



**Economic Information Observatory**  
a regional cooperation project between  
**Atlantic Canada** and **Saint-Pierre-and-Miquelon, France**

## Comprehensive Economic and Trade Agreement (CETA) between Canada and the European Union



Atlantic Canada (p. 1-4)

Saint-Pierre-and-Miquelon, France (p. 5-8)



## Comprehensive Economic and Trade Agreement (CETA) between Canada and the European Union

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**News :**

- \* **French PM** Manuel Valls visiting Canada (Oct. 13-14, 2016)
- \* **EU-Canada Summit**, Bruxelles (Oct. 27-28, 2016)

**Joint statement** by Canada's Minister of International Trade, the Honourable Chrystia Freeland, and German Vice Chancellor Sigmar Gabriel concerning CETA on September 19, 2016:

**Highlights:**

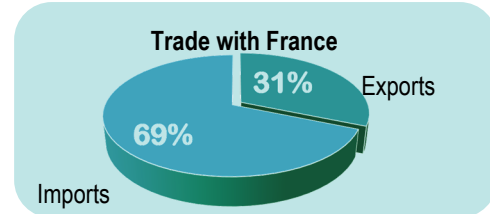
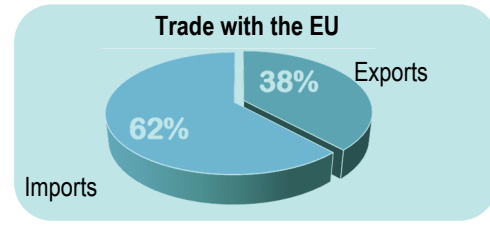
- ▶ Reaffirming principles of free and fair trade between the EU and Canada through modernization of trade policies
- ▶ Recognizing the importance of trade policies that respect the role of public services, drive growth and create jobs
- ▶ Protecting investment mechanisms and improving the transparency of the investment dispute-resolution process by abolishing existing private arbitration tribunals
- ▶ Defending social, public and environmental standards
- ▶ Promoting economic prosperity and increased business opportunities for SMEs

The outcome of long years of negotiations, the Comprehensive Economic and Trade Agreement (CETA) aims to facilitate trade between Canada and the European Union (EU) through the elimination of nearly all existing tariff barriers between the two parties. While 50% of Canada's manufacturing output is exported abroad and 60% of the Canadian GDP is directly related to trade, Canada is targeting growth by strengthening its ties with the European Union, its second-largest trading partner after the United States.

With a total population of more than 500 million and a GDP in the area of \$18 trillion, the EU is the world's largest market, and the liberalization of trade with the world's leading economic power represents an estimated \$12 billion boost to Canada's annual revenue and a 20% increase in trade for the country (see also *Intell-Echo* vol. 1, no. 3, 2014.) Coming into effect as early as January 2017, CETA will provide Canadian producers opportunities both to sell more and to buy their inputs at lower cost.

*In a nutshell!*

Trade ties between Canada and the EU	
	(data for 2015)
<b>Total exports</b>	
Canada ► EU	\$37.8 billion
Canada ► France	\$3.1 billion
<b>Total imports</b>	
Canada ◀ EU	\$61.4 billion
Canada ◀ France	\$6.8 billion



**Sources and useful links:** Global Affairs Canada, <http://www.international.gc.ca/>. Atlantic Canada Opportunities Agency (ACOA), <http://www.acoa-apeca.gc.ca/>. Canada Border Services Agency, <http://www.cbsa-asfc.gc.ca/>. Agriculture and Agri-Food Canada, <http://www.agr.gc.ca/>. Canadian Federation of Independent Business, <http://www.cfib-fcei.ca/>. Canadian Manufacturers & Exporters (CME) Nova Scotia Division, <http://ns.cme-mec.ca/>. Canadian Trade and Investment Activity (Parliament of Canada), <http://www.loppar.gc.ca/content/loppar/researchpublications/2010-86-e.htm/>. Centre for International Policy Studies, <http://www.cips-cepi.ca/>. European Union Centre of Excellence (EUCE, Dalhousie University), <https://www.dal.ca/diff/euce/>. Government of PEI – Trade and Export, <https://www.princeedwardisland.ca/en/topic/trade-and-export/>. Innovation, Science and Economic Development Canada, <https://www.ic.gc.ca/>. Newfoundland & Labrador Statistics Agency, <http://www.stats.gov.nl.ca/>. Opportunities NB, <http://onbcanada.ca/>. PEI BioAlliance, <http://www.peibioalliance.com/news-read-more.php?readmore=451/>. Statistics Canada, <http://www.statcan.gc.ca/>

# CETA and Atlantic Canada

## PEI Trade with the EU

Total imports to PEI from the EU reached \$6.95 million in 2015 (including \$0.8 million in imports from France). Total exports, meanwhile, stood at \$150 million in 2015.

