



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

CETA – Services and Jobs



Atlantic Canada (p. 1-4)

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Comprehensive Economic and Trade Agreement – Services and Jobs

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The **Comprehensive Economic and Trade Agreement** (CETA) signed between Canada and the European Union (EU) came into effect on September 21, 2017. This agreement helps to expand commerce with EU countries by eliminating or lowering trade barriers, making it easier for the participating partners to exchange products and services. The **EU** is the **world's largest importer of services**, while **Canada** is one of the **largest service exporters**. Canadian companies exporting services under CETA now enjoy the **easiest access** to the EU market, which imported \$936 billion in services in 2015 including **\$16.5 billion in services from Canada**. The main services exported from Canada to the EU include **architectural, engineering, R&D and management services** as well as **financial services, environmental services** and **ICTs**. The **opening-up of European public contracts** (valued at approximately \$3.3 billion) will be profitable for service suppliers based in Atlantic Canada, since purchases of services from companies account for some **20% of all government contracts** in the EU.

Labour mobility

CETA has established new arrangements with the objective of reducing administrative requirements concerning labour mobility, making it easier, for example, for professionals and business people to gain access to markets on either side of the Atlantic. In practice, numerous EU member states have relaxed requirements applicable to Canadian professionals (e.g. architects, IT analysts, business people) in comparison to the access granted to other trade partners.

Professional qualifications

The architects of CETA also reviewed mechanisms for recognizing foreign qualifications in certain industries with a view to simplifying them. In practical terms, professional organizations and regulatory entities will follow a common structure and, in so doing, have the capacity to negotiate and establish equivalencies among worker qualifications. Detailed information in this regard is set out in the text of the agreement: Chapter 11 covers mutual recognition of foreign qualifications, while Annex 11 provides guidelines for mutual recognition agreements.

Good to know

- ◇ The EU offers many **opportunities** for Canadian service suppliers, which now enjoy broader access to markets throughout the EU. The possibilities are particularly interesting for Canadian companies working in the areas of management, finance, engineering, architecture, information technologies and other technical services.
- ◇ Under the agreement, Canadian service exporters will enjoy the same **market access rights** as service suppliers in the EU in most industries with a few exceptions. Among the key services excluded are health care, public education and other social services.
- ◇ CETA provides Canadian service suppliers access to European **government procurement**. This creates significant opportunities in light of the fact that nearly 20% of European government contracts involve the procurement of services from private-sector companies.
- ◇ In 2016, Canada was the **12th-largest supplier of clean technology products** to the EU. Under the provisions of CETA, Canadian exporters of clean tech products or services have opportunities to enter into preferred agreements with EU entities.
- ◇ Both parties will take measures to **enhance the ability to move across borders**. CETA contains temporary-entry provisions in this regard to facilitate temporary travel or relocation to the EU for certain highly skilled workers and business people.
- ◇ With respect to **labour mobility**, CETA's provisions do not displace permanent jobs in Canada or EU countries.
- ◇ To facilitate the mobility of professional workers, CETA provides for the definition of a common framework to be used by professional associations and orders in the various jurisdictions to establish **systems of equivalence of qualifications**.
- ◇ **Health and public education services** and other social services are **excluded** from CETA because they are fundamental to Canada's social fabric.

Non-exhaustive list of sources used:

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

<http://www.international.gc.ca/gac-amc/campaign-campagne/ceta-aecg/index.aspx?lang=eng>

Statistics Canada. www.statcan.gc.ca. Employment and Social Development Canada. <https://www.canada.ca/en/employment-social-development.html>

Services and Jobs – 2024 Forecast, National

Real GDP and employment growth by major sector, 2015-2024 (national)

	Total	Primary	Manufacturing	Construction	Services
GDP	2.0%	1.8%	1.8%	1.3%	2.2%
Employment	0.8%	-0.1%	0.5%	0.8%	0.9%

Real GDP and employment growth in the service sector, 2015-2024 (national)

	Service sector total	Consumer services	Production services	Government and parapublic services
GDP	2.2%	2.0%	2.5%	1.6%
Employment	0.9%	0.5%	0.9%	1.2%

A flourishing service sector

Thanks to factors including technological progress and productivity gains over the last several decades, the service sector is accounting for an increasing share of the Canadian economy. Based on estimates, **between 2001 and 2016, for every job lost in the goods sector, approximately 30 new jobs were created in the service sector.** As the graphic below indicates, the information and communication technologies (ICT) sector is positioned to post the strongest growth.

