

# EXPORT TO CANADA NEWS

INFORMATION · ADVICE · CONTACT

## FREE TRADE AGREEMENTS EDITION

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### TFO CANADA'S ROLE WITHIN A PROGRESSIVE TRADE AGENDA

This summer TFO Canada was an active participant in the Government of Canada's public consultations to review its aid policies, programming and funding framework. As an international non-government organization that has traditionally enjoyed a strong relationship with the "development" side of the department, we submitted a document outlining our views and aspirations for the future of sustainable trade and development. *Continued on page 2*

### UPCOMING WEBINARS

[Herramientas para fortalecer la capacidad financiera para exportar sus productos!](#)

October 13, 2016 at 1pm

[Understanding She Trades Platform for Women Entrepreneurs](#)

October 27, 2016 at 9 am

# TFO CANADA'S ROLE WITHIN A PROGRESSIVE TRADE AGENDA

Through our 36 years of working with partners and Small and Medium Enterprises (SMEs) in developing countries, we have come to understand the importance of providing the knowledge and tools that are necessary for businesses to succeed in the international marketplace. At TFO Canada we take our responsibility very seriously when it comes to what is now being called by Canadian International Trade Minister, Chrystia Freeland, “the progressive trade agenda”.

At a recent trip to the Lao People's Democratic Republic, Minister Freeland stated that “A prosperous and progressive society is built on strong and inclusive growth, and Canada proudly supports small and medium-sized enterprises across the ASEAN region to ensure international trade has a positive impact on economic growth and standards of living. Through Canada's progressive trade agenda, we are working to ensure that these benefits are enjoyed and recognized by all segments of society around the world.”

We believe that a number of activities should happen once new trade agreements have been concluded. It is our contention that development aspects need to be embedded as part of support plans. In fact, we see a great opportunity for post-signature activities to occur after free-trade agreements are signed with developing countries. These would include trade promotion and facilitation projects such as trade missions, trade facilitation, exporter training and sensitization to the advantages that exist for SMEs once an agreement is in force. Based on our extensive experience in working with developing countries' Trade Promotion Organizations, SMEs and government agencies, promotional, training and market development activities have positive impacts on trade, increasing and diversifying export opportunities. These, in turn, contribute long term to the sustainable economic growth of local communities – which are crucial elements when talking about a progressive trade agenda.



**Steve Tipman**  
 Executive Director  
 TFO Canada

## HERE ARE THE 5 FACTS ABOUT TRADE AGREEMENTS YOU SHOULD KNOW

This newsletter is focused on trade agreements and the value they bring for companies in developing countries. Free trade agreements are the result of rounds of negotiations between two or more sovereign countries and protect the reciprocal unencumbered movement of goods and services between the countries. The categories of trade agreements under the World Trade Organization (WTO) are: Unilateral (non-reciprocal) trade preferences (usually referred to as preferential trade arrangements (PTAs)), fall under the General System of Preferential schemes (GSPS) where developed countries grant preferential tariffs on imports from developing countries. An example of this is Canada's Market Access Initiative, which allows goods originating from least developed countries (LDCs) to have duty-free and quota free access to the Canadian market.

Bilateral agreements such as Canada-Jordan and Canada-Peru to name a few, which are FTAs between two countries.

Multilateral trade agreements such as the North American Free Trade Agreement (NAFTA) which is between Canada, Mexico and the United States of America and the concluded Canada-European Union; Comprehensive Economic and Trade Agreement (CETA) which are FTAs between more than two countries.

It should be noted that there are regional trade agreements (RTA) which embody reciprocal trade agreements and customs unions between two or more countries. Examples of RTAs

include the Caribbean Community (CARICOM) and the European Union (EU).

