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*Presentation by Michelle Cooper, Director of the Services Trade
Policy Division, Foreign Affairs and International Trade Canada*



Foreign Affairs and
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Affaires étrangères et
Commerce International Canada

Canada



Agenda

- **Overview of Canada's Trade Agenda**
- **Canada's Trade Negotiations Approach: Key Principles**
- **Canada-EU Trade Negotiations (CETA)**
- **Conclusion**

2



Importance of Services and of Trade in Services for the Canadian Economy

- Services constituted 73% of Canada's GDP and 78% of Canadian jobs in 2009.
- In the services-producing sector the number of jobs increased at an annual rate of 2.5% during 2005-2008.
- Careers in the service sector are among the highest paying in Canada, with the most lucrative being in professional, scientific and technical services.
- Services are key component of the "knowledge-based economy", employing many more well-educated knowledge-workers than any other sectors.
- Services trade barriers tend to be domestic regulations rather than border measures, and many – here and Canada as well as abroad – fall within local jurisdictions (including self-regulating professions).
- Most barriers to services trade were designed without considering trade issues and have not kept up with the rapid expansion of global services trade.

3



Canada's Trade Priorities

- Under Canada's *Global Commerce Strategy*, the foundations of Canada's trade agenda were reaffirmed:
 - Ongoing commitment to WTO Doha Negotiations
 - Ambitious pursuit of Free Trade Agreements (FTAs) and Foreign Investment Promotion and Protection Agreements (FIPAs)
- Overall objective is to continue to expand Canadian access to global markets and value chains

4



Canada's Trade Agenda

- FTAs in force:
 - NAFTA (1994), Israel (1997), Chile (1997), Costa Rica (2002), Peru (2009), and the European Free Trade Association (2009)
- NAFTA – has had a demonstrably beneficial effect on trade, investment and competitiveness in the region since 1994
- Colombia FTA approved in Canada (implemented once passed in Colombia)
- Jordan and Panama FTAs in Canadian Parliament for approval

5



Canada's Trade Agenda

- WTO Doha Negotiations (Multilateral).
- Active FTA negotiations: European Union, India, Ukraine, Morocco, Caribbean countries (CARICOM), Dominican Republic, Central American countries (CA4 - Honduras, El Salvador, Guatemala, Nicaragua).
- Exploratory discussions initiated with: Japan, China, Turkey.
- Modernisation of Existing FTAs: Canada-Costa Rica, Canada-Chile, and Canada-Israel.
- Canada also has 24 Foreign Investment Promotion and Protection Agreements (FIPAs) in force with trading partners.

6



Cross-Border Trade in Services : Key Principles and Exclusions

- Most-Favoured Nation (MFN)
- Transparency
- National Treatment
- **Market Access, including Temporary Entry**
- **Provisions on Mutual Recognition (MRAs)**
- **Disciplines on Domestic Regulations**

Exclusions: due to our unique culture and social systems, Canada does not undertake trade commitments in certain services sectors, such as Social Services (Public Health and Public Education) and Cultural Services.

7



Improving Overall Labour Mobility

- Addressed mainly by obligations in both the Cross-Border Trade in Services and Temporary Entry chapters.
- Obligations to address barriers within the border: discrimination against foreigners/non-residents (national treatment obligation), provisions on domestic regulation and mutual recognition
- Temporary Entry obligations address at the border barriers: economic needs tests, work permits

8



Temporary Entry of Businesspersons

- Canada's model Temporary Entry chapter:
 - Complements commitments on trade in services, trade in goods, investment and government procurement
- Facilitates the entry of skilled labour by agreeing to remove the following impediments to entry: economic needs tests, quotas, proportionality requirements.
- Temporary Entry provisions covers, on a reciprocal basis: Business Visitors, Traders and Investors, Intra-company Transferees, Professionals, Spousal employment for spouses of Intra-company Transferees and Professionals.
- Does NOT cover permanent employment, migration or entry visas.

9



Mutual Recognition Agreements (MRAs)

- Recognition of qualifications is key to the movement of service providers and particularly relevant in connection to Temporary Entry commitments
- An area of Provincial/Territorial competency.
- Key provisions: direct involvement of licensing regulators, no in-province/in-country education or experience requirements, non-binding guidelines for negotiating MRAs

10



Provisions relating to Domestic Regulation

- Purpose is to ensure that qualification as well as licensing requirements and procedures, while achieving legitimate public policy goals, do not constitute restrictions to trade in services at the same time.
- Canada always maintains the right of Canadian regulatory authorities to regulate, such as setting standards and competency requirements, for the protection of the public/consumer interest.
- Canada's priorities with such rules is to ensure transparency, predictability and fair treatment with licensing requirements and procedures in markets abroad.

11



Overview of Services Negotiations in CETA

- Negotiations launched at the Canada-EU Summit in May 2009 with an aim to conclude in 2012.
- Most ambitious agreement since the NAFTA: 27 EU Member States have competency for certain areas under negotiation, including recognition of qualifications for licensing.
- Canadian provinces and territories participating actively in negotiations due to the importance of areas falling under their jurisdiction

12



Impact on Canadian Engineers

- Canadian engineering is, historically, one of the most active professions on the international exporting scene.
- Variances in EU member States licensing regimes will make MRA negotiations challenging in some sectors.
- Challenge will be for associations to garner support for and effectively coordinate the negotiating of an MRA which allows for variances in the application of mutually recognised standards and criteria.

13



Continuing our Mutual Engagement – DFAIT & the Canadian Engineering Profession

- We would encourage Canadian engineering firms and associations to continue to exchange with us on where are your key markets of interest abroad, which will help us define better trade priorities and a better trade agenda.
- We all need to engage more with Provincial and Territorial governments to ensure that they understand the two sides of the trade equation coin: providing market access for Canadian engineering exports (and its impact in terms of local jobs and wages) while maintaining a solid and efficient regulatory function domestically.
- We need Canadian engineering firms and associations to continue to look for - and inform us - about regulatory changes affecting their import/export activities, whether domestic or abroad, in order to help us identify and deal with those barriers to mobility that may no longer be required to achieve clear public policy objectives.
- Both DFAIT and Canadian engineering associations need to remain fully engaged with our respective counterparts in other countries, in order to better advance Canadian interests.

14



Contact

General Services Issues and Canada-EU CETA

Vincent Sacchetti, CETA Services Lead
Deputy Director, Services Trade Policy Division
Foreign Affairs and International Trade Canada
vincent.sacchetti@international.gc.ca

General Labour Mobility and Domestic Regulation Issues

Charles Boisvert, Senior Trade Policy Officer,
Services Trade Policy Division
Foreign Affairs and International Trade Canada
charles.boisvert@international.gc.ca

15