

Canada: Opportunities for Dutch Business

Prepared for the Dutch House of Representatives Committee on Foreign Trade and Development Cooperation

A Strong and Growing Commercial Relationship...

Canada, the fastest-growing G7 economy is open for business, investment, and trade. The country benefits from a sound, efficient financial system supported by low taxes and business costs and a government investing in the innovative, clean, inclusive economy of tomorrow.

A nexus of global trade, Canada offers access to 51 countries through 14 free trade agreements. It has preferential access to a global market with a combined GDP of US\$ 51.5 trillion, representing almost two-thirds of the world's output of goods and services and home to over 1.5 billion consumers.

Canada brings the best mix of what is important to trade partners and international companies: a diverse and inclusive economy; a skilled and talented workforce; accessible programs to enhance and boost innovation; expansive infrastructure; strong cybersecurity; and a stable, predictable and economic landscape with open access to the world. This past year (2018), Canada ranked 2nd in the G20 and stood 5th overall in Forbes' 153-country annual study, *The Best Countries for Business*.

Canada was pleased to welcome Dutch Prime Minister Mark Rutte, accompanied by a group of small and medium-sized businesses, to Ottawa last October. The visit provided an opportunity to highlight what is a dynamic, forward-looking *and growing* commercial relationship.

The Netherlands is the second largest geographic source of foreign direct investment in Canada. The stock of Dutch direct investment in Canada was valued at nearly \$91.9 billion in 2017. The recent announcement by LNG Canada of a \$40-billion investment in a liquefied natural gas facility in British Columbia is a prime example, as LNG Canada is 40% owned by Royal Dutch Shell.

Dutch exports to Canada have tripled over the last ten years with an additional spike since CETA's provisional entry into force (see also below). Over 3,300 Dutch companies are currently active in bilateral trade.

...Made Better by CETA

Provisional application of CETA began on September 21, 2017, with all economically significant parts of the agreement in effect. CETA is a progressive free trade agreement that gives Dutch companies access to 37 million consumers and a \$2 trillion market. For example, under CETA, the Netherlands will benefit from tariff elimination on key agricultural products, such as tubers and bulbs (up to 6%), vegetable seeds (up to 5.5%) and cocoa powder (up to 6%). The Netherlands will also enjoy recognition of two geographical indications for cheese: Gouda Holland and Edam Holland. Dutch importers have benefitted, inter alia, from the elimination of tariffs on Canadian seafood and beef.

CETA is an ambitious agreement and includes outcomes in areas such as services, investment, labour mobility, and government procurement. Dutch companies will have access to Canada's estimated \$177 billion government procurement market at the federal, provincial and municipal levels.

Dutch merchandise exports to Canada totaled \$4.68 billion **in the first year** since CETA entered into force, a 20.0% increase over the equivalent pre-CETA period. Notably, there has been a significant increase in Dutch exports of mineral fuels and oil and machinery (34.8% and 19.1%, respectively).



Customs & trade facilitation has been made easier under CETA. Businesses in Canada and the European Union, including the Netherlands, can conveniently request advance rulings on the origin and tariff classification of their goods, and by simplifying and automating border procedures where possible. This makes the movement of goods cheaper, faster, more predictable and efficient.

For example, the VanDrie Group, the largest privately owned agri-business in the Netherlands, headquartered in Mijdrecht, credit CETA with the new ease of regularly shipping goods to Canada.

Small and medium sized Dutch enterprises are also benefitting from CETA. Canuck Beverage Dispensing Equipment, for example, has tripled its total trade with Canada in the last year and the company was able to hire additional workers in the Netherlands. Their longstanding collaboration with Canadian company Accuflex intensified with the introduction of CETA. For Accuflex it is now easier to compete in the EU market, particularly with their EU-based partner Cannuck.;

Noteworthy Sectors

Cleantech. Canada is taking a concerted approach both domestically and internationally to clean technology, including emphasizing the need to do more to connect Canadian companies to global business opportunities. Canadian clean-technology companies are punching above their weight internationally, with 13 companies prominently featured on the Global Cleantech 100 list in 2019. These 13 firms represent regions from across Canada and diverse sub-sectors such as energy, biochemicals and extractives.

Agriculture and food. The agri-food industry is the largest manufacturing sector in Canada and is a leading contributor to global innovation and growth. One advantage that foreign investors with established operations in Canada can rely on is a world-leading agriculture production and agri-food export base. Canada's internationally recognized regulatory and food inspection systems ensure world-class standards meaning that products are safe, nutritious and of the highest quality.

Research and innovation. Canada is home to 42 business incubators affiliated with 96 Canadian universities. As a global leader in cutting edge R&D, Canada supports investors with significant incentives for large-scale industry partnerships and challenges them to work together on

ambitious, market-driven proposals to supercharge innovation ecosystems. This delivers simpler and more efficient support to business and entrepreneurs, making it easier for companies to invest in Canada. In 2018, a Memorandum of Understanding (MoU) was signed between Canada's National Research Council and the Netherlands' Organization for Scientific Research to establish cooperation in the areas of R&D and innovation. An additional MoU was signed between Statistics Canada and Statistics Netherlands to encourage innovation and enhance knowledge sharing in the areas of Big Data and Smart Cities.

Superclusters. Canada's superclusters initiative, focused on a variety of sectors, will infuse nearly \$2B into the economy and grow GDP by \$50B over the next ten years. The Netherlands, a recognized leader in food exports, is presently collaborating with Protein Industries Canada, the protein supercluster located in the Canadian prairies.

A Final Word

Canada and the Netherlands have much in common, rooted in our shared Liberation history and postwar migration, and bolstered by very similar values, interests and approaches to business. We are trusted partners and friends. This relationship lends itself to excellent commercial ties, which can only grow with the ratification of CETA.