



Opening New Markets in Europe

Creating Jobs and Opportunities for Canadians



HOW CETA WILL BENEFIT CANADA'S KEY ECONOMIC SECTORS

Canada-European Union
Comprehensive Economic and Trade Agreement

Canada^{ca}

Table of Contents

How CETA will benefit Canada’s key economic sectors	3
Opening new markets in Europe for Canada’s world-class products	4
Increasing exports of manufactured products	4
Advanced manufacturing	4
Chemicals and plastics	6
Increasing exports of agricultural and agri-food products	7
Food processing sector	7
Increasing exports of forestry and value-added wood products	9
Increasing exports of metal and mineral products	10
Increasing exports of fish and seafood products	11
Creating new opportunities for research, innovation and life sciences	12
Enhanced cooperation on science, technology, research and innovation	12
Reinforcing intellectual property rights	12
Increasing exports for information and communications technology	13
Opening new markets in Europe for Canada’s world-class services	14
Opening new markets in the EU for Canadian investment	15
Opening new government procurement markets in Europe to world-class Canadian companies	16

How CETA will benefit Canada's key economic sectors

The Canada-European Union Comprehensive Economic and Trade Agreement (CETA) will create jobs, open new markets and unlock new opportunities in Europe for the benefit of Canadian workers and businesses in every region of our country. CETA is a 21st-century, gold-standard agreement and is Canada's most ambitious trade initiative ever.

Canada's historic and cultural ties with the European Union (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 world's largest economy. 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 tariff and non-tariff barriers will make Canadian products, 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.

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 our country access to more than 800 million of the world's most affluent consumers.

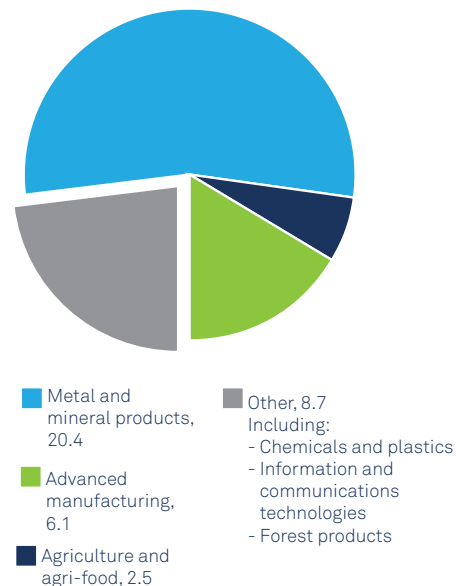
Under CETA, not only will world-class Canadian products enjoy preferential access to the EU, Canadians will also have the tools and support they need to succeed in this lucrative market. The vast benefits will be shared by Canadians across the country, from those who produce primary products (for example, minerals and agricultural products) to those who turn them into value-added processed and manufactured goods.

Of the EU's more than 9,000 tariff lines, approximately 98 percent will be duty-free for Canadian goods when CETA comes into force. EU tariffs can be so high as to impose a real burden on Canadian exporters and limit considerably their ability to compete in the EU market. For example, the EU levies a tariff equivalent to \$114 per tonne on Canadian oats which, over the last five years, has been estimated to add a substantial 51.7 percent to the price of this grain. This is a major barrier for oat growers wishing to do business in the EU market. When CETA comes into force, tariffs on oats and almost all other

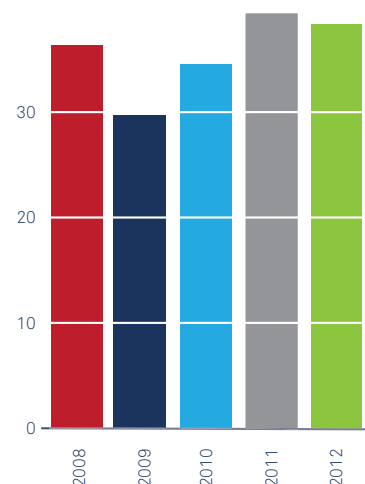
Canadian primary products will be eliminated. Equally important to our economy's health and well-being is the fact that tariffs on processed and manufactured products will also be eliminated.

We are all very familiar with the richness and diversity of our primary sectors (that is, sectors that make direct use of natural resources or agricultural production), but we also know that manufacturing—including sectors like the automotive and chemicals and plastics industries—touches every part of the economy. There are also significant manufacturing activities

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



Canadian merchandise exports to the EU (2008-2012)
(value in billions of Canadian dollars)



even within the primary sectors—activities such as agriculture and agri-food, forest products, fish and seafood, and metal fabrication, to name just a few. CETA will provide benefits for all of these manufacturing sub-sectors and for every hard-working Canadian employed in them.

In addition, Canadian service suppliers, including in such areas as architecture, construction, engineering and other fields, will benefit from the best market access that the EU has ever granted to any of its free trade agreement partners.

Moreover, this agreement will also make it easier for Canadians to invest in the EU, and vice versa. Investment creates jobs, spurs creativity and technology development, and links Canada to important global value chains. CETA will also give Canadian suppliers access to EU government procurement, which makes up the largest procurement market in the world, worth \$2.7 trillion annually. This market will be a significant source of new export opportunities for Canada's world-class providers of products and services.

By guaranteeing Canadians better and more secure access to EU markets than our competitors enjoy, CETA will provide Canadian workers and businesses with opportunities that lead directly to jobs, growth and long-term prosperity in every region of the country.