5 Facts:

1. After a FTA has come into force, the reductions and/or eliminations of customs duties are not immediate. Usually there is a negotiated gradual reduction over a period of time.
2. Origin of goods is very important when exported under FTAs. In these instances, rules of origin under the WTO is invoked so that countries that are not party to the FTA do not benefit from the preferential arrangements. A certificate of origin is required to accompany the documentation for entry of goods.
3. Recently negotiated FTAs now include greater detailed intellectual property rights (innovation as an economic driver), labour mobility (growth in service industries) and investment protection provisions.
4. Environmental sustainability has become a factor in FTA negotiations over the recent years and, with Canada's recent commitment to the Paris agreement on climate change, it will become an integral part of future trade agreements negotiated by Canada.
5. FTAs usually benefit specific sectors in a country's economy.. Countries that have FTAs could capitalize on this by making the respective private sector groupings (within said agreement) aware of the benefits. Countries should create economic development programs to maximize preferential treatments of the FTAs.

### TIPMAN'S TRADE TIP: Are you ready to export?

*Before setting your company towards international markets, it is important to assess your export-readiness. A number of tools or checklists exist to help with your own assessment including one that is offered by TFO Canada at [http://www.tfocanada.ca/docs.php?page=1\\_1](http://www.tfocanada.ca/docs.php?page=1_1)*

## MARKET INFORMATION PAPER ON HALAL PRODUCTS IN CANADA

To meet the diverse needs of Canada’s growing Muslim population, the Canadian halal food sector has grown exponentially over the past 15 years. In 2014, Canadian Muslims spent an estimated \$1 billion on halal food, representing just under half of the total \$2.6 billion they spent on all types of food and beverage that year.

But even though this market is growing, only 30% of Canadian halal grocery shoppers feel that Canada’s major food companies are meeting their needs. And with the number of Muslims

living in Canada projected to increase substantially over the next decade, there will be even more demand in what is an already underserved market — leading to even greater export opportunities.

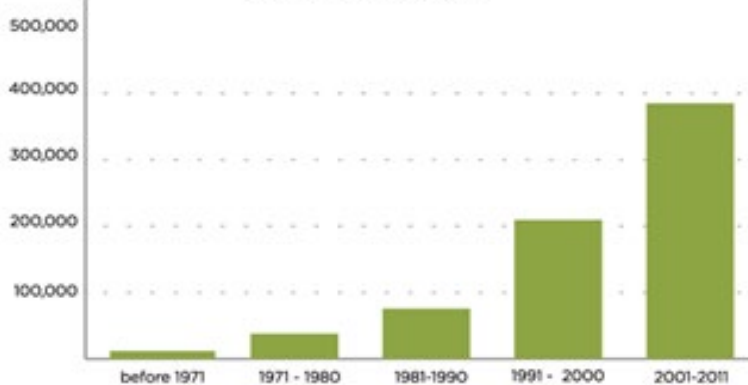
### DEMOGRAPHICS

In 2011, Canada’s Muslim population grew to more than one million people, doubling in size for the third decade in a row. Growing at an annual rate of roughly 13%, the number of Muslims living in Canada is expected to climb to 2.7 million by 2030 — at which point they will make up 6.6% of the country’s total population (up from 2.8% today).

Canadian cities that have the most Muslims are Toronto (47%), Mississauga (12%) and Ottawa (9%), all of which are in the province of Ontario.

As of 2011, Canada had the largest proportion of immigrants (20.6%) of all the G7 countries— and many of the country’s fastest-growing immigrant populations (including Arabs, Persians, Africans and South Asians) are consumers of halal products looking for products from their native countries. In Quebec, for example, the Arab population could become that province’s largest minority group by 2020.

NUMBER OF MUSLIM IMMIGRANT RESIDENTS IN CANADA 2011  
 BY PERIOD OF IMMIGRATION



## TFO CANADA ASSISTS COUNTRIES TO MAXIMISE THE TERMS OF THEIR COUNTRY’S FREE TRADE AGREEMENTS

International trade has been for years the driving force for economic prosperity in the world. The International Trade Centre (ITC) indicated that “Between 1950 and 2008 global trade increased 27- fold with worldwide value of international trade in goods and services surpassing US\$23.8 trillion in 2014”. More countries have realized that adopting free trade policies leads to emerging sectors; capitalizes on both comparative and competitive advantages and opens up new and existing sectors to competition and modernization. Countries and companies become more accountable when they become part of International Free trade agreements (FTAs).