### Exports from PEI to the EU

By industrial sector (2015, in \$)

Pharmaceutical products	26,204,359
Fish and seafood	20,959,873
Engines, turbines and power transmission equipment	19,323,973
Other basic organic chemicals	11,957,805
Aerospace products and parts	11,950,066
Frozen food	4,417,469

## NB Trade with the EU

Total imports to NB from the EU reached \$489 million in 2015 (including \$10.3 million in imports from France). Total exports, meanwhile, stood at \$187 million in 2015.

### Exports from NB to the EU

By industrial sector (2015, in \$)

Fish and seafood	44,310,125
Other manufacturing	44,078,927
Petroleum refineries	25,210,003
Other wood products	20,941,862
Miscellaneous crop farming	8,343,924
Computer and peripheral equipment	6,907,722

## Main anticipated benefits of CETA for Atlantic Canada by sector

	PEI	NB	NS	NL
Seafood products: <b>New markets</b>	√	√	√	√
Agriculture and agri-food products : <b>New markets</b>	√	√	√	
Chemicals and plastics: <b>Expanded markets</b>	√		√	
Professional services: <b>Improved access</b>	√	√		√
Forestry and wood products: <b>Duty-free</b>		√	√	
Metals and mineral products: <b>Tariff elimination</b>				√
Investment in EU: <b>Predictable rules</b>	√	√	√	√

## Ranking of EU in Atlantic Canada as...

	...trade partner	...export market
PEI	2nd	2nd
NB	5th	2nd
NS	2nd	2nd
NL	2nd	2nd

## Supply management system

Canada's supply management system is a mechanism made available to Canadian agricultural producers for controlling the agriculture supply in regard to dairy, poultry and egg production. This system benefits 17,000 farms across the country.

- ▶ Implemented under the *Farm Products Marketing Agencies Act* (1972) and administered by the Farm Products Council of Canada and the various provincial farm products marketing agencies
- ▶ Built on three key pillars: production control, import control and price control
- ▶ Total value of quotas allocated in 2014: \$32.6 billion
- ▶ The supply management sector accounts for 17% of cash receipts in the Canadian farming industry
- ▶ Under this system, imports of designated goods that exceed their allocated quota are subject to tariff rate quotas
- ▶ Number of production quota holders in Atlantic Canada:  
**PEI: 195; NB: 277; NS: 359; NL: 47**

▶ The provisions of CETA leave the Canadian supply management system intact as it applies to dairy products, eggs and poultry. The majority of the products affected by the system are outside of the scope of CETA.

## NS Trade with the EU

Total imports to NS from the EU reached \$4.54 billion in 2015 (including \$71.3 million in imports from France). Total exports, meanwhile, stood at \$523 million in 2015.

### Exports from NS to the EU

By industrial sector (2015, in \$)

Fish and seafood	172,381,000
Fishing	76,232,000
Frozen food	43,237,000
Oil and gas extraction	23,532,000
Navigational, measuring and medical instruments	18,257,000
Aerospace products and parts	16,444,000

## NL Trade with the EU

Total imports to NL from the EU reached \$272 million in 2015 (including \$44.8 million in imports from France). Total exports, meanwhile, stood at \$1.8 billion in 2015.