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

Increasing exports of manufactured products



Canada is a nation blessed with a wealth of natural resources and people with the creativity and skill to turn them into an astonishing variety of manufactured products. Canada's vibrant manufacturing sector encompasses aircraft and automobiles, medical-testing equipment, agri-food products including processed food, wooden structures—and everything in between. If something can be manufactured, chances are a Canadian is producing it or working on ways to improve it. In 2012, close to 1.8 million hard-working Canadians 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. Furthermore, CETA will make Canada an even more attractive destination for investors and manufacturers looking to benefit from this preferential access to the EU market. The expanded opportunities for Canadian companies and new investors will lead to more high-paying manufacturing jobs for Canadians.

Many manufacturing sub-sectors, such as advanced manufacturing and chemicals and plastics, among others, will also benefit from CETA. (See "Increasing exports of agricultural and agri-food products," page 7, and "Increasing exports of information and communications technology," page 13, for further information on CETA's benefits for the manufacturing sector).

Advanced manufacturing

Canada is a world leader in the research, innovation and production of a broad range of advanced manufactured products, including industrial and power-generating machinery, aerospace and rail products, agricultural and construction equipment, electrical equipment, automotive products, medical devices and scientific and precision instruments. Advanced manufacturing industries employed almost 419,000 Canadians and contributed \$42.2 billion to Canada's GDP in 2012.

Trade snapshot

Canadian annual exports of advanced manufacturing products to the EU totalled \$6.2 billion on average from 2010 to 2012. Aerospace and rail products represented almost half of these exports, followed by machinery and equipment. Exports of advanced manufacturing products to the EU face tariffs reaching as high as 22 percent on some products.

Tariff elimination

Upon entry into force, CETA will immediately eliminate the vast majority of existing EU tariffs on advanced manufactured products, making these world-class products more competitive and creating the conditions for increased sales. This will directly benefit hard-working Canadians through more jobs, higher wages and greater long-term prosperity. For example, EU tariffs will be eliminated on:

- machinery and equipment, from rates averaging 2 percent, with peaks of 8 percent;
- medical devices, from rates of up to 8 percent;
- rail products, from rates averaging 1.8 percent, with peaks of 3.7 percent;
- electrical parts and equipment, from rates averaging 3.3 percent, with peaks of 14 percent;
- scientific and precision instruments, from rates averaging 2.7 percent, with peaks of 6.7 percent.

New opportunities for Canada's automotive industry

The automotive sector is a key driver of Canada's economy and employs more than 115,000 highly skilled Canadians across the country. The Canadian auto industry is highly dependent on trade, with around 85 percent of auto production exported every year. CETA provides historic new market access opportunities for the automotive sector and will allow significant increases of exports to Europe. The removal of tariffs along with flexible rules of origin will benefit vehicle and auto parts producers alike.

For passenger vehicles, the EU's 10-percent tariff will be eliminated, providing Canada's auto makers with a competitive advantage in the EU market that few other countries have.

CETA will also benefit Canada's lucrative auto parts sector, not only because the sector will be incorporated into the Agreement, but also because CETA will eliminate EU tariffs on auto parts, which run up to 4.5 percent. This means that Canadian auto parts producers will have an important advantage over competitors in other countries.

In addition, CETA includes rules of origin which reflect Canada's place within the integrated North American automotive industry. These provisions are designed to work with Canada's existing supply chains and allow for up to 100,000 passenger vehicles to be exported to Europe, a twelve-and-a-half fold increase from our current average exports. At the same time, CETA encourages "made in Canada" production by granting unlimited preferential treatment to vehicles with higher Canadian content that are exported to Europe. Finally, CETA includes forward-looking provisions that allow for the adjustment of the rules of origin to provide additional flexibility in the event that the EU strikes free trade deals with other countries, such as the United States. Taken together, the CETA rules of origin give Canadian producers the opportunity to export to the EU market on a preferential basis now and in the years to come.

Beyond tariffs

Minimizing the impact of technical barriers will help maximize market access for our exports.

Regulations or other requirements on labelling, product testing, and certification requirements, even for legitimate reasons, can be barriers for a product exported to a foreign market. These requirements are known as "non-tariff barriers." For example, requesting that a particular product include information on every step of its production for all of its component parts could impose unreasonable costs that would end up making the product uncompetitive. To help ensure that non-tariff barriers do not create barriers that are overly burdensome, trade restrictive or discriminatory, CETA includes provisions that will help Canada and the EU find ways to either prevent the imposition of non-tariff barriers or deal with them when they do arise.

Canada and the EU have negotiated provisions on regulatory cooperation, the first of their kind in a free trade agreement, which aim to reduce regulatory differences as early as possible to try to prevent the creation of non-tariff barriers down the road. CETA will establish a Canada-EU Regulatory Cooperation Forum that will facilitate dialogue between regulatory authorities and that will benefit Canada by providing earlier access to the complex and sophisticated regulatory development system in the EU.

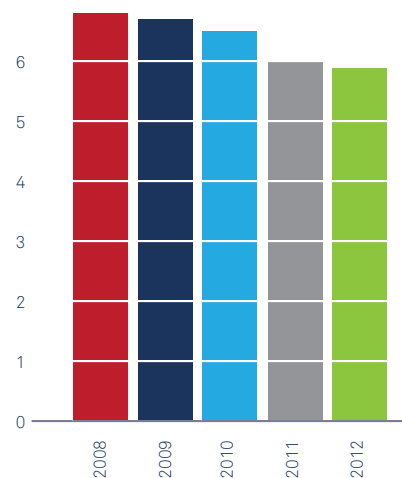
CETA will also include a mechanism that will provide for the acceptance of test results and product certification by designated Canadian bodies. The ability of Canadian manufacturers to have their products tested and certified in Canada for the EU market, also a first for the EU in a free trade agreement, will reduce costs and delays associated with bringing products to market.

