

Ireland Canada Trade Relations Brief

Joint Committee on Enterprise, Trade & Employment

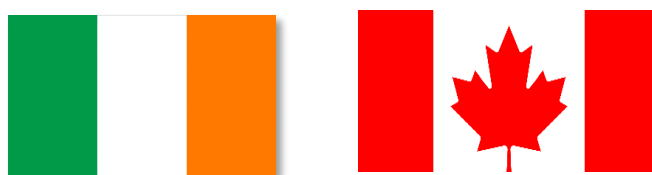
Committee Room 1, Leinster House,

at 10.00 am on Wednesday, 22 November, 2023

Mr Dara Calleary, T.D.

Minister of State for Trade Promotion, Digital and

Company Regulations



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Introduction

- Cathaoirleach and Members, thank you for your invitation here today to the Joint Committee on Enterprise, Trade & Employment
- I am delighted to join you this morning to provide you with a brief on Trade Relations between Ireland and Canada. In particular, I am delighted to have the opportunity to present to you the key points of my recent trade programme to Canada and to recognise the significant and growing bond with Ireland.
- This bond has been formed through the creation of many partnerships across the Atlantic Ocean
- Bilateral Relations between Canada and Ireland are close with a longstanding combination of family ties, cultural affinities, and shared democratic political traditions.
- In fact, approximately 14% of the Canadian population claim some Irish ancestry. March was recently named as Irish heritage month across Canada in an acknowledgement of the contribution that Irish Canadians have made.

Ireland Canada Business Association ICBA

- The Ireland Canada Business Association (ICBA) has been instrumental in promoting and developing trade and industrial links between Ireland and Canada.
- The business communities in Ireland and Canada have very strong ties with each other and new linkages are being developed on an ongoing basis.
- The ICBA has been key in strengthening these relationships since it was founded in 1978. It provides that very essential representative voice for over 90 companies who are conducting business between these two countries.
- The Ireland Canada Economic Opportunity, a report written by Jim Power, Economist was commissioned by the ICBA and launched in September of this year. Jim Power provided a powerful confirmation of the current strong status of trade relations between Ireland and Canada.
- Power stated “The Ireland Canada relationship is thriving politically, economically, and culturally. Ireland remains a stable economy and continues to attract Canadian companies who are looking for a likeminded open business environment with a global outlook. In turn

Canada has become an important export market for Irish SME's who wish to access the North American marketplace. The economic value of trade between both countries is a focus point for policy makers and business leaders while the societal value of the relationship is one that is much valued."

