

April 23, 2013

Mr. Steve Verheul
Chief Negotiator
Ottawa, ON K1A 0A6

Dear Mr. Verheul:

I am writing to confirm the outcome of our meeting held on April 16th in Ottawa regarding Newfoundland and Labrador's (NL) priority fish and seafood lines. Of the 22 tariff lines that you have indicated will need to be renegotiated with the EU, Shrimp, Crab, Cod and Mackerel are critically important to the Province. Of the 16 lines held back by the EU in the 2nd tariff offer, Shrimp, Cod and Crab require either complete or partial reductions in phase out periods. I have attached a list outlining the minimum outcome NL is prepared to accept on fish and seafood tariff lines important to the Province. The list includes minimum outcomes for Shrimp, Cod, Crab and Mackerel. In addition, we have identified six tariff lines that can remain at 7 Year phase outs. If a discussion is required on placing phase-outs on tariff lines currently at immediate duty-free which are outside the 22 lines you have identified, we are prepared to have that discussion providing it does not adversely affect the interests of the Province.

As discussed, to aid in achieving the outcome the Province requires it is prepared to substantially improve its current Government Procurement and Services and Investment offers by:

- Reducing the scope of Annex I reservations through significantly reducing the scope of all Annex I reservations as they apply to the exercise of ministerial discretion.
- Reducing the scope of the Province's particularly important Annex I reservation related to fish; the Province is prepared to take a minimalist approach and would agree to substantially narrow the scope of that reservation and limit its application to performance requirements only.
- Reducing scope of all Annex II reservations (including fish and energy) by narrowing the exclusions from the market access obligation.
- Providing for extensive and increasing coverage for virtually all Provincial procurement under the Agreement's Procurement Chapter. More specifically, the Province is prepared to cover NL Hydro and accept a carve-out for regional economic development that places significant parameters on the use of procurement for the purposes of regional economic development.

With these potential concessions the Province is of the view that, in terms of scope and coverage, the Province's offer is one of the most ambitious provincial offers now "on the table".



Government of Newfoundland and Labrador
Department of Innovation, Business and Rural Development

I look forward to continuing to work towards an ambitious outcome on fish and seafood. You can reach me at 709-729-2789 to discuss the matter further.

Sincerely,

A handwritten signature in black ink, appearing to be "Jeff Loder", written over a horizontal line.

Jeff Loder
Lead Negotiator

cc: Ana Renart



May 16, 2013

via E-mail & Fax

Mr. Brian Taylor
Chief of Staff
Premier's Office
Government of Newfoundland & Labrador
St. John's, NL

Dear Mr. Taylor

Re: Canada-EU Comprehensive Economic & Trade Agreement (CETA) –Minimum Processing Requirements.

We understand that because of the rigid position of the government of Newfoundland and Labrador, Canada has advised the EU that the CETA will need to explicitly exempt from the agreement the current fish and seafood minimum processing requirements in Newfoundland & Labrador's Fish Inspection Act. In response, the EU has stated that the current agreed upon fish and seafood components in CETA regarding (i) the duty-free tariff line access; (ii) the 10 specific quota agreements that will allow Canadian processors to use imported fish & seafood (e.g. US lobsters, Alaska salmon, etc.) to process in Canada and obtain duty free access when exported to the EU; and possibly (iii) the rules of origin agreement will have to be changed.

Canada has robust fish and seafood harvesting, processing, and communities in British Columbia; the freshwater fisheries of the Prairies, NWT, and Ontario; Quebec; Nova Scotia, New Brunswick; and PEI without imposing minimum processing requirements. We also understand that Cooke Aquaculture launched its aquaculture initiatives in Newfoundland and Labrador after having obtained an agreement from the government of Newfoundland and Labrador that it would not impose minimum processing requirements on aquaculture products. In addition, the Newfoundland & Labrador processors association (Association of Seafood Producers, ASP) has requested the elimination of the minimum processing requirement. Now, even the Newfoundland & Labrador union (FFAW) that represents independent harvesters and processing workers has requested an exemption from the snow crab minimum processing requirements. In fact, ASP has requested the government to provide analysis to demonstrate the benefits of the minimum processing requirements. Not surprising, no analysis has been forthcoming.