Reaping the benefits

Opportunity abounds for Canada's manufacturing exports to the EU. For example, a large market exists for sustainable technologies and their applications across the EU. Additionally, robotics and high-end tools are in demand in established EU markets, while demand is growing for industrial machinery in new EU member states of Central and Eastern Europe.

From aerospace and auto-parts centres of excellence in Ontario and Quebec, to agricultural machinery and equipment in Saskatchewan, to extractive machinery in Newfoundland and Labrador, workers in the advanced manufacturing industry across Canada will reap the benefits of new markets in Europe achieved as a result of CETA.

Canadian merchandise exports to the EU (2008-2012)
Advanced manufacturing products
(value in billions of Canadian dollars)



CETA will help Canadian manufacturers and exporters diversify into new export markets, increase their presence in the world's largest market, and help improve Canada's position as a destination for manufacturing investment. This agreement enables new business opportunities, sets the standard for 21st-century trade agreements, and stands to benefit

Canadian businesses, their employees and communities across the country.

Jayson Myers, President and CEO, Canadian Manufacturers & Exporters

Our exports to the European market are an important and growing aspect of our business. Creating improved access to the European market with reduced tariffs and barriers would help us to continue to diversify our customer base and stabilize employment at ODG.

Michael Eckhardt, CEO, Ontario Drive and Gear Ltd.

Chemicals and plastics

Canada has a thriving, multi-billion-dollar chemicals and plastics industry. The sector employed close to 110,000 Canadians in 2012 and contributed \$12.4 billion to the Canadian economy. The industry produces inorganic and organic chemicals and resins and plastic packaging, with some 55 percent of production exported abroad.

Trade snapshot

Canadian exports of chemicals and plastics to the EU were worth an average of \$2.0 billion per year between 2010 and 2012. These exports face average tariffs of 4.9 percent, with peaks of 6.5 percent.

Tariff elimination

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

- plastic floor coverings, from a rate of 6.5 percent;
- plastic tubes, pipes, hoses and fittings, from a rate of 6.5 percent;
- plastic plates, sheets, film, foil and strip, from a rate of 6.5 percent;
- photographic plates and film, from a rate of 6.5 percent;
- chemical preparations for photographic uses, from a rate of 6 percent;
- silicon, from a rate of 5.5 percent.

Beyond tariffs

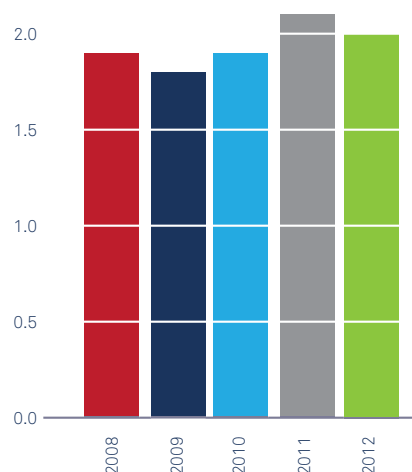
Investment plays an increasingly important part in the Canadian economy and is crucial in linking Canada to global value chains. Both the EU and Canada are major destinations for foreign direct investment in the chemicals and plastics industry, and CETA's investment chapter provides Canadian and EU investors 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 EU market for chemicals and plastics is sophisticated and multi-faceted. Demand is growing for value-added and specialty products in a wide range of areas, from specialty moulds for extruded plastics to health products.

Canada's broad expertise in this sector ensures that companies are well-placed to meet this demand in the lucrative EU market. Whether employed in Ontario—the hub of Canada's plastics industry—in leading-edge chemical facilities in Alberta, or in modern industrial clusters in Quebec and New Brunswick, workers across Canada in the chemicals and plastics industry will benefit from new markets opening in Europe as a result of CETA.

Canadian merchandise exports to the EU (2008-2012)
Chemical and plastic products
(value in billions of Canadian dollars)



The Chemistry Industry Association of Canada strongly supports the government's pro-trade agenda and successful completion of the Comprehensive Economic and Trade Agreement with the EU. A trade agreement will help Canada's chemistry manufacturing industry secure new markets; stimulate economic growth, job creation and investments; and provide more opportunities to transform Canada's natural resources—including energy—into value-added products for the benefit of the broader manufacturing sector.

Richard Paton, President and CEO, Chemistry Industry Association of Canada

This is the classic way to create jobs, by lowering trade barriers. We are a trading nation. We are convinced that with better opportunities in Europe we can increase our production, therefore hire more people, therefore create jobs. That is how it is done.

Paul Van Meerbergen, Business Development Manager, Lamko Tool & Mold Inc.

Increasing exports of agricultural and agri-food products



Canadians are blessed with an abundance of delicious products—B.C. cherries, P.E.I. potatoes, Niagara peaches, Prairie grains, Annapolis Valley apples, cheeses for every mood and taste from every region of Quebec, and the best beef and pork in the world, to name just a few. Our agricultural and agri-food sector is one of the most dynamic in the world, renowned as a reliable supplier of safe, high-quality products. In many countries, a label that reads “Made in Canada” immediately indicates that a product is in the premium category.

The sector employed more than 585,000 people in 2012, accounting for close to 3 percent of Canada’s GDP. In 2012, Canada was the fifth-largest exporter of agricultural and agri-food products in the world. More than a third of Canadians employed in the sector work in the processing end of the industry, turning raw ingredients into processed foods, ready-to-eat meals, beverages, nutritional supplements and a nearly limitless variety of other high-quality products. CETA will not only open new markets for raw ingredients, it will open up new markets for the food processing and beverage industry.

Trade snapshot

Canada’s agricultural exports to the EU totalled an annual average of \$2.5 billion between 2010 and 2012, led by wheat (durum and common), soybeans and other oilseeds, canola oil, frozen fruits and maple syrup. Canada is interested in expanding exports of these and a wide variety of other products, including meats, grains and oilseeds, fruits and vegetables, and processed foods.

