Opening New Markets in Europe
Creating Jobs and Opportunities for Canadians

How CETA Will Benefit Saskatchewan

Creating jobs and opportunities for Saskatchewanians

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 tariff and non-tariff barriers will make Canadian goods, technologies and expertise more competitive in the lucrative EU market and benefit businesses of all sizes, as well as workers and their families.

A joint Canada-EU study, which supported the launch of negotiations, concluded that a trade agreement could boost Canada's income by $12 billion annually and bilateral trade by 20 percent. Put another way, the economic benefit of a far-reaching agreement would be equivalent to creating almost 80,000 new jobs or increasing the average Canadian household's annual income by $1,000. This is like adding over half of the total number of jobs currently found in Saskatoon 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.

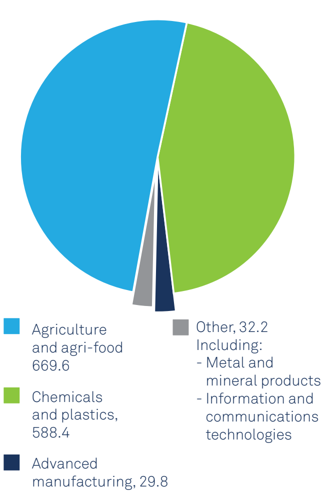
Saskatchewan

Saskatchewanians stand to benefit significantly from this preferred access to the EU market. The EU is already Saskatchewan's third-largest trading partner and export destination. CETA will eliminate tariffs on almost all of Saskatchewan's key exports and provide access to new market opportunities in the EU. Exporters will also benefit from other CETA provisions that will

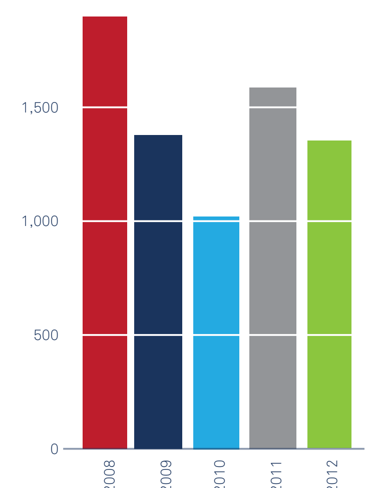
Top provincial benefits

- ✓ New markets for agricultural and agri-food products
- ✓ EU tariffs eliminated on machinery and equipment
- ✓ Improved access for professional services
- ✓ Predictable rules for Canadian investors

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



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



improve conditions for exports—provisions, for example, that ease regulatory barriers, reinforce intellectual property rights and ensure more transparent rules for market access.

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

Opening new markets in Europe for Saskatchewan's world-class goods

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 so high 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 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. When CETA comes into force, tariffs on oats and almost all other Canadian primary goods will be eliminated. Equally important to Saskatchewan's economy is the fact that tariffs on manufactured products will also be eliminated.

Increasing exports of agriculture and agri-food goods

Saskatchewan is home to the most important grain-producing region in Canada, and agriculture and agri-food is the province's leading economic sector. The sector accounted for 7 percent of GDP in 2012 and employed around 43,400 Saskatchewanians. Of these, one in ten worked in the manufacturing end of the industry. With long-standing agricultural expertise, Saskatchewan has become the world's largest exporter of goods such as lentils, peas and mustard seed, and supplies 10 percent of the world's wheat.

Trade snapshot

- Saskatchewan's agricultural exports to the EU were worth an annual average of $669.6 million between 2010 and 2012.
- Canadian agricultural exports to the EU face 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 for a specified amount of Canadian beef, pork and bison preferential access to the EU market and a competitive advantage over producers from other countries that do not have free trade agreements with the EU. Creating an opportunity for increased sales will benefit hard-working Saskatchewanians through more jobs, higher wages and greater long-term prosperity.

For example, EU tariffs will be eliminated on:

- grains, including oats (EU tariffs of $114/tonne), barley and rye (EU tariffs up to $120/tonne) and low- to medium-quality common wheat (EU tariffs up to $122/tonne);
- durum and high-quality common wheat (maximum tariffs up to $190/tonne and $122/tonne respectively), for which CETA will lock in permanent duty-free access;
- oils, including canola oil (EU tariffs of 3.2 percent to 9.6 percent); and
- processed goods, including miscellaneous food preparations (EU tariffs that start at 12.8 percent) and processed pulses and grains, which include baked goods, pulse flour, meal and powder (EU tariffs start at 7.7 percent).

Other CETA benefits for the Canadian agriculture and agri-food sector include the elimination of tariffs on:

- cat and dog food (EU tariffs as high as $1,218/tonne);
- 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 duty-free rate);
- processed fruits and vegetables, including sweetened, dried cranberries (EU tariffs of 17.6 percent) and frozen potato goods, such as French fries (EU tariff rates up to 17.6 percent); and
- other goods, including mushrooms, potatoes, peas, cranberries, raspberries and strawberries, as well as jams, jellies and juices; and processed goods such as fruit and nut bars, yeasts, mixed seasonings and condiments, sugar confectionery, chocolates and mixes and doughs.

Beyond tariffs

While Saskatchewan's agricultural exports such as oilseeds and some cereals currently enter the EU duty free, CETA will provide exporters in these sectors with a stable and predictable market access in the EU.

