



Succeeding in the EU

A Guide for Atlantic Canadian Businesses

Made in Atlantic Canada

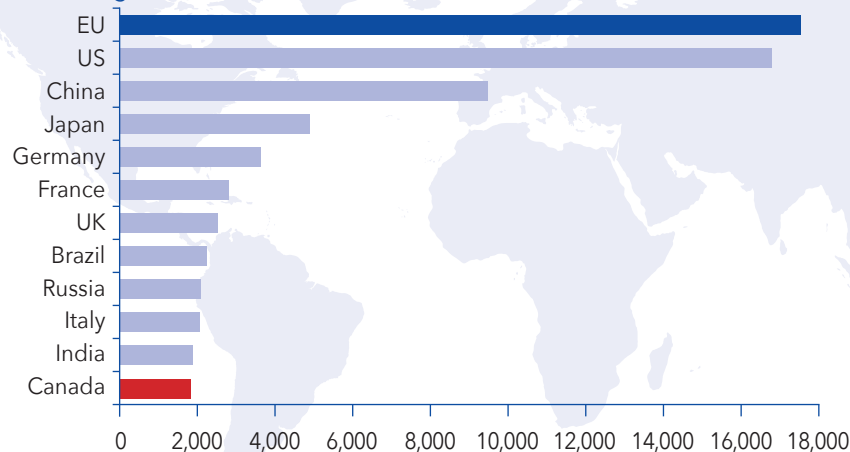
The EU Opportunity

With over 20% of world GDP, the EU is the biggest integrated market in the world. It is about 10 times bigger than the Canadian economy. It is larger than the US in terms of both GDP and imports from the rest of the world. Companies entering the EU gain access to over 500 million consumers.

The EU is a mature, wealthy market. Incomes are growing rapidly in several new member states.

The EU is The Largest Market in The World

GDP, largest economies, 2013 (\$US billions)



Source: IMF

The EU implemented the Single European Act in 1993 formalizing its goal to become a single market without any internal barriers to the free movement of goods, services, persons or capital. New legislation and directives in the decades since have strengthened the single market.

The EU is Atlantic Canada's second largest trading partner after the US. In 2014 the Atlantic provinces exported \$4.8 billion in goods to the EU and imported \$5.2 billion.

Atlantic aerospace exports to the EU were worth over \$46 million in 2014. The European passenger fleet is expected to grow 71% by 2033.

EU health care is modern and sophisticated with growing needs related to an aging population. EU members account for 47% of Atlantic exports of pharmaceutical and diagnostic products.

Reducing Barriers to Canada-EU Trade

After several years of negotiation, Canada and the EU jointly announced the finalized Canada-EU Comprehensive Economic and Trade Agreement (known as CETA) on September 26, 2014. Once implemented, in late 2016 or 2017, CETA will increase economic integration between Canada and the EU through reciprocal tariff reduction, improved labour mobility and investment protection. CETA is the most comprehensive trade deal that Canada has been a party to – broader in scope than NAFTA.

Benefits of CETA

Tariff relief:

- ✓ Upon implementation 98% of the tariff lines faced by Canadian exporters will be eliminated.
- ✓ After eight years, 100% of all non-agricultural tariffs and 95% of tariffs on agricultural goods will be eliminated.

Non-tariff barriers:

- ✓ CETA provides a framework through which Canadian and EU regulations can be recognized as equivalent.
- ✓ When either government adopts a new regulation under CETA, parties in both regions, including firms and business associations, will have the opportunity to review and comment.
- ✓ Canadian companies can have products tested and approved in Canada by recognized testers before being shipped to the EU.

Labour mobility:

- ✓ Eligible professionals and business people can work in the EU for up to 3 years.
- ✓ In general, entry is not conditional on an economic needs test or quotas (subject to member-state specific reservations).
- ✓ CETA provides a framework for professional associations to negotiate mutual recognition agreements.

Public Procurement

- ✓ CETA expands companies' ability to compete for high-value public contracts at all levels of government.

Investment and services

- ✓ CETA ensures fair and equitable treatment for investors and service providers.



An agreement in principle was signed at the EU headquarters in Brussels on October 18, 2013. The final text of the agreement must still be approved by the Canadian government, the European Council and the European Parliament.

The EU is already the largest market for seafood in the world and Atlantic Canada is a major supplier: In 2013, Atlantic firms supplied 46% of the EU imports of cold water shrimp. Under CETA, tariffs of up to 20% will be eliminated.

Entering the EU Market

Choosing Your Market

The EU consists of 28 member countries with 24 official languages and nine national currencies in addition to the euro. The EU includes a mix of large, affluent countries as well as many smaller, lower-income countries that are experiencing rapid growth.

Exporters need to consider the best entry market for their product or service as income levels, growth potential, technological standards, infrastructure, business risk, and consumer preferences vary across the EU. For some exporters the best market will be determined by the location of key customers.

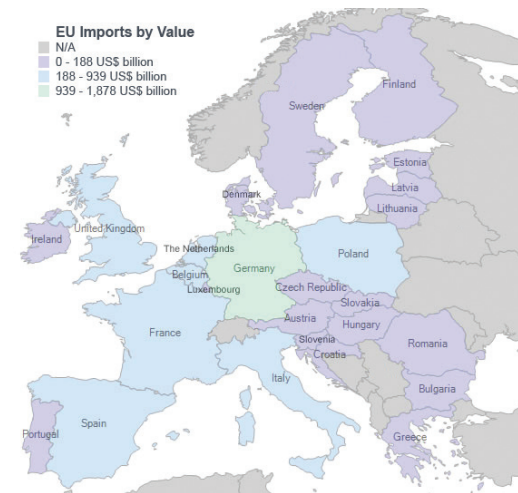
Meeting Regulatory Requirements

The EU has made important strides towards harmonizing regulations across the market. For some manufacturers obtaining the CE Mark will be critical. In some industries firms must meet both EU and national regulations.