### Exports from NL to the EU

By industrial sector (2015, in \$)

Iron ore mining	612,501,569
Oil and gas extraction	508,186,721
Copper, nickel, lead and zinc ore mining	293,421,260
Fish and seafood	186,006,407
Non-ferrous metal smelting and refining*	92,801,529
Petroleum refineries	35,000,547

\*(except aluminum)

## Current Cost of Accessing European Market

### Examples of products exported by Atlantic Canada

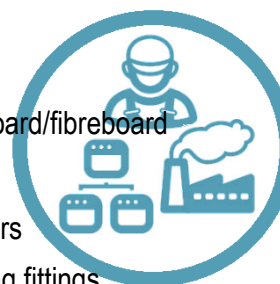
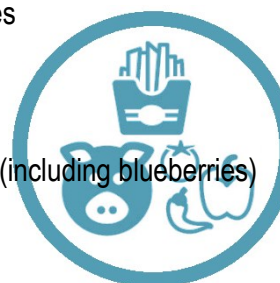
Selected data provided for information purposes; % values are averages

CETA: Tariffs eliminated for % of tariff lines

(94-99 % at entry into force to 100 % 7 years after)

### Current tariffs imposed by EU (average)

Product Category	Current Tariff Range	CETA Elimination %
<b>Seafood products</b>	<b>11%-25%</b>	<b>96%</b>
Processed mussels	20%	
Dried/salted cod	13%	
Live lobster	8%	
Frozen lobster	16%	
Processed lobster	20%	
Cooked and peeled shrimp	20%	
Frozen shrimp	12%	
Herring	20%	
Frozen crab, scallops, etc.	8%	
Fresh or chilled hake	15%	
<b>Agricultural products (average)</b>	<b>13.9%</b>	<b>94%</b>
Processed potatoes, cranberries	17.6%	
Fresh potatoes	9%	
Potato flakes	12.2%	
Fresh/frozen fruits, vegetables (including blueberries)	14.4%	
Other processed food products	12.8%	
Maple syrup	8%	
<b>Manufactured products</b>	<b>variable</b>	<b>99%</b>
Forestry and wood products	10%	
Veneer panels	6%-10%	
Particleboard/oriented strandboard/fibreboard	7%	
Prefabricated buildings	2.7%	
Tanks and other large containers	2.7%	
Pipes, pipe fittings and plumbing fittings	3.7%	
<b>Industrial and primary products</b>	<b>variable</b>	<b>99%</b>
Chemicals and plastics	6.5%	
Organic chemicals	6.5%	
Metal exports	9%	

