



Overview of EDC & CETA Opportunities

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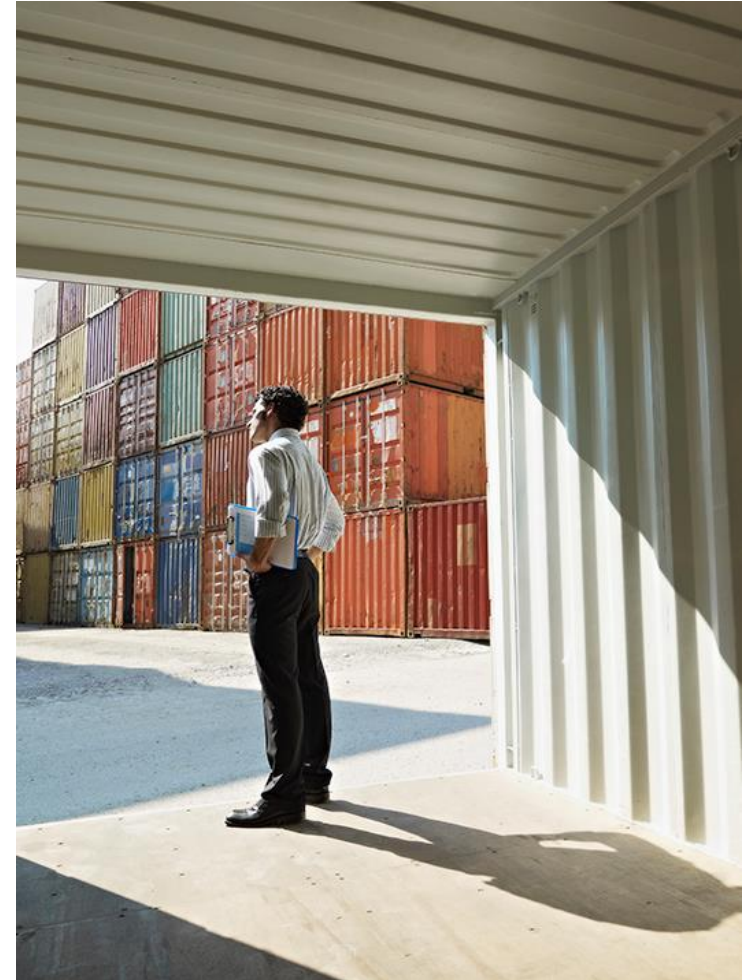
ABOUT EDC



- › Canada's Export Credit Agency
- › Crown corporation wholly owned by Government of Canada
- › Financially self-sustaining
- › Operates on commercial principles

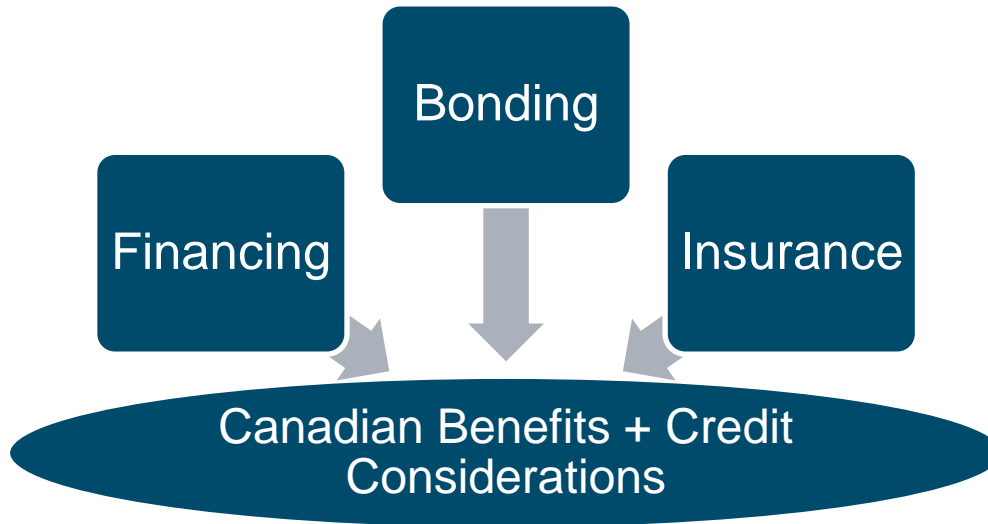
EDC'S ROLE

- › To support and develop Canada's export trade and international business efforts
- › Financing and insurance solutions for Canadian exporters and investors



EDC MANDATE & CANADIAN BENEFITS

EDC's Mandate: to support, directly or indirectly, Canadian exports and foreign investments



The amount of EDC support on a financing opportunity is driven by the Canadian benefits as well as credit considerations.

