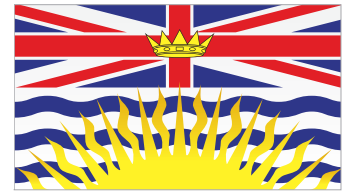




Opening New Markets in Europe  
Creating Jobs and Opportunities for Canadians

## How CETA Will Benefit British Columbia



### Creating jobs and opportunities for British Columbians

The Canada-European Union Comprehensive Economic and Trade Agreement (CETA) will bring benefits to every region of our country. It will unlock new opportunities by opening new markets for Canadian businesses and creating new jobs for Canadian workers. CETA is a 21st-century, gold-standard agreement and is Canada's most ambitious trade initiative ever. It is broader in scope and deeper in ambition than the historic North American Free Trade Agreement.

Canada's historical and cultural ties with the EU make it an ideal partner for a comprehensive and ambitious free trade agreement. The EU, with its 28 member states, 500 million people and annual economic activity valued at almost \$17 trillion, is the largest and most lucrative market in the world. It is also the world's largest importer of goods: the EU's annual imports (\$2.3 trillion) are worth more than Canada's total gross domestic product (GDP), which stood at \$1.8 trillion in 2012. Reducing and eliminating tariff and non-tariff barriers will make Canadian goods, technologies and expertise more competitive in the lucrative EU market and benefit businesses of all sizes, as well as workers and their families.

A joint Canada-EU study, which supported the launch of negotiations, concluded that a trade agreement could boost Canada's income by \$12 billion annually and bilateral trade by 20 percent. Put another way, the economic benefit of a

far-reaching agreement would be equivalent to creating almost 80,000 new jobs or increasing the average Canadian household's annual income by \$1,000. This is like adding the number of jobs currently found in the city of Kelowna to the Canadian economy.

Across Canada, workers and businesses from a wide range of sectors will benefit from increased access to the EU's lucrative market—the largest in the world. This enhanced access will give a competitive edge to Canadians in all 13 provinces and territories

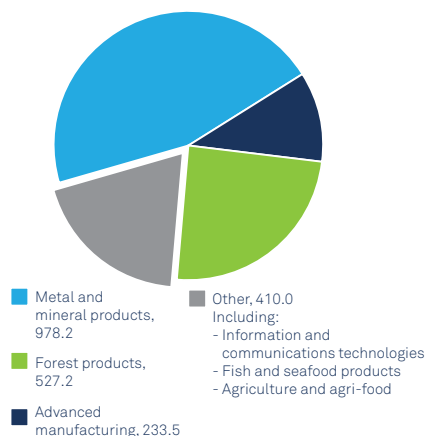
#### *British Columbia*

British Columbians stand to benefit significantly from this preferred access to the EU market. The EU is already B.C.'s fourth-largest trading partner and export destination. When it comes into force, CETA will eliminate tariffs on almost all of B.C.'s key exports and provide access to new opportunities in the EU market. Exporters in these sectors will also benefit from other CETA provisions that will improve conditions for exports—provisions, for example, that ease regulatory

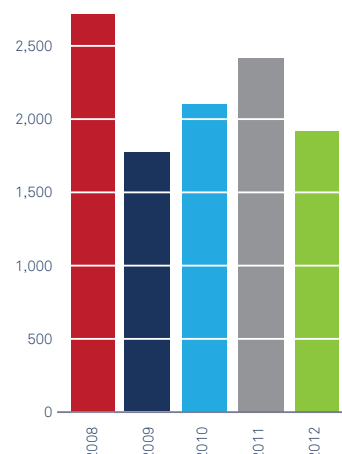
#### Top provincial benefits

- ✓ Duty-free access for forestry and wood products
- ✓ New markets for agricultural and agri-food products
- ✓ New markets for fish and seafood
- ✓ Improved access for professional services

Principal merchandise exports from British Columbia to the EU,  
by sector (annual average, 2010-2012)  
(value in millions of Canadian dollars)



Merchandise exports from British Columbia to the EU  
(2008-2012) (value in millions of Canadian dollars)



Government of Canada  
Gouvernement du Canada

Canada

barriers, reinforce intellectual property rights and ensure more transparent rules for market access.

Overall, British Columbia has a lot to gain from this historic agreement. This document provides a summary of CETA's key benefits for B.C.

