	104.2%
2015	6,824,933	8,129,000	109.9%	107.9%	99.1%	112.5%
2016	6,104,492	7,977,071	89.4%	98.1%	88.7%	110.4%
2017	6,682,702	8,849,514	109.5%	110.9%	97.1%	122.5%

(Own calculation, data from Czech Statistical Office, 2018)

The table 19 illustrates the chain and base index for the amount imported to the Czech Republic. The fluctuation is visible here and also in the graph 5. The peak for Canadian lentils is in the year 2015 since then there is a slight decrease. The base for the base index is the year 2009.

The tariff for the commodity of dried, shelled lentils, whether or not skinned or split was from the start of the monitored time period (1st January 2007) as followed:

Table 20: Tariff measures for lentils (2007)

Measures	Country
tariff rate for third countries (C103, regulation R2204/99) 0%	1011 (ERGA OMNES)

(Celní správa České republiky, 2018)

The price is not influenced by custom tariffs since it did not change after the agreement was settled. We can expect no change of the import of Lentils connected to tariff regimes.

3.2.5 Discussion

Canadian agri-food companies stand to have a major advantage over competitors still facing EU tariffs. CETA will also help expand or create new markets for Canadian products in the EU.

The lentil market will not be influence by the tariff elimination however it is changing since in 2017 Canadian lentils acres dropped about 25% from its record from the 2016. This means that a little more than 4.4 million Canadian acres got planted in 2017, compared to 5.86 million the spring before so it can be assumed as the reason why there is not a growing trend in import to the Czech Republic. Despite the lower production Canada sees a bigger prospect in India than Europe. Unfortunately, the Indian government announced a 30% import tax on lentils in mid-December 2017, that could mean a lowering export to India. In 2016, 90% of India's lentils imported came from Canada (FarmLead Canada , 2017).

From the farmer's point of view, export market growth has not delivered promised prosperity. Due to government policy decisions over the past few decades, beef and pork, as well as the grain and oilseed sectors, are export-dependent and thus subject to price volatility due to currency fluctuation and production conditions in other countries. Dairy, on the other hand, has remained primarily a domestic sector, due to federal support for high tariffs that prevent dumping cheap imported milk into the market (National Farmers Union, 2014).

3.2.6 Imported Maple sugar, syrup

Maple syrup is one of Canada's most important and highly noticeable products. It is perceived as a symbol of Canadian identity, both nationally and abroad. Maple syrup production is economically and culturally important for Canada and some parts of the United States. Producing maple syrup is an alternative agricultural activity that promotes a natural resource base (both existing and potential) and promotes rural sustainability (Statista GmbH, 2017).

Canada is the leading exporter in Maple sugar, syrup, taking around 71% of the global market. The Canadian producers exported 45 million kg with a value of 381 million of dollars of maple products in 2016 (The Canadian Encyclopedia, 2017).

Right after lentils the maple sugar or syrup from Canada was imported to the Czech Republic with the share of all import over 50% in kilos. The data from year 2007 and 2008 in netto kilos are not available.

Table 21: Import of maple sugar, syrup to CZ

Period	Code	Netto (kg)	CANADA	Netto (kg)	TOTAL
			Stat. Value EUR(ths.)		Stat. Value EUR(ths.)
2017	170220	136,913	949	269,911	2,161
2016	170220	133,107	987	280,286	2,113
2015	170220	106,922	780	240,131	1,811
2014	170220	88,968	590	182,210	1,230
2013	170220	53,880	452	114,746	904
2012	170220	36,107	323	87,497	622
2011	170220	37,437	300	65,763	480
2010	170220	45,232	340	78,382	549
2009	170220	28,262	215	60,098	390
2008	170220	N/A	156	N/A	283
2007	170220	N/A	205	N/A	319

(Source: Celní správa České republiky, 2018)

The import of maple sugar, syrup from Canada is constantly going up. The biggest change is from year 2015 to 2016 where it came from 780 thousand of euros up to 987 thousand of euros where a slight decrease appeared to 949 thousand of euros in the year 2017. The total import has a similar trend with biggest increase from 2014 to 2015. In the total import a little drop is seen from the year 2016 to 2017 in kilos, otherwise the overall trend is rising during the specified period.

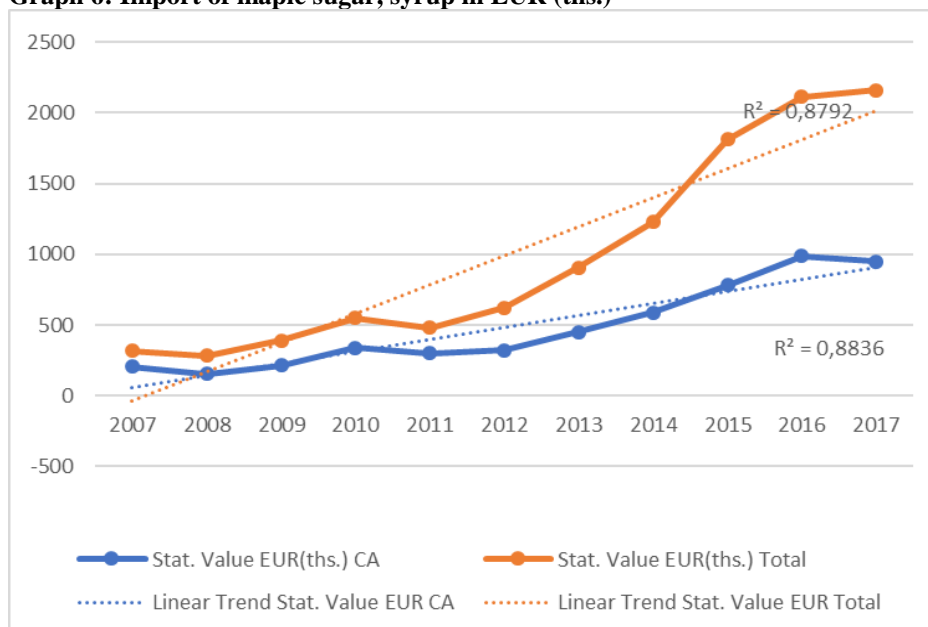
Table 22: Unit price maple sugar, syrup (EUR/Kg)

Period	Unit price CA	Unit price Total
2017	6.931	8.006
2016	7.415	7.539
2015	7.295	7.542
2014	6.632	6.750
2013	8.389	7.878
2012	8.946	7.109
2011	8.013	7.299
2010	7.517	7.004
2009	7.607	6.489
2008	N/A	N/A
2007	N/A	N/A

(Own calculation, data from Czech Statistical Office, 2018)

Table 22 shows a unit price for maple syrup. Comparing the Canadian price and the total price there are differences. For three years in a row (2011, 2012, 2013) the Canadian price is higher than the total price. The biggest gap is in 2012 there the price difference is the highest. In the year 2017 the Canadian maple syrup or sugar is cheaper than from other countries especially European.

Graph 6: Import of maple sugar, syrup in EUR (ths.)



