Opening New Markets in Europe
Creating Jobs and Opportunities for Canadians

How CETA Will Benefit Nova Scotia

Creating jobs and opportunities for Nova Scotians

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 of almost $17 trillion, is the largest and most lucrative market in the world. It is also the world's largest importing market for 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 tariffs 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 twice the total number of jobs currently found in the Cape Breton region 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.

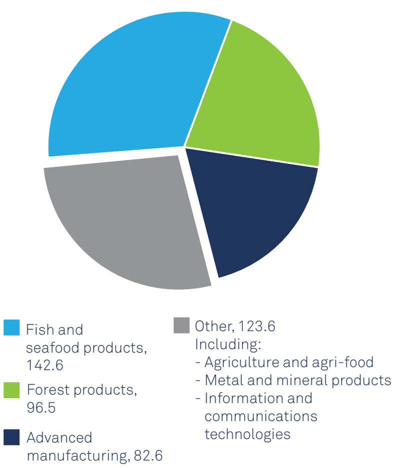
Nova Scotia

Nova Scotians stand to benefit significantly from this preferred access to the EU market. The EU is already Nova Scotia's second-largest trading partner and largest export destination. CETA will eliminate tariffs on almost all of Nova Scotia's key exports and provide access to new market opportunities in the EU.

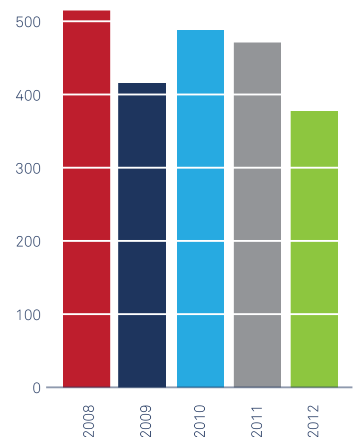
Top provincial benefits

- ✓ New markets for fish and seafood
- ✓ Duty-free access for forestry and wood products
- ✓ New markets for agricultural and agri-food products
- ✓ More buyers for chemical and plastic products

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



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



Government of Canada Gouvernement du Canada

Canada

Exporters in these sectors will also benefit from other CETA provisions that will improve conditions for exports—provisions, for example, that ease regulatory barriers, reinforce intellectual property rights and ensure more transparent rules for market access.

Overall, Nova Scotia has a lot to gain from this historic agreement. This document provides a summary of CETA's key benefits for Nova Scotia.

Opening new markets in Europe for Nova Scotia's world-class products

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 those who turn them into value-added processed and manufactured products.

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 applied on Canadian exports of cooked and peeled shrimp can be as high as 20 percent—a hefty cost to enter the market. When CETA comes into force, tariffs on almost all Canadian primary goods will be eliminated. Equally important to Nova Scotia's economy is the fact that tariffs on manufactured products will also be eliminated.

Increasing exports of fish and seafood products

Nova Scotia's fish and seafood industry is one of the leading exporters of seafood in Canada and includes some of the world's largest producers of omega-3 sourced from fish oil. Employing more than 9,000 Nova Scotians, the sector makes a significant contribution to the provincial economy. Nova Scotia's world-class fish and seafood sector is export oriented, and continues to develop its markets.

Trade snapshot

- Nova Scotia's fish and seafood exports to the EU were worth an average of $ 142.6 million annually between 2010 and 2012, making this sector the largest source of Nova Scotia's exports to the EU.
- Canadian fish and seafood exports to the EU face tariffs up to 25 percent.

Tariff elimination

When CETA comes into force, almost 96 percent of EU tariff lines for fish and seafood will be duty-free. Seven years later, 100 percent of these tariff lines will be duty-free, making these world-class goods more competitive and creating the conditions for increased sales. This will directly benefit hard-working Nova Scotians through more jobs, higher wages and greater long-term prosperity.

For example, EU tariffs will be eliminated on:

- live lobster, from a rate of 8 percent;
- frozen lobster, from rates up to 16 percent;
- processed lobster, from a rate of 20 percent;
- snow crab, from rates up to 8 percent;
- frozen scallops, from a rate of 8 percent;
- frozen shrimp, from a rate of 12 percent;
- cooked and peeled shrimp, from a rate of 20 percent;
- fresh or chilled hake, from a rate of 15 percent; and
- dried and salted cod, from a rate of 13 percent.

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

Beyond tariffs

Nova Scotia's seafood industry is being transformed from a resource-driven to a market-driven, sustainable sector. The governments of both Canada and Nova Scotia are committed to ensuring sustainable fisheries and aquaculture, and healthy and productive aquatic ecosystems. CETA will establish a framework for bilateral dialogue on trade-related sustainable development issues of common interest, including, for example, the sustainable management of fisheries and aquaculture. In addition, nothing in CETA affects Canada's sovereignty and full control over its territorial waters or control over granting commercial fishing licences.