Canadian agricultural exports to the EU currently face high tariff rates, with average EU agricultural tariffs of 13.9 percent.

Tariff elimination

When CETA comes into force, almost 94 percent of EU agricultural 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 products, including for a specified amount of Canadian beef, pork and bison (see “New access for world-class Canadian beef, pork and bison,” page 8), 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. This will create new opportunities for increased sales that will directly benefit hard-working Canadians through more jobs, higher wages and greater long-term prosperity. For example, EU tariffs will be eliminated on:

- durum and high-quality common wheat (maximum tariffs of up to \$190/tonne and \$122/tonne, respectively), for which CETA will lock in permanent duty-free access;
- fresh and frozen fruits and vegetables, including fresh cherries (EU seasonal tariffs reaching as high as 12 percent), fresh apples (EU seasonal tariffs reaching as high as 9 percent), and frozen blueberries (the EU tariffs of 3.2 percent to 14.4 percent are not currently applied, but CETA will lock in the rate at 0 percent);
- processed fruits and vegetables, including sweetened, dried cranberries (EU tariffs of 17.6 percent) and frozen potato products, such as french fries (EU tariffs of 14.4 percent to 17.6 percent);
- oils, including canola oil (EU tariffs of 3.2 percent to 9.6 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);
- other grains, including oats (EU tariffs of \$114/tonne), barley and rye (EU tariffs of up to \$120/tonne), and low- to medium-quality common wheat (EU tariffs of up to \$122/tonne);
- maple syrup (EU tariffs of 8 percent);
- processed pulses and grains, which include baked goods, pulse flour, meal and powder (EU tariffs start at 7.7 percent);
- other products, such as mushrooms, potatoes, peas, cranberries, raspberries and strawberries, as well as processed products such as jams, jellies and juices, fruit and nut bars, yeasts, mixed seasonings and condiments, sugar confectionery, chocolates and mixes and doughs.

Food processing sector

Transforming agricultural commodities into food and beverages is an important part of Canada’s agricultural and agri-food industry, and a key manufacturing sub-sector. In 2012, the food processing industry contributed \$26.5 billion to Canada’s GDP. Canadian processors across the country transform primary agricultural goods into value-added products that are consumed, sold and enjoyed around the world. Between 2010 and 2012, annual Canadian exports of manufactured food and beverages to the EU averaged \$536 million.

Currently, Canadian exports of processed food products and beverages face complex and prohibitive EU tariffs. For example, EU tariffs for certain fruit jams start at 24 percent, and can reach much higher. Other processed foods face tariffs that are applied based on the quantity of certain ingredients used in the final product. CETA will immediately eliminate existing EU tariffs on processed foods and beverages—including the vast majority of processed beef and pork products—making these

world-class items more competitive and creating the conditions for increased sales into the EU. Tariff elimination will directly benefit Canada's processed foods and beverages sector across the country by generating more jobs, higher wages and greater long-term prosperity.

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

Beyond tariffs

Recognizing the importance of grain and oilseed products in Canada's total agricultural exports to the EU, CETA will establish mechanisms to address issues of key importance to agricultural producers, including technical discussions and regulatory cooperation. In addition, CETA will enhance the existing Canada-EU forum for discussion on biotechnology and emphasizes the promotion of efficient science-based approval processes and cooperation on low-level presence of genetically modified crops. Canadian grain and oilseed exporters will benefit from such cooperation, which will increase transparency and provide greater predictability for them as they seek more buyers for their products in the EU.

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 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

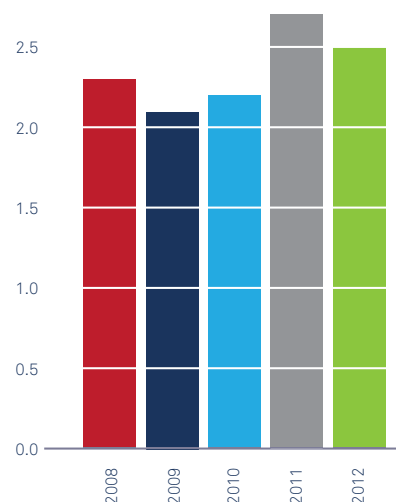
Canada's supply management system provides Canadians with a consistent supply of high-quality dairy, egg and poultry products at reasonable prices. This system supports farmers on around 17,000 Canadian farms. CETA will not affect Canada's supply management system, which will remain as robust as ever. 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

The EU is the world's largest importer of agricultural and agri-food products, importing more than \$130 billion worth of such products in 2012. New and expanded export opportunities in this market will be very important for the growth of Canada's agricultural sector, not only in areas of traditional strength but also in new and innovative niche products. 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. Canada's expertise in these areas and our dynamic, innovative agri-food sector ensures that we are well-positioned to meet this demand.

Whether they grow cherries in British Columbia or potatoes in Prince Edward Island, farmers, producers and processors across Canada will benefit from this agreement to open new markets in Europe.

Canadian merchandise exports to the EU (2008-2012)
Agriculture and agri-food products
(value in billions of Canadian dollars)



Europe is the highest-value market for many beef cuts, and the ability to export every part of an animal to the market that is willing to pay the most for it is vital for the prosperity of the Canadian beef cattle sector. CETA will enable Canadian beef producers to finally benefit from the high value that the European beef market represents. CETA is the most significant new trade agreement for Canadian beef producers since the Canada-U.S. Free Trade Agreement in 1989. We expect it to add hundreds of millions of dollars in annual exports for Canadian beef producers.