(Source: Czech Statistical Office, 2018)

The graph 6 illustrates the evolution of import in thousands of euros. The two curves had a similar shape from 2007 to 2011. In the year 2012 they started to separate where the total import went up rapidly the Canadian import only slightly. Other countries

started to import to the Czech Republic therefore the curves separate. Those countries were: Germany as the second most influential country then Denmark and United Kingdom as seen in table 22 (Czech Statistical Office, 2018). These are all European countries so probably the import is logistically more convenient.

Table 23: Top countries that import maple syrup to CZ in 2017

Period	Country	Netto (kg)	Stat. Value EUR(Ths.)	Unit Price
2017	Canada	136,926	949	6.931
2017	Germany	97,754	948	9.698
2017	United Kingdom	10,625	78	7.341
2017	Denmark	6,385	22	3.446

(Own calculation, data from Czech Statistical Office, 2018)

The top four countries that import Maple syrup to the Czech Republic are except for Canada, European. The most expensive Maple syrup is by unit price from Germany. The lowest price has the syrup from Denmark.

Table 24: Top countries that import maple syrup to CZ in 2009

Period	Country	Netto (kg)	Stat. Value EUR(Ths.)	Unit Price
2009	Canada	28,262	215	7.607
2009	Germany	7,627	43	5.638
2009	United Kingdom	775	1	1.290
2009	Denmark	17,082	94	5.503

(Own calculation, data from Czech Statistical Office, 2018)

In 2009 Denmark imported twice more than in 2017 and for a higher price. It was the second most influential country in importing Maple syrup. To compare the unit prices from 2017 to 2009 for United Kingdom it is seven times higher in 2017 that is massive expansion. Germany also started to import much more and increased prices from 5.6 to 9.6 EUR per kilo.

Table 25: Import market share for maple syrup in Netto Kg

	Canada	Germany	United Kingdom	Denmark
2009	47.03%	12.69%	1.29%	28.42%
2017	50.73%	36.22%	3.94%	10.62%

(Own calculation, data from Czech Statistical Office, 2018)

The market share development was important for Germany that went from 13% to 36% in the monitored years. On the other hand Denmark experienced a drop in the market share from 28% to 10% throughout the years. Canada increased its share only by around 3% in 8 years. It is seen that Germany is taking a big portion of the market probably distributing the syrup to Europe.

Table 26: Top export countries of maple syrup from CZ in 2009

Period	Country	Netto (kg)	Stat. Value EUR(Ths.)	Unit Price EUR/Kg
2009	Poland	1,435	18	12.544
2009	Slovakia	1,065	11	10.329
2009	Lithuania	59	1	16.949
2009	Romania	2	0	0.000

(Own calculation, data from Czech Statistical Office, 2018)

The Czech Republic is also exporting maple syrup even though the production in the country is not significant. As seen in the table 26 the top export countries for CZ in 2009 were Poland as the first with 1,435 kilos and the unit price to Poland was 12.544 EUR/Kg which is almost double the price for the Canadian maple syrup imported to the Czech Republic in that year (Table 24). It can be assumed that the maple syrup in the Czech Republic is packed and prepared for retail sale. So the CZ is most likely giving the product the value added which indicates the higher price.

Table 27: Top export countries of maple syrup from CZ in 2017

Period	Country	Netto (kg)	Stat. Value EUR(Ths.)	Unit Price EUR/Kg
2017	Slovakia	29,130	262	8.994
2017	Poland	7,118	36	5.058
2017	Hungary	3,287	28	8.518
2017	Serbia	2,974	32	10.760
2017	Croatia	1,063	11	10.348
2017	Germany	553	4	7.233
2017	Bulgaria	162	2	12.346
2017	Lithuania	140	2	14.286
2017	Latvia	58	1	17.241
2017	Estonia	39	1	25.641
2017	Bosnia and Herzegovina	15	0	0.000

(Own calculation, data from Czech Statistical Office, 2018)

In the year 2017 the export countries for Czech Republic doubled in numbers. Slovakia is at the top with 29,130 kilos of maple syrup which is around 10.79% of total imported maple syrup in the Czech Republic (Total import for 2017 was 269,911 – Table 21). Also the unit price is higher in export to Slovakia than import to Czech Republic. The most expensive is the maple syrup that is exported to Estonia.

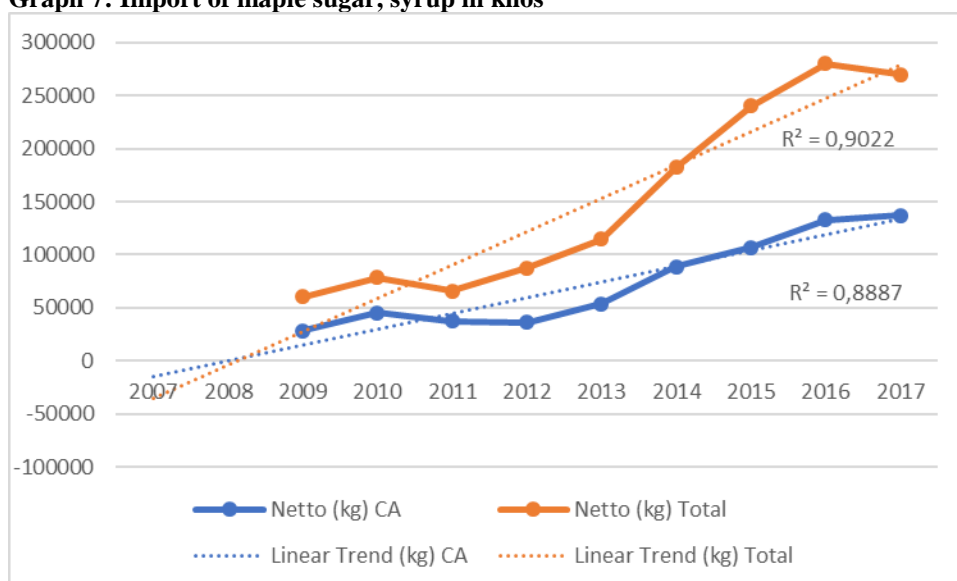
Table 28: Chain and Base index for Canadian import in EUR

Period	Stat. Value EUR(th.) CA	Stat. Value EUR(th.) Total	Chain index CA	Chain Index Total	Base index CA	Base Index Total
2007	205	319	N/A	N/A	100%	100%
2008	156	283	76.1%	88.7%	76.1%	88.7%
2009	215	390	137.8%	137.8%	104.9%	122.3%
2010	340	549	158.1%	140.8%	165.9%	172.1%
2011	300	480	88.2%	87.4%	146.3%	150.5%
2012	323	622	107.7%	129.6%	157.6%	195.0%
2013	452	904	139.9%	145.3%	220.5%	283.4%
2014	590	1,230	130.5%	136.1%	287.8%	385.6%
2015	780	1,811	132.2%	147.2%	380.5%	567.7%
2016	987	2,113	126.5%	116.7%	481.5%	662.4%
2017	949	2,161	96.1%	102.3%	462.9%	677.4%

(Own calculation, data from Czech Statistical Office, 2018)

Table 28 shows base and chain index for import in value. The base year for the base index is 2008. For Canadian import the most significant change was in the year 2010 where chain index was 158% but the next year there is a drop in Canadian import but also in total import. The base index went up from 89% up to 677% in total import so from year 2008 to 2017 the value of import grew six times. The Canadian import came up from 76% to 463% so it grew around four times. The indexes also show that other countries started to take some part of the maple syrup or sugar import market in the Czech Republic.