Our assessment is that minimum processing requirements do not protect processing jobs. When these requirements render production uneconomic, the harvesting of the fishery is reduced or abandoned resulting in loss income to harvesters.

CETA providing duty-free access to the largest fish and seafood market in the world is a game changer for our industry which currently endures tariffs mostly in the range of 12%-20%.

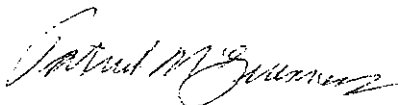
CETA is of particular significance to the cooked & peeled shrimp industries in Newfoundland & Labrador, New Brunswick, Quebec, and Nova Scotia. The market is mainly the UK, Denmark, and Sweden. The tariff rate is 20%. Our access to this market is totally dependent on the EU unilaterally establishing a low or zero tariff quota allowing our cooked & peeled imports into the EU provided they are further processed in the EU. Over the years, the Fisheries Council of Canada (FCC) has worked with the seafood processing associations in the UK, Denmark, and Sweden to develop mutually beneficial quota proposals that have been successfully adopted by the European Fish Processors Association and forwarded to the European Commission (EC) for action. In recent years, with the demise of the last industrial shrimp peeling operation in the EU, getting quota approval from the EC has been relatively straight forward. However, change is coming on two fronts. Shrimp hand peeling operations have now been established in Poland, Bulgaria, and Estonia. As such, there will be voices in the EC to eliminate/reduced the unilateral import quota when it comes up for renewal in 2015 as the cooked & peeled imports undermine the EU's new peeling operations. Also, these new plants are looking for low-priced shell-on shrimp for peeling. In response, the EU has opened a new 20,000mt duty free shell-on shrimp import quota for further processing for the low cost aquaculture Vannamei shrimp. If this initiative proves successful for the eastern EU shrimp peelers, the prospects for autonomous import quotas for our cooked and peeled shrimp become clouded.

CETA gets the cooked and peeled shrimp sector out of the dysfunctional EU autonomous import quota regime. A regime that is particularly difficult for the east coast Newfoundland & Labrador sector with the shrimp fishery beginning late June/early July when the EU import quota has been almost fully exhausted. This means that a considerable portion of the harvest is processed, put in storage in Canada or the EU, and dumped on the EU market in January when the quota re-opens.

The negotiating position demanded by the Government of Newfoundland & Labrador jeopardizes agreements reached over lengthy CETA negotiations not only with respect to the elimination of tariffs but also the acceptance of the integration of Canada's processing sector concerning important raw material supplies from the US.

Mr. Taylor, I would hope that you would bring this issue to the attention of the Premier and the Ministers involved. The Fisheries Council of Canada requests that the negotiating instruction be changed. The demand that the Newfoundland & Labrador fish processing requirements be explicitly exempted will be costly (most likely cooked & peeled shrimp being a main target) and is extreme in view of the benefits, if any, they provide the fishing industry and communities. However, it could be possible for the negotiators to develop language that would provide the Province some comfort that could be incorporated somewhere in the text of the agreement. Nevertheless, these discussions should be abandoned if an agreement requires diminution of the benefits to Canada's fish and seafood industry that have been already agreed upon.

Yours truly



President

cc. the Honourable Keith Hutchings
the Honourable Derrick Dalley

[REDACTED]

From: Patrick McGuinness [mailto:pmcguinness@fisheriescouncil.org]

Sent: Friday, May 17, 2013 9:20 AM

To: 'Bill Muirhead'; 'Blaine Sullivan'; 'Bruce Chapman'; 'Christine Penney'; 'David Knickle'; 'Gilbert Linstead'; 'Jeff Malloy'; 'John Wood'; 'Ken Budden'; 'Kim d'Entremont'; 'Loyola Sullivan'; 'Marcel Duguay'; 'Martin Sullivan'; 'Paul Foster'; 'Paul Snow'; 'Paula Kieley'; 'Pete Lucido'; 'Phil Barnes'; 'Rob Morley'; 'Roger Stirling'; 'Sandi Cain'; 'Tony Hooper (CBL)'; 'Christina Burrige'

Subject: Cda-EU Free Trade Agreement (CETA) -NFLD Minimum Processing Regulations

To: FCC Board of Directors
FCC Member Associations

As discussed at our Board meeting, the CETA negotiations regarding the fish file have been completed except for the issue regarding the NFLD minimum processing requirements. Knowing that this issue would be difficult, The negotiators decided to set the issue aside. The thought was that at the 11th hour when all the outstanding issues (beef/dairy/poultry access; municipal procurement, auto required Cdn. content; patent time frame.; etc.) are wrapped up, suitable wording could be developed that would not explicitly exempt the NFLD restrictions but would provide some cover for NFLD, particularly with respect to the leap forward for its cooked & peeled shrimp sector.

