



Joint Activity Report to the CETA Joint Committee

“Working together to advance trade and SMEs”

CETA Joint Committee Recommendation on SMEs

At the first CETA Joint Committee in September 2018, the EU and Canada signed a Recommendation on small and medium-sized enterprises (SMEs) to give special attention to the importance of expanding trade and investment opportunities for SMEs. The Recommendation recognises the importance of SMEs, including micro-sized enterprises, in Canada and EU bilateral trade relations and that provisions in CETA are of particular benefit to SMEs. It also provides a framework for Canada and the EU to work together on issues related to trade and SMEs through bilateral Contact Points that will oversee this work, provide advice, and report on progress.

Joint Activities Implemented

To date very good progress is being made on the implementation of the CETA SME Recommendation. A work plan was developed [Annex 1] and includes two types of activities: (1) bilateral policy coordination, and (2) stakeholder engagement.

1. Bilateral Policy Coordination

Designed to increase trade and investment opportunities under CETA for all EU and Canadian SMEs, the Recommendation highlights that the SME Contacts Points may exchange SME-related information with the objective of better taking into account SME needs in the implementation of CETA. The first meeting under the Recommendation on SMEs took place via videoconference in Ottawa and Brussels on July 5, 2019, and the second meeting on the recommendation took place in-person in Brussels on October 1, 2019. This was followed-up by a series of conference calls in the first quarter 2020. During these meetings, Canada and the EU shared information on their policies related to SMEs, including their utilization of CETA. Officials also shared information on their work regarding awareness of trade agreements, capacity building for businesses, practical tools for exporters such as the EU’s Trade HelpDesk and Enterprise Europe Network and Canada’s Tariff Finder.

2. Stakeholder Engagement

A top priority for each Party was to develop a CETA SME website, as provided for in the Recommendation. Both Canada and the EU launched their respective websites in April 2019, which contain information regarding CETA that each Party considers as useful for SMEs of both Parties. The websites include information such as a user-friendly summary of the CETA text for SMEs; links to the equivalent website of the other Party, websites of its government authorities/entities that provide useful information to SMEs;

and information on access to its market, import requirements and other information the Parties consider of assistance to SMEs of the other Party.

Results

Canada

While it is very early to demonstrate concrete results from the implementation of the CETA SME Recommendation, there are some indicators that can demonstrate interest on the part of SMEs in benefitting from CETA. For example, in the second year of CETA's entry into force (Oct. 2018 to Sept. 2019) the Canadian Trade Commissioner Service (TCS) increased the number of clients it served with interest in the EU by 14.6 per cent. Although a precise figure for SME's is not available, the vast majority of clients served by the TCS represent SMEs.

The TCS actively promotes CETA to Canadian SMEs and assists them in internationalizing. It does this by producing and promoting technical knowledge and actionable information, such as instructional [videos](#) on Global Affairs Canada's YouTube page and the Market Potential Finder, an internal tool that helps Canadian SMEs find opportunities for their products in EU markets; engaging with partners and business associations by collaborating on events; ensuring trade commissioners have the information and tools to help SMEs by training them on the benefits of CETA; and providing funding for SMEs to explore new export markets, including in the EU. The TCS also maintains the **Canada Tariff Finder** (tariffinder.ca), a free tool that helps SMEs navigate trade agreement tariff information, including on CETA.

As well, data around the visits to the Global Affairs Canada's CETA SME website is an indicator of interest. Since the launch of the website in April 2019, there have been 2232 unique page views with an average time on the site of over 4 minutes. While the majority of views (1098) came from Canada, the majority of EU-based views came from France (76), Belgium (68), Ireland (25), Sweden (24), Netherlands (20), and Germany (20). To note, most EU member states generated at least one visit to the site.

In 2017, 12 percent of Canadian SMEs exported¹ and twenty-six percent of those sold to EU member states (excluding the United Kingdom (UK)) and 17 percent to the UK. In 2018, of the top 20 export destinations for Canadian goods, SMEs made the highest contribution in terms of total value to the UK at 70.1%.² In 2018, among the 20 top destinations for exports of Canadian goods to the EU, SMEs contributed between a quarter to a third of all exports: Germany (36.4%), France (31.4%), Italy (26.5%), Spain (25.9%), Belgium (24.7%), and the Netherlands (24.5%).