Graph 7: Import of maple sugar, syrup in kilos



(Czech Statistical Office, 2018)

In graph 7 the curve of Netto (kg) CA is increasing slightly than in comparison with Graph 6 this is because of the higher unit price. In 2017 the total import in kilos has a

slight drop however in the graph 6 there is a slight increase that indicates an increase in unit price. The trend of the curve Netto (kg) Total is much more rising than the curve Netto (kg) CA, the total curve grows faster.

Table 29: Chain and Base index for import in amount in kilos

Period	Netto (kg) CA	Netto (kg) Total	Chain index CA	Chain Index Total	Base index CA	Base Index Total
2007	N/A	N/A	N/A	N/A	N/A	N/A
2008	N/A	N/A	N/A	N/A	N/A	N/A
2009	28,262	60,098	N/A	N/A	100%	100%
2010	45,232	78,382	160.0%	130.4%	160.0%	130.4%
2011	37,437	65,763	82.8%	83.9%	132.5%	109.4%
2012	36,107	87,497	96.4%	133.0%	127.8%	145.6%
2013	53,880	114,746	149.2%	131.1%	190.6%	190.9%
2014	88,968	182,210	165.1%	158.8%	314.8%	303.2%
2015	106,922	240,131	120.2%	131.8%	378.3%	399.6%
2016	133,107	280,286	124.5%	116.7%	471.0%	466.4%
2017	136,913	269,911	102.9%	96.3%	484.4%	449.1%

(Own calculation, data from Czech Statistical Office, 2018)

In the table 18 there is chain and base index for the imported amount in kilos, here the changes are not as rapid as in the table 17, that indicates fluctuation in prices of the commodity. The base for the base index is the year 2009. The most visible change is from 2010 to 2011 where there is a drop from 160% to 83% in the chain index for Canadian import. Overall the total import and the Canadian import grew around three times from the year 2010 to 2017.

The tariff measures for Maple sugar, in solid form, and maple syrup (excl. flavoured or colour as of the year 2007:

Table 30: Tariff measures for maple sugar, syrup (2007)

Measures	Country
tariff rate for third countries (C103, regulation R2204/99) 0.4 EUR/DTN-Z	1011 (ERGA OMNES)

(Celní správa České republiky, 2018)

As of 21st of September 2017 when CETA was partially put to work this tariff measures were removed.

The DTN-Z is a tariff measure for 100kg / 1% sucrose. ERGA OMNES is a Latin phrase that means “towards all” and in tariff measures it covers all countries, if it is not stated otherwise. Canada belonged to this group until the CETA was accepted (Daně a Celní unie, 2018).

Table 31: Tariff calculation (2007-2017)

Period	Netto (kg) CA	Unit of measurement for tariff calculation	0,4EUR/DTN-Z (100 kg/ 1%)
2007	N/A	N/A	N/A
2008	N/A	N/A	N/A
2009	28,262	17,988.76	7,195.51
2010	45,232	28,790.17	11,516.07
2011	37,437	23,828.65	9,531.46
2012	36,107	22,982.11	9,192.84
2013	53,880	34,294.62	13,717.85
2014	88,968	56,628.13	22,651.25
2015	106,922	68,055.85	27,222.34
2016	133,107	84,722.61	33,889.04
01/2017– 09/2017	85,452	54,390.20	21,756.08
SUM			156,672.44

EUR

(Own calculation)

Table 31 shows tariff calculation for maple syrup, sugar from 2009 to September 2017 when CETA was put partially into force. The unit of measurement for tariff calculation is a multiplication of hundreds of kilograms with a percentage of sucrose (Celní správa České republiky, 2017).

Member States of the European Union have retained as collection cost 20% of the established amounts of traditional own resources. 80% of the collected tariff will stay in the country of collection (European Commission, 2014).

So 80% of all calculated tariffs collected is 125,337.44 EUR that the Czech Republic will keep and the European Union could receive 20% which is 31,334.488 EUR.

The maple syrup, sugar has around 63.65% of sucrose that is an average form a chemical composition of 80 maple syrups (Stuckel, Low, 1996). That number was put in the calculations to determine how much euros were collected on the tariff duties for this commodity from the year 2009. 156,672.44 EUR were paid from importing maple sugar, syrup.

To find out how the elimination of tariffs will influence the price of a 250ml bottle of maple syrup, the average unit price has to be calculated. The calculation is illustrated in table 32.

Table 32: Average prices of maple syrup with and without tariffs

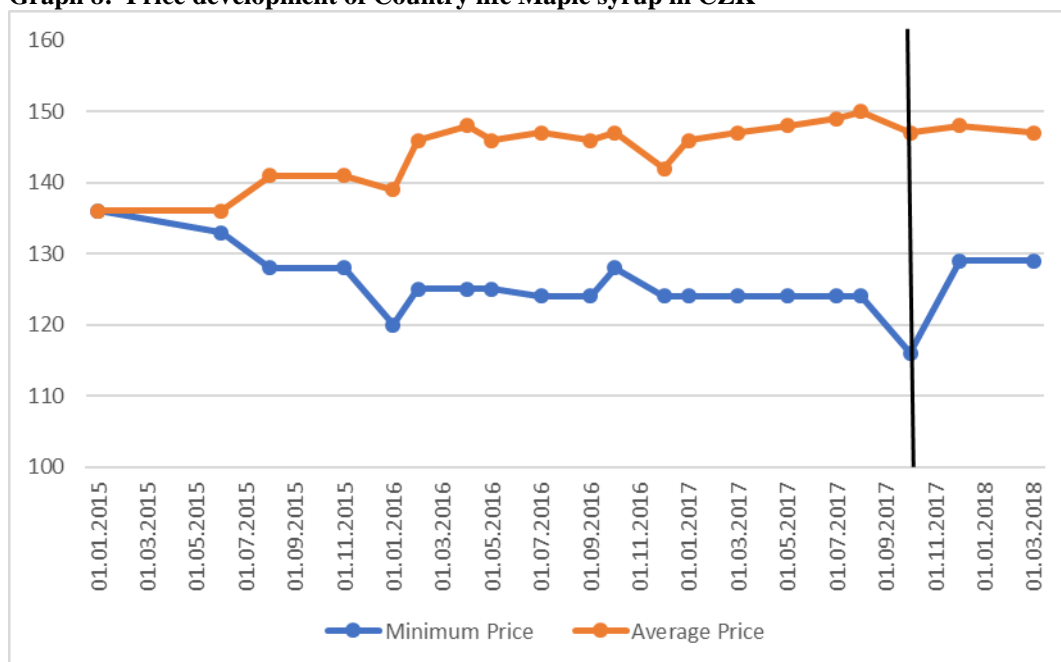
Average Unit Price (EUR/Kg) without tariff	7.638	EUR
Average Price for 100Kg without tariff	763.838	EUR
0.4 EUR/DTN-Z	25.460	EUR
Average Price for 100Kg with tariff	789.298	EUR
Average Unit Price (EUR/Kg) with tariff	7.893	EUR
Average Price of 250ml bottle without tariff	1.394	EUR
Average Price of 250ml bottle with tariff	1.440	EUR
Tariff for 250ml bottle	0.046	EUR
Density of maple syrup (g/ml)	1.370	

(Own calculation)

As seen in the table 32 the difference that the tariff would make is 0.046 EUR. The amount is not visible for an average consumer however for big resellers the change will make a difference. In the calculation it was taken into account the density of maple syrup which is 1.37 grams per millilitre (Carman Brook Farm, 2017).