Reaping the benefits

Shellfish such as lobster, scallop and snow crab now account for almost 50 percent of the total catch in Nova Scotia. Other important species include haddock, herring and pollock. The industry is also diversifying through the catch of non-traditional species such as sea cucumber, kelp and sea urchins.

As the world's largest importer of fish and seafood, with global imports averaging $25 billion annually from 2010 to 2012, the EU presents significant export opportunities for Nova Scotia's fish and seafood producers. Nova Scotia's industry has placed new emphasis on optimizing value from the resource, with cutting-edge fish-processing technologies, better delivery systems and customized packaging. It is also capitalizing on the recognition of the health benefits of seafood, including putting former waste goods to new uses. The province's world-class industry is thus well placed to take advantage of the growing demand for high-quality and sustainable fish and seafood goods from discerning and health-conscious European consumers.

Increasing exports of agricultural and agri-food products

Nova Scotia's agriculture and agri-food sector is a diversified and innovative $520-million industry employing over 10,000 Nova Scotians, mostly in the manufacturing end of the industry.

Trade snapshot

Nova Scotia's agricultural exports to the EU, many of which faced EU tariffs, were worth an average of $57 million annually between 2010 and 2012. Canadian agricultural exports to the EU faced high tariff rates, with average 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 a free trade agreement with the EU. Creating an opportunity for increased sales will benefit hard-working Nova Scotians 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 frozen blueberries (CETA will lock in a duty-free rate that could otherwise go as high as 14.4 percent), fresh blueberries (EU tariffs up to 9.6 percent) and fresh apples (EU seasonal tariffs reaching as high as 9 percent); and
- processed goods, including processed fruits and vegetables, and miscellaneous food preparations (EU tariffs that start at 12.8 percent).

Beyond tariffs

CETA also 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 establishes 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 Nova Scotia's agricultural exports. CETA will provide opportunities and tools for Canadian and EU regulators to exchange information in order to better understand each other's requirements to assist importers and exporters alike.

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.

Reaping the benefits

Nova Scotia exports more than 30 agricultural goods to over 60 countries around the world. As the world's largest importer of agricultural and agri-food goods, with more than $130 billion worth of imports in 2012, the EU presents new and expanded export opportunities for Nova Scotia's agricultural and agri-food sector, not only in areas of traditional strength but also in innovation-driven niche goods. 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. With its focus on quality, innovation and value-added opportunities, Nova Scotia's agricultural and agri-food sector 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

Nova Scotia's manufacturing strengths are recognized in key sub-sectors including agri-food, chemicals and plastics, and forest goods. Other fast-growing sub-sectors include machinery, electronics, pharmaceuticals and consumer goods. In 2012, approximately 32,300 hard-working Nova Scotians were employed in this dynamic sector.

On the day that 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 800 million of the world's most affluent consumers. This will make Canada 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 Nova Scotia companies and new investors will lead to more high-paying manufacturing jobs for Nova Scotians.

Increasing exports of forestry and value-added wood products

Like much of Canada, Nova Scotia is blessed with an abundance of forest land that is used to create a variety of world-class products. Nova Scotia's forestry sector makes a vital contribution to Nova Scotia's economy, employing some 5,300 Nova Scotians in jobs that tend to be highly skilled.

Most of Nova Scotia's wood is turned into value-added products that sell all over the world. CETA will open up new markets for value-added products like prefabricated buildings, wood veneers and plywood. As a result of increased demand for these products, and given the multiple value-added steps throughout the production process, downstream benefits will be felt throughout the entire sector.

Trade snapshot

- Nova Scotia's exports of forestry products to the EU were worth an average of $96.5 million annually between 2010 and 2012. Canadian forestry and value-added wood product exports to the EU face tariffs as high as 10 percent.

Tariff elimination

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

For example, EU tariffs will be eliminated on:

- fibreboard, from a rate of 7 percent; and
- prefabricated buildings, from a rate of 2.7 percent.

Beyond tariffs

The forestry industry represents a key component of Nova Scotia's economy. The province recognizes the need to sustain the quality and character of its forest resource and maintain a varied forest ecosystem. CETA will establish a dialogue on forest goods that will support and facilitate Canada and the EU's trade in forest goods from sustainable and legal sources. It will also serve as a forum to discuss measures potentially affecting trade in forest goods with the EU.

Reaping the benefits

With its renewed focus on added value, efficiency and sustainability, Nova Scotia's forest industry is well placed to reap the benefits offered by CETA. 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 and thus presents lucrative market opportunities for Nova Scotia producers.