## Opening new markets in Europe for British Columbia's world-class services



The services sector is a key driver of British Columbia's economy, accounting for 75.6 percent of the province's total GDP and employing close to 1.9 million British Columbians in 2012

### *Trade snapshot*

Canada's services exports to the EU were worth an average of \$14.5 billion annually between 2010 and 2012. B.C.'s key export interests in this vibrant sector include professional services, environmental services, information and technology services, oil and gas, mining, clean energy, transportation and tourism. Jobs in this sector are traditionally highly skilled and well-paying, creating enormous opportunities for Canadian expertise.

### *Improved access to markets*

- CETA will establish preferential access to, and greater transparency in, the EU services market, resulting in better, more secure and predictable access to areas of interest to Canada, such as professional services (e.g. auditing, architectural and integrated-engineering services), environmental services, related scientific and technical-consulting services, and services incidental to energy distribution.
- Canada has negotiated the most ambitious market-access commitments the EU has ever made in any of its free trade agreements. This includes, for the first time for the EU, a broad and transparent approach to market access in which every service sector is subject to the terms of the agreement unless explicitly indicated otherwise (i.e. through a "negative list" approach).
- The agreement ensures that if the EU were to reduce or eliminate restrictions on foreign-service providers or investors in the future, this preferential treatment would be locked in for Canadians (this is referred to as the "ratchet mechanism").

- Temporary-entry provisions will provide increased transparency and predictability, facilitating movement of intra-company transferees, investors, contract service-suppliers and independent professionals (including broad coverage for professionals, and limited coverage for technologists), business visitors and others. EU commitments for temporary entry under CETA are more extensive than what any other country has received from the EU under a free trade agreement.
- Recognition of professional qualifications is a key aspect of labour mobility. In addressing this issue, CETA's mutual-recognition provisions are both ambitious and innovative. Some professional associations in Canada and the EU have already expressed interest in engaging in discussions on mutual-recognition agreements, including groups representing the architecture and engineering professions.

### *Beyond border measures*

Transparent and objective treatment by regulatory authorities is essential to the success of both Canadian and EU service providers. CETA contains provisions on domestic regulation that will facilitate trade in services by ensuring that regulatory measures related to licensing and qualification requirements and procedures are clear, publicly available, objective and impartial. While recognizing the right of all governments to regulate in the interests of their citizens, CETA's services provisions will help to ensure that government regulations are applied in a non-discriminatory and transparent fashion.

### **Protecting services and policies that are fundamental to our social fabric**

As do all of Canada's international trade agreements, CETA will continue to preserve policy space for activities that are fundamental to our social fabric. Nothing in CETA prevents governments from regulating in the public interest, including for delivering public services, providing preferences to Aboriginal peoples, or adopting measures to protect or promote Canadian culture. For example, public services such as health, public education and other social services have been excluded from the obligations of CETA, ensuring that governments remain free to enact policies and programs they choose in these areas. Similarly, CETA will preserve policy space for cultural policies and programs at all levels of government, recognizing the importance of the preservation and promotion of Canadian culture, as well as its various forms of expression.

### *Reaping the benefits*

The EU services sector is among the largest in the world, valued at approximately \$12.1 trillion in GDP terms in 2012. The total value of services imported by the EU reached \$664.5 billion in 2011, a 4.9 percent increase over the previous year. Providing Canadian service companies with better, more predictable and secure access to the lucrative EU market will give them a competitive edge. Ultimately, this advantage will benefit the

entire Canadian economy and lead to new jobs, growth and prosperity in a sector that exemplifies Canadian expertise.

## Opening new markets in Europe for investment

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Investment is of key importance to British Columbia's economy and prosperity. The province presents excellent opportunities in all sectors, ranging from transportation and logistics, tourism and energy to forestry, mining and seafood. As the second-largest foreign investor in Canada, the EU can contribute to economic growth and job creation through investment in these and other of the province's strategic sectors.

In addition, British Columbia businesses currently have significant investments in a wide variety of sectors in the EU, including mining, financial services, professional services, renewable energy and environmental technology, transportation, and information and communication technology.

### *Snapshot of investment*

The stock of known foreign direct investment by Canadian companies in the EU totaled \$180.9 billion at the end of 2012, representing 28.5 percent of Canadian direct investment abroad. The same year, known foreign direct investment from European companies in Canada totaled \$171.5 billion, representing 24.1 % of total foreign investment in Canada.