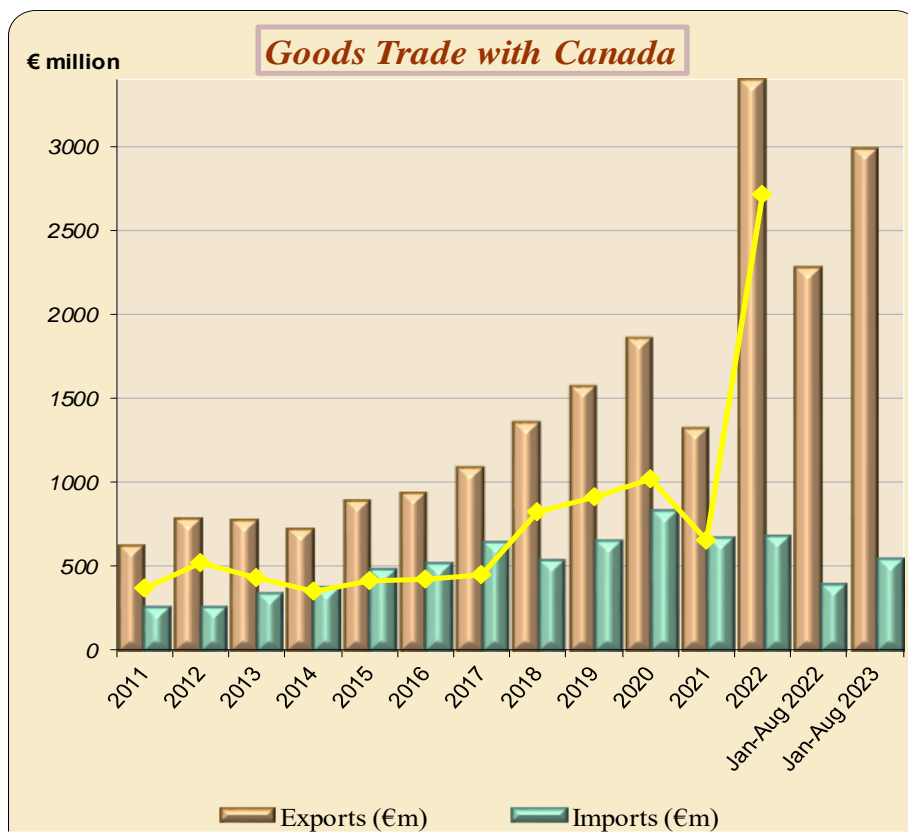
- Irish exports to Canada could double in the next five years, given the right conditions, according to the new report.
- It noted that Ireland was "very heavily dependent on US companies" in the context of trade and FDI, and that Canada offers "significant potential" for Ireland to diversify its external trading relationships.
- My recent trade Mission to Canada set out to strengthen our relationships with key Canadian partners across industries of strategic importance to Ireland.
- The Trade Mission also promoted world-class Irish companies who are both growing and developing business opportunities across Canada.
- Canada is a key export market, particularly for our indigenous exporters, with over more than 400 Enterprise Ireland clients doing business in the Canadian market.

Ireland – Canada Trade

- The value of Ireland's total trade with Canada in 2021 was €6 billion, 150% increase 10 years. (2021 is the latest year for which services trade data is available)
- The value of exports (goods and services) from Ireland to Canada in 2021 was €4.2 billion and imports €1.6 billion.
- 69% of exports from Ireland to Canada in 2021 were services exports and 31% were goods exports.
- Canada is Ireland's 10th largest goods export market and 20th largest services export market.
- Goods exports to Canada in 2022 increased significantly, by 156% to €3.4 billion, due mainly to increases in exports of Organic Chemicals and Medical & Pharma products.
- Ireland's main Goods Exports to Canada are:
 - Organic chemicals (mainly for pharmaceutical sector)
 - Medical & pharmaceutical products
 - Inorganic Chemicals
- Ireland's main Goods Imports from Canada are:
 - Cereals and cereal preparations
 - Medical & pharmaceutical products
 - Petroleum, Petroleum products & related materials

	Goods			Services		
	2021	2022	% Change	2020	2021	% Change
Exports to Canada	€1,321 Million	€3,387 Million	+156%	€2,357 Million	€2,884 Million	22%
Imports from Canada	€665 Million	€673 Million	+1%	€814 Million	€976 Million	20%
Trade Balance	€656 Million	€2,714 Million		€1,543 Million	€1,908 Million	

<i>Ireland's Goods Trade with Canada</i>					
Year	Exports (€m)	% change on previous year	Imports (€m)	% change on previous year	Trade Balance (€m)
2011	627		257		370
2012	781	+25%	259	+1%	522
2013	772	-1%	340	+31%	432
2014	722	-6%	373	+10%	349
2015	891	+23%	478	+28%	413
2016	936	+5%	517	+8%	419
2017	1,091	+17%	642	+24%	449
2018	1,351	+24%	531	-17%	821
2019	1,570	+16%	652	+23%	918
2020	1,853	+18%	829	+27%	1,024
2021	1,321	-29%	665	-20%	656
2022	3,387	+156%	673	+1%	2,714
Jan-Aug 2022	2,274		389		1,885
Jan-Aug 2023	2,974	+31%	540	+39%	2,434



Enterprise Ireland and IDA Market Presence

- Enterprise Ireland (EI) opened its first Canadian office in Toronto in October 2006. In 2019, IDA Ireland opened its first presence in Canada, which is co-located with Enterprise Ireland in our Toronto offices.
- The establishment, under the Government's Global Ireland 2025 initiative, of the Enterprise Ireland presence in Montreal in 2020 is a further investment in the potential of the Canadian market for Irish businesses. The Montréal office was officially opened in November 2021 as part of our Canadian trade visit.
- The recent Trade Mission was an opportunity for both agencies to showcase the positive economic impact of their presence in market.