Increasing exports of chemicals and plastics

Nova Scotia has a dynamic and innovative chemicals and plastics industry, employing nearly 2,000 Nova Scotians.

Trade snapshot

- Nova Scotia's exports of chemicals and plastics to the EU were worth an average of $5.5 million annually between 2010 and 2012.
- Canadian chemicals and plastics exports to the EU face tariffs with rates up to 6.5 percent.

Tariff elimination

Upon entry into force, CETA will immediately eliminate existing EU tariffs on chemicals and plastic products, making these world-class products more competitive and creating the conditions for increased sales. This will directly benefit hard-working Nova Scotians through more jobs, higher wages and greater long-term prosperity.

For example, EU tariffs will be eliminated on:

- plastic plates, sheets, film, foil and strips, from rates of 6.5 percent; and
- various plastics articles, from a rate of 6.5 percent.

Beyond tariffs

Investment plays an increasingly important part in Nova Scotia's economy and is crucial in linking the province to global value chains. Both the EU and Canada are major destinations for foreign direct investment in the chemicals and plastics industry, and CETA's investment provide Canadian and EU investors with greater certainty, stability, transparency and protection for their investments while preserving the full rights of governments to legislate and regulate in the public interest.

Reaping the benefits

The Nova Scotia chemicals and plastics industry is globally recognized for its innovative transformation of sea products for biochemical markets. The EU demand for chemicals and plastics is sophisticated and multi-faceted, and is growing for value-added and specialty goods in a wide variety of areas, from plastic packaging to natural health products. Nova Scotia's strengths and expertise in this sector ensure that its companies are well placed to meet this demand in the lucrative EU market.

Opening new markets in Europe for Nova Scotia's world-class services

The services sector is a key driver of Nova Scotia's economy, accounting for 79.9 percent of the province's total annual GDP in and employing some 370,500 Nova Scotians in 2012. The port of Halifax alone generates more than 11,000 jobs and accounts for $1.5 billion worth of economic activity. It is Canada's gateway to Europe, being the deepest mainland port in North America and the closest to the lucrative European market.

Trade snapshot

Canada's services exports to the EU were worth an annual average of $14.5 billion between 2010 and 2012. Nova Scotia's key interests in this vibrant sector include tourism, environment, energy and other business services. 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 market access in 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 better 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 between Canada and the EU of intra-company transferees, investors, contract service suppliers and independent professionals (including a broad coverage of professionals, and limited coverage of technologists), business visitors and others. EU commitments for temporary entry under CETA are more extensive than 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 professions in Canada and the EU have already expressed interest in engaging in discussions on mutual recognition agreements, including stakeholders 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 economy is among the largest in the world, at approximately $12.1 trillion in GDP terms in 2012. The total value of services imported by the EU from around the world reached $664.5 billion in 2011, a 4.9-percent increase over the previous year. Providing Canadian service providers with better, more predictable and secure access to the EU market will give Canadian companies a competitive edge in the lucrative EU market. Ultimately, this advantage will benefit the entire Canadian economy and lead to jobs, growth and prosperity in a sector that exemplifies Canadian expertise.

Opening new markets in Europe for investment

Investment and trade are increasingly linked, and both play an important role in Nova Scotia's prosperity. As the second-largest foreign investor in Canada, the EU can contribute to Nova Scotia's economy in sectors as diverse as information technology, health sciences and manufacturing.

Snapshot of investment

The stock of known foreign direct investment by Canadian companies in the EU totalled $180.9 billion at the end of 2012, representing 28.5 percent of Canadian direct investment abroad. The same year, the stock of known foreign direct investment from European companies in Canada totalled $171.5 billion, representing 24.1 percent of total foreign direct 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 Nova Scotia firms increasingly sell through affiliates in each other's markets. In this sense, Nova Scotia workers and businesses benefit from greater foreign direct investment, regardless of whether investment is outward or inward. Greater direct investment in the EU will improve our access to European markets, technology and expertise and enhance the competitiveness of Nova Scotia firms. Greater EU foreign direct investment in Nova Scotia will stimulate economic growth and job creation here at home, provide new technologies and increase competition in the marketplace, ultimately benefitting Nova Scotia 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 government procurement markets in Europe to world-class Nova Scotia 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 Nova Scotia suppliers of goods and services access to EU procurement processes on a preferential basis, providing them with new opportunities to win major government contracts. Opening procurement processes also increases competition; CETA will ensure that procurements covered by the agreement are conducted with transparency and openness in order to help ensure the best value for money in public spending.

Improved 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 Nova Scotia's economy, such as environmental and energy 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.