Steve Verheul, Cda's Chief Negotiator for CETA, advises that his instructions have changed. He is now instructed to get NFLD's restrictions explicitly exempted in the agreement as they were in the Cda-USA FTA. Apparently, the government of NFLD has advised the PMO that the Atlantic provinces support the NFLD position.

Mr. Verheul met with his EU counterpart last week to review the outstanding issues as the negotiations are nearing closure. On the outstanding fish issue, he advised that Canada is seeking explicit exemption. In response, the EU negotiator stated that can be accommodated but the fish packages already agreed upon regarding tariff access and the duty-free quotas established for products produced in Canada using imported raw material (lobsters, salmon, herring, cod, crab, Pacific halibut, Greenland halibut, and shrimp) will have to be re-opened.

I advised that the position of the FCC is clear: no diminution of the agreed package for the NFLD restrictions - restrictions that the NFLD processors don't want and restrictions that the harvesters are currently seeking an exemption regarding the landing of snow crab. In addition, I don't think the comment concerning the Atlantic provinces is true. I have had close discussions with NB and they have indicated their concern regarding the NFLD position jeopardizing the negotiations.

I met with DFAIT on Tuesday regarding the developments. They have no problem with me communicating the message above. They suggested that Brian Taylor seems to be the only official in NFLD that has an open mind on the issue. Note, Alastair O'Rielly is now DM of Innovation, Business, & Rural Development which includes trade policy and international tradet. DFAIT suggested that I also advise the provinces of the situation and have them advise International Trade Minister Fast if they support the FCC position.

Attached is a letter I sent Mr. Taylor. I have contacted the provincial fisheries ministries and asked them to contact Ministers Fast and Ashfield regarding their positions.

Patrick McGuinness
President
Fisheries Council of Canada
610-170 Laurier Avenue West
Ottawa, ON K1P 5V5

May 18, 2013

The Right Honourable Stephen Harper
Prime Minister of Canada
Langevin Building
80 Wellington Street
Ottawa, ON
K1A 0A2

Dear Prime Minister:

It has come to my attention that the Federal Government may have seriously breached the confidentiality that we relied upon in the Canada-European Union negotiations towards a Comprehensive Economic and Trade Agreement. It appears that one or more Federal Government officials have conspired with the Fisheries Council of Canada (FCC) to undermine the interests of Newfoundland and Labrador in this negotiation. The details of this situation may be found in the attached documents from the FCC.

This behaviour is unacceptable and has resulted in the dispersal of erroneous information to public officials and fishing industry stakeholders throughout the country. It has placed the Government of Newfoundland and Labrador in an untenable position and has jeopardized the negotiation altogether. The integrity of the CETA information-sharing process will now be questioned by all parties. It is further distressing that the communication from the FCC is largely erroneous. As many Provinces and Territories have been exposed to this information, the Federal Government will need to act to correct this information and to hold accountable those responsible.

The gravity of this transgression and attack on intergovernmental relations has forced me to reconsider my government's continued engagement in the CETA negotiation. Accordingly, I will require written confirmation from your office by noon on Monday, May 20, 2013, that the Federal Government will not conclude an agreement with the European Union that does not include a carve-out for minimum processing requirements that are governed by the Newfoundland and Labrador Fish Inspection Act. Newfoundland and Labrador's market access offers remain conditional on the assurance of an explicit exemption. I will also require confirmation that the actions taken by these officials do not represent the official position of the Government of Canada.

As a result of the public manner in which this has occurred, it will undoubtedly become the subject of media attention. Therefore, the Provincial Government will hold a press conference to clarify the inaccuracies perpetrated by the FCC. We will also explain that Newfoundland and Labrador's legitimate requests to protect and advance its interests in this negotiation should be treated in the same manner as the requests made by other Provinces and Territories, many of which have been already satisfied by the Federal Government.