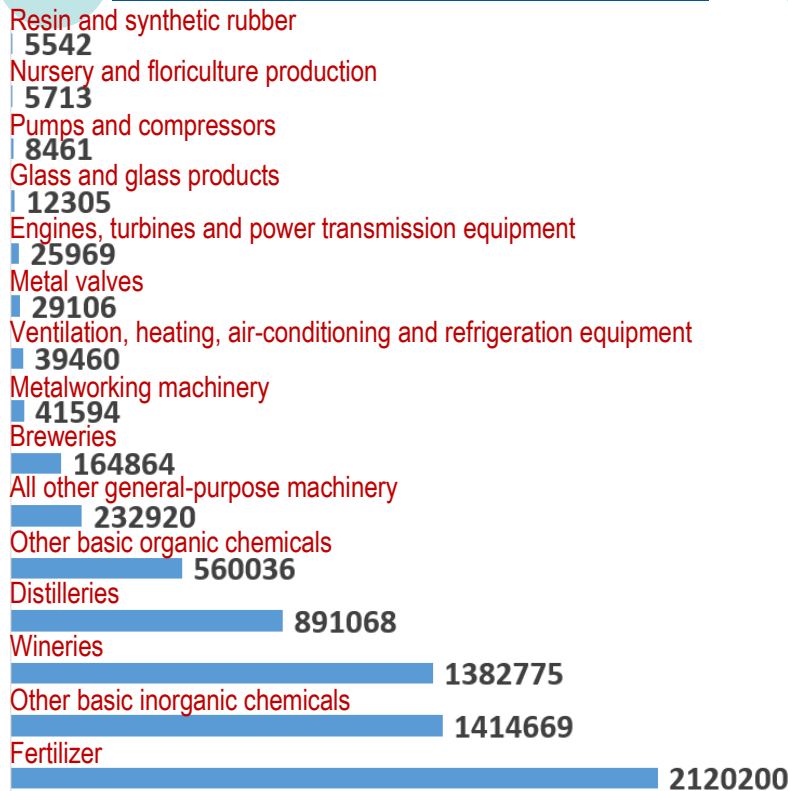


# Imports to Atlantic Canada from the EU

## Top 15 industrial import sectors (in ascending order of importance, year-end 2015)

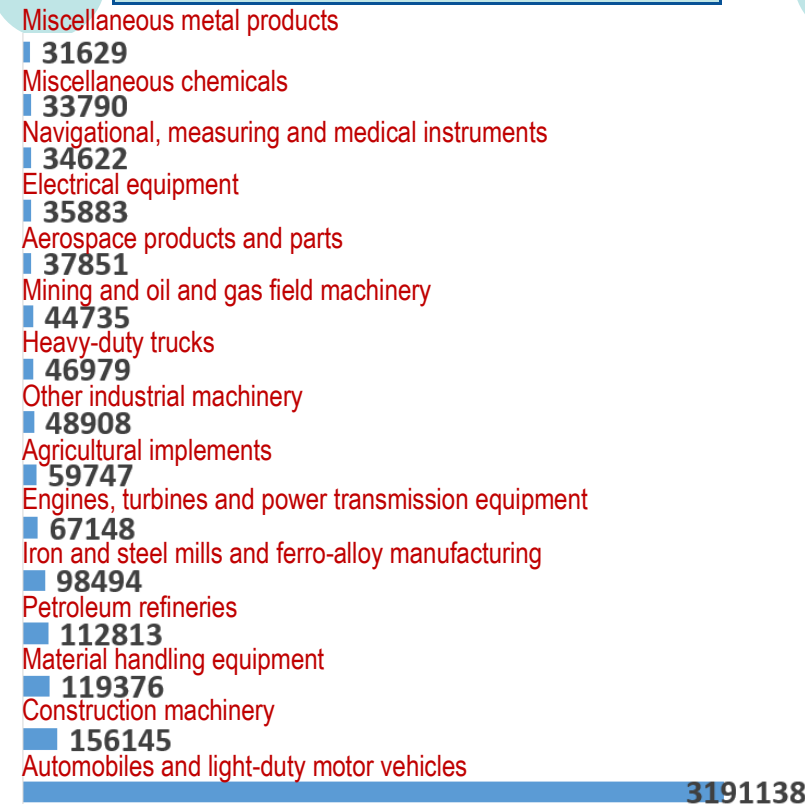
**PEI**

Value of imports from the EU in \$000's



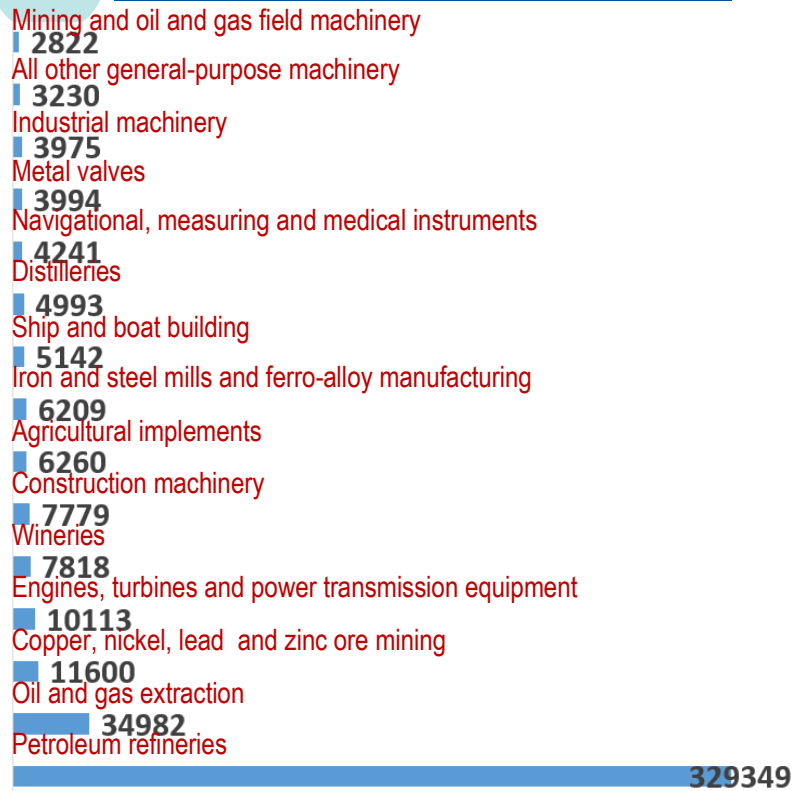
**NS**

Value of imports from the EU in \$000's



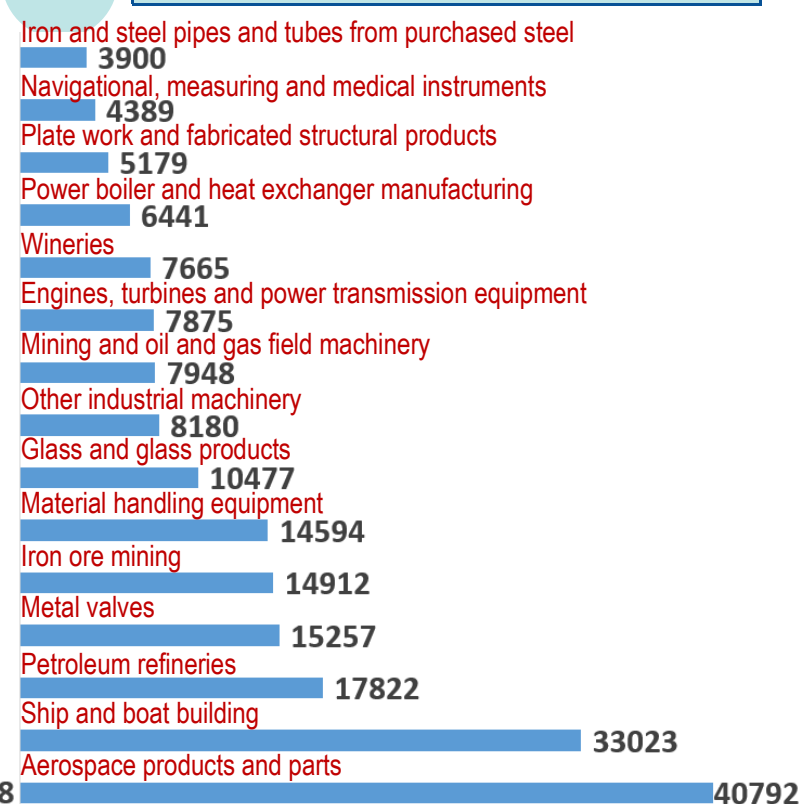
**NB**

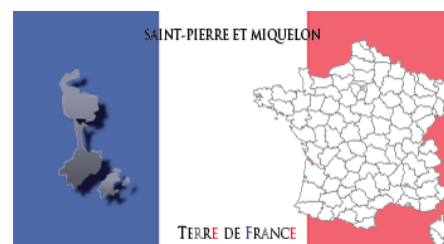
Value of imports from the EU in \$000's



**NL**

Value of imports from the EU in \$000's





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## The UE-Canada agreement update



The CETA/AECG (Comprehensive Economic Trade Agreement) negotiations were finalized in February 2016.

This international treaty is a new generation free trade agreement, which aims to liberalize trade between Canada and the European Union; it is to be signed at the next EU-Canada Summit

### An increasingly challenged agreement

Despite a European context that is unfavorable to free-trade agreements, because of TTIP challenge which reflects on CETA, the European Union does not appear to consider any option other than the signing of CETA at the EU-Canada Summit in October. However, this agreement is denounced by both the historically hostile European extreme left, as well as by environmentalists and right-wing populists. CETA is therefore encountering more and more opponents who fear that American standards, which are less stringent on many points, will lead to the deterioration of public services in many areas, such as food or ecology.