Martin Unrau, President, The Canadian Cattlemen's Association

CETA will provide the Canadian pork sector with secure and meaningful access to the EU market and will enhance our sector's export opportunities. This will benefit workers, businesses and families who rely on the pork sector for their livelihood.

Jean-Guy Vincent, Chair, Canadian Pork Council

CETA is, without doubt, the most important trade deal that Canada has concluded since NAFTA. It could easily grow Canadian agriculture and food exports to the EU by \$1 billion. Canada exports half of its food production. By increasing the sale of Canadian products in Europe, CETA will directly benefit Canadian farmers and food processors, and will help promote Canada's national, provincial and rural economies.

Kathleen Sullivan, Executive Director, Canadian Agri-food Trade Alliance

Increasing exports of forestry and value-added wood products



Given Canada's abundance of forest land, it's little wonder that forestry products (wood products, including prefabricated buildings, and pulp and paper products) touch virtually every aspect of Canadian life. By value, Canada is the world's leading exporter of softwood lumber, newsprint and wood pulp and the fifth-largest exporter of wood panels. This world-class sector represents a significant component of the Canadian economy and contributed \$20.2 billion to Canada's GDP in 2012. The sector employed some 235,000 Canadians, most of them in jobs that tend to be highly skilled.

Most of Canada'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, benefits will be felt throughout the entire sector.

Trade snapshot

Canadian exports of forestry products to the EU were worth an average of \$1.2 billion annually from 2010 to 2012. These exports face average tariffs of 1.2 percent, with peaks of 10 percent.

Tariff elimination

Upon entry into force, CETA will immediately eliminate existing EU tariffs on forestry products, making these world-class products more competitive and creating the conditions for increased sales. This will directly benefit hard-working Canadians through more jobs, higher wages and greater long-term prosperity. For example, EU tariffs will be eliminated on:

- plywood, from rates of 7 percent to 10 percent;
- veneered panels, from rates of 6 percent to 10 percent;
- fibreboard, from a rate of 7 percent;
- particle board and oriented strand board, from a rate of 7 percent;
- prefabricated buildings, from a rate of 2.7 percent.

Beyond tariffs

Canada encompasses 10 percent of the world's forest cover and is a global leader in sustainable forestry management. CETA will establish a bilateral dialogue on forestry products that will support and facilitate Canada and the EU's trade in forestry products from sustainable and legal sources. It will also serve as a forum to discuss measures that may affect bilateral trade in forestry products.

Reaping the benefits

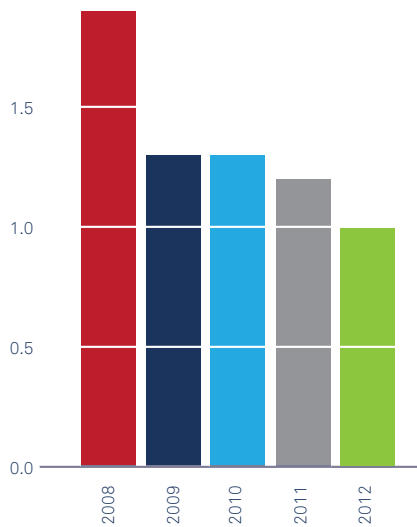
The EU market is growing at a rapid pace in areas such as wood energy products. For example, future EU consumption of wood pellets, an important input for wood energy, is conservatively expected to double by 2020. The lucrative EU market provides opportunities for this important sector.

From British Columbia's sawmills to the prefabricated-building industry in New Brunswick and Quebec, forestry workers across Canada will benefit from the competitive edge CETA will secure for Canada's forestry sector.

Increasing exports of metal and mineral products



Canadian merchandise exports to the EU (2008-2012)
Forest products
(value in billions of Canadian dollars)



We welcome a Canada-EU trade agreement. It will see the elimination of a quota and tariff on Canadian plywood and will help the Canadian industry secure access to key EU markets for its other product lines. As part of its Vision 2020 initiative, the forest products industry has a goal to increase its revenues by \$20 billion by 2020 through new markets and new innovations. The government's focus on regions that can provide opportunity for the industry's traditional and future products is important to achieving our goal and to supporting the more than 230,000 Canadians the industry directly employs cross the country.

David Lindsay, President and CEO, Forest Products Association of Canada

A trade agreement with the EU will further diversify markets and strengthen relationships for coastal B.C.'s forest industry. Market diversity and strong global relationships promote business stability, which means secure jobs and reliable economic contributions from the forest sector.

Bruce St. John, Vice President, Lumber Sales and Marketing, Western Forest Products

Canada, one of the most resource-rich countries in the world, is a global giant in mineral exploration and mining, producing more than 60 minerals and metals in Canada and operating in 100 countries around the world. The metal and mineral industry is a significant driver of economic growth, contributing close to \$144.1 billion to Canada's GDP in 2012. This sector employs more than 387,000 Canadians, creating employment opportunities from coast to coast to coast.

Trade snapshot

Canada exported \$20.4 billion worth of metal and mineral products to the EU on an average annual basis between 2010 and 2012, led by precious gems and metals. Key exports included gold, nickel, diamonds, aluminum and iron ore.

Tariff elimination

Most raw minerals are already exported to the EU duty-free. However, processed products such as petroleum oils, metals and metal products, which accounted for an annual average of \$2-billion worth of Canadian exports between 2010 and 2012, were subject to EU tariffs. With raw minerals accounting for most of the Canadian exports in this sector, the extractive industries are the only significant beneficiaries of current Canada-EU trade. CETA will change this landscape by ensuring that not only will those who extract minerals from the ground benefit from new market opportunities in the EU, those who fashion them into higher-value products will benefit as well.