To examine if the change appeared in the price of an end product. The shopping portal Heureka.cz was used to extract data on the evolution of price. The product name is Country Life Maple syrup Grade C 250ml that is rated no. 9 in the group of most selling juices as the first maple syrup. Heureka has a price development of its products that could show the time horizon when CETA was put partially into force.

Graph 8: Price development of Country life Maple syrup in CZK



(Source: Heureka, 2018)

In the Graph 8 that contains minimum and average prices of Maple syrup throughout three years, unfortunately the prices are in CZK. The biggest drop that is on the curve of minimum prices is right after the agreement was put into force however the drop in average price is not as significant. The difference in minimum price before and after 21st of September 2017 was 8 CZK and the difference in average price was 3 CZK. The minimum average price on average was 125.7 CZK which is 4.926 EUR (Kurzycz, 2018). The average price on average was 144.85 CZK which is 5.690 EUR (Kurzycz, 2018). The price of this bottle is significantly different from the calculated price in table 20 however the change could be caused because of business margin.

Prices in the Czech retail stores

Price of maple syrup in Czech retail stores are much higher than in Graph 8 from Heureka. These stores have a bigger margin on maple syrup.

Table 33: Prices of maple syrup in retail stores in CZK

	TESCO	rohlik.cz	kosik.cz
Maple syrup Country life 250ml	179.9 CZK	169.9 CZK	158.9 CZK

(Source: Tesco, Rohlik.cz, Kosik.cz, 2018)

TESCO is the most expensive reseller, because the other two stores are internet shops who do not have a stone shop hence has lower fixed costs therefore they are big competitors.

Picture 6: Country life Maple syrup



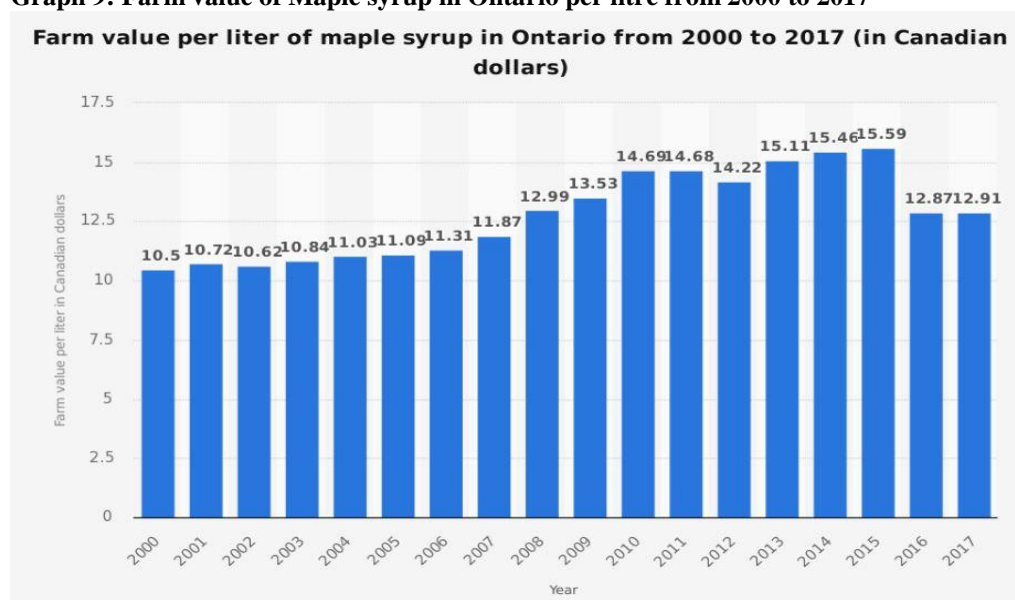
Source:

Country life Maple syrup Grade C was chosen for comparison of retail prices because of the availability in the stores.

Production price of maple syrup

Comparison the import price to Czech Republic of Maple syrup and the Canadian farm prices to see if they will be similar now after the tariff elimination.

Graph 9: Farm value of Maple syrup in Ontario per litre from 2000 to 2017



(Source: Statista GmbH, 2018)

The Figure illustrates the farm value per litre of maple syrup in Ontario from 2000 to 2017. In 2017 the farm value of Maple syrup in Ontario amounted to 12.91 Canadian dollars per litre. To see the comparison an average year exchange to euros must be made. 12.91 CAD dollars are 8.048 EUR (Kurzycz, 2018).

Table 34: Comparison of prices of maple syrup in 2017

$\rho = 1.37 \text{ g/ml}$	Canadian farm price	Import price to CZ with tariff	Import price to CZ without tariff	Average Retail price (Heureka.cz)
1.37 Kg	8.048 EUR	10.813 EUR	10.464 EUR	42.806 EUR
1 Kg	5.874 EUR	7.893 EUR	7.638 EUR	31.245 EUR

(Source: Statista GmbH, 2018, Heureka.cz, 2018)

The comparison of prices illustrates table 34 the farm price in Canada is lower than import price for 1 kilo by 2 EUR. The retail price is around 78% higher than the import price of maple syrup.

3.2.7 Discussion

Maple products are in a unique class, but they must compete with other less expensive sugar products such as sugar cane, honey and other sweeteners. In the past, maple products were often sold for use by consumers as is, without any transformation or

any other form of utilization or refined presentation. More recently, the industry is looking to expand their product in the gift market and ingredient market. Examples of this include more elaborate packaging, infused maple syrup products, more frequent uses as a topping on other food products such as popcorn, peanuts and so on, or blended with other products such as cereals and yogurts (Agricultural Marketing Resource Center, 2017).

Maple sugar, syrup might be influenced by CETA because of the tariff elimination. Maple syrup production is a uniquely North American practice and produced nowhere else in the world, therefore European farmers are not threatened by lower price of this product and taking away their consumers.

European farmers are more afraid about the sensitive agricultural products that could flood the domestic market such as Canadian beef and dairy products.

3.2.8 Europe expectations of CETA

European officials say that the Comprehensive Economic Trade Agreement, which eliminates 99% tariffs will sooner or later save European companies €500 million (\$548 million) per year. It will be easier to export products such as wine, cheese etc. to Canadian consumers. Also, it would be easier for European companies to bid on Canadian government contracts and vice versa. In addition it will be more accessible for professionals like architects, engineers to offer their services to the two markets (Petroff, 2016).