FTAs don’t just eliminate tariffs and barriers. In some instances it also creates trading opportunities that contribute to sustainable economic

growth and reduction of poverty in less developed countries.

TFO Canada is presently implementing the Canadian Market Access and Capacity Building Services Project (CMA-CBS) funded by Global Affairs Canada. The fourth component of this project is the Trading Partners Responsive Facility (TPRF). This facility aligns perfectly with the organization’s commitment to confronting the challenge of global poverty by improving lives through sustainable trade partnerships for developing countries’ exporters and Canadian buyers.

Projects under this facility assist developing countries, and in particular their small and medium enterprises (SMEs), to take advantage of new export opportunities created by bilateral and multilateral free trade agreements

these countries have with Canada. The facility places a particular emphasis on initiatives that help ensure that tariff and quota-free (where applicable) access to Canada’s market will ultimately contribute to job growth and poverty reduction in developing countries, and those which also address gender inequality or environmental concerns in doing so.

Under the TPRF, TFO Canada is currently implementing the “Improving Market Access and Export Readiness for Pacific Alliance SMEs” project and is also monitoring important projects including the “Promote and Increase Organic Exports from Small and Medium Enterprises in three Colombian Regions” and the “Peru Canada Trade and Branding Initiative in the artisan sector”.



# COMPETITIVE ADVANTAGE OF PARTICIPANTS IN THE ARTISAN HUB

This October, TFO Canada will kick-off the Artisan Hub's tri-city roadshows in Montreal, Vancouver and Toronto. The Artisan Hub will showcase samples from 60 companies including small and medium enterprises (SMEs) from Haiti, Lesotho, Ethiopia, Madagascar, Bangladesh, Cambodia, Uganda and Nepal, which were selected for the exceptional skills, production capacity and quality of their products. The Artisan Hub is an innovative project to promote SMEs in the specialty textile, soft furnishing and garment sectors. The initiative will be capitalising on unique skills that are largely untapped beyond their traditional borders.



Whether it is Bangladesh's traditional Jambani, Uganda's bark cloth, Ethiopia's silk woven textiles, or raffia from Madagascar, the majority of the goods being showcased have a comparative advantage from a trade and marketing perspective. All goods originating from least developed countries (LDCs) are subject to a special tariff provision - the Least Developed Countries Tariff (LDCT), which allows duty free and quota free entry into the Canadian market place which provides LDCs with a competitive advantage. This is bound by the General Preferential Tariff and Least Developed Country Tariff Rules of Origin Regulations. Entry of these goods require a certificate of origin in order to qualify for the duty-free access.

For example, the chart below shows the duty for raffia bags from Madagascar when these goods are exported into Canada. The Canadian Tariff Schedule shows that these goods can enter Canada free of duty under the LDCT.

4602.19.10.00	Handbags other than of sisal, palm straw or cane straw; Trunks, travelling-bags and cases, shopping-bags and hatboxes	11 %	CCCT, LDCT, MUST, CIAT, C, NT, SLT, PT, C, HNT, KRT: Free GPT: 7 %	Least Developed Country Tariff
4602.19.9	Other:			
4602.19.91.00	Handbags of sisal, palm straw or cane straw	4 %	CCCT, LDCT, GPT, UST, MT, MUST, CIAT, CT, CRT, IT, NT, SLT, PT, C, C, JT, PAT, HNT, KRT: Free	
4602.19.92.00	Baskets of interwoven vegetable fibres	6.5 %	CCCT, LDCT, UST, MT, MUST, CIAT, CT, CRT, IT, NT, SLT, PT, C, C, JT, PAT, HNT, KRT: Free GPT: 3 %	
4602.19.93.00	Panniers specially designed for transporting and releasing pigeons	Free	CCCT, LDCT, GPT, UST, MT, MUST, CIAT, CT, CRT, IT, NT, SLT, PT, C, C, JT, PAT, HNT, KRT: Free	
4602.19.99.00	Other	7 %	CCCT, LDCT, UST, MT	

Source: Canadian Customs Tariff Schedule, CBSA website by way of TFO Canada's Canadian Customs Tariff Tool



A goods and services tax (GST) of 5% is payable on most goods at the time of importation along with an excise tax or excise duty where applicable. In the case of the raffia bag from Madagascar, it is subject to the 5% GST because it

is not exempted from this tax. Goods that are exempt from GST include prescription drugs, medical and assistive devices, basic groceries, agriculture and fishing goods.