2015 PERFORMANCE HIGHLIGHTS

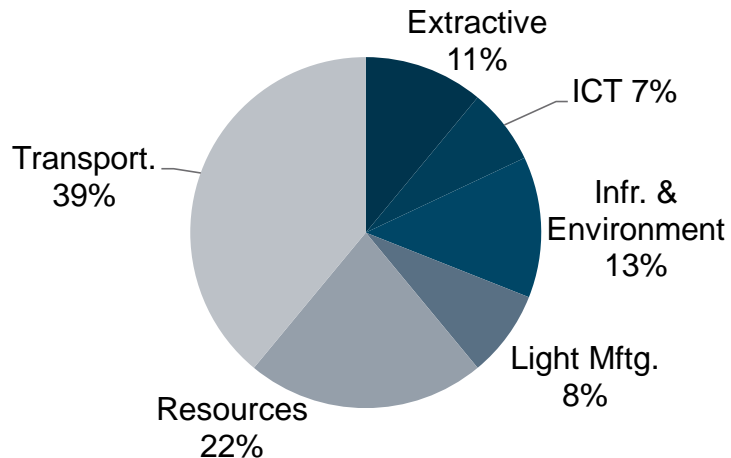
- › Facilitated \$104 billion in business carried out by Canadian companies
- › Served more than 7,300 customers
- › Supported business in 200 countries
- › Facilitated \$29.2 billion in emerging markets
- › Our work contributed \$66.8 billion to Canada's GDP, supporting 530,839 jobs

EDC IN EUROPE

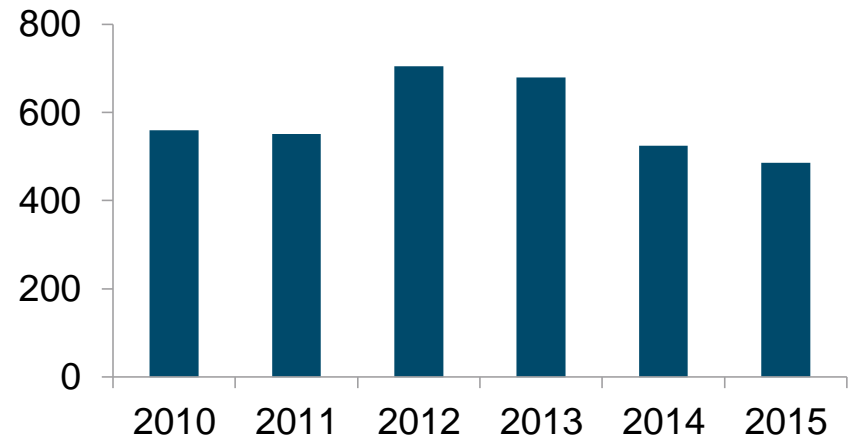
EDC's Business Volume in Europe, by Product (in CDN million)

	2010	2011	2012	2013	2014	2015
Financing	2,051	2,146	3,632	4,538	4,719	5,541
Insurance	7,630	9,862	6,752	6,918	6,030	6,370
Total	9,681	12,008	10,384	11,456	10,749	11,911

EDC's Business Volume in Europe, by Sector (2015)



Number of Canadian Customers Served in Europe



FOREIGN BUYER FINANCING

- › Direct financing to foreign customers/buyers:
 - › Trade support
 - › Pulls & Protocols
- › Loan or guarantee to another financial institution.
- › Lines of credit.
- › Project Finance.
- › Flexible financing options for foreign buyers.
- › EDC assumes risk of non-payment.
- › For further info visit: www.edc.ca/financing



FINANCING FOR INVESTMENT IN CANADA



- › EDC can look to provide European investors into Canada financing solutions when:
 - › The European investor will remain actively involved in the operations of the Canadian subsidiary;
 - › > 50% of the output of the Canadian operation will be exported from Canada;
 - › Benefits to Canada are present and measurable including employment, research & development, environmental benefits and taxes.