EU

¹ Innovation, Science, and Economic Development Canada, [Summary of the Survey on Financing and Growth of Small and Medium Enterprises, 2017](#), December 3, 2018

² Innovation, Science, and Economic Development Canada, [Key Small Business Statistics - November 2019](#), December 12, 2019

The European Commission published in October 2019 its [annual report on FTA implementation](#)³ where the progress made in the first year of CETA implementation was underlined. The annual report also referred to the Joint Committee Recommendation adopted in September 2018, highlighting the way open for enhanced cooperation under CETA on SME issues. The accompanying Commission Staff Working Document⁴ emphasized that *“To help SMEs, the EU and Canada put online a dedicated webpage with information useful to smaller businesses on accessing Canadian and EU markets such as import requirements and other information considered to be useful for SMEs”*. Those documents were part of the communication efforts carried out to widely disseminate information on opportunities for SMEs coming out of CETA.

As a follow-up to the first and second SME Contact Points meetings where the role that the [Enterprise Europe Network](#) could play in increasing the knowledge and uptake of CETA by SMEs was discussed, a Government of Canada official was invited to the Annual Conference of the Network in Helsinki (21-23 October 2019). The Enterprise Europe Network is an EU sponsored business support network designed for SMEs, notably to help them foster their internationalisation efforts. An information session was dedicated during the Annual Conference to the new business opportunities offered by recent Free Trade Agreements concluded by the EU.

A significant [outreach effort to SMEs](#) is underway, taking place through the compilation of success stories, SME testimonials and dissemination of information about the CETA agreement (such as practical guides) or about the Canadian market (such as market entry guides). These resources are currently compiled on the EU Delegation to Canada’s [YouTube account](#) and DG Trade’s [dedicated webpage](#), but will eventually be uploaded on the central repository of the future ‘Access2Markets’ database. Regular information campaigns about the CETA are broadcast on the Delegation’s social media; they benefit from a good relay by Member States present in Canada and relevant stakeholders such as European Chambers of Commerce in Canada. The EU-funded Market Access Programme also supports in-person participation at sectoral trade fairs in Canada and the EU to inform participating SMEs about CETA opportunities.

Nota Bene: Trade promotion activities are carried out directly by EU Member States as they fall outside EU competences.

Next Steps

Canada and the EU acknowledge the difficult situation that many SMEs are facing due to the COVID-19 pandemic. Businesses are operating in a time of major economic uncertainty and are overwhelmingly concerned with cash flow constraints, dealing with their workers, and resuming business activity. The EU and Canada are developing programs to help these businesses cope with the crisis and the future recovery. The work of the SME Contact Points under the SME Recommendation will be informed by these programs going forward and will ensure that future CETA-related activities take into account the effect of COVID-19 on SMEs in both economies.

³ https://trade.ec.europa.eu/doclib/docs/2019/october/tradoc_158387.pdf

⁴ <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52019SC0370&from=EN>

July 27, 2020

To continue to build momentum on our shared commitment to increase trade and investment opportunities for SMEs under CETA, Canada and the EU will continue to work together to identify opportunities for greater collaboration, including:

- Focussing on digitalization and sustainability for the year ahead to increase promotional activities and information sharing sessions that will help SMEs build back better for post-COVID recovery, and
- Working to integrate SME considerations across all CETA Committee work and reporting to the Joint Committee on opportunities and results.

Annex 1: **2020-2021 Work Plan**

Annex 2: **Complete list of joint activities**

Annex 1: 2020-2021 Work Plan for CETA SME Contact Points

SME Recommendation	Action Points	Target date for Completion
<p>1) <i>Taking into account SMEs needs in the implementation of CETA, exchange SMEs related information, and consider ways to increase trade and investment opportunities under CETA for all EU and Canadian SMEs.</i></p>	<ul style="list-style-type: none"> - Develop and share methods and procedures for the collection of data on SME utilization of CETA, the use of indicators, monitoring and evaluation methodologies, and the analysis of SMEs utilization of CETA in Canada and the EU. <ul style="list-style-type: none"> o Hold a videoconference with Canadian and EU Chief Economists to discuss data, measurement and indicators on the utilization of CETA by SMEs and initiate discussion on metrics to use to measure success in the implementation of the SME Recommendation - Explore possibilities for Canadian business organisations to join the Enterprise Europe Network (EEN) - Explore the possible extension of Erasmus for Young Entrepreneurs (EYE) Global to Canada - Organize an information session on CETA for SMEs during the 2020 EEN Annual Conference 	<p>Ongoing</p> <p>Fall 2020</p> <p>Ongoing</p> <p>Stuttgart (Germany), 29-30 Sept. 2020</p>
<p>2) <i>Ensuring that the information included in the website is up-to-date and relevant for SMEs, and recommend any additional information that the other Party's SMEs Contact Point may publish on its website.</i></p>	<ul style="list-style-type: none"> - Periodic check of the relevance of the information provided, notably during the phase-in of the EU "Acces2Markets" portal - Canada and the EU to consult relevant SME associations or business support networks on their information needs on CETA 	<p>SME contact points meetings</p> <p>Before end 2020</p>