Enterprise Ireland: Key Purpose of Recent Trade Mission

- **Strengthen our relationships** with key Canadian partners across industries of strategic importance to Ireland.
- **Promote world-class Irish companies** who have achieved leading market positions across Canada.
- **Support continued client growth** by providing a forum for Enterprise Ireland client companies targeting the Canadian market to connect with current and prospective business partners.
- Build on our recent **record high exports of over \$452 million to Canada** by Enterprise Ireland client companies.

Overview Key Media Message

- The ‘Global Ireland’ Initiative of the Irish Government aims for Ireland to double its impact and influence in the world by 2025. Ireland will continue to build strong, strategic political partnerships with Canada and assume a lead role in building stronger transatlantic relations. An important pillar of this is Ireland will continue to build a mutually beneficial two-way economic relationship with Canada. The Trade Mission is centered in the significant business relationship between Canada and Ireland.

IDA Ireland:

- **Opportunity to promote Ireland's attractiveness as a location for Canadian FDI:** First opened in 2019, the IDA Ireland Toronto office has been successful in growing investments made by Canadian companies in Ireland, as well as attracting new companies for investment. This is the first in-person trade mission to Canada since 2021 and represents an opportunity to restate Ireland's global position in a post-pandemic world as a stable location for investment and expansion despite an ever-changing global environment for investment flows.
- **Opportunity to build relationships:** The itinerary includes meetings with representatives and decision makers from important IDA clients in Canada. This trade mission offers an opportunity to influence key clients making decisions on where to target resources for future international growth, which would have significant positive impacts for Ireland.
- **Opportunity to promote transformation, sustainability & RDI:** In line with the Government's White Paper on Enterprise this visit helps to advance Ireland's FDI and

trade value proposition, promoting transformation, sustainability and RDI with significant Canadian client companies.

- **Opportunity to showcase a wide range of sectors:**

Canada is diverse in industrial output. It is home to some of the world's leading Financial Services, Technology, and Consumer, Content and Business Services companies as well as a growing Life Sciences sector. This trade mission offers an opportunity to showcase the sectoral spread of companies from Canada which choose to locate in Ireland.

Summary - Minister Comments

- In leading the Trade Mission to the two Canadian cities I had the opportunity to highlight Canada as an important trading partner for Ireland particularly across the construction, digital tech, fintech and life science sectors.
- In 2022, Enterprise Ireland and IDA Ireland delivered strong growth in the Canadian market, with Enterprise Ireland client exports reaching a record €452m, up 11% on

the previous year, and IDA Ireland increasing investment from Canada in key sectors.

- This Trade Mission built upon the recent success of Irish business and create further opportunities for investment into Ireland and for Irish companies exporting to Canada.”

Location Issues - Air Connection

- Air access to and from Canada had increased significantly over the last few years, with a number of new routes being added.
- There is a vibrant Irish community in Vancouver and many work closely with the Consulate in a variety of ways.
- 2018 saw the opening of the Consulate in Vancouver, and September 2022 the new Consulate in Toronto, a further example of our commitment to intensifying engagement across Canada.
- Air Canada announced in 2018 an increase in the number of flights on its Dublin–Vancouver and Dublin–Toronto routes, plus the addition of new seasonal routes between Dublin–Montreal and Shannon–Toronto.