SELECTED EDC TRANSACTIONS IN EUROPE

France



CAD 25-50 mln
Financing

Support for future procurement by Canadian Exporters

 June 2012

Germany



CAD 25-50 mln
Financing

Support for future procurement by Canadian Exporters

 November 2012

Germany



CAD 500 mln-1 bln
Financing

General Corporate Purposes

 December 2012

Luxembourg



CAD 250-500 mln
Financing

Support for future procurement by Canadian Exporters

 December 2013

Austria



CAD 50-100 mln
Financing

Support for future procurement by Canadian Exporters

 February 2014

Germany



CAD 500 mln-1 bln
Financing

Support for future procurement by Canadian Exporters

 February 2016

United Kingdom



CAD 100-250 mln
Financing

Support for future procurement by Canadian Exporters

 March 2014

Spain



CAD 100-250 mln
Financing

Support for future procurement by Canadian Exporters

 February 2015

* Most of those transactions facilitated in EUR, but for internal purposes shown in CAD



EU and Canada – CETA Opportunities

CETA OPPORTUNITIES



Canada-EU Comprehensive Economic and Trade Agreement (CETA):

- › With CETA, Canada will now be the only developed country in the world to have guaranteed preferential access to more than 800 million consumers in the world's 2 largest economies: EU and USA.
- › Preferential access to the EU offers significant opportunities and a real competitive edge for Canadian workers, businesses, exporters and investors.
- › The EU is Canada's 2nd largest trading partner after US with approx. 9.5% of Canada's total external trade.
- › CETA is expected to boost Canada's GDP by CAD 12 billion p.a. and bilateral trade by 20-25%, which is the equivalent to creating almost 80,000 new jobs in Canada.
- › Approx. 98% of the EU's more than 9,000 existing tariffs will be duty-free for Canadian goods at entry into force of the agreement; 99% of tariffs will be eliminated after a 7 year transition period.
- › Barriers such as ownership and investment restrictions will be reduced/eliminated and labour mobility increased.
- › The access to EU markets, technology and expertise, will enhance the competitiveness of Canadian firms and increase the amount of goods and services they supply to not only private companies in the EU, but also to federal, regional and municipal institutions in the EU 28 member states.

TRADE LIBERALIZATION

- › One of the most comprehensive tariff reduction package the EU has ever achieved in the context of a FTA
- › Overall, the tariffs for 98.6% of all Canadian tariff lines will ultimately be fully eliminated
- › 100% of the industrial tariff lines for both sides will be fully eliminated
- › Nearly 92% of EU agriculture and food products exported to Canada duty-free
- › Export duties and other export restrictions generally prohibited
- › Canada accepted a general prohibition of Duty Draw Back
- › Once fully implemented, EU exporters would save on average duty payments on industrial goods of €470 million annually

TECHNICAL BARRIERS TARIFFS (TBT)

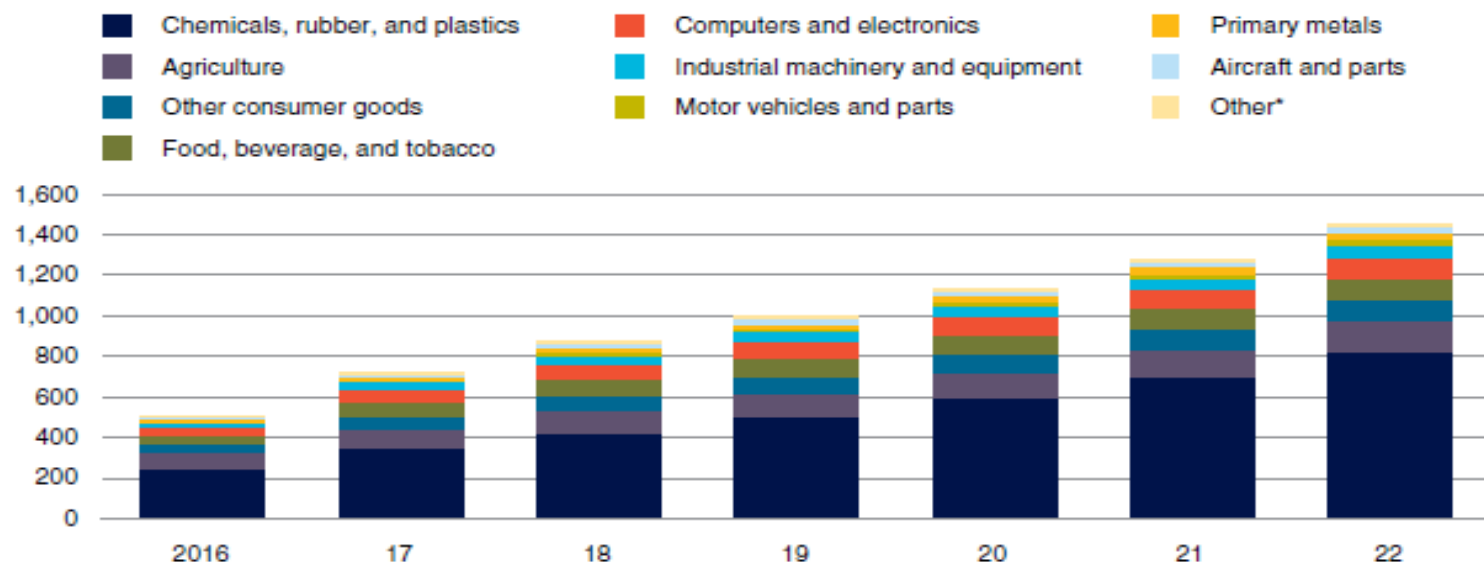
- › CETA promotes mutual recognition of standards to facilitate trade
- › Contains provisions to improve transparency and foster closer contacts between the EU and Canada in the field of technical regulations
- › Protocol on Conformity Assessment
- › Reducing the cost of complying with technical regulations, standards and conformity assessment procedures could amount to GDP gains of up to €2.9 billion a year for the EU