### *Improved access and rules that work*

- CETA will guarantee a level playing field for Canadian businesses by securing access to a broad range of EU markets.
- Key sectors of interest to Canadian investors that will benefit from the agreement include energy, mining, manufacturing, financial services, automotive, aerospace, transportation, and business and professional services.
- CETA's predictable investment rules, including a requirement that Canadian businesses be treated no less favourably in the EU than EU businesses, will further reduce risks associated with investing abroad.
- CETA's investment provisions will provide Canadian and EU investors with greater certainty, transparency and protection for their investments, while preserving the rights of governments to legislate and regulate in the public interest. This will lead to greater two-way investment, which will help create jobs and long-term prosperity for hard-working Canadians.

### *Reaping the benefits*

Investment and trade are inextricably linked and are extremely important to the province's prosperity as EU and B.C. firms increasingly sell through affiliates in each other's markets. In this sense, British Columbia benefits from greater foreign direct investment, regardless of whether investment is outward or inward. Greater direct investment in the EU will improve access to European markets, technology and expertise, and enhance

the competitiveness of Canadian firms. Greater EU foreign direct investment in British Columbia will stimulate economic growth and job creation here at home, provide new technologies and increase competition in the marketplace, ultimately benefitting B.C. consumers.

## Setting the stage to attract investment in Canada

Investment is key to job creation and economic prosperity. Canada has always been open to investment, welcoming and encouraging foreign companies to invest in Canada. Canada's foreign investment policy framework provides a welcoming environment that seeks to maximize the benefits of foreign direct investment for Canadians, while preserving other public policy interests. Part of this framework includes the *Investment Canada Act* (ICA), which provides for the review of significant investments in Canada by non-Canadians in a fast-changing global investment landscape. CETA recognizes the importance of the ICA and protects it.

At the same time, CETA recognizes the special relationship that Canada has with the EU: the EU is already Canada's second most important source of investments. As part of the ongoing review of the ICA, Canada will raise the threshold for net benefit reviews, and CETA will provide a higher threshold for investments from the EU.

CETA also includes rules for the protection of investors. Investor protection rules ensure that foreign investors will not be treated worse than similarly situated domestic investors or other foreign investors, nor will they have investments expropriated without prompt and adequate compensation. These rules include investor-state dispute settlement procedures, which provide for independent access to an impartial and timely process for the resolution of conflicts. These rules have been a standard feature of Canada's comprehensive free trade agreements since NAFTA and give assurance to investors that their investments will be protected from discriminatory or arbitrary government actions.

## Opening new markets in Europe for British Columbia's world-class products

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Under CETA, world-class Canadian products will enjoy preferential access to the EU. The benefits will be extensive, including for those who produce primary goods (like minerals and agricultural products) and for those who turn them into value-added processed and manufactured goods.

Out of more than 9,000 EU-tariff lines, approximately 98 percent will be duty-free for Canadian goods when CETA comes into force. Some EU tariffs are high enough that they impose a real burden on Canadian exporters and prevent or limit considerably their ability to compete in the EU market.



For example, the EU tariff on dog and cat food is up to \$1,218 per tonne, which over the last five years has turned out to be equivalent to an astonishing 64.6 percent of the price of Canadian dog and cat food—a hefty cost to enter the market. When CETA comes into force, tariffs on almost all Canadian goods will be eliminated, including those for dog and cat food. Equally important to B.C.’s economy is the fact that tariffs on manufactured products will also be eliminated.

## Increasing exports of fish and seafood products



British Columbia’s fish and seafood sector makes a significant contribution to the provincial economy and the social fabric of numerous coastal communities. More than 7,000 British Columbians are employed in the province’s world-class fish and seafood industry.

### *Trade snapshot*

- B.C.’s fish and seafood exports to the EU were worth an average of \$56.2 million annually between 2010 and 2012.
- Canadian fish and seafood exports to the EU face tariffs of up to 25 percent.

### *Tariff elimination*

When CETA comes into force, almost 96 percent of EU tariff lines for fish and seafood products will be duty-free. Seven years later, 100 percent of these tariff lines will be duty-free, making B.C.’s world-class goods more competitive and creating the conditions needed to increase sales. Increased sales can lead to more jobs, higher wages and greater long-term prosperity, directly benefiting hard-working British Columbians.

For example, EU tariffs will be eliminated on:

- salmon, from rates that range up to 15 percent;
- fresh or chilled hake, from a rate of 15 percent;
- Pacific halibut, from a rate of 15 percent; and
- dogfish, from a rate of 6 percent.