This competitive advantage of duty-free

access makes goods originating from LDCs attractive to Canadian importers because it lowers their companies supply chain costs and boost profit margins.

## REGULATIONS AMENDING THE FOOD AND DRUG REGULATIONS (HALAL FOOD)

In the spring of 2014, the government of Canada amended its Food and Drug Regulations in response to consumers of Halal food having difficulty making informed purchase decisions due to lack of knowledge of the standard used in certifying the food product as Halal. The regulatory amendment ensures that Halal claims on food labels, packaging or advertising materials include the name of the certifying body. To learn more about this amendment visit <http://www.gazette.gc.ca/rp-pr/p2/2014/2014-04-23/html/sor-dors76-eng.php>.

## SNAPSHOT OF TFO CANADA ACTIVITIES

### DOMINICAN REPUBLIC EXPORTER MISSION TO TORONTO

SEPTEMBER 26-28, 2016



Marysabel Gonzalez, TFO Canada's Project Manager Latin America and the Fresh Fruits and Vegetables (FFV) Associate Charles Beresford hosted eight export-ready Dominican fresh produce suppliers in Toronto. The suppliers participated in retail market familiarization tours, briefings on the Canadian market for FFV and scheduled B2B meetings with Canadian importers, buyers and distributors. This event was made possible through TFO Canada's partnership with the Export and Investment Center of Dominican Republic (CEI-RD), Dominican Exporters Association (ADOEXPO) and Santo Domingo Chamber of Commerce (CAMARA SANTO DOMINGO) and the special collaboration of Junta Agroempresarial Dominicana (JAD) and The Caribbean Export Development Agency.

### ASEAN PICNIC 2016

APRIL 27, 2016

Zaki Munshi, Project Manager Asia attended the annual Association of Southeast Asian Nations (ASEAN) 2016 picnic at Vincent Massey Park. The event was an opportunity for all Ottawa-based staff of ASEAN Missions and their family members to gather and socialise in a more informal setting. *Members of ASEAN are Brunei Darussalam, Indonesia, Malaysia, Myanmar, Philippines, Thailand and Vietnam.*

### RESPONSIBLE SOURCING INITIATIVES: BRIDGING DEVELOPMENT AND TRADE

SEPTEMBER 12, 2016

TFO Canada in partnership with OWIT-Ottawa and Global Affairs Canada (GAC) hosted over 80 participants at GAC's Cadieux Auditorium for a panel discussion on responsible sourcing using examples from the extractive, food and garment sectors. The event was opened by TFO Canada's Executive Director Steve Tipman and Anastasia Semanova, VP OWIT-Ottawa followed by Pascale Collas of GAC who provided an overview of Canada's commitments to responsible business conduct. The panel discussion was moderated by Helle Bank Jorgensen of Global Compact Network Canada.



The panel comprised of Martin Van der Borre of La Siembre Cooperative, Lis Suarez Visbal-Ensink of FEM International and Ainsley Butler of Diamond Development Initiative. TFO Canada's Project Manager Clarcia Christie closed the event with a brief Q & A session and some remarks.

### CURATING GOODS FOR ARTISAN HUB

JULY-AUGUST 2016

Over the summer TFO Canada's Associate Jacques Nadeau had a culturally enriching journey travelling across continents curating goods to showcase for the Artisan Hub roadshow. In Africa, Jacques visited Ethiopia from June 27th to July 1st where he was introduced to the local cottage industries of silk and cotton weaving. Jacques was also on the island of Madagascar

from July 4th to the 8th where he met with local SMEs specialized in raffia and refined embroideries. This is where Jacques found another one of the companies chosen for Artisan Hub is Meva Holding.