SME Recommendation	Action Points	Target date for Completion
	<ul style="list-style-type: none"> - Develop a consolidated list of EU and Canadian contacts to provide on our SME websites. 	Before end 2020
<p>3) <i>Encouraging, if appropriate, efforts of other bodies established under CETA to integrate SME-related considerations in their work.</i></p>	<ul style="list-style-type: none"> - Explore the possibility of applying a SME lens to all CETA committee work (reviewing the work plans of each committee and identifying opportunities to integrate SME considerations) - Reach out to contact points for each substantive Chapter to seek their consideration of issues under their Chapter of particular significance to SMEs; and request each Chapter Committee report back to the Joint Trade Committee on their consideration of SME issues. 	Before end 2020
<p>4) <i>Considering any other matter of interest to SMEs under CETA, as appropriate.</i></p>	<ul style="list-style-type: none"> - Undertake internal research and consultation with industry associations and other agencies/ministries in order to identify up to two sectors annually to focus information sharing activities on and promote CETA to SMEs in these areas. <ul style="list-style-type: none"> o 2020: Digitalization and Sustainability o 2021: TBD 	Summer 2020
<p>5) <i>Reporting periodically to the CETA Joint Committee, and make, as appropriate, suggestions for its consideration.</i></p>	<ul style="list-style-type: none"> - Reports to be provided to the CETA Joint Committee whenever they meet 	2020 2021

Annex 2: Complete list of activities that Canada and the EU have been implementing to date under the SME Work Plan

Approximately 99% of businesses in Canada and the EU are SMEs, but contribute to a smaller percentage of exports than large corporations (less than a third of all exports for EU and approximately 42% of total exports for Canada). Increasing utilization of CETA for SMEs is one of the goals of the SME recommendation and the focus of the work that Contact Points.

Launch of Canadian and EU CETA SME Websites

April 12, 2019

Canada and the EU launched their respective CETA SME websites and promoted the launch via social media (Twitter). The respective links are:

- EU: <http://ec.europa.eu/trade/policy/in-focus/ceta/smes-and-ceta/>
- Canada: <https://www.international.gc.ca/trade-commerce/trade-agreements-accords-commerciaux/agr-acc/ceta-aecg/benefits-enterprises-avantages.aspx?lang=eng/>

Cluster matchmaking event in Toronto

June 5 – 7, 2019

Toronto, Canada

The EU and Canada signed an Administrative Arrangement that supports cluster collaboration during a cluster matchmaking event organized by [the European Cluster Collaboration Platform](#) (ECCP) in cooperation with the [Canadian Superclusters Initiative](#) in Toronto. The non-binding agreement will contribute to facilitating the direct policy dialogue and concrete collaboration between clusters and SMEs from the EU and Canada. Clusters are dense areas of business activity containing a critical mass of large and small companies, post-secondary and other research institutions. They energize the economy and act as engines of growth.

First SME Contact Point Meeting

June 24, 2019

Following several phone calls and email exchanges, the first SME Contact Point meeting included a discussion on planning of future activities under the CETA SME Recommendation. On the Canada side, those participating included officials from Global Affairs Canada and Innovation, Science and Economic Development Canada's Small Business Branch. On the EU side, officials participating included those from DG Trade and DG Grow.

Information sharing session on programs to support SME utilization of CETA

July 5, 2019

The first information sharing activity of the CETA Contact Points on Trade and SMEs took place via videoconference in Ottawa and Brussels. Four presentations were delivered —two by Canada (SME awareness of FTAs and capacity building for businesses) and two by the EU (EU's Trade

Helpdesk and the Enterprise Europe Network). The presentations delivered on item 2 of the Canada-EU SME Activity Tracker— “Exchange of information to support SMEs utilization of CETA.”

Second SME Contact Point Meeting

October 1, 2019

Brussels, Belgium

The Contact Points discussed progress to date and planning for the year ahead. They committed to exploring the possibility of applying a SME lens to all CETA committee work to ensure that SME considerations are factored into the committee work plans and activities.

CETA Cleantech workshop

November 6-7, 2019

Montréal

This seminar brought together 25 Canadian and 28 European SMEs from 12 different member states (Belgium, the Czech Republic, Denmark, Estonia, France, Germany, Greece, Hungary, Lithuania, the Netherlands, Portugal, Spain). The workshop offered presentations about the Canadian and European cleantech markets, as well as B2B/B2G that were organized were particularly successful. A total of 117 B2B and 134 B2G bilateral meetings took place during the afternoon sessions of November 6.