Eliminating tariffs on value-added goods like cooked and peeled shrimp, frozen cod fillets and processed crab and lobster will make these goods more competitive in the EU, allowing B.C. processors to sell more of their goods and create new jobs.

## *Beyond tariffs*

B.C.’s fisheries and aquaculture industry is committed to the conservation and sustainable use of fish and seafood resources, and the preservation of healthy and productive aquatic ecosystems. CETA will establish a framework for bilateral dialogue on trade-related sustainable-development issues of common interest, including the management of fisheries and aquaculture. In addition, nothing in CETA affects Canada’s sovereignty and full control over its territorial waters and the granting of commercial fishing licenses.

## *Reaping the benefits*

B.C.’s fish and seafood goods are derived from more than 80 different species of finfish, shellfish and plants from both freshwater and marine environments. As the world’s largest importer of fish and seafood, with the value of global imports averaging \$25 billion annually from 2010-2012, the EU presents significant export opportunities for B.C.’s fish and seafood producers. The province’s world-class and export-oriented sector is well placed to take advantage of the growing demand for high-quality and sustainable fish and seafood goods from discerning, health-conscious European consumers.

## Increasing exports of agricultural and agri-food products



British Columbia has a worldwide reputation for producing innovative, high-quality foods. The agricultural and agri-food sector employs some 52,700 British Columbians. Of these, almost half work in the manufacturing end of the industry.

### *Trade snapshot*

- B.C.’s agricultural exports to the EU were worth an annual average of \$36.7 million between 2010 and 2012.
- Canadian agricultural exports to the EU face high tariff rates, with average EU agriculture tariff rates of 13.9 percent.

### *Tariff elimination*

When CETA comes into force, almost 94 percent of EU agriculture tariff lines will be duty-free, and seven years later, that number will rise to over 95 percent. This duty-free access will give Canadian agricultural goods, including a specified amount of Canadian beef, pork and bison, preferential access to the EU market and a competitive advantage over producers from other countries that do not have free trade agreements with the EU. Creating opportunities for increased sales will benefit

hard-working British Columbians through more jobs, higher wages and greater long-term prosperity.

For example, EU tariffs will be eliminated on:

- fresh and frozen fruits and vegetables, including fresh cherries (EU seasonal tariffs reaching as high as 12 percent);
- processed products, including cat and dog food (EU tariffs as high as \$1,218/tonne), and miscellaneous food preparations (EU tariffs that start at 12.8 percent);
- oils (EU tariffs up to 9.6 percent); and
- other products including mushrooms, cranberries, raspberries and strawberries, as well as jams, jellies and juices; and processed goods such as fruit and nut bars, yeasts, mixed seasonings and condiments, sugar confectionery, chocolates and mixes and doughs.

### ***Beyond tariffs***

In addition to tariff elimination, CETA includes provisions to address non-tariff barriers in the EU, such as those related to animal and plant health and food safety. Building on the strength of existing Canada-EU cooperation in these areas, CETA will establish a mechanism under which Canada and the EU will cooperate to discuss, and attempt to prevent or resolve non-tariff barriers that may arise for B.C.'s agricultural exports to the EU market. CETA will provide opportunities and tools for Canadian and EU regulators to exchange information in order to better understand each other's requirements and obtain information to assist importers and exporters alike.

### ***Reaping the benefits***

British Columbia has long been known for its tree-fruit and berry industry. The diversification of domestic and international markets over recent years has also led to growth in the production of ginseng, flowers and nursery goods, which are now one of the most dynamic segments of the industry.

As the world's largest importer of agriculture and agri-food goods, with imports worth more than \$130 billion in 2012, the EU presents new and expanded export opportunities for the B.C. agriculture and agri-food sector, not only in areas of traditional strength but also in innovation-driven niche goods.

### **Maintaining Canada's supply management system**

Canada's supply management system provides Canadians with a consistent supply of high-quality dairy, egg and poultry products at reasonable prices. This system supports farmers on around 17,000 Canadian farms. CETA will not affect Canada's supply management system, which will remain as robust as ever. The supply management system and its three key pillars (production control, import controls and price controls) remain intact. The vast majority of supply-managed products will be exempt from increases in market access. The Government of Canada remains committed to working with industry stakeholders throughout the implementation period

to ensure that Canada's agricultural sector remains strong and vibrant.

For example, the EU market for specialty foods and beverages, in particular those in the health and wellness sector, is growing at a sustained pace, driven by consumers seeking healthier, more nutritious food and beverages. B.C.'s expertise in these areas and its dynamic, innovative agri-food sector ensures that the province is well-positioned to meet this demand.