Upon entry into force, CETA will eliminate existing EU tariffs on metal and mineral products, making these world-class products more competitive and creating the conditions for increased sales. This will directly benefit hard-working Canadians through more jobs, higher wages and greater long-term prosperity. For example, EU tariffs will be eliminated on:

- aluminum and aluminum products, from rates averaging 6.3 percent, with peaks of 10 percent;
- nickel and nickel products, from rates of up to 3.3 percent;
- non-ferrous metals, including copper, zinc, lead and tin, from rates averaging 3.1 percent, with peaks of 9 percent;
- iron and steel and iron or steel products, from rates of up to 7 percent.

Beyond tariffs

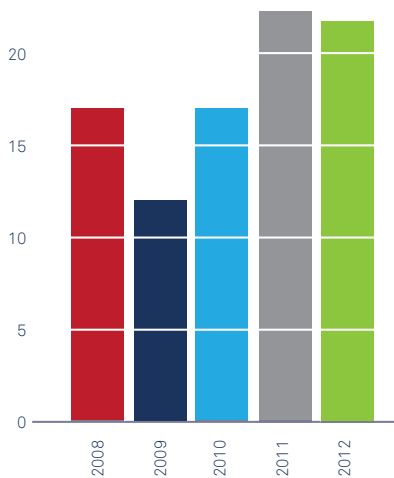
The Government of Canada is committed to fostering an open and transparent trade and investment environment in the metals and minerals industry. CETA will establish a dialogue with the EU on raw materials that will support our market access gains by seeking to prevent unintentional or unnecessary interference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

Reaping the benefits

The export of metal and mineral products to the EU is an important economic activity for Canada, with products going to every corner of Europe, from Bulgaria to Spain. With its production of strategically significant minerals, Canada is ideally positioned as both a supplier of choice and an attractive location for investment.

Mineral production or processing takes place in every region of Canada. CETA will open new markets in Europe by securing a competitive edge for the industry that will benefit both urban and rural workers from coast to coast, including those in many Aboriginal and northern communities.

Canadian merchandise exports to the EU (2008-2012)
Metal and mineral products
(value in billions of Canadian dollars)



Increasing exports of fish and seafood products



Canada has one of the world's most valuable commercial fishing industries, which contributed more than \$2.2 billion to Canada's GDP in 2012 and provided some 41,000 jobs to Canadians in everything from fishing to aquaculture. The industry is the economic mainstay of approximately 1,500 communities in rural and coastal Canada. The sector makes Canada the world's seventh-largest exporter of fish and seafood products, exporting an estimated 73 percent, by value, of its fish and seafood production.

Trade snapshot

Canada's fish and seafood exports to the EU were worth an average of \$400 million per year between 2010 and 2012. These exports face average EU tariffs of 11 percent, with peaks of 25 percent.

Tariff elimination

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

- frozen shrimp, from a rate of 12 percent;
- cooked and peeled shrimp, from a rate of 20 percent;
- live lobster, from a rate of 8 percent;
- frozen lobster, from rates of 6 percent and 16 percent;
- fresh or chilled hake, from a rate of 15 percent;
- salmon, from rates that range up to 15 percent;
- frozen scallops, from a rate of 8 percent;
- dried and salted cod, from a rate of 13 percent;
- frozen mackerel, from a rate of 20 percent.

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

Beyond tariffs

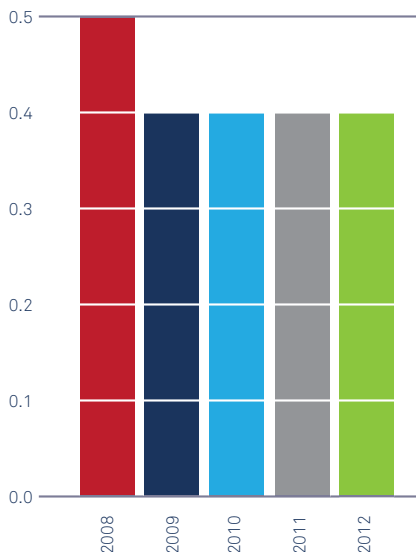
The Government of Canada is committed to ensuring sustainable fisheries, aquaculture and healthy and productive aquatic ecosystems. CETA will establish a framework for dialogue with the EU on trade-related sustainable development issues of common interest, including on such matters as the sustainable management of fisheries and aquaculture. In addition, nothing in CETA affects Canada's sovereignty over and full control of its territorial waters or control over granting commercial fishing licences.

Reaping the benefits

The EU is the world's largest importer of fish and seafood, with a global import market averaging \$25 billion annually between 2010 and 2012 and average seafood consumption of 26 kg per capita in 2010.

With EU demand growing for convenience offerings such as ready-meal and single-portion products, CETA will provide Canada's world-class fish and seafood industry with a competitive advantage. By opening new markets in the EU and improving access for fish and seafood, CETA will benefit workers in the fish and seafood sector from coast to coast to coast, including workers in Canada's exceptional freshwater fish industry.

Canadian merchandise exports to the EU (2008-2012)
Fish and seafood products
(value in billions of Canadian dollars)



A trade agreement with the European Union will directly benefit Sable Fish Packers. By increasing our exports to Europe, Sable Fish Packers will be able to grow and create more opportunities for workers in Nova Scotia through jobs and higher wages. We support the government's efforts to help us expand into large and important markets for the fish and seafood industry.

Brian Blades, President, Sable Fish Packers (1988) Ltd.

Like most other B.C. seafood products, a large portion of the halibut commercially harvested in British Columbia is exported. The more our industry has open access to important world seafood markets, the better it is for fishermen, the communities where we live and for Canada too. Commercial halibut fishermen fully support the Canada-European Union Comprehensive Economic and Trade Agreement.