Sincerely,

A handwritten signature in cursive script that reads "Kathy Dunderdale".

KATHY DUNDERDALE
Premier

Cc: Provincial and Territorial Premiers

May 18, 2013

Mr. Patrick McGuinness
President
Fisheries Council of Canada
610-170 Laurier Avenue West
Ottawa, ON K1P 5V5

Dear Mr. McGuinness:

This responds to your May 16, 2013 letter regarding the Canada-European Union negotiations towards a Comprehensive Economic and Trade Agreement (CETA). As the Fisheries Council of Canada is not a party to these negotiations, you will understand that I cannot engage in a public negotiation with you regarding these concerns. However, I hope that the following commentary will better inform you in your observations and assessment of the province of Newfoundland and Labrador's participation and perspective on the CETA negotiations.

The Government of Newfoundland and Labrador's key priority in this negotiation is real, meaningful access to the European Union market for our top quality fish and seafood. In addition, it is our expectation that our interests will be advanced in this and any other negotiation in the same manner as those of the Federal Government and other Provinces and Territories. As you are aware, however, notwithstanding that Canadian fish and seafood exports have faced unjustified, punitive European Union tariffs and Canada has been the only significant North Atlantic exporter treated in this manner, fish and seafood tariff elimination has not been a key priority for Canada. It is our view that seafood tariffs were not a priority for Canada at the beginning of the CETA negotiation. To change this, Newfoundland and Labrador collaborated with our industry and our sister Provinces and Territories about the unique opportunity that this negotiation presents and to convince the Federal Government that fish and seafood market access should be as much its priority as other commodities. Because of these sustained efforts, fish and seafood tariffs have become meaningful subjects of this negotiation.

As in all international negotiations, the Federal Government establishes negotiating instructions for its dealings with the European Union; not a Provincial or Territorial Government. Every position taken by the Government of Newfoundland and Labrador with the Federal Government regarding these negotiations is in the best interest

of the people of this province and reflects input from many sources, including our fishing industry. We appreciate that certain members of your organization have expressed strong opposition to any form of performance requirements associated with their access to fishery resources. While it may be entirely understandable why private sector quota holders would want unfettered access to raw materials, you will appreciate that companies operating in industries regulated by federal and provincial governments, especially in resource industries, are not exonerated from the duty benefitting the people whose resource they are using.

The Government of Newfoundland and Labrador's primary objective regarding the development of fishery resources adjacent to this province is ensuring that the benefits accrue to the people of this province. Any agreement with the European Union must reflect and enshrine this principle. Newfoundland and Labrador has and will vigorously defend this in the CETA negotiation, consistent with our approach to the North American Free Trade Agreement negotiations. You should also note that this is the minimum standard of treatment provided to other Provinces and Territories for goods and service important to their economies. I am confident you will agree that we should not be willing to accept less.

In your letter, you have made three strong claims that suggest that the Government of Newfoundland and Labrador has not undertaken consistent due diligence with respect to the use of minimum processing requirements. We take exception to your claim that Cooke Aquaculture is operating outside the parameters of the Fish Inspection Act; they are not. We take exception to the characterization that the Fish, Food and Allied Workers Union has requested an exemption from the minimum processing requirements for snow crab; in fact, they requested a small and very limited trial to determine the value of lifting the requirement for that species in a specific market situation. Finally, we take exception to your claim that the Association of Seafood Producers has requested Government's analysis demonstrating the benefits of the minimum processing requirements; in fact, they have not done so.

In your closing, you have generously suggested that the Government of Newfoundland and Labrador's interests might be addressed in a different manner and it might find "some comfort ...somewhere in the text of the agreement." The Government of Newfoundland and Labrador must find comfort in the entire agreement and will only find comfort in a final agreement that is in the best interests of the people and businesses of this province. In order to accurately assess how the myriad interests and positions interact across this negotiation, one would need a comprehensive, detailed briefing from the Federal Government. The Provincial Government has been asked by the Federal Government not to provide such briefings.

I trust that this response will clarify some of the misinformation that appears to have been provided to you. In the future, you would be well advised to confirm the accuracy and completeness of sensitive information before disseminating it to a wider audience. You can be assured that the Government of Newfoundland and Labrador's overall priority in the CETA negotiations has been and will remain immediate and real market access for our seafood exports. I would appreciate your sharing this letter with your members so that they too can be more fully informed of our position.