Large number of customs duties on farm produce, processed foods and drinks will disappear. European Union will be able to export nearly 92% of its agricultural and food products to Canada duty-free. European exports to Canada's market of high-income consumers will become cheaper. CETA will help both countries export agricultural products. Canada will protect traditional European products from imitations in much the same way as the EU already does. For consumer opening new markets has the capability to keep prices down and give consumers more choice (European Commission, 2017).

CETA will strengthen the investment between Canada and the EU which already supports over half a million jobs. The agreement is the most ambitious ever. It is a start of new age of cooperation (Canadian Corporate Head Office, 2017).

4 Conclusion

In conclusion the sum of goals and results achieved can be made. The main aim of this thesis was to determine the influence of the Comprehensive Economic Trade Agreement on import to Czech Republic by analysing Canadian imports.

Europe had a long integration process and learnt how to set up its external policy. The European Union has a long history of developing international relations and promoting peace and the protection of human rights through different types of agreements. Some agreements are suited for less developed countries to contribute to their economy and boost their trade with the help of reducing tariff limitations and quota restrictions against those countries. The EU has a strong neighbourhood policy with countries that are located on the borders of geographical Europe. These agreements help to secure lasting peace and protect European borders. Association agreements are the core for building a strong economic and political partnership. One of the Association agreements that the European Union settled is the Comprehensive Economic Trade Agreement with Canada.

The intention of this agreement is to promote trade and generate growth and employment. The focus of this thesis was on the elimination of tariff barriers that this agreement provided. Altogether the tariffs for 98.6% of all Canadian tariff line and 99.0% of all EU tariff line will be removed. This elimination will reduce costs for importers and exporters and make their products more competitive. Agricultural products must meet the rules of origin criteria that are set up in CETA to have a preferential access to the importing market.

Canada is the 10th main trading partner for the European Union. With merchandise trade accounting for 64,294 million of euros in 2016. For the Czech Republic Canada belong to a traditional trading partner. It has a positive trade balance with Canada for the last six years and the import is gradually increasing. The most imported commodity to CZ is machinery and transport equipment, the second is food and live animals.

The agricultural products from Canada to the Czech Republic taking a high share of all imports. Especially two commodities take up more than 50% of the imported market. Therefore, they require focus on how CETA's tariff elimination is going to influence their price. The two selected commodities are Dried, shelled lentils and Maple sugar, syrup. Dried, shelled lentils take a 75.5% share of all imported lentils to the Czech Republic however in 2009 it was 95% basically all importer lentils were from Canada. The trend of

the import from Canada is not declining but it is not increasing as significantly as the overall import. This happened because other countries started to importing lentils as well. As far as the tariff elimination for lentils the tariff remained the same because there is no tariff restriction for this product.

Famous Maple syrup from Canada, who has 71% of the world's production, take a 50% share of all imported Maple syrup to the Czech Republic. Canada is the leading exporter in Maple syrup, sugar taking around 71% of the global market. The import of maple syrup is constantly growing. However, the Canadian import of maple syrup is not increasing rapidly. Because other countries started to take higher share of the import market. After Canada, the second highest share in import has Germany that went from 13% in 2009 to 36% share in 2017 in netto kilos. Comparing the Canadian unit price for maple syrup and the total import price for the year 2011, 2012, 2013 the Canadian price was higher than the total average import price. In 2017 Canadian maple syrup has a lower unit price 6.931 EUR/Kg than total import unit price 8 EUR/Kg. Unit price from Germany was 9.698 EUR/Kg that indicates that Germany might import maple syrup in bulk and package it and afterwards resell it.

As far as tariff regime for Maple syrup there was a change after the 21st of September 2017 when CETA went partially into force. The tariff for maple syrup went from 0.4 EUR for 100 Kg / % sucrose to no tariff limitations. The elimination of the tariff regimes might influence the price of maple syrup. A calculation of income from tariff duties was made to estimate by how much the income to the Czech Republic and European Union could change. From 2009 to September 2017 156,672.44 EUR were the assumed tariffs collected for Maple syrup. The 20% that is the contribution to the EU budget from tariffs was estimated to 31,334.448 EUR for the selected time period. The income of the Czech Republic could be decreased by the 80% of the assumption of the collected tariffs which was 125,337.44 EUR in the selected time period. To illustrate the price change for an average consumer the price change was calculated for a 250ml bottle of Canadian maple syrup. Import price for 250ml with tariff was 1.440 EUR to 1.394 EUR which is a 4% decrease. 0.046 EUR is the change after tariff elimination which will not be visible for an average consumer however for big resellers it is a big reduction of costs. To see if some change appeared in the Czech Republic the results were compared with the price development on the internet site Heureka where the difference of minimum price was 8 CZK and in average price was 3 CZK after CETA was put partially into force. That does

not correspond with the calculation, so it is assumed that the price was influenced by other forces.

Another comparison of prices was made with Canadian Farm prices to see of how much is the syrup cheaper in Canada than in Europe. The price change for 1 kilo of maple syrup is 2 EUR.

To answer the research questions – Lentils are not influenced by CETA because no tariff elimination occurred. Maple syrup, sugar might be influenced by the Comprehensive Economic Trade Agreement by tariff elimination. Maple syrup is a uniquely a North American product and is not produced anywhere in the world in big amounts, therefore European farmers are not threatened by lower price of this product and taking away their consumers. CETA is expected to eliminate 99% of tariff duties and save costs to European and Canadian companies, help the consumers to have a wider choice of products and lower prices.