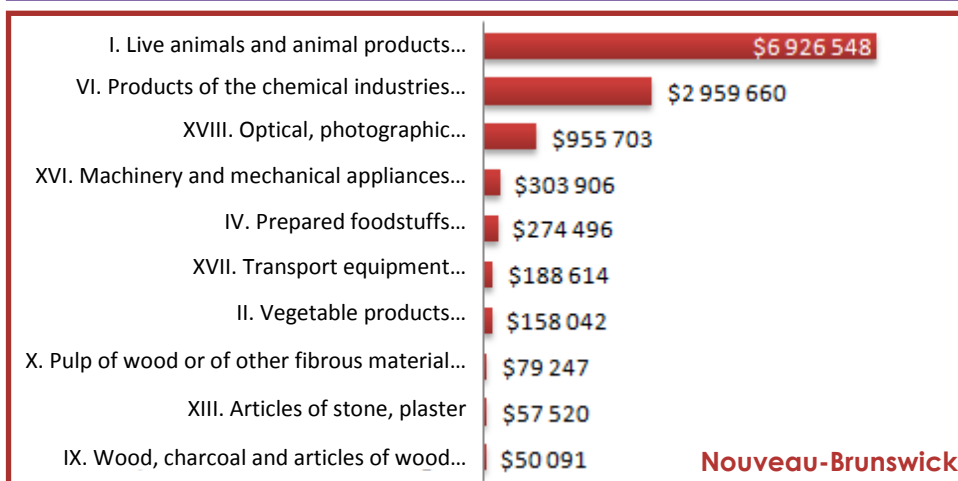
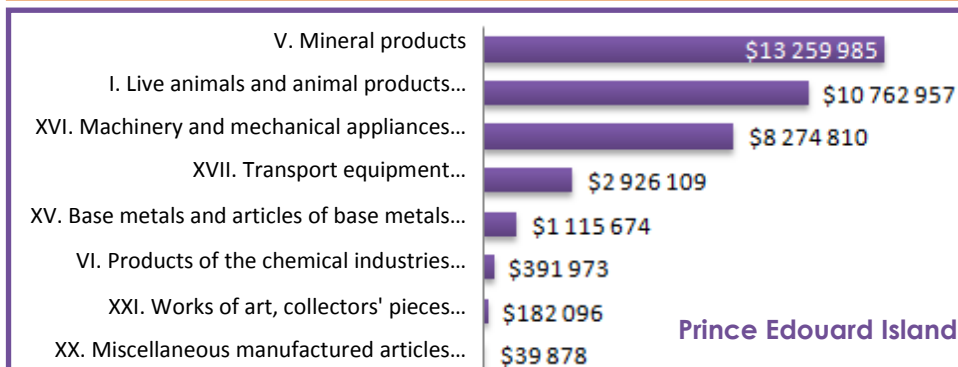
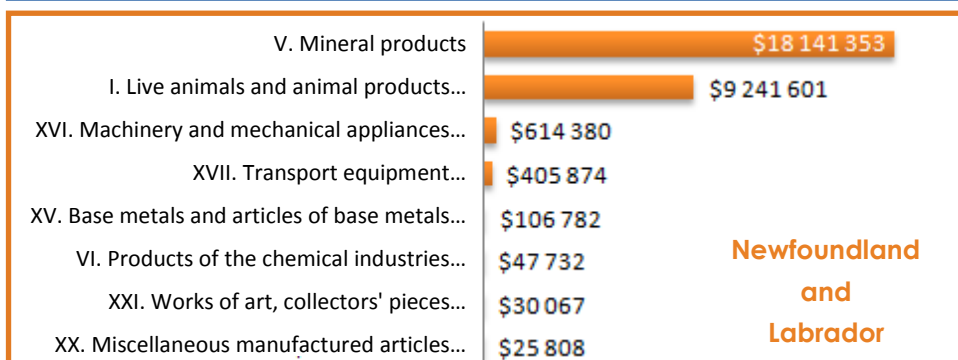
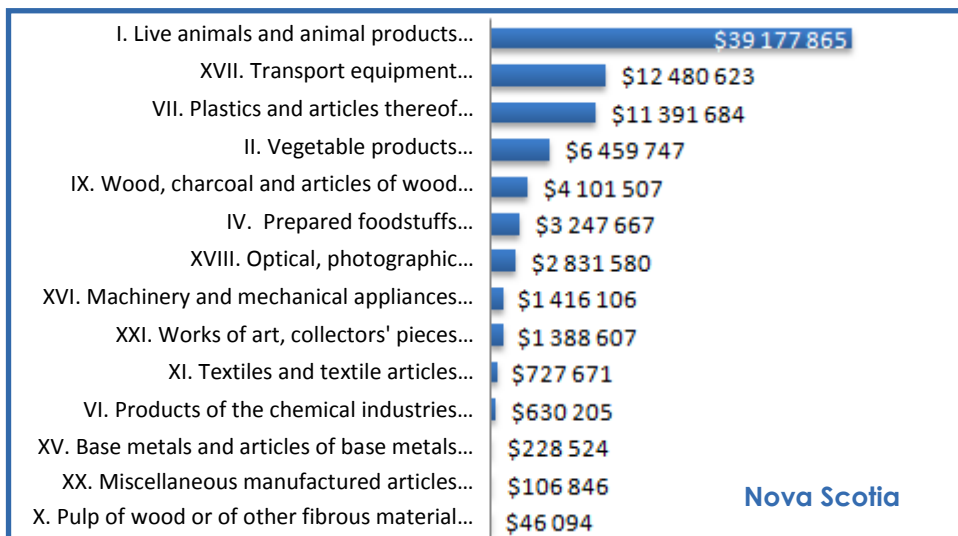
In fact, CETA is a so-called new generation free trade agreement, whose scope is very wide and touches on areas under the jurisdiction of the member states and not under the exclusive jurisdiction of the EU. This is why France and Germany in particular have insisted that the agreement cannot be ratified without the approval of their national parliament. Thus, the Commission has recognized the mixed nature of this agreement, which was of major political importance for the two countries. The ratification of the agreement will have to be approved by the national parliaments of each member state.