In Cambodia, Jacques met with almost twenty companies which focused mainly on helping disadvantaged communities through the sale of silk products and local crafts while there from July 25th to the 29th. One of the companies chosen to showcase at the roadshow is the Women for Women Foundation. While in Bangladesh from July 31st to August 4th he entered the traditional world of Jamdani and of Jute through meetings with local SMEs and cooperatives.

### TPSA INDONESIA PROGRAM

AUGUST 14-18 2016



TFO Canada's Associate Marc Germain travelled to Jakarta from August 14 to 16 to deliver a 2-day workshop on "How to select SMEs for Participating in Canadian Trade Shows". More than 25 Indonesian Ministry of Trade officials participated in the event. This activity is a component of the Indonesia TPSA Program which TFO Canada is implementing.





# DOMINICAN COMPANY ACCESSES CANADIAN MARKET WITH VALUE-ADD EXOTIC FOOD PRODUCTS

If there is one thing Ramon Ortiz wants you to know about his country, it's that the Dominican Republic has much more to offer than beaches and all-inclusive resorts. As Export Manager for Bluetellcom, Ramon is on a mission to share the wide varieties of quality products that the Dominican Republic has to offer to the world. His company carries an impressive range of processed foods derived from the country's unique tropical landscape. Bluetellcom transforms Dominican exotic produce including zapote fruit, coconut and cacao into innovative and accessible forms for snacks, smoothies, baked goods etc. His products are rich in vitamins and antioxidants and are certified organic and gluten-free. From powders, to flours, to oils and nibs, Bluetellcom offers new and exciting ways to discover the rich flavours of the Dominican Republic.

TFO Canada was first introduced to Bluetellcom in 2011, when the company was selected to participate in an Exporter Mission to Toronto. "We didn't have any idea or information about how to attend events outside the Dominican Republic," Ramon recalls. During the mission, Ramon participated in a market familiarization tour and trainings on the Canadian market, including how to contact buyers, follow-up with clients and meet product requirements. "TFO Canada provides the expertise and training that companies need when they decide to grow and change their situation. They showed us that exports can be easy," says Ramon. After being

exposed to the potential for his products in Canada, Ramon returned in 2013 to participate in the Le Salon International de L'Alimentation (SIAL), an international food tradeshow in Toronto. TFO Canada supported Bluetellcom by facilitating B2B meetings with potential buyers and coaching Ramon on effective business communications. "I think SIAL is the godfather of our company because it provided a lot of support" says Ramon Ortiz.



Bluetellcom returned to Canada as part of the Dominican Exporter Mission to Toronto on the week of September 26th, 2016. During the mission Bluetellcom had B2B meetings organized by TFO Canada and had the opportunity to present their good quality products to the Canadian buyers Bluetellcom will be returning to Canada for the SIAL 2017 Trade Show.

For Ramon, this is a dream that stretches far beyond the success of his company. "When I think about the company, I think about my country. Exports are not only about products. They are about the real

potential of any country to grow and participate in international markets." One of the products Ramon is most excited about is his company's line of cacao products that are produced by a group of rural women called CHOCOLALA Agroindustrial. When Ramon was first introduced to CHOCOLALA in 2013, he was immediately impressed by the quality of the product and the passion of the women involved to bring change to their communities. "I tasted the product and

from that moment I knew it was excellent. But the women needed support for labeling, packaging and quality control to really grow the business in supermarkets and international markets." Bluetellcom decided to carry the product and began promoting it at international trade shows. Bluetellcom promoted the products at SIAL 2015. Through ongoing commitment and perseverance, what started as a dream for a line of chocolate products has now become a reality.

*For more information or to see product catalogues, visit [www.blutell.com](http://www.blutell.com) and [www.chocolalard.com](http://www.chocolalard.com).*

TFO Canada improves lives through the creation of sustainable trade partnerships for exporters from developing countries with Canadian and foreign buyers. We facilitate access to the Canadian marketplace and share Canadian trade expertise for the benefit of smaller male and female owned/managed exporters from developing countries and for the men and women they employ. Founded in 1980, TFO Canada is a non-governmental, non profit organization.

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