Lyle Pierce, Vice-President and Director, Pacific Halibut Management Association of British Columbia

Creating new opportunities for research, innovation and life sciences

Innovation is the life-blood of a knowledge-based economy. From intellectual property rights to telecommunication networks, innovation feeds into an ever-increasing number of economic activities that attract foreign investment to Canada and generate high-paying jobs for Canadians across the country. A 21st-century agreement like CETA presents a unique opportunity to support innovative industries with provisions on intellectual property rights, better market access terms for information and communications technology and its related services, and a framework to encourage further cooperation on scientific and technological activities.

Enhanced cooperation on science, technology, research and innovation

Canada and the EU recognize that cooperation in science, technology, research and innovation contributes to our competitiveness and prosperity and usually leads to increased trade and investment. This is why we have a well-established science and technology relationship. CETA will encourage further cooperation in this area. CETA builds upon an existing framework for cooperation on science, technology, research and innovation and establishes new commitments to encourage and strengthen cooperation. This includes enhanced cooperation at all levels of government, promoting private sector investments in science and technology development and fostering partnerships between Canadian universities, research centres and civil society.

Reinforcing intellectual property rights

CETA's strong commitment to intellectual property (IP) rights, including for patents and copyrights, and rules for their enforcement, will complement access to EU markets for Canadians who develop and market innovative and creative products. This commitment will bring benefits to investors, innovators and consumers alike. In this way, CETA will create the right conditions for Canada to maintain its leadership in innovation-driven industries such as information and communications technology, aerospace, pioneering technologies, including genomics, nanotechnology and photonics, and key 21st-century industries including health, energy and sustainable technologies.

Knowledge and innovation are key drivers of economic activity in the 21st century. In a knowledge-based economy, knowledge equals competitive advantage. CETA recognizes this and covers a broad array of IP rights reflecting emerging international standards.

Supporting innovation

In a competitive global environment, effective intellectual property rights play an important part in attracting and retaining investments that support high-paying jobs in Canada. Effective IP rights also serve to identify Canada as a market that supports enhanced creativity, research and innovation, the arts, life sciences and high-tech sectors. CETA's intellectual property chapter contributes to making Canada a sound destination for investment. The Agreement strikes an appropriate balance between rewarding innovators and ensuring that Canadians are able to reap the fruits of such innovation, from the latest technologies to a wide range of affordable, life-saving drugs.

The Mood Disorders Society of Canada is in full support of the provisions of the Canada-EU trade agreement which deal with intellectual property. As a national, not-for-profit charitable organization dedicated to improving the lives of those suffering from mental illnesses, particularly depression, bipolar disorder, anxiety and other related mood disorders, it is our firm belief that with stronger intellectual property protection as contained in CETA, medical research, in particular research concerned with depression and bipolar disorder, will increase and new treatments, including new pharmaceutical therapies, will be discovered and the benefits of these discoveries will translate into better care for Canadians suffering from mental illness.

Phil Upshall, National Executive Director, Mood Disorders Society of Canada

Cystic Fibrosis Canada supports the Comprehensive Economic and Trade Agreement specific to intellectual property safeguards. By bringing Canada's intellectual property protection to international standards, the Government of Canada has created an environment that can attract investments in research and development of new medicines that benefit cystic fibrosis patients and those who live with other rare diseases.

Ken Chan, Vice President, Advocacy, Research and Healthcare, Cystic Fibrosis Canada

Increasing exports of information and communications technology

Canada's information and communications technology (ICT) industry includes leaders in every sector, from the manufacturing of telecom equipment, to software development and services, to digital media, web and microelectronics. The sector, consisting mainly of small enterprises, contributed \$8.3 billion to Canada's GDP in 2012. ICT companies in Canada employ some 86,500 Canadians in a knowledge-intensive industry that boasts world-class high-tech manufacturing capabilities.

Trade snapshot

Canadian exports of ICT products to the EU were worth an average of \$1.7 billion annually between 2010 and 2012. Canada's ICT exports to the EU face an average tariff of 1 percent, with tariffs rising to as high as 14 percent on certain products.

Tariff elimination

Upon entry into force, CETA will immediately eliminate existing EU tariffs on ICT products, making these world-class products more competitive and creating the conditions for increased sales. This will directly benefit hard-working Canadians through more jobs, higher wages and greater long-term prosperity. For example, EU tariffs will be eliminated on:

- optical fibres, optical fibre bundles and cables, from a rate of 2.9 percent;
- magnetic, optical, semiconductor and other media, from rates of up to 3.7 percent;
- parts for electrical sound or visual signalling equipment, from a rate of 2.2 percent;
- microtomes, from a rate of 2.5 percent

Beyond tariffs

The three EU-level institutions (European Commission, European Parliament and European Council) and the 28 EU member states are major consumers of ICT products and services. In addition to tariff removal, the new access secured by CETA in the EU government procurement market will ensure that Canadian ICT companies can bid on and compete for contracts to supply either ICT products or software services, including consulting services, design, programming and maintenance services.

The provision of ICT services is taking on an increasingly important role in Canada's growing IT sector. Commitments on cross-border services and temporary entry as part of CETA will allow Canadian ICT service providers to provide valuable ongoing services to EU clients. An important example is after-sales services following equipment sales.