Employment outlook in Canada between now and 2024

- At the national level, an estimated 5.95 million job openings are expected to be created between 2015 and 2024.
- Two-thirds (3.93 million or 65.9%) of these jobs will likely be created in occupations requiring post-secondary studies (university, college or apprenticeship training) or in management occupations.
- These job openings will be the outcome of both economic growth and replacement demand.
- For comparison purposes, in 2014, jobs in the same types of occupations accounted for 61.5% of all jobs; if these forecasts are accurate, this will consequently represent a 4.4% increase.

Projected employment growth by industry between 2015 and 2024

(% average annual growth)

Strong growth	
Computer systems design services	2.1%
Health care and social assistance	1.8%
Other professional services (scientific/technical)	1.4%
Professional business services	1.2%
Wood product manufacturing	1.2%
Metal fabrication and machinery	1.0%
Moderate growth	
Non-automotive transportation equipment	0.8%
Wholesale trade	0.8%
Transportation and warehousing services	0.8%
Construction	0.8%
Educational services	0.8%
Mining (except oil and gas extraction)	0.7%
Accommodation and food services	0.7%
Manufactured mineral products	0.7%
Finance, insurance, real estate and leasing	0.6%
Utilities	0.6%
Retail trade	0.6%
Rubber, plastics and chemicals	0.6%
Food and beverage products	0.5%
Management, admin. and other support services	0.5%
Oil and gas extraction	0.5%
Weak growth or decline	
Repair, personal and household services	0.4%
Information, culture and recreation services	0.3%
Motor vehicles, trailers and parts	0.3%
Forestry and logging	0.3%
Public administration	0.1%
Textile, clothing, leather, furniture manufacturing	0.0%
Support activities for mining, oil and gas	-0.1%
Computer, electronic and electrical products	-0.4%
Agriculture	-0.5%
Printing and related activities	-0.7%
Paper manufacturing	-0.8%
Fishing, hunting and trapping	-2.4%



Approximately 57% of these jobs will require post-secondary or management training.

Services and Jobs – 2024 Forecast, Atlantic Canada

Prince Edward Island

- ◇ In PEI, the economic outlook over the next 10 years is sound. Based on forecasts, the economy will grow by 1.3% in 2018 on the heels of 1.4% growth in 2017. Although the benefits of this will be evident in terms of job creation, it is important to remember that active population growth should outpace the number of new jobs.
- ◇ Exports and tourism-related activities appear promising due to the weak performance of the Canadian dollar.
- ◇ Economic growth may help bolster the labour market, translating into a slight recovery of the employment rate and, at the same time, a lower unemployment rate.
- ◇ PEI has the highest participation rate in the Atlantic Provinces.
- ◇ Since January 2017, employment levels in the goods production sector have increased; however, a decrease has been noted in the service sector. Over the last 12-month period, the agriculture, construction, forestry, fishing, mining, quarrying and oil and gas extraction industries have supplied more than 2,300 jobs.
- ◇ Self-employment has been gaining in popularity: over the past year, the province has added 500 new self-employed workers.

Industry	Occupations with strongest growth potential (PEI)
Computer systems design and related services	Computer network technicians
	IT analysts and consultants
	Computer programmers and interactive media developers
Health care and social assistance	Dentists
	Registered nurses and registered psychiatric nurses
	Medical laboratory technologists
Other professional services	Business management consultants
	Chemists
	Biologists and related scientists
Professional business services	Business management consultants
	Chemists
	Biologists and related scientists
Wood product manuf.	[No employment in this industry]
Metal fabrication and machinery	Aircraft assemblers and aircraft assembly inspectors
	Purchasing and inventory control workers
	Welders and related machine operators

