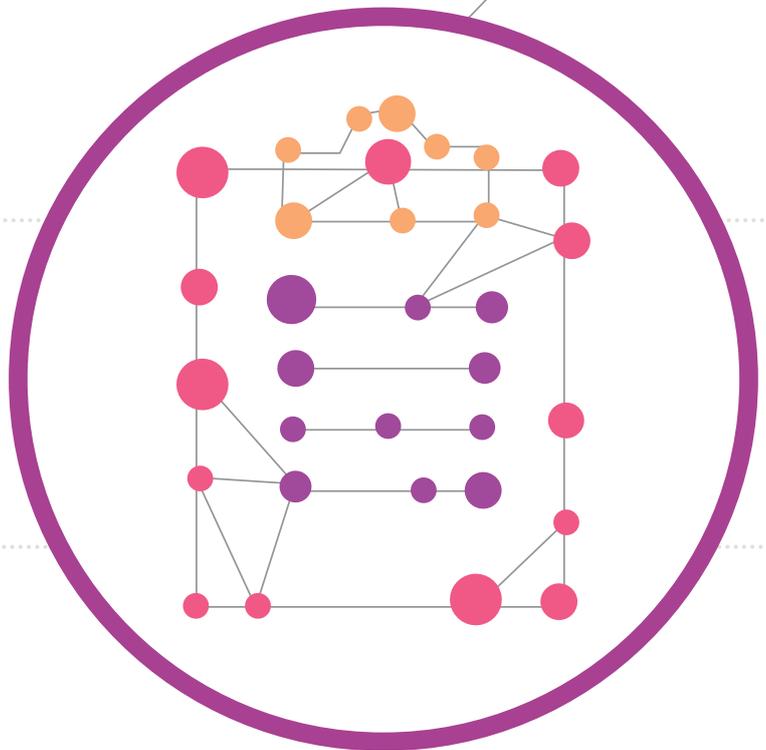
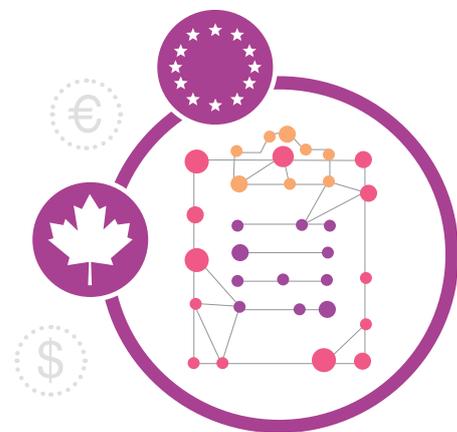
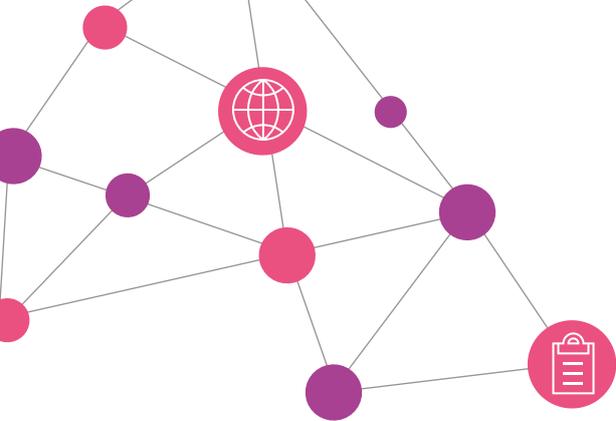


# CANADA AND THE EUROPEAN UNION

– THE PATH FOR UNPRECEDENTED ECONOMIC COOPERATION FORGED BY HISTORIC CETA AGREEMENT

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In a world which is in constant flux between increasing its number of protectionist policies and strengthening ties between new, emerging economies as well as established ones, major trade deals can mean success for one business and competition for another. The latest deal to be struck could have a major impact for countries on both sides of the Atlantic. In 2016 the value of trade between Canada and EU stood at €64.3 billion in 2016, so it is understandable that both are getting excited about the fruits that the CETA deal could bear. Whichever side of the fence a business falls on they need to know whether they benefit, how they benefit and if they must react.

Canada has always been an attractive jurisdiction for all types of investors from different member countries of the European Union (“EU”) due to its political and economic stability, international relations and fiscal landscape.