- WestJet launched a new Dublin–Calgary flight in June 2019 as one of its three inaugural routes for its Dreamliner service.
- Vancouver and the wider British Columbia is an important source of FDI for Ireland- 18% of all Canadian IDA Clients originate from British Columbia. We are looking forward to this relationship deepening as Vancouver continues to grow and thrive.
- During the recent Trade Mission last week to Canada a point of discussion was the opportunity for further improvement and frequency in relation to the flight services offered.

There is the potential to enable and support further trade between Ireland, and Canada as a whole.

EU-Canada Comprehensive Economic and Trade Agreement (CETA)

CETA Key Messages

- As a small, open economy, Ireland fully supports balanced international trade and the suite of EU Free Trade Agreements, including CETA, which has provisionally applied since 2017, seek to underpin this. Ratifying CETA remains an objective of the Government and I'm firmly of the belief that the agreement is in Ireland's overall economic interest.
- Canada is a key export market, particularly for our indigenous exporters, with more than 400 Enterprise Ireland clients doing business in the Canadian market. Ireland exported over €4billion worth of goods and services to Canada in 2021.
- On Friday, 11 November 2022, The Supreme Court ruled, by a 4 to 3 majority, that the Constitution of Ireland

precludes the Government and Dáil Éireann from ratifying CETA as Irish law now stands.

- The Supreme Court also ruled by a 6-1 majority that CETA could be ratified by the Oireachtas if certain changes are made to domestic legislation (Arbitration Act 2010).
- On the basis of the Supreme Court's judgment, our assessment is that a referendum is not required, and that ratification can follow once some changes are made to domestic law.
- The Government remains committed to the ratification of the Agreement and is taking advice from the Office of the Attorney General with a view to informing next steps.
- Ireland remains very much an advocate for free, fair and open trade and considers Canada to be a like-minded partner that shares Ireland's values and principles and the importance of a rules-based multilateral trading system.

Background to CETA

Canada is a key export market, particularly for our indigenous exporters, with more than 400 Enterprise Ireland clients doing business in the Canadian market. Provisional application of CETA has seen goods exports to Canada increase from €936 million in 2016 to more than €3.3 billion in 2022, while services exports grew from €1.44 billion in 2016 to more than €2.8 billion in 2021 (latest available figures).

CETA remains provisionally applied, by the EU and Canada, as it has been since 21 September 2017. As the process of national ratification across all Member States can take a number of years to complete, provisional application allows the areas for which the EU has exclusive competence to come into force, following approval by the Council and European Parliament. This has allowed Irish companies take advantage of the beneficial terms of the Agreement and the new market opportunities it has provided including: the elimination of tariffs on almost all key exports, access to the Canadian public procurement market, the easing of regulatory barriers and more transparent rules for market access. CETA has been

ratified by 17 of the 27 EU Members states, most recently by Germany in December 2022

CETA covers virtually every aspect of economic activity and will provide new market opportunities in many sectors for Irish firms. The Agreement will save on duty costs as 98% of all tariffs were eliminated on provisional entry into force. Irish firms also benefit from the recognition of product standards and certification, thus saving on ‘double testing’ on both sides of the Atlantic. Irish companies will also be able to bid for Canadian public procurement contracts, as limitations to these will end under CETA.

In services and investment, CETA is the most far-reaching agreement the EU has ever concluded. Almost half of the benefits anticipated from CETA are expected in the services sector. CETA makes it easier for EU individuals and companies to provide services to Canadian customers and vice versa. It covers services such as legal services, accountancy, transport and telecom services.

Supreme Court Ruling

On Friday, 11 November 2022, the Irish Supreme Court ruled, by a 4 to 3 majority, that the Constitution of Ireland precludes the Government and Dáil Éireann from ratifying the Comprehensive Economic and Trade Agreement between the EU and Canada (CETA) as Irish law now stands. The Supreme Court also ruled by a 6-1 majority that CETA could be ratified by our parliament if certain changes are made to domestic legislation (Arbitration Act 2010). On the basis of the Supreme Court's judgment, the Government's initial assessment is that a referendum is not required, and that ratification can follow once some changes are made to domestic law [namely, the Arbitration Act of 2010].