### **New access for world-class Canadian beef, pork and bison**

CETA will provide new market access opportunities for key Canadian agricultural exports: beef, pork and bison. These world-class products will now benefit from preferential treatment in the EU. CETA establishes tariff rate quotas for each product, giving Canadian farmers yearly duty-free access for up to:

- 80,000 tonnes of pork (including consolidation of existing quota of approximately 6,000 tonnes);
- 50,000 tonnes of beef; and
- 3,000 tonnes of bison.

In addition, CETA will give farmers duty-free access:

- for high-quality beef under the existing quota of nearly 15,000 tonnes (Hilton beef quota, current duty of 20 percent); and
- for processed beef, pork and bison products.

### **Increasing exports of manufactured products**



B.C.'s manufacturing sector plays a key role in the province's economy, notably in the transformation and processing of forest, fish and seafood, agri-food and mining goods. A substantial and growing share of B.C.'s manufacturing sector is also involved in other sub-sectors such as machinery, electronics and transportation equipment—to name just a few. In 2012, more than 179,000 hard-working British Columbians were employed in this dynamic sector.

When CETA comes into force, approximately 99 percent of EU tariff lines will be duty-free for Canadian industrial products.



Seven years later, 100 percent of these tariff lines will be duty-free.

With CETA, Canada will be the only G-8 country and one of the only developed countries in the world to have preferential access to the world's two largest markets, the EU and the United States—giving us access to more than 800 million of the world's most affluent consumers. This will make Canadians the envy of trading nations all over the world and an even more attractive destination for investors and manufacturers looking to benefit from this access. The expanded opportunities for B.C. companies and new investors will lead to more high-paying manufacturing jobs for British Columbians.



## Increasing exports of forestry and value-added wood products

B.C.'s forests are one of its greatest assets. Spread across 55 million hectares of public land, forest resources (wood, pulp and paper products, and including prefabricated buildings) make significant contributions to the economy and enrich the lives of all British Columbians. The forestry industry is one of B.C.'s largest economic drivers, contributing \$6.0 billion to Canada's GDP in 2012. The sector employs some 56,500 British Columbians in jobs that tend to be highly skilled.

### *Trade snapshot*

- British Columbia accounts for the largest share of Canada's forestry-product exports to the EU, with exports worth an average of \$527.2 million annually between 2010 and 2012.
- B.C. forestry-product exports to the EU face tariff rates up to 10 percent.

### *Tariff elimination*

Upon entry into force, CETA will immediately eliminate EU tariffs on forestry products, making them more competitive and creating the conditions for increased sales. Higher sales of these world-class goods can lead to more jobs, higher wages and greater long-term prosperity, directly benefiting hard-working British Columbians.

For example, EU tariffs will be eliminated on:

- plywood, from rates up to 10 percent;
- veneered panels, from rates up to 10 percent; and
- prefabricated buildings, from a rate of 2.7 percent.

### *Beyond tariffs*

Given the vital role played by the forest industry in the socio-economic development of the province and its regions, responsible management and sustainability are of key importance to British Columbia's companies and communities. CETA will establish a bilateral dialogue on forest goods that will support and facilitate Canada and the EU's trade in forest goods from sustainable and legal sources. The bilateral dialogue will also serve as a forum to discuss measures that may affect bilateral trade in forest goods.

### *Reaping the benefits*

Forest goods are the province's most important export commodity, accounting for more than one-third of the total value of B.C.'s goods exports. The EU market is growing at a rapid pace in areas such as wood-energy goods. For example, future EU consumption of wood pellets is conservatively expected to double by 2020. B.C.'s wood-pellet industry is playing a major role in developing renewable bioenergy sources locally and internationally with growing production and export markets. The lucrative EU market provides new opportunities for this important sector of B.C.'s forest industry.

## Increasing exports of metal and mineral products



B.C.'s mineral-exploration and mining industry is an integral part of the provincial economy, representing 5.8 percent of total GDP in 2012. The province is Canada's single-largest exporter of coal, the largest producer of copper and the only producer of molybdenum. British Columbia also produces significant amounts of gold, silver, lead, zinc, aluminum and more than 30 industrial minerals. The sector employs more than 33,000 British Columbians, creating employment opportunities that provide some of the highest earnings in the economy.