5 References

- Agricultural Marketing Resource Center. 2017.** Maple Syrup Profile. [Online] 2017. [Citation: 5. February 2018.] <https://www.agmrc.org/commodities-products/specialty-crops/maple-sugar-profile/>.
- Ardy, El-Agraa. 2011.** *The European Union: Economics and Policies*. Cambridge : Cambridge University Press, 2011. ISBN: 9781107400115.
- Baldwin, Wyplosz. 2009.** *The Economics of European Integration*. 2009. ISBN: 13978-0-07-712163-1.
- Beghin . 2006.** Nontariff Barriers. [Online] 2006. [Citation: 18. January 2018.] <https://www.card.iastate.edu/products/publications/pdf/06wp438.pdf>.
- Belaya, Elena. 2017.** *Lentil Market: Global Industry Trends, Share, Size, Growth, Opportunity and Forecast 2017-2022*. 2017.
- Berend, Ivan T. 2016.** *The History of European Integration: A New Perspective*. New York : Routledge, 2016. ISBN: 9781138654907.
- Britannica. 2013.** Encyklopedia Britannica. [Online] 2013. <https://www.britannica.com/topic/European-Union>.
- Brühlhart, Matthews. 2016.** UNIL: Universite de Lausanne. <http://www.unil.ch/hec/home.html?&from=wwwroot>. [Online] 2016. [Citation: 9. January 2018.]
- Buonanno, Nuget. 2013.** *Policies and Policy Processes of the European Union*. místo neznámé : Palgrave, 2013.
- Canadian Corporate Head Office. 2017.** WHAT TO EXPECT FROM CETA. [Online] 2017. [Citation: 7. March 2018.] <http://www.kwe.ca/what-to-expect-from-ceta/>.
- Carman Brook Farm. 2017.** Density of Maple syrup. [Online] 2017. [Citation: 5. March 2018.] <https://cbmaplefarm.com/density-of-maple-syrup/>.
- Celní správa České republiky. 2017.** Měrné jednotky v TARIC CZ. [Online] 2017. [Citation: 9. January 2018.] <https://www.celnisprava.cz/cz/clo/problematika-taricu/taric/Documents/MJ%20v%20TARIC%20CZ.pdf>.
- Celní správa České republiky. 2018.** TARIC CZ. [Online] 2018. <https://www.celnisprava.cz/cz/aplikace/Stranky/taric-cz.aspx>.
- Centre d'Information sur les Institutions Européennes. 2017.** <http://en.strasbourg-europe.eu/>. *Strasbourg l'européenne*. [Online] 2017. [Citation: 30. January 2018.]
- Committee for Development Policy of United Nations. 2018.** Support Measures Portal for Least Developed Countries. [Online] 2018. <https://www.un.org>.
- Communication department of the European Commission. 2017.** Europa.eu. *European Union*. [Online] 2017. [Citation: 6. February 2018.] https://europa.eu/european-union/about-eu/eu-in-brief_en.
- Czech Statistical Office. 2017.** Cross Boarder Trade. [Online] 2017. [Citation: 14. January 2018.] <https://www.czso.cz/csu/czso/home>.
- Czech Statistical Office. 2018.** External Trade Database in cross-boarder concept. [Online] 2018. [Citation: 19. February 2018.] <https://apl.czso.cz/pll/stazo/STAZO.STAZO?jazyk=EN&prvni=N>.
- Daně a Celní unie. 2018.** Evropská komise. *Informace TARIC*. [Online] 2018. [Citation: 14. March 2018.] http://ec.europa.eu/taxation_customs/dds2/taric/measures.jsp?Lang=cs&SimDate=20180310&Area=CA&MeasType=&StartPub=&EndPub=&MeasText=&GoodsText=&Taric=170220&search_text=goods&textSearch=&LangDescr=cs&OrderNum=&Regulation=&measStartDat=&measEndDat=.

Deardorff, Stern. 1998. *Measurement of Nontariff Barriers*. Michigan : University of Michigan Press, 1998. ISBN: 0472109316.

Economics Concepts. 2015. Economicsconcepts.com. *Origin and Purpose of International/Foreign Trade*. [Online] 2015. [Citation: 20. December 2017.]

European Commission. 2016. Client and Supplier Countries of the EU28 in Merchandise Trade. [Online] 2016. [Citation: 11. December 2017.]
http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_122530.pdf.

European Central Bank. 2018. Eurosystem, ECB. [Online] 2018. [Citation: 19. March 2018.] <https://www.ecb.europa.eu/ecb/orga/escb/html/convergence-criteria.en.html>.

European Commission . 2013. The EU's bilateral trade and investment agreements. *European Commission MEMO*. [Online] 2013.
http://trade.ec.europa.eu/doclib/docs/2012/november/tradoc_150129.pdf#page=6.

European Commission. 2014. *European Union Public Finance*. Luxembourg : Publications Office of the European Union, 2014. ISBN: 978-92-79-35004-7.

European Commission. 2017. European Union, Trade in goods with Canada. [Online] 2017. [Citation: 17. March 2018.]
http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113363.pdf.

European Commission. 2017. *Guide to the Comprehensive Economic and Trade Agreement*. 2017. ISBN: 978-92-79-68000-7.

European Commission. 2017. Taxation and custom unions. *Europa.eu*. [Online] 2017. [Citation: 13. January 2018.]

European Commission´s Directorate-General for Trade. 2017. The Economic Impact of the Comprehensive Economic Trade Agreement . [Online] 2017. [Citation: 18. February 2018.] http://trade.ec.europa.eu/doclib/docs/2017/september/tradoc_156043.pdf. ISBN 978-92-79-68694-8.

European External Action Service. 2016. Eastern Partnership. [Online] 2016. [Citation: 9. December 2017.] https://eeas.europa.eu/headquarters/headquarters-homepage/419/eastern-partnership_en.

European External Action Service. 2016. European Neighborhood policy. [Online] 2016. [Citation: 12. December 2017.] https://eeas.europa.eu/headquarters/headquarters-homepage/330/european-neighbourhood-policy-enp_en.

European Union External Action Service. 2011. Association Agreements. [Online] 2011. [Citation: 5. January 2018.]
https://web.archive.org/web/20120401163320/http://www.eeas.europa.eu/association/docs/agreements_en.pdf.

Eurostat. 2018. Eurostat; Statistics explained. [Online] 2018.
<http://ec.europa.eu/eurostat/statistics-explained/index.php/Glossary:MFN>.

Eurostat. 2017. New Release Euroindicators. [Online] 2017. [Citation: 22. March 2018.]

Eurostat. 2018. Statistics explained: Glossary:Chain index. [Online] 2018. [Citation: 9. March 2018.] http://ec.europa.eu/eurostat/statistics-explained/index.php/Glossary:Chain_index.

FarmLead Canada . 2017. 2017 LENTILS PRICES, MARKET REVIEW. [Online] 2017. [Citation: 18. March 2018.] <https://farmlead.com/blog/insights/2017-lentil-prices-market-review/>.

Government of Canada . 2017. Canada and Europe. [Online] 2017. [Citation: 13. March 2018.] http://www.international.gc.ca/world-monde/international_relations-relations_internationales/europe/index.aspx?lang=eng.