The approval process of CETA is also an issue in the context of Brexit. The divorce, which promises to be difficult between the UK and the European Union, will keep the European Union occupied for a long time. Brexit also raises the question of the future of this agreement.

**Reminder:** The CETA treaty covers the trade of goods and services, but also a portion of the investments, with exceptions such as the cultural industries. This could lead, according to the European Commission, to a 25% increase in bilateral trade and an increase in the gross domestic product of the European Union by 12 billion euros per year.

## France's imports from Atlantic Canada

Total of major imported items, in Canadian dollars, by theme and by province in 2015



### Complete legend:

I - Live animals and animal products; II - Vegetable products; III - Prepared foodstuffs, beverages, spirits and vinegar; tobacco and manufactured tobacco substitutes; IV - Mineral Products; V - Products of the chemical or allied industries; VI - Plastics and articles thereof; VII - Rubber and rubber products; VIII - Wood and articles of wood; wood charcoal; cork and articles of cork; manufactures of straw, of esparto or of other plaiting materials; basketware and wickerwork IX - Pulp of wood or of other fibrous cellulosic material; recovered (waste and scrap) paper or paperboard; paper and paperboard and articles thereof; X - Textiles and Textile Articles; XI - Articles of stone, plaster, cement, asbestos, mica or similar materials; ceramic products; glass and glassware; XII - Base metals and articles of base metals; XIII - Machinery and mechanical appliances; electrical equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles; XIV - Vehicles, aircraft, vessels and associated transport equipment; XV - Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; clocks and watches; musical instruments; parts and accessories thereof; XVI - Miscellaneous manufactured articles; XVII - Works of art, collectors' pieces and antiques.

Sources: douane française, DG trésor, statistiques Canada

# Les échanges commerciaux entre Saint-Pierre et Miquelon et le Canada Atlantique



## Trade between Saint-Pierre and Miquelon and Atlantic Canada

Landings of sea products in Newfoundland (although not recorded in the French customs statistics) make up the vast majority of Saint-Pierre and Miquelon's foreign trade with Canada. In 2015, these landings showed a 14% increase, reaching CAN\$ 2.17 million.

In September 2016 Saint-Pierre and Miquelon exported products valued at 0.49 million euros to Canada and imported Canadian products valued at 25.38 million euros.

### The main imports (% of total):

- 1- Mineral fuels, mineral oils and products of their distillation (26.8%)
- 2- Transport equipment: motor vehicles, tractors, cycles (14.25%)
- 3- Meat and edible meat offal (6.7%)
- 4- Wood, wood charcoal and articles of wood (4.9%)