The CE Mark indicates that the product meets EU safety, health and environmental protection requirements and enables free movement of products within EU. Products such as medical devices, machinery and construction products require a CE Mark, though food and pharmaceuticals do not.

In addition to government regulation, companies pursuing a place in European value chains must meet clients' standards and requirements. Some industry leaders, like Airbus and large grocery chains, have well defined approval processes for suppliers. For all customers, it is important to maintain open communication to ensure that changing needs and requirements are being met on an ongoing basis.



In 2014, 43% of Atlantic Canada's exports of wood pellets went to the UK, where renewable electricity targets must be met.

Strategies for Success

Exporting to the EU presents both new opportunities and risks. Businesses need strategies to prepare for both.

- 📁 **Make connections:** There are many opportunities for businesses to establish connections in the EU, through trade shows, research partnerships, trade missions, the Canadian Trade Commissioner Service and portals such as the Enterprise Canada Network.
- 📁 **Work with a local partner:** Often firms will work with an agent, broker, or distributor located in their target markets. These intermediaries may provide market research, identify potential clients, and help navigate local regulatory regimes.
- 📁 **Build relationships:** Atlantic firms have had success in the EU for decades by building and maintaining close relationships with customers and ensuring that their products consistently meets their client's standards and requirements.
- 📁 **Establish a local presence:** In some cases, having an on-the-ground presence in the EU can help show that the firm is invested in the region and improve access to large contracts. It can also facilitate the provision of sales, installations and after-sales service.



For companies that can differentiate their products or services from existing suppliers, the EU offers substantial economic opportunities. Finding the right partners will be critical for most SMEs to succeed in the EU.

David Chaundy, Senior Economist, APEC



Nova Scotia-based Acadian Seaplants announced the acquisition of the Irish seafood processing plant, Arramara Teoranta in July 2014. From L to R: Jean-Paul Deveau, President, Acadian Seaplants Limited; Dinny McGinley, T.D., Minister of State for the Department of Arts, Heritage and the Gaeltacht; and Anna Ní Ghallachair, Chair of the Board of the Údarás na Gaeltachta.

Atlantic vodka exports to the EU have grown to over \$3 million.

The EU accounts for almost 40% of Atlantic Canada's frozen blueberry exports and rising incomes in central and eastern Europe have the potential to increase demand.



Useful Resources

EU Overview

APEC's Profile of the EU <https://www.apec-econ.ca/eu>

A Quick Overview of the EU Member States <http://europa.eu/about-eu/countries/member-countries/>

Market and Industry Information

Opportunities for Atlantic Manufacturers in the EU <https://www.apec-econ.ca/eu>

Industry Market Reports <http://www.tradecommissioner.gc.ca/eng/market-report-access.jsp>

Which EU Countries Regulate Your Profession http://ec.europa.eu/internal_market/qualifications/regprof/

Statistics

Up-to-Date Information on the EU <http://ec.europa.eu/eurostat>

Current Trade Flows <http://www.trademap.org/>

Detailed Canadian Trade Data <http://www.ic.gc.ca/eic/site/tdo-dcd.nsf/eng/Home>

Canada-EU Comprehensive Economic and Trade Agreement

What's in CETA for You? <http://www.international.gc.ca/trade-agreements-accords-commerciaux/agr-acc/ceta-aecg/index.aspx?lang=eng>

Getting Started

A Step-by-Step Guide to Exporting <http://www.tradecommissioner.gc.ca/eng/guide-exporting.jsp>

Business Guide to Exporting in the EU <http://www.enterprisecanadanetwork.ca/download.php?id=169>

Resources Available Through Export Development Canada <http://www.edc.ca/EN/Pages/default.aspx>

Doing Business Abroad, Atlantic Canada Opportunities Agency:

<http://www.acoa-apeca.gc.ca/eng/investment/InvestmentHome/Pages/MainInvestmentHome.aspx>

Making Connections

Find Business Opportunities Through Enterprise Network Canada <https://www.enterprisecanadanetwork.ca/>

Utilize the Canadian Trade Commissioner Service <http://www.tradecommissioner.gc.ca/eng/exporters.jsp>



About the Atlantic Provinces Economic Council (APEC)

The Atlantic Provinces Economic Council (APEC) is a policy research organization whose mandate is to further economic progress in Atlantic Canada and build synergies among its stakeholders to strengthen the region's position in a rapidly changing world. It is an independent, non-government, not-for-profit organization supported by its members. APEC's revenue is derived primarily from membership, funded research, events and sponsorships. Our membership includes individuals, small and large companies, labour groups, academic institutions, municipalities and government agencies.

Mail: 5121 Sackville Street, Suite 500, Halifax, NS B3J 1K1
Telephone: (902) 422-6516
Fax: (902) 429-6803
E-mail: info@appec-econ.ca
Homepage: www.appec-econ.ca

About this Document

This brochure is based upon the key findings from APEC's detailed analysis of the EU from the perspective of Atlantic Canadian manufacturers, which included interviews with over 30 Atlantic firms currently active in the EU. For more details see APEC's accompanying reports: *The Changing Global Market for Atlantic Manufacturing; A Brief Profile of the EU: Key Considerations for Atlantic Exporters*; and *Opportunities for Atlantic Manufacturers in the EU*, available at www.appec-econ.ca/eu.

Acknowledgements

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www.apec-econ.ca/eu