CANADIAN EXAMPLE – SECTOR GAINS FROM TARIFF REDUCTIONS

Chart 1

Export Gains From CETA Tariff Elimination

(post-CETA minus pre-CETA, 2007 \$ millions; level difference)



*Comprising wood products and other transportation and equipment. These two sectors will see the smallest dollar gains from CETA tariff elimination.

Source: The Conference Board of Canada.

Source: “Stronger Ties. CETA Tariff Elimination and the Impact on Canadian Exports”. Conference Board of Canada. June 2015.

CROSS-BORDER TRADE IN SERVICES

- › Around half of the overall GDP gains for the EU expected to come from liberalising trade in services
- › Access to the Canadian market in key sectors such as financial services, telecommunications, energy and maritime transport
- › Services in all sectors are granted access and non-discriminatory treatment except for specific exceptions listed in the CETA
- › Best coverage each side has ever offered
- › Overall, output gains for the EU could amount to €5.8 billion per year once the agreement is fully implemented

LABOUR MOBILITY

- › Mutual recognition of professional qualifications
 - Gradual coordination of licensing for professions such as architects or lawyers
 - First time included in any of Canada's free trade agreements
- › Temporary Entry
 - Comprehensive disciplines and coverage
 - Covers intra-corporate transferees, investors, business visitors, after sales and after lease services, some contract service suppliers and professionals
- › No impact on permanent employment or migration

PROMOTING AND PROTECTING INVESTMENT

- › CETA removes and alleviates barriers for investors to enter the Canadian market
- › Commitments to treat investors fairly and equitably and in a non-discriminatory manner, no less favorably than domestic or other foreign investors
- › Canada and EU commit to not impose any new restrictions on foreign shareholding
- › Best access ever provided to any FTA partner
- › Clear and detailed rules of procedure to promote the efficient resolution of investor-state disputes

GOVERNMENT PROCUREMENT

- › EU companies able to bid for public contracts in Canada at all levels of government
- › The most comprehensive access to the procurement markets Canada has made thus far to a third country, including the US
- › Overall value of contracts awarded by the federal government in Canada estimated at CAD 15 to 19 billion per year
- › Contracts at other levels of government even exceeds this - in 2011 procurements by Canadian municipalities estimated at CAD 112 billion – almost 7% of Canadian GDP

RULES OF ORIGIN

- › Both the horizontal and the product specific rules of origin based to the extent possible on the standard EU rules
- › Possibility of a future rule of origin cumulation with the US for vehicles and a very limited number of agricultural products
- › Possibility of cumulation of origin with third countries with which both the EU and Canada have a free trade agreement
- › 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

RECOMMENDATIONS

- › Take advantage of the time between the signing of the Agreement and its implementation to prepare entry into the Canadian market or trade with Canada
- › Lift interest and engagement in the region
- › Adopt a more sophisticated and longer-term approach to strategy development, due diligence, valuation and post-deal integration
- › Navigate business and regulatory issues
- › Find qualified partners and structuring trade financing solutions

The biggest risk in relation to Canada is to continue ignoring it!

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