Recognizing the importance of grain and oilseed goods in Canada's total agricultural exports to the EU, CETA will establish mechanisms to address important issues for producers, including technical discussions and regulatory cooperation. In addition, CETA enhances 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 goods 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 Saskatchewan's agricultural exports to the EU market. CETA will provide opportunities and tools for Canadian and EU regulators to exchange information in order to better understand each other's requirements and obtain information to assist importers and exporters alike.

Reaping the benefits

Saskatchewan is known worldwide as a consistent and reliable supplier of safe, high-quality grains, oilseeds, pulses and livestock. As the world's largest importer of agricultural goods, importing over $130 billion worth of goods in 2012, the EU presents new and expanded export opportunities for Saskatchewan producers. As a leading agri-food supplier, Saskatchewan is well-positioned to meet this demand.

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.

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

Saskatchewan's manufacturing sector is innovative and competitive. Some of its key clusters include machinery, transportation and industrial equipment; agri-food; forest goods; and chemical manufacturing. In 2012, some 27,200 hard-working Saskatchewanians 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 more than 800 million of the world's most affluent consumers. This will make Canadians the envy of trading nations all over the world and an even more attractive destination for investors and manufacturers looking to benefit from this access. The expanded opportunities for Saskatchewan's companies and new investors will lead to more high-paying manufacturing jobs for Saskatchewanians.

Increased Exports of Advanced Manufacturing Goods

Saskatchewan's vibrant advanced manufacturing sector is a significant driver of the province's economy, notably in the machinery, transportation and industrial equipment sub-sectors. Scientific instruments are an emerging strength for the province and an important source of exports to the EU. Saskatchewan's vibrant advanced manufacturing industries employ more than 7,000 people.

Trade snapshot

- Saskatchewan's exports of manufactured products to the EU were worth an average of $29.8 million annually between 2010 and 2012. Canadian manufactured product exports to the EU face tariffs up to 22 percent in some cases.
- The scientific and precision instruments sector, in particular, is an important source of Saskatchewan's exports to the EU. These exports currently face EU tariffs up to 6.7 percent.

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 needed for increased sales. This will directly benefit hard-working Saskatchewanians through more jobs, higher wages and greater long-term prosperity.

For example, EU tariffs will be eliminated on:

- machinery and equipment, from rates up to 8 percent;
- medical devices, from rates up to 8 percent;
- rail products, from rates up to 3.7 percent;
- electrical parts and equipment, from rates up to 14 percent; and
- scientific and precision instruments, from rates up to 6.7 percent.

Beyond tariffs

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

Regulations and 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 production for all of its component parts could impose unreasonable costs that would end up making this 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 figure out ways to either prevent 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

The traditional strength of Saskatchewan's advanced manufacturing sector lies in the machinery, transportation and industrial equipment clusters. Emerging clusters include aerospace and defence, automotive accessories, and electronics and instrumentation. Opportunity abounds for Saskatchewan's advanced-manufactured exports to the EU. For example, 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.

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

The services sector is a key driver of Saskatchewan's economy, accounting for 55.7 percent of the province's total GDP and employing over 395,000 people in Saskatchewan in 2012.

Trade snapshot

Canada's services exports to the EU were worth an annual average of $14.5 billion between 2010 and 2012. Saskatchewan's key export interests in this vibrant sector include research and development, construction services, information and communications technology, tourism and transportation 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 of intra-company transferees, investors, contract service suppliers and independent professionals (including broad coverage for 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.

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 new jobs, growth and prosperity in a sector that exemplifies Canadian expertise.

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.

Opening new markets in Europe for investment

Investment is of key importance to Saskatchewan's economy. The province's abundant natural resources and value-added industries present excellent opportunities in numerous sectors, ranging from agribusiness information and telecommunication technologies, to mining and biotechnology. As the second-largest foreign investor in Canada, the EU can contribute to economic growth and job creation through investment in these and other of the province's strategic sectors. In addition, Saskatchewan businesses currently have significant investments in the EU in a wide variety of sectors, including agriculture, mining, energy, and information and communication technologies.

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 Saskatchewan firms increasingly sell through affiliates in each other's markets. In this sense, Saskatchewan benefits from greater foreign direct investment, regardless of whether investment is outward or inward. Greater direct investment in the EU will improve access to European markets, technology and expertise and enhance the competitiveness of Canadian firms. Greater EU foreign direct investment in Saskatchewan will stimulate economic growth and job creation here at home, provide new technologies and increase competition in the marketplace, ultimately benefiting Saskatchewan 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 Saskatchewan 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 Saskatchewan suppliers of goods and services with secure access to EU procurement on a preferential basis, providing them with new opportunities to win major government contracts. Opening procurement processes also increases competition; CETA will ensure that procurement processes covered by the agreement are conducted with transparency and openness in order to help ensure the best value for money in public spending.

New access to markets

- CETA will expand and secure opportunities for Canadian firms to supply their goods and services to the three main EU-level institutions (the EU Commission, Parliament and Council), the 28 EU member states and thousands of regional and local government entities within the EU.
- Approximately 18 percent of EU contracts are for business services. This means that workers in Canada employed in the fields of architecture, engineering, construction, environmental services, technology and marketing consultancy, among many other areas, will benefit from greater access to the EU's procurement market.
- CETA will also ensure that Canadian exporters are eligible to supply any EU firms engaged in government procurement contracts in the EU.

Reaping the benefits

CETA's greater access to the world's largest government-procurement market will create opportunities that could benefit workers and their families in sectors that are vital to Saskatchewan's economy, such as construction and information and communication technology.

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.