New Brunswick

- ◇ According to the spring 2017 economic analysis, employment levels in this province have remained static, although GDP growth forecasts indicate slight increases of 0.6% in 2017 and 0.8% in 2018.
- ◇ Exports: due to its export volume to the U.S. market, NB sits in a vulnerable position should restrictive trade measures be implemented. New Brunswickers face uncertainty, for although economic activity in the U.S. may offer certain income opportunities to exporters, the adoption of restrictive measures by the American government could make any resulting upturn short-lived.
- ◇ The province should post slight population growth over the next few years supported by international migration and slowing interprovincial emigration rates.
- ◇ Despite the addition of more than 1,600 full-time workers to the labour market, a significant (2,000 jobs) drop in the number of part-time workers was observed early in 2018.
- ◇ The working-age population has also increased, driving up the number of people seeking employment.
- ◇ Figures in the goods production sector are more or less the same compared to those for January 2017. Over this period, jobs were created in the construction and manufacturing industries but lost in the agriculture, forestry, fishing, mining, quarrying, oil and gas extraction, and utilities sectors.
- ◇ Decreases were noted in a number of service-sector industries, including information, culture and recreation; and finance, insurance, real estate and leasing. However, these declines were offset by employment gains attributable to steadily increasing demand in the health and social services sector, which added 6,400 new jobs during the past year.

Industry	Occupations with strongest growth potential (NB)
Computer systems design and related services	Software engineers and designers
	Programmers and interactive media developers
	Computer systems managers
Health care and social assistance	Health care managers and administrators
	Health information management technicians and related workers
	Medical administrative assistants
Other professional services	Senior managers – financial, communications and other business services
	Advertising, marketing and public relations managers
	Other business services managers
Professional business services	Senior managers – financial, communications and other business services
	Engineering managers
	Other business services managers
Wood product manufacturing	Logging and forestry supervisors
	Manufacturing managers
	Construction millwrights and industrial mechanics
Metal fabrication and machinery	Machinists and machining and tooling inspectors
	Industrial painters, coaters and metal finishing process operators
	Contractors and supervisors, machining, metal forming, shaping and erecting trades and related occupations

Services and Jobs – 2024 Forecast, Atlantic Canada (cont.)

Nova Scotia

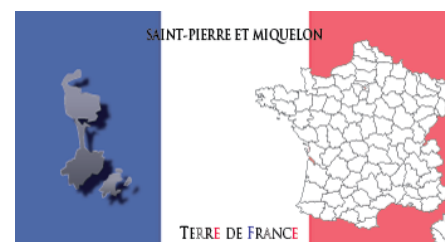
- ◇ Nova Scotia should record stable growth of its real GDP in 2018 in the area of 1.2% (versus 1.1% in 2017).
- ◇ Population: the growth observed in 2016 was the highest in the past 25 years, and the Provincial Nominee Program and the new Atlantic Immigration Pilot program are not unfamiliar with this situation.
- ◇ Manufacturing and support sectors: employment growth will depend on the economy and new markets as well as the terms of renegotiated free trade agreements. Starting in 2015, due to the U.S. economy's stronger position, relatively low delivery costs and the weak dollar, the performance of the manufacturing sector has been stronger overall.
- ◇ In 2017, Nova Scotia added 7,300 full-time jobs but lost more than 5,000 part-time jobs during the same time frame, resulting nevertheless in a net gain of 2,000 jobs. However, this increase in job numbers was not enough to hold back the unemployment rate from increasing during the same period, with particular impact on young workers: the youth unemployment rate in January 2018 stood at 18.2% versus the provincial average of 8.2%.

Industry	Occupations with strongest growth potential (NS)
Computer systems design and related services	Information systems testing technicians
	Information systems analysts and consultants
	Web designers and developers
Health care and social assistance	Registered nurses
	Medical specialists
	Nursing co-ordinators and supervisors
Other professional services	Geoscientists and oceanographers
	Advertising, marketing and public relations professionals
	Business management consultants
Professional business services	Human resources professionals
	Conference and event planners
	Animal health professionals
Wood product manufacturing	Forest products processing supervisors
	Forestry technologists and technicians
	Wood product assemblers/inspectors
Metal fabrication and machinery	Machinists and machining and tooling inspectors
	Welders and related machine operators
	Metal fabrication labourers