### *Trade snapshot*

- B.C. exported \$978.2 million worth of metal and mineral products to the EU on average annually between 2010 and 2012.
- Though many of B.C.'s exports of precious metals and mineral products to the EU enter duty-free, exports of other metals and mineral products face rates up to 10 percent.

### *Tariff elimination*

Upon entry into force, CETA will eliminate remaining EU

tariffs on metal and mineral products, making them more competitive and creating the conditions needed for increased sales. Increased sales of these world-class products can lead to more jobs, higher wages and greater long-term prosperity, directly benefiting hard-working British Columbians.

For example, EU tariffs will be eliminated on:

- unwrought cadmium and powders, from a rate of 3 percent;
- iron and steel tanks, drums, cans, boxes, and similar containers, from a rate of 2.7 percent; and
- copper wire, from a rate of 4.8 percent

### ***Beyond tariffs***

The Government of Canada is committed to fostering an open and transparent trade and investment environment in the metals and minerals industry. CETA will establish a dialogue with the EU on raw materials that will support our market-access gains by seeking to prevent unintentional or unnecessary interference with trade. This dialogue has the potential to enhance understanding of existing regulatory policies on raw materials such as environmental, resource-conservation and land-use policies. The dialogue will enable better cooperation between Canada and the EU on these important issues in international forums.

### ***Reaping the benefits***

British Columbia is a national leader in mining and mineral production. Ranking fifth among provinces for metal and mineral exports to the EU, the province faces growing world-wide demand for its high-quality steel-making coal, metals and industrial minerals. With exports going to every corner of the EU, B.C.'s sector will benefit from the competitive edge and market access secured by CETA. As one of the most important mining and mineral producers in Canada, B.C. is also ideally positioned as an attractive location for investment.

## **Opening new government procurement markets in Europe to world-class British Columbia companies**

Government procurement is a major source of economic activity. The market for EU-government procurement is estimated to be worth about \$2.7 trillion annually. CETA will provide B.C. suppliers of goods and services secure access to EU procurement on a preferential basis, providing them with new opportunities to win major government contracts. Opening procurement processes also increases competition; CETA will ensure that procurement processes covered by the agreement are conducted with transparency and openness in order to help ensure the best value for money in public spending.

### ***New access to markets***

- CETA will expand and secure opportunities for Canadian firms to supply their goods and services to the three main

EU-level institutions (the EU Commission, Parliament and Council), the 28 EU member states and thousands of regional and local government entities within the EU.

- Approximately 18 percent of EU contracts are for business services. This means that workers in Canada employed in the fields of architecture, engineering, construction, environmental services, technology and marketing consultancy, among many other areas, will benefit from greater access to the EU's procurement market.
- CETA will also ensure that Canadian exporters are eligible to supply any EU firms engaged in government procurement contracts in the EU.

### ***Reaping the benefits***

CETA's greater access to the world's largest government procurement market will create opportunities that could benefit workers and their families in sectors that are vital to B.C.'s economy, such as engineering and information and communications technology services.

### **Supporting Canada's municipalities**

Municipal governments have an interest in guaranteeing that suppliers of products and services in their communities benefit from access to the EU's lucrative procurement market. At the same time, the Government of Canada recognizes the importance of ensuring that Canada's municipalities have the ability to support local interests. CETA procurement rules will apply only to high-value procurement contracts in order to ensure that governments can continue to use procurement to support local development, especially small and medium-sized enterprises. CETA rules will not apply to any procurement under the CETA thresholds, which are much higher than the Agreement on Internal Trade and are comparable with Canada's thresholds in the WTO. Procurement thresholds in international agreements are typically expressed in "special drawing rights" (SDRs), which are an international reserve asset based on a basket of four key international currencies (the U.S. dollar, the euro, the British pound and the Japanese yen). For the 2012-2013 cycle, in Canadian dollars, the thresholds are \$315,538 for goods and services (in CETA, 200,000 SDRs); \$631,077 for procurement by utilities entities (in CETA, 400,000 SDRs); and \$7.8 million for construction services (in CETA, 5 million SDRs).

CETA will also preserve governments' flexibility to give preferences to Canadian companies through grants, loans and fiscal incentives. Like all other procurement rules found in Canada's trade agreements, CETA will continue to allow governments to determine which selection criteria help them best meet their procurement needs—like quality, price, experience or environmental sustainability. And, as in all of Canada's free trade agreements, important sectors, such as education and health-care services, will be excluded from the Agreement.