Sincerely,

A handwritten signature in black ink, appearing to read "B. Taylor", with a long horizontal flourish extending to the right.

BRIAN TAYLOR
Chief of Staff



May 16, 2013

via E-mail & Fax

Mr. Brian Taylor
Chief of Staff
Premier's Office
Government of Newfoundland & Labrador
St. John's, NL

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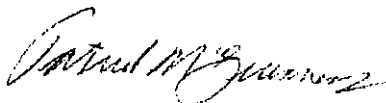
CETA is of particular significance to the cooked & peeled shrimp industries in Newfoundland & Labrador, New Brunswick, Quebec, and Nova Scotia. The market is mainly the UK, Denmark, and Sweden. The tariff rate is 20%. Our access to this market is totally dependent on the EU unilaterally establishing a low or zero tariff quota allowing our cooked & peeled imports into the EU provided they are further processed in the EU. Over the years, the Fisheries Council of Canada (FCC) has worked with the seafood processing associations in the UK, Denmark, and Sweden to develop mutually beneficial quota proposals that have been successfully adopted by the European Fish Processors Association and forwarded to the European Commission (EC) for action. In recent years, with the demise of the last industrial shrimp peeling operation in the EU, getting quota approval from the EC has been relatively straight forward. However, change is coming on two fronts. Shrimp hand peeling operations have now been established in Poland, Bulgaria, and Estonia. As such, there will be voices in the EC to eliminate/reduced the unilateral import quota when it comes up for renewal in 2015 as the cooked & peeled imports undermine the EU's new peeling operations. Also, these new plants are looking for low-priced shell-on shrimp for peeling. In response, the EU has opened a new 20,000mt duty free shell-on shrimp import quota for further processing for the low cost aquaculture Vannamei shrimp. If this initiative proves successful for the eastern EU shrimp peelers, the prospects for autonomous import quotas for our cooked and peeled shrimp become clouded.

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cc. the Honourable Keith Hutchings
the Honourable Derrick Dalley

[REDACTED]

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Sent: Friday, May 17, 2013 9:20 AM

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To: FCC Board of Directors

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Patrick McGuinness
President
Fisheries Council of Canada
610-170 Laurier Avenue West
Ottawa, ON K1P 5V5

May 18, 2013

Mr. Patrick McGuinness
President
Fisheries Council of Canada
610-170 Laurier Avenue West
Ottawa, ON K1P 5V5

Dear Mr. McGuinness:

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of the people of this province and reflects input from many sources, including our fishing industry. We appreciate that certain members of your organization have expressed strong opposition to any form of performance requirements associated with their access to fishery resources. While it may be entirely understandable why private sector quota holders would want unfettered access to raw materials, you will appreciate that companies operating in industries regulated by federal and provincial governments, especially in resource industries, are not exonerated from the duty benefitting the people whose resource they are using.

The Government of Newfoundland and Labrador's primary objective regarding the development of fishery resources adjacent to this province is ensuring that the benefits accrue to the people of this province. Any agreement with the European Union must reflect and enshrine this principle. Newfoundland and Labrador has and will vigorously defend this in the CETA negotiation, consistent with our approach to the North American Free Trade Agreement negotiations. You should also note that this is the minimum standard of treatment provided to other Provinces and Territories for goods and service important to their economies. I am confident you will agree that we should not be willing to accept less.

In your letter, you have made three strong claims that suggest that the Government of Newfoundland and Labrador has not undertaken consistent due diligence with respect to the use of minimum processing requirements. We take exception to your claim that Cooke Aquaculture is operating outside the parameters of the Fish Inspection Act; they are not. We take exception to the characterization that the Fish, Food and Allied Workers Union has requested an exemption from the minimum processing requirements for snow crab; in fact, they requested a small and very limited trial to determine the value of lifting the requirement for that species in a specific market situation. Finally, we take exception to your claim that the Association of Seafood Producers has requested Government's analysis demonstrating the benefits of the minimum processing requirements; in fact, they have not done so.