Newfoundland and Labrador

- ◇ A positive variation in the economic growth curve should be noted during 2018, with anticipated growth of 4.4% during the year following a 1.8% decline in real GDP in 2017.
- ◇ To generate more revenue, the government needs to resort to tax increases; however, these measures could have impact across all economic sectors.
- ◇ The province is expecting to see a drop in its employment rate over the coming years, while a decrease in the number of major construction projects will lead to a decline in capital investment levels.
- ◇ Demographics remain a key challenge for the province: its population is aging, immigration numbers are low, and many young people are migrating to other provinces across Canada.
- ◇ In January 2018, a drop in the total number of jobs was observed versus the same month last year, which also drove up the unemployment rate. Part-time jobs accounted for most of the job losses. During the same period, the province saw a drop in both its population as well as the size of its labour force.
- ◇ The number of jobs in goods production grew during the last half of 2017, resulting in positive performance overall in that sector. The construction industry posted the strongest performance in this sector.
- ◇ The story was a different one in the service sector, which lost 4,600 jobs during the preceding 12 months, corresponding to 2.5% of all service jobs. However, increases were observed in job numbers in certain sectors during this period, including transportation and warehousing, educational services, and accommodation and food services.

Industry	Occupations with strongest growth potential (NL)
Computer systems design and related services	Software engineers and designers
	Information systems managers
	Information systems analysts and consultants
Health care and social assistance	Pharmacists
	General practitioners and family physicians
	Dietitians and nutritionists
Other professional services	Business management consultants
	Natural and applied science policy researchers, consultants and program officers
	Graphic designers and illustrators
Professional business services	Advertising, marketing and public relations professionals
	Business development officers and marketing researchers and consultants
	Social policy researchers, consultants and program officers
Wood product manuf.	[No employment in this industry]
Metal fabrication and machinery	Manufacturing managers
	Structural metal and platework fabricators and fitters
	[Outlook limited]
	Welders and related machine operators
	[Outlook limited]



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Overview of CETA



CETA is the Comprehensive Economic and Trade Agreement between Canada and European Union Member States. It comprises **thirty chapters of rules on trade between Canada and the EU**. It was signed by Canadian and EU leaders on 30 October 2016 and provisionally entered into force on 21 September 2017.

To enter into force, Mixed Agreements must be approved by every EU Member State. As each country's approval procedures can last several years, the EU Council decided to apply the agreement provisionally. The provisional application will end only when all European Union Member States inform the Council that their internal ratification procedures are complete. Only then can the agreement enter fully into force.

The trade in almost all industrial and manufactured goods (99.6% for Canada's tariff offer and 99.4% for the EU's tariff offer) has been exonerated from customs duties since the agreement's provisional application.

In stimulating trade, CETA will contribute to creating jobs, growth and new opportunities for French companies. Canada is a huge market for European exports.



Source: European Commission

The agreement will:

- contribute to making European companies more competitive in Canada;
- reduce the costs incurred by EU exporters without lowering standards;
- benefit European consumers;
- enable European professionals to work more easily in Canada;



To see the *erga omnes* and preferential duty rates applicable to Canadian customs clearance -> <http://madb.europa.eu/madb/euTariffs.htm>

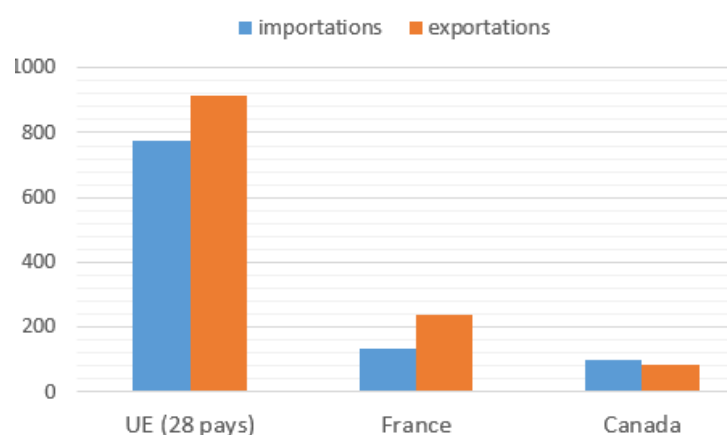
, the European Commission **Market Access Database** (select 'Canada' as your destination and enter your product code).

