Canada’s Constitution gives the federal government sole jurisdiction over the negotiation of international trade agreements. Notwithstanding the effects of such agreements in areas of provincial and territorial jurisdiction and on their respective economies, provinces and territories have been largely limited to an advisory role in multilateral and bilateral international trade negotiations. The Canada-European Union negotiation has changed this model of interaction, and provinces and territories are now playing a more direct and significant role in the process. This model of interaction has continued in the current Trans Pacific Partnership negotiation and is expected to remain in future negotiations, where provincial and territorial jurisdiction is impacted.

Canada is also involved in the World Trade Organization’s Doha Round of trade talks and has been pursuing an aggressive bilateral trade agenda to achieve market access in key and emerging markets. In all, close to a dozen trade agreements are currently being negotiated by Canada, and Newfoundland and Labrador provides input into each.

Because Newfoundland and Labrador is a significant seafood exporter, with more than 80 percent of our seafood production shipped to over 50 countries around the world, trade, with all its issues and challenges, is an important focus for the province. A variety of groundfish, pelagics and shellfish are captured or farmed in our coastal waters, landed in hundreds of ports along our coastline, processed in over 100 plants by workers from different communities and finally exported to the world market. Over 20,000 Newfoundlanders and Labradorians are engaged in the distribution chain of this $1 billion provincial industry. With annual exports of approximately 160,000 tonnes (valued at about $800 million), our province is one of the largest Canadian seafood exporting provinces. We account for over 20 percent of total Canadian exports. Other major exporters include British Columbia, Nova Scotia and New Brunswick.

For decades, the United States has been the largest importer of our seafood products. However, since the 1990s, the importance of this market has been declining. Currently, 35 percent of our seafood products are shipped to the United States compared to more than 80 percent in the 1980s. This has been in large part due to the collapse of the Atlantic groundfish fishery and the subsequent growth in the aquaculture and shellfish sectors. With the shift to shellfish, producers have been
expanding and diversifying their markets into China, the EU, Russia and Japan.

While the majority of our seafood products are destined for international markets, producers continue to face market access issues, such as tariffs and non-tariff barriers. The high tariffs instituted in many countries are having negative impacts upon the ability of our producers to access these international markets. For example, approximately 80 percent of the province’s cooked and peeled shrimp are exported to the EU. Because Newfoundland and Labrador producers pay a 20 percent tariff to export these products into the EU, their overall costs are increased and profit margins are lower. The tariff places our producers at a substantial competitive disadvantage when compared to producers from countries such as Norway and Iceland, which have free market access to the EU.

DFA takes a proactive approach to trade issues impacting the province’s seafood industry. DFA officials work closely with IBRD to ensure the views of the seafood industry are represented at the negotiating table. This has included presenting the province’s position to the federal government on multilateral negotiations at the WTO and bilateral negotiations with our partners such as the EU. The attainment of real market access in agreements such as these would result in positive benefits for the seafood industry and for the people of Newfoundland and Labrador.

Since 1998, the province has actively lobbied the EU for the elimination of tariffs on seafood products. Our efforts have resulted in the application of the EU’s ATRQ. Under the ATRQ for 2010-12, 20,000 tonnes of coldwater shrimp can enter the EU annually with no tariff. In December 2012, the EU announced a new ATRQ for the period 2013 to 2015, which would increase the quota for cooked and peeled shrimp to 30,000 tonnes and allow an additional 9,000 tonnes of shell-on shrimp to enter the EU annually with no tariff. Even so, the ATRQ still has end-use restrictions which limit our producers to selling bulk shipments only. All cooked and peeled shrimp products must be designated for further processing. Products that are branded or further processed are not eligible under the ATRQ. While the tariff is eliminated, market access remains limited and the possibility exists of further branding of consumer packs. As well, the ATRQ is subject to renewal on a short-term basis and it is open to all countries.

Non-tariff barriers in many countries, such as labelling and certification requirements for exported seafood, stringent sanitary and phytosanitary measures, and rules of origin requirements, are impediments to real market access as well. Other external challenges include the appreciation of the Canadian dollar, increased fuel costs, international competitiveness from the low-cost producers and global economic challenges.