Many ICT services are directly linked to or enabled by telecommunications services. CETA's provisions on telecommunications will enhance certainty and support a pro-competitive environ-

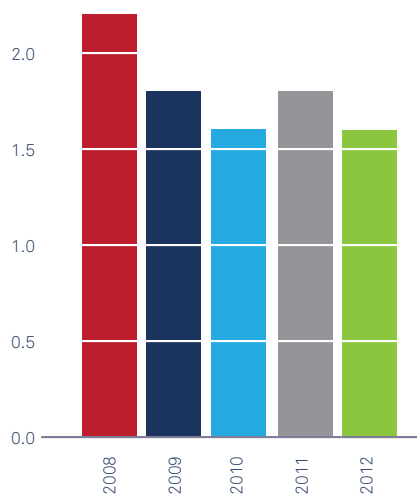
ment. CETA's commitments on telecommunications will ensure that Canadian enterprises have access to EU telecommunications networks and services for the supply of ICT products and services, thus allowing them to grow and prosper in the EU marketplace. In addition, CETA will include a commitment to not apply duties on digital products transmitted electronically, as well as commitments on maintaining a clear, transparent and predictable domestic regulatory framework to build trust and confidence for users engaged in electronic commerce.

Reaping the benefits

The EU market in areas such as cyber security, gaming and smartphone applications offers significant growth potential for service providers and exporters alike. Canada has much to offer in these sectors, given its solid strengths in communications technologies (wireless and wired equipment, fibre optics and communications software), new media (e-gaming, animation and special-effects software) and microelectronics.

With its diversified software, wireless and digital-media clusters found in almost every region of the country—from British Columbia to Newfoundland and Labrador—the Canadian ICT industry and its innovative companies and knowledge workers from across the country will benefit from the opportunity to open new markets in the EU secured under CETA.

Canadian merchandise exports to the EU (2008-2012)
Information and communications technology
(value in billions of Canadian dollars)



By reducing the trade and investment barriers our members currently face, a Canada-EU trade agreement will greatly benefit the companies we represent, both large and small. This agreement will improve the global competitiveness of our knowledge economy, create a substantial number of high-value jobs and significantly increase the revenue opportunities, R and D investment, exports and capital expenditures that the ICT industry contributes annually to the Canadian economy.

Karna Gupta, President and CEO, Information Technology Association of Canada

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



Service industries are vital to Canada's economy. Canada is one of the largest services exporters in the world and has significant expertise in a wide range of fields. These include management services, computer and information services, architectural, engineering, and other technical services, research and development services, and private-education services. These types of endeavours employ over 13.6 million Canadians and accounted for 70 percent of Canada's total GDP in 2012, making it by far the largest sector in Canada.

Canada's annual services exports to the EU were worth an average of \$14.5 billion between 2010 and 2012, led by management services, research and development services, and architectural, engineering and other technical services.

Improved access to markets

- CETA will establish 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 will be 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 chapter includes provisions that 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. For example, CETA ensures that businesses will have better access to information about the actual requirements they must fulfill before being authorized to provide their service. 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 in 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 the 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, worth approximately \$12.1 trillion in GDP terms in 2012, is among the largest in the world. 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 allow Canadian companies to compete on a level playing field with their competitors in the EU and give them an advantage over their competitors from other countries. Ultimately, this advantage will benefit the entire Canadian economy.

In the eyes of our industry, CETA means increased demand here in Canada for construction. It means expanding companies. It means housing for new workers. And it means people have the confidence to invest in their future and in construction. Hand in hand with seeking increased trade in the Asia-Pacific and our existing free trade with the United States, freer trade with Europe will benefit Canadians and construction for decades to come.

Terrance Oakey, President, Merit Canada

Opening new markets in the EU for Canadian investment

Investment plays an increasingly important part in the Canadian economy and is crucial to creating jobs, spurring creativity and technology, and linking Canada to global value chains. 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 the 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 full 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

Canada benefits from greater foreign direct investment, regardless of whether investment is outward or inward. Greater Canadian foreign direct investment in the EU will improve our access to EU markets, technology and expertise and enhance the competitiveness of Canadian firms. Greater EU investment in Canada will stimulate economic growth and job creation here at home, provide new technologies and increase competition in the Canadian marketplace, ultimately benefiting Canadian 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 investment. 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-to-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.

In order to ensure that such investments are in the best interests of Canada, CETA will protect the government's right to use the Investment Canada Act to review certain investments before they are approved.

Consider Canada unites economic development agencies in 11 cities from coast to coast to promote Canada as a destination for trade and investment globally. Our members represent communities that together accounted for 72 percent of Canada's GDP growth and 90 percent of its employment growth between 2007 and 2012. We believe that a free trade agreement with Europe provides tremendous opportunity for new investment—and the jobs it brings with it—from European businesses already in Canada, and from European businesses looking to expand into North America. We strongly support this agreement and look forward to realizing the benefits and opportunities associated with it.

Bruce Graham, Chair, Consider Canada City Alliance

Opening new government procurement markets in Europe to world-class Canadian companies

Government procurement is a major source of economic activity. The market for EU government procurement is the largest in the world, estimated to be worth \$2.7 trillion annually. CETA will provide Canadian suppliers of products 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 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 products and services to the three main EU-level institutions (European Commission, European Parliament and European 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, construction, environmental services, technology, marketing consultancy and research and development, 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

By offering greater access to the world's largest procurement market, CETA will create opportunities that could benefit workers and their families in sectors that are vital to the Canadian economy. Government procurement plays a key role in providing economic opportunities and attracting new investments, and CETA will secure such opportunities in the EU while providing a more stable and predictable international commercial environment.

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, five 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.

We at Miovision are in full support of a Canada-EU trade agreement and would consider freer trade with Europe a milestone achievement for the government procurement sector. At a minimum, the reduction of technical barriers to trade will allow companies like Miovision to reap far greater gains from existing deals with European customers. And ultimately, the faster Canada can gain preferential access to the European Union, the faster companies on both sides of the equation can grow and create jobs.

Kurtis McBride, Co-Founder and CEO,
Miovision Technologies