Trade in services



In terms of services and investment, CETA is the most ambitious agreement that the EU has ever concluded. Half of the economic growth that CETA is set to generate in the EU is predicted to come from increased trade in the service sector.

Trade in services* in 2016 (in billions of \$US)



* Services include transport (goods and passengers), travel, communication services (postal, telephone, satellite, etc.), construction, insurance and financial services, information technology and information services, royalties and licence fees, other business services (international trade, lease financing and operating, technical and specialist services, etc.), cultural and recreational services and the services provided or received by government bodies

Source: OECD

The EU is the world's largest services importer but also the largest exporter. France is a net services exporter whilst Canada imports more services in value than it exports.

The main exports of services from France to Canada are services related to information and telecommunications technologies.

EUR 1.8 billion: French exports of services to Canada

EUR 2.2 billion: French imports of services from Canada (2015 figures)

According to HSBC forecasts**, French service exports will rise from \$241 bn to \$567 bn between 2016 and 2030, maintaining France's place as the world's fifth services exporter in 2030. France's main export sector in services (48%) is the B2B expertise associated with aeronautical engineering, energy and transport. The second sector is tourism with 19% of service exports, as France remains the world's most visited country. Nationally, service exports account for 10% of GDP and 32% of France's total exports.

(**2016 **Global Trade Forecast**. Link to the study: <https://eu.vocuspr.com/ViewAttachment.aspx?EID=3NX12fGBp5kL3Po1sdMRluGS6KDxN5EOzk1ybpVq9L0s%3d>)

CETA and services



□ How will CETA open the Canadian services market to EU companies?

European companies will have more opportunities to provide services, e.g. specialist maritime services such as dredging, transporting empty containers and moving cargoes within Canada. In sectors such as environmental services, telecommunications and finance, they will be able to access the Canadian market at both federal level and, for the first time, provincial level.

□ Will European companies be able to participate in public procurement in Canada?

Yes. That is one of the major advantages of CETA for EU companies. Canada has opened its public procurement more widely to European companies than its other trade partners. EU companies will be able to participate in tenders for the supply of goods and services not only at federal level, but also to Canada's provinces and municipalities, which is a first for non-Canadian companies. That is an important aspect as provincial public procurement is twice as large as federal public procurement. In total, the Canadian public authorities buy several billion euros of goods and services every year.

Buyandsell.gc.ca is the Canadian government's official tendering website. It will help European SMEs as access to information is one of the main obstacles in accessing international markets.

However, CETA does not stop governments defining and regulating the supply of public services (culture, education, healthcare and social services).

□ Will European citizens be able to work in Canada more easily?

Yes, in some cases. CETA will make it easier for company staff and other professionals to work on the other side of the Atlantic and for companies to second staff temporarily between the EU and Canada. Therefore, European companies will be able to do business in Canada more easily. It will also be easier for other professionals to provide temporary services in the legal, accounting, architecture and similar sectors.

Saint-Pierre and Miquelon



OCTs (overseas countries and territories) are not part of the European Union although they are constitutionally linked to Member States. As an OCT, therefore, St-Pierre and Miquelon is not included in the free trade agreement between the European Union and Canada. The SPM archipelago is an autonomous trading area with **its own tax and customs system**. However, as CETA affects many other aspects of bilateral trade, it could create numerous opportunities to strengthen the economic ties developed in the framework of regional cooperation.

The **service sector** is a particularly important growth driver at local level as it is an area that is unaffected, or **almost unaffected, by customs duties**. St-Pierre and Miquelon could **take advantage of its geographical proximity** with Canada and its 'dual culture' by providing training programmes, recruitment services, business development, consultancy and similar to companies aiming to conquer Canadian or European markets.

The **matching of standard systems** and move towards more consistent controls with Europe should facilitate and promote trade beyond tariff barriers. This point is significant for St-Pierre and Miquelon as many of the archipelago's professionals are currently forced to source supplies on the mainland because of issues with divergent standards.

The construction sector accounts for a third of St-Pierre and Miquelon's small businesses. With CETA, Canada is giving European companies access to its federal and provincial public procurement, creating economic opportunities in Atlantic Canada for the archipelago's **construction** companies.

INTELL-ECHO



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

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