

# EU Trade Agreement Could Lead to Job Growth



Everyone benefits when industry thrives, jobs increase and the economy prospers. Here's a look at a new trade agreement that promises to generate such benefits.

## THE LAW

**What It Is:** It's a treaty, rather than typical legislation you think of when you hear the word "law." The Comprehensive Economic and Trade Agreement between Canada and European Union (EU) promises, according to the government, "jobs, growth and long term prosperity" for Canada and its residents.

**What It Does:** It lowers barriers to trade in the EU marketplace making it easier for Canadian businesses to be competitive in those markets and thus increasing exports to EU markets and revenue for Canadian businesses.

**What's the Status:** An agreement-in-principle was made October 18, 2013. That means the negotiations have concluded but the treaty still needs to be finalized and ratified by the parties' parliaments.

**Why it's Important:** The treaty helps create jobs for Canadians here at home in response to increased exports to the EU and it creates greater mobility for Canadian workers through measures such as temporary permission to enter EU countries as well as mutual recognition of some professional qualifications. All this translates into employment opportunities for Canadians.

**How It Works:** The treaty includes numerous provisions affecting trade:

- *Tariff Reduction.* Tariffs are "taxes" on goods exported from Canada to foreign countries. Those tariffs are a cost to the Canadian exporter that make Canadian goods more expensive and less competitive than goods not subject to the tariff. Under the treaty, almost all tariffs on non-agricultural products will be eliminated and almost 94% of tariffs on agricultural products will be eliminated.
- *Labour Mobility.* Temporary permission for certain Canadian workers to enter the EU allows employers to more easily send workers to the EU and thus improve the ability of Canadian businesses to successfully serve EU customers. For example, temporary entry provisions could allow employers to facilitate post-sale installation and maintenance of goods sold. Further, the treaty allows mutual

recognition of some professional qualifications creating greater mobility for those professionals.

- *Rules of Origin*. The treaty calls for rules that will identify products that qualify as
- “made in” the EU and Canada, which will benefit from the elimination of tariffs.
- *Efficiencies*. The treaty allows Canadian regulatory entities to apply EU product testing standards and certifications to streamline export of products to the EU. The EU and Canada will also cooperate and coordinate safety measures (such as with regard to sanitary food) through efforts such as a new Sanitary and Phytosanitary Measures Joint Management Committee.
- *Investment Measures*. These measures will encourage investment in both directions. That means an EU company could open a plant in Canada, creating jobs. Likewise, a Canadian business can invest in the EU, perhaps purchasing a foreign business to expand its own business—thus, increasing exports and creating jobs back home.
- *Labour Standards*. Canada and EU agree under the treaty to make sure their respective labour standards are honored. The parties must agree that their national laws and policies protect workers rights to collectively bargain, freely associate, remain free from forced labour and eliminate discrimination and protect young workers and children. Parties can’t waive labour laws to increase trade opportunities or encourage investment. Civil society advisory groups will offer advice on labour issues.

## **ANALYSIS**

In today’s global marketplace, you need every advantage you can get. Canada just gained an advantage in the significant EU market with this new trade agreement. The obvious benefit is the reduction of tariffs that make it easier for Canadian businesses to export products to and compete successfully in the EU markets, generating more sales and creating more jobs back home to help meet increased production demands. Mutual recognition of certain professional qualifications lowers barriers to Canadian companies and individuals providing professional services. And finally, temporary entry permission for workers, such as to provide after-sales services and maintenance, also increases Canadians’ ability to thrive in the EU marketplace by offering complete package of goods and services to their EU customers.