- Government of Canada. 2017.** CETA - Chapter summaries. [Online] 2017. [Citation: 4. January 2018.] http://www.international.gc.ca/trade-commerce/trade-agreements-accords-commerciaux/agr-acc/ceta-aecg/chapter_summary-resume_chapitre.aspx?lang=eng#a2.
- Government of Canada. 2017.** Agreement overview. [Online] 2017. [Citation: 23. February 2018.] http://www.international.gc.ca/trade-commerce/trade-agreements-accords-commerciaux/agr-acc/ceta-aecg/overview-aperçu.aspx?lang=eng&_ga=2.218127005.561016391.1520857777-493700128.1520857777.
- Government of Canada. 2015.** Maple Products - European Market Analysis. [Online] 2015. [Citation: 7. February 2018.] <http://www.agr.gc.ca/eng/industry-markets-and-trade/international-agri-food-market-intelligence/europe/market-intelligence/maple-products-european-market-analysis/?id=1424352808569#b>.
- Government of Canada. 2015.** Maple Products - European Market Analysis. *Agriculture and Agri-food Canada*. [Online] 2015. [Citation: 7. February 2018.]
- Hazell, Alastair. 2011.** How To Convert Volume To Weight. [Online] 2011. [Citation: 21. February 2018.] <https://www.thecalculatorsite.com/articles/units/how-to-convert-volume-to-weight.php>.
- Heureka. 2018.** Country Life Javorový sirup Grade C Bio 250ml. [Online] 2018. <https://stavy.heureka.cz/country-life-javorovy-sirup-grade-c-bio-250ml/>.
- Internetový žurnál Časopis oko. 2017.** Javorový sirup. [Online] 2017. <http://oko.yin.cz/8/javorovy-sirup/>.
- Jednotky.cz. 2018.** Převod jednotky Galón US. [Online] 2018. [Citation: 18. March 2018.] <https://www.jednotky.cz/objem/gallon-us/?hodnota=1>.
- Jones et. al. 2012.** *The Oxford handbook of the European Union*. 2012. ISBN: 9780199546282.
- Kaushik, Siddhesh. 2016.** World Bank Group. *The World Bank*. [Online] 2016. <http://blogs.worldbank.org/trade/picture-trade-types-tariffs-explained>.
- Kocourek, Šimanová. 2017.** *Comprehensive Economic and Trade Agreement between Canada and the European Union and Its Member States*. Liberec : Technical University of Liberec, 2017. ISBN 978-80-7494-381-2.
- Kurzycz. 2018.** Kurzy.cz. *Převod měn*. [Online] 2018. [Citation: 8. March 2018.] <https://www.kurzy.cz/kurzy-men/kurzy.asp?a=X&mena1=EUR&mena2=CZK&c=125.4&d=9.3.2018&convert=P%F8eve%EF+m%ECnu>.
- Ministry of Foreign Affairs of the Czech Republic. 2012.** The Eastern Partnership. [Online] 2012. [Citation: 7. January 2018.] https://www.mzv.cz/jnp/en/foreign_relations/european_union/the_eastern_partnership.html.
- Ministry of Foreign Affairs of the Netherlands. 2016.** Centre for the Promotion of Imports from developing countries. *Exporting dried lentils grains to Europe*. [Online] 2016. [Citation: 20. January 2018.] <https://www.cbi.eu/import-from-a-developing-country/>.
- Ministry of Industry and Trade of the Czech Republic. 2017.** Kanada: Obchodní a ekonomická spolupráce s ČR. [Online] 2017. [Citation: 5. January 2018.] <http://www.businessinfo.cz/cs/clanky/kanada-obchodni-a-ekonomicka-spoluprace-s-cr-17930.html>.
- Mintel. 2014.** <http://www.mintel.com/>. [Online] 2014. [Citation: 7. February 2018.]
- Mission of Canada to the EU. 2012.** Canada-EU Relations: an Overview. [Online] 2012. [Citation: 20. January 2018.] http://www.canadainternational.gc.ca/eu-bilateral_relations_bilaterales/overview-aperçu.aspx?lang=eng&menu_id=13.

National Farmers Union. 2014. Agricultural Impacts of the Canada-European Union Comprehensive Economic and Trade Agreement. [Online] 2014. [Citation: 26. January 2018.] <http://www.nfu.ca/story/agricultural-impacts-ceta>.

Nilsson, Lars. 2012. *Inside the world of Eu import tariff regimes: From concepts to practical application*. Brussels : European Commission , 2012.

O'Brien, Bennett. 2016. Trade Ready. *The 8 most important trading nations who aren't WTO members*. [Online] 2016. <http://www.tradeready.ca/2016/topics/researchdevelopment/8-important-trading-nations-arent-wto-members/>.

Petroff, Alanna. 2016. How Europe just saved half a billion bucks. *CNN Money*. [Online] 2016. [Citation: 5. March 2018.] <http://money.cnn.com/2016/10/31/news/economy/canada-europe-ceta-free-trade-deal/index.html>.

Pettinger, Tejvan. 2017. Economicshelp.org. *The importance of international trade*. [Online] 2017.

Smutka et. al. 2012. *Retail food prices in teh Czech Republic - The influence of selected factors*. Prague : Czech University of Life Sciences, 2012.

Statista GmbH. 2017. Maple Syrup Industry - Statistics & Facts. *The Statistics Portal*. [Online] 2017. [Citation: 20. March 2018.] <https://www.statista.com/topics/2341/maple-syrup-industry/>.

Statista. 2014. Maple syrups products introduced in Europe in 2014 by pricing. *www.statista.com*. [Online] 2014. [Citation: 6. January 2018.]

Stuckel, Low. 1996. The chemical composition of 80 pure maple syrup samples produced in North America. [Online] 1996. [Citation: 2018. 3 14.] <https://www.sciencedirect.com/science/article/pii/0963996996000002>.

The Canadian Encyclopedia. 2017. Maple syrup industry. *Historica Canada*. [Online] 2017. [Citation: 9. February 2018.] <http://www.thecanadianencyclopedia.ca/en/article/maple-sugar-industry/>.

The European Union, Canada. 2016. *Comprehensive Economic Trade Agreement*. Brussels : autor neznámý, 2016.

The Lisbon Treaty. 2007. 2007.

Turnovec, et al. 2012. *Advanced Economics of European Integration: Selected issues*. Prague : Charles University in Prague, 2012. 978-80-87404-33-1.

United Nations. 2013. UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT. *Classification on non-tariff measures*. [Online] 2013. [Citation: 5. March 2018.] <http://ntb.unctad.org/docs/Classification%20of%20NTMs.pdf>.

University of Portsmouth. 2013. <http://hum.port.ac.uk/europeanstudieshub/learning/module-1-understanding-eu-institutions/introduction-to-study-of-the-european-union-institutions/the-institutional-triangle/>. [Online] 2013

World Trade Organisation. 2018. Tariffs: more bindings and closer to zero. [Online] 2018. [Citation: 16. March 2018.] https://www.wto.org/english/thewto_e/whatis_e/tif_e/agrm2_e.htm.

World Trade Organisation. 2016. World Trade Statistical Review. [Online] 2016. [Citation: 3. March 2018.] https://www.wto.org/english/res_e/statis_e/wts2016_e/wts2016_e.pdf.

World Trade Organisation. 2018. WTO. [Online] 2018. https://www.wto.org/english/tratop_e/serv_e/cbt_course_e/c1s6p1_e.htm.

X-rates. 2017. <http://x-rates.com/calculator/>. [Online] 2017. [Citation: 28. January 2018.]

YCharts. 2018. US Maple Syrup Price Received. [Online] 2018. [Citation: 1. March 2018.] https://ycharts.com/indicators/us_maple_syrup_price_received.

Appendix 1

Code	Commodity	Netto (kg)	Stat. value EUR(th.s.)
10619	Live mammals (excl. primates, whales, dolphins and porpoises, manatees)	1	0
10649	Live insects (excl. bees)	4 200	72
30221	Fresh or chilled lesser or Greenland halibut "Reinhardtius hippoglossus"	280	5
30289	Fresh or chilled fish, n.e.s.	21 601	169
30326	Frozen eels "Anguilla spp."	300	4
30389	Frozen fish, n.e.s.	22	1
30481	Frozen fillets of Pacific salmon "Oncorhynchus nerka, Oncorhynchus gor"	538	9
30486	Frozen fillets of herring "Clupea harengus, Clupea pallasii"	58 247	102
30489	Frozen fish fillets, n.e.s.	305	3
30499	Frozen fish meat n.e.s. (excl. fillets)	44 985	82
30612	Frozen lobsters "Homarus spp.", even smoked, whether in shell or not,	2 137	51
30632	Lobsters "Homarus spp.", whether in shell or not, live, fresh or chill	85	2
30639	Crustaceans, fit for human consumption, whether in shell or not, live,	9	0
50800	Coral and similar materials, shells of molluscs, crustaceans or echino	43	0
51110	Bovine semen	97	289
51199	Products of animal origin, n.e.s., dead animals, unfit for human consu	15	27
60420	Foliage, branches and other parts of plants, without flowers or flower	4	0
71290	Dried vegetables and mixtures of vegetables, whole, cut, sliced, broke	325	6
71310	Dried, shelled peas "Pisum sativum", whether or not skinned or split	17 757	27
71320	Dried, shelled chickpeas "garbanzos", whether or not skinned or split	355 577	433
71333	Dried, shelled kidney beans "Phaseolus vulgaris", whether or not skinn	566 969	465
71339	Dried, shelled beans "Vigna and Phaseolus", whether or not skinned or	24 948	22
71340	Dried, shelled lentils, whether or not skinned or split	6 682 702	5 879
80132	Fresh or dried cashew nuts, shelled	227	3
80929	Fresh cherries (excl. sour cherries)	150	2
81040	Fresh cranberries, bilberries and other fruits of the genus Vaccinium	132	1
81190	Frozen fruit and nuts, uncooked or cooked by steaming or	148 224	259