Description of Products	Tariff imposed by the EU (%)	Moratorium
Other frozen cod fillet	7.5	7 years
Other frozen fish fillet of the Arctic cod species	7.5	7 years
Smoked trout, including fillet, other than offal	14	7 years
Fish heads, tails and maws	13	7 years
Offal of other fish	13	7 years
Frozen smoked lobster	20	5 years
Frozen whole lobster	6	3 years
Other frozen lobster	16	3 years
Frozen smoked crab	8	7 years
Other frozen crab	7.5	3 years
Frozen smoked cold water shrimp	20	7 years
Other frozen smoked shrimp	20	7 years
Fresh smoked lobster	20	5 years
Fresh smoked crab	8	7 years
Fresh smoked cold water shrimp	20	7 years
Other frozen fresh smoked shrimp	20	7 years
Smoked oysters	20	5 years
Smoked scallops	20	5 years
Mussels	20	7 years
Cuttlefish, other than live or fresh	20	5 years
Octopus, other than live or fresh	20	5 years
Snails, other than smoked sea snails	20	5 years
Clams, cockles and ark shells	20	5 years
Smoked abalone	20	5 years
Smoked whelk	20	5 years

## France/Canada Trade

Canada occupies 28th place as an outlet for French exports, which represents 0.7% of French exports. As for imports, Canada was in 35th place as a supplier to France in 2015, with 0.5% of the total imports coming from Canada.

### The main areas of bilateral trade are:

- 1 - Transport equipment (22.8% of bilateral trade).
- 2 - Mechanical equipment, electrical, electronic and computer equipment (19.1%)
- 3 - Products of the agri-food industries (12.9%).

### The most important export products from France to Canada (% of total):

- 1 - Wine, beer and spirits (18.9%)
- 2 - Industrial, agricultural and various other machinery (17.2%)
- 3 - Spacecraft and aircraft (9.4%)
- 4 - Chemicals, perfumes and cosmetics (9.2%)

Sources: douanes françaises, DG trésor, rapport Paugram



# CETA and Saint-Pierre et Miquelon



## SPM and CETA

**A threat?** Yes, if the exclusion of the territory has the effect of reducing its trade potential, its fiscal resources, or its attractiveness.

**An opportunity?** Yes, if the region can capture a part of the new economic flow generated by the agreement.

Saint-Pierre and Miquelon is a privileged trade partner territory of the EU: duty free export to the EU, preferential rules of origin, recognition of national diplomas, EDF cooperation and funding. However, the archipelago is not covered by CETA, since it is considered an autonomous trade territory.

Saint-Pierre and Miquelon will therefore not be part of the free trade zone, but given its geographical location, the archipelago can hope to benefit from new economic, commercial and human opportunities, conferred by the agreement.

## A development policy already in motion

Currently, Saint Pierre and Miquelon has an economy based primarily on the public sector and public procurement. Structuring initiatives are organized by the Development Contract and imports from France or Canada are substantial. The archipelago's exports consist mainly of seafood products. Despite the absence of inclusion in CETA, Saint-Pierre and Miquelon continues to develop and structure projects in order to remain competitive in the markets and to take advantage of new opportunities related to the ratification of CETA.

**Fishing, a historical sector in the archipelago, will keep its attractiveness in the short term.** In terms of fishing activity, Saint-Pierre and Miquelon exports a lot to Canada, and little (only 16% of exports) to Europe. The elimination of customs duties on seafood products which will take place over a period of 3 to 7 years will allow Saint-Pierre and Miquelon time to adjust. The archipelago will particularly benefit from opportunities in the short-term to support the effort for change in this sector and to exploit the preferential rules of origin (lower or zero rate of duty). Highlighting the local fishery at the national level will allow local exports to benefit from customs advantages and therefore to again be competitive in the market.

**Tourism, a promising future.** Saint-Pierre and Miquelon, French territory in North America enjoys great popularity with the neighboring Canadian provinces. 71.34% of the tourists staying in the archipelago are Canadian. A popular destination in the summer for families and couples, most visitors travel to the island by sea. The governmental bodies of the archipelago did not wait for CETA to come into effect to establish a new tourism policy based on communication and exchange.

- The arrival of two new ferries in 2017 will allow the implementation of a new expanded service between Saint-Pierre and Fortune.
- The EU-Canada agreement will not affect Canadian regulations regarding cabotage, retaining Saint-Pierre and Miquelon's advantage as an international stopover.
- The new tourism brand, "îles d'exception," creates a unique and attractive identity.

# INTELL-ECHO



Are you seeking business opportunities in this sector?  
CACIMA and FCCC-AN can facilitate your business prospection process and help with establishing new partnerships  
(targeted information and network contacts)

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