Canada has one of the most resilient and stable banking systems in the developed world and over the course of the last several decades, has entered into and ratified tax treaties with most EU member countries mainly in order to protect against double taxation. In addition, Canada offers an attractive tax environment which is often more advantageous than that of EU member countries since Canada has low corporate income tax rates, no tax and capital, no succession duties, no gift tax and no wealth tax.

To this day, the EU represents a market of 500 million consumers. Research led by both regions concluded that the trade agreement

would allow Canada to have a 12 billion dollar annual revenue increase and would lead to an annual increase of nearly 12% in bilateral trade between the two regions, which is expected to create more than 80,000 new jobs.

The recently implemented Canada-European Union Comprehensive Economic and Trade Agreement (“CETA”) between Canada and the EU represents a unique opportunity for Canada and the EU to strengthen and develop their economic bond.

This new progressive trade agreement focuses primarily on eliminating or reducing the tariff and trade barriers between Canada and the EU. The CETA seeks to facilitate greater access to the economic markets of both regions and accelerate the launching of new products in each other’s jurisdictions.

The CETA will notably decrease duty fees and reduce tariffs by up to 98%. The agreement will further standardize regulations and procedures to improve market access in both directions.

Below is a summary of the different mechanisms and advantages of the CETA:

- 1. Elimination of most duty fees**
- 2. Enactment of rules of origin**
- 3. Greater access to public contracts and services**
- 4. Promotion and protection of foreign investments, including dispute resolution mechanisms; and**
- 5. Increase in labour mobility and equivalence procedures to recognize qualifications.**



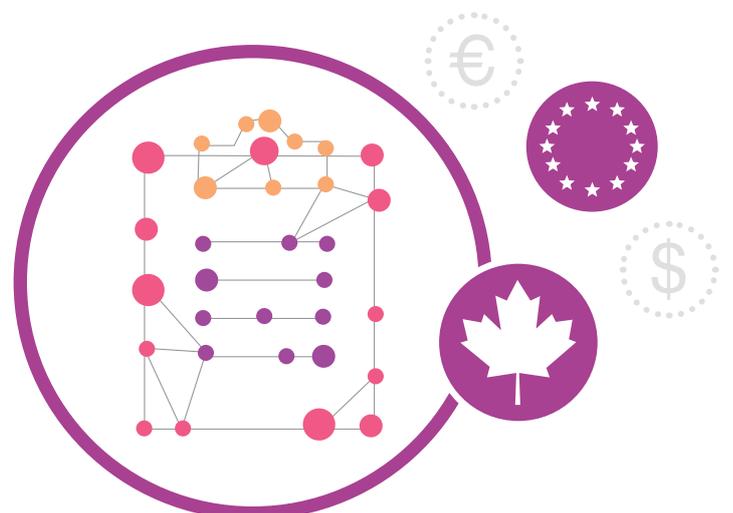
The implementation of the CETA is expected to spur a significant increase in transatlantic trade and the establishment of subsidiaries in both regions. Experts are forecasting a considerable increase in investments made by Canadians in the EU, which represents already more than 22% of the total direct foreign Canadian investments.

Experts consider that direct Canadian investments in Europe should represent an increase in markets such as financial services, automotive, aerospace, transport and corporation services. These investments should also directly lead to the creation of new jobs in the member countries.

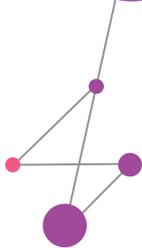
From a European standpoint, the trade agreement should trigger a strong increase in exports to Canada in industries such as telecommunications, environmental services, container transportation, dredging and in service industries such as engineering and accounting.

Furthermore, the trade agreement will allow European corporations to bid in Canadian public markets, which represents to this day a market of more than 30 billion euros. These European corporations will have the opportunity to participate in the Canadian government's bidding process in addition to those of the Canadian provinces and Canadian cities. We also anticipate a large increase in European exports of goods and services in industries such as construction and Canadian road infrastructure modernization. These European corporations will shortly have access to a unique portal made available to them by Canada informing them of the publication of the different public bidding offers available.

This historical agreement is expected to shift part of Canada's economic and commercial reliance away from the United States and towards the EU. The first economic impact of the CETA on Canada and the EU is expected to be in 2019.



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