	boiling in wa		
81340	Dried peaches, pears, papaws "papayas", tamarinds and other edible fru	1 539	14
81350	Mixtures of nuts or dried fruits	15	1
90121	Roasted coffee (excl. decaffeinated)	3	0
90210	Green tea in immediate packings of <= 3 kg	59	3
90230	Black fermented tea and partly fermented tea, whether or not flavoured	22	1
90240	Black fermented tea and partly fermented tea, whether or not flavoured	19	1
90931	Cumin seeds, neither crushed nor ground	108 000	238
90961	Juniper berries and seeds of anise, badian, caraway or fennel, neither	25 000	57
100111	Durum wheat seed for sowing	206	0
100119	Durum wheat (excl. seed for sowing)	4 750	11
100390	Barley (excl. seed for sowing)	1	0
100510	Maize seed for sowing	1 882	7
100890	Cereals (excl. wheat and meslin, rye, barley, oats, maize, rice, grain	225	2
110220	Maize "corn" flour	5	0
110630	Flour, meal and powder of produce of chapter 8 "Edible fruit and nuts;	45	2
110900	Wheat gluten, whether or not dried	1	0
120110	Soya bean seed, for sowing	1 986	9
120190	Soya beans, whether or not broken (excl. seed for sowing)	575 240	361
120400	Linseed, whether or not broken	3 000	2
120750	Mustard seeds, whether or not broken	107 607	119
120799	Oil seeds and oleaginous fruits, whether or not broken (excl. edible n	3 600	27
120929	Seeds of forage plants for sowing (excl. of cereals and of sugar beet,	37 800	59
120999	Seeds, fruits and spores, for sowing (excl. leguminous vegetables and	70	26
121190	Plants, parts of plants, incl. seeds and fruits, used primarily in per	97	12
121299	Fruit stones and kernels and other vegetable products, incl. unroasted	2 845	43
130219	Vegetable saps and extracts (excl. liquorice, hops and opium)	750	62
151211	Crude sunflower-seed or safflower oil	1	0
151311	Crude coconut oil	4	0
151319	Coconut oil and its fractions, whether or not refined, but not chemica	3	0
151329	Palm kernel and babassu oil and their fractions, whether or not refine	1	0
151590	Fixed vegetable fats and oils and their fractions, whether or not refi	434	3
151800	Animal or vegetable fats and oils and their fractions,	107 890	65

	boiled, oxidise		
160411	Prepared or preserved salmon, whole or in pieces (excl. minced)	162	4
160529	Shrimps and prawns, prepared or preserved, in airtight containers (exc	234	7
160530	Lobster, prepared or preserved (excl. smoked)	400	8
170114	Raw cane sugar, in solid form, not containing added flavouring or colo	508	3
170220	Maple sugar, in solid form, and maple syrup (excl. flavoured or colour	136 913	949
170290	Sugars in solid form, incl. invert sugar and chemically pure maltose,	950	5
170490	Sugar confectionery not containing cocoa, incl. white chocolate (excl.	2 541	40
180620	Chocolate and other food preparations containing cocoa, in blocks, sla	32 524	154
180631	Chocolate and other preparations containing cocoa, in blocks, slabs or	1 048	12
180632	Chocolate and other preparations containing cocoa, in blocks, slabs or	1 070	13
180690	Chocolate and other preparations containing cocoa, in containers or im	1 413	16
190190	Malt extract; food preparations of flour, groats, meal, starch or malt e	241	23
190219	Uncooked pasta, not stuffed or otherwise prepared, not containing eggs	111 500	97
190230	Pasta, cooked or otherwise prepared (excl. stuffed)	27	0
190420	Prepared foods obtained from unroasted cereal flakes or from mixtures	293	6
190531	Sweet biscuits	212	3
190532	Waffles and wafers	920	9
190590	Bread, pastry, cakes, biscuits and other bakers' wares, whether or not	556	8
200551	Shelled beans "Vigna spp., Phaseolus spp.", prepared or preserved othe	300	2
200600	Vegetables, fruit, nuts, fruit-peel and other edible parts of plants,	4 866	43
200811	Groundnuts, prepared or preserved (excl. preserved with sugar)	2	0
200819	Nuts and other seeds, incl. mixtures, prepared or preserved (excl. pre	1 554	12
200893	Cranberries "Vaccinium macrocarpon, Vaccinium oxycoccos, Vaccinium vit	86 662	233
200897	Mixtures of fruits, nuts and other edible parts of plants, prepared or	679	8
200899	Fruit and other edible parts of plants, prepared or preserved, whether	50 890	131
200981	Cranberry "Vaccinium macrocarpon, Vaccinium oxycoccos, Vaccinium vitis	5 297	15
200989	Juice of fruit or vegetables, unfermented, whether or not containing a	17 929	164

210120	Extracts, essences and concentrates, of tea or mate, and preparations	2	0
210210	Active yeasts	2 554	31
210220	Inactive yeasts; other dead single-cell micro-organisms (excl. package)	4 000	33
210330	Mustard flour and meal, whether or not prepared, and mustard	2 365	4
210390	Preparations for sauces and prepared sauces; mixed condiments and seas	222	2
210410	Soups and broths and preparations therefor	382	6
210610	Protein concentrates and textured protein substances	51 698	649
210690	Food preparations, n.e.s.	191 708	3 792
220210	Waters, incl. mineral and aerated, with added sugar, sweetener or flav	399	1
220299	Non-alcoholic beverages (excl. water, fruit or vegetable juices, milk)	207 449	1 567
220830	Whiskies	53 645	172
220850	Gin and Geneva	691	9
220860	Vodka	1 949	35
220870	Liqueurs and cordials	24	0
220890	Ethyl alcohol of an alcoholic strength of < 80% vol, not denatured; sp	90	2
220900	Vinegar, fermented vinegar and substitutes for vinegar obtained from a	20	1
230910	Dog or cat food, put up for retail sale	3 025 851	6 279
230990	Preparations of a kind used in animal feeding (excl. dog or cat food p	16 634	218