In your closing, you have generously suggested that the Government of Newfoundland and Labrador's interests might be addressed in a different manner and it might find "some comfort ... somewhere in the text of the agreement." The Government of Newfoundland and Labrador must find comfort in the entire agreement and will only find comfort in a final agreement that is in the best interests of the people and businesses of this province. In order to accurately assess how the myriad interests and positions interact across this negotiation, one would need a comprehensive, detailed briefing from the Federal Government. The Provincial Government has been asked by the Federal Government not to provide such briefings.

I trust that this response will clarify some of the misinformation that appears to have been provided to you. In the future, you would be well advised to confirm the accuracy and completeness of sensitive information before disseminating it to a wider audience. You can be assured that the Government of Newfoundland and Labrador's overall priority in the CETA negotiations has been and will remain immediate and real market access for our seafood exports. I would appreciate your sharing this letter with your members so that they too can be more fully informed of our position.

Sincerely,

A handwritten signature in black ink, appearing to read "B. Taylor", written in a cursive style.

BRIAN TAYLOR
Chief of Staff

May 18, 2013

Honourable Edward Fast, Minister for International Trade and
Minister for the Asia-Pacific Gateway
House of Commons, East Block
Ottawa, Ontario K1A 0A6

Dear Minister Fast:

It has come to my attention that officials in your department may have seriously breached the confidentiality that had existed between this government and the Federal Government pertaining to the Canada-European Union negotiations towards a Comprehensive Economic and Trade Agreement (CETA). If this is true, your department has jeopardized the negotiation.


We have been advised that Department of Foreign Affairs and International Trade (DFAIT) officials have recently met with Mr. Patrick McGuinness, President, Fisheries Council of Canada, counseled him regarding the Government of Newfoundland and Labrador's CETA negotiating interests and positions, and encouraged him to contact the Provincial Government to pressure it to abandon these same positions. He subsequently wrote to Mr. Brian Taylor, Chief of Staff to Premier Dunderdale, and attempted to effect this change. On May 17, 2013, he advised his Board of Directors and 22 senior industry and government officials across the country that these events had taken place. These communications are attached. Please note that Mr. McGuinness has named the Federal Government's Chief Negotiator, Mr. Steve Verheul, as one of his sources of negotiating information pertaining to the Federal Government.

In his communications, Mr. McGuinness has provided inaccurate, highly inflammatory information about this Provincial Government's negotiating positions. Mr. Taylor has responded to Mr. McGuinness, in an attempt to clarify the inaccuracies; however, serious and potentially irreparable damage may already have been done, as Mr. McGuinness widely shared his letter and subsequent e-mail communications.

Throughout this negotiation, the Government of Newfoundland and Labrador has repeatedly made moves to resolve negotiating impasses. Our negotiating team has consistently provided creative solutions to the challenges presented by the European Union and our offers continue to be highly ambitious. This Provincial Government's positions have been clearly balanced with the expectations of the other Provinces and Territories and the Federal Government with respect to the policy flexibilities required by all parties. Newfoundland and Labrador fully expects the same protection as has been provided by the Federal Government to the other Provinces and Territories in this negotiation.

This situation constitutes a distressing and unacceptable loss of integrity in the CETA communication and negotiation process, which until now had been reliable. It is compromising for this province, but it is also a breach of the collective process and brings into question the integrity and tactics used by the Federal Government to reach an agreement that should benefit the entire country. Isolating Newfoundland and Labrador and using this negotiation to erode the benefits that should accrue to the people of this province from an adjacent resource is a poor negotiating tactic. This should not be sanctioned and cannot be tolerated. Because of this action, the Provincial Government's role in the CETA negotiation is now in question. Accordingly, I will need your immediate clarification regarding the role played by your department in this matter and the actions you intend to take.

Sincerely,



Keith Hutchings, Minister

Attachments: May 16, 2013, letter from Mr. Patrick McGuinness to Mr. Brian Taylor
May 17, 2013, e-mail from Mr. Patrick McGuinness to various recipients
May 18, 2013 letter from Mr. Brian Taylor to Mr. Patrick McGuinness

Cc Provincial/Territorial Ministers Responsible for International Trade

.../2



May 16, 2013

via E-mail & Fax

Mr. Brian Taylor
Chief of Staff
Premier's Office
Government of Newfoundland & Labrador
St. John's, NL

Dear Mr. Taylor

Re: Canada-EU Comprehensive Economic & Trade Agreement (CETA) –Minimum Processing Requirements.

We understand that because of the rigid position of the government of Newfoundland and Labrador, Canada has advised the EU that the CETA will need to explicitly exempt from the agreement the current fish and seafood minimum processing requirements in Newfoundland & Labrador's Fish Inspection Act. In response, the EU has stated that the current agreed upon fish and seafood components in CETA regarding (i) the duty-free tariff line access; (ii) the 10 specific quota agreements that will allow Canadian processors to use imported fish & seafood (e.g. US lobsters, Alaska salmon, etc.) to process in Canada and obtain duty free access when exported to the EU; and possibly (iii) the rules of origin agreement will have to be changed.

Canada has robust fish and seafood harvesting, processing, and communities in British Columbia; the freshwater fisheries of the Prairies, NWT, and Ontario; Quebec; Nova Scotia, New Brunswick; and PEI without imposing minimum processing requirements. We also understand that Cooke Aquaculture launched its aquaculture initiatives in Newfoundland and Labrador after having obtained an agreement from the government of Newfoundland and Labrador that it would not impose minimum processing requirements on aquaculture products. In addition, the Newfoundland & Labrador processors association (Association of Seafood Producers, ASP) has requested the elimination of the minimum processing requirement. Now, even the Newfoundland & Labrador union (FFAW) that represents independent harvesters and processing workers has requested an exemption from the snow crab minimum processing requirements. In fact, ASP has requested the government to provide analysis to demonstrate the benefits of the minimum processing requirements. Not surprising, no analysis has been forthcoming.

Our assessment is that minimum processing requirements do not protect processing jobs. When these requirements render production uneconomic, the harvesting of the fishery is reduced or abandoned resulting in loss income to harvesters.

CETA providing duty-free access to the largest fish and seafood market in the world is a game changer for our industry which currently endures tariffs mostly in the range of 12%-20%.

CETA is of particular significance to the cooked & peeled shrimp industries in Newfoundland & Labrador, New Brunswick, Quebec, and Nova Scotia. The market is mainly the UK, Denmark, and Sweden. The tariff rate is 20%. Our access to this market is totally dependent on the EU unilaterally establishing a low or zero tariff quota allowing our cooked & peeled imports into the EU provided they are further processed in the EU. Over the years, the Fisheries Council of Canada (FCC) has worked with the seafood processing associations in the UK, Denmark, and Sweden to develop mutually beneficial quota proposals that have been successfully adopted by the European Fish Processors Association and forwarded to the European Commission (EC) for action. In recent years, with the demise of the last industrial shrimp peeling operation in the EU, getting quota approval from the EC has been relatively straight forward. However, change is coming on two fronts. Shrimp hand peeling operations have now been established in Poland, Bulgaria, and Estonia. As such, there will be voices in the EC to eliminate/reduced the unilateral import quota when it comes up for renewal in 2015 as the cooked & peeled imports undermine the EU's new peeling operations. Also, these new plants are looking for low-priced shell-on shrimp for peeling. In response, the EU has opened a new 20,000mt duty free shell-on shrimp import quota for further processing for the low cost aquaculture Vannamei shrimp. If this initiative proves successful for the eastern EU shrimp peelers, the prospects for autonomous import quotas for our cooked and peeled shrimp become clouded.

CETA gets the cooked and peeled shrimp sector out of the dysfunctional EU autonomous import quota regime. A regime that is particularly difficult for the east coast Newfoundland & Labrador sector with the shrimp fishery beginning late June/early July when the EU import quota has been almost fully exhausted. This means that a considerable portion of the harvest is processed, put in storage in Canada or the EU, and dumped on the EU market in January when the quota re-opens.

The negotiating position demanded by the Government of Newfoundland & Labrador jeopardizes agreements reached over lengthy CETA negotiations not only with respect to the elimination of tariffs but also the acceptance of the integration of Canada's processing sector concerning important raw material supplies from the US.

Mr. Taylor, I would hope that you would bring this issue to the attention of the Premier and the Ministers involved. The Fisheries Council of Canada requests that the negotiating instruction be changed. The demand that the Newfoundland & Labrador fish processing requirements be explicitly exempted will be costly (most likely cooked & peeled shrimp being a main target) and is extreme in view of the benefits, if any, they provide the fishing industry and communities. However, it could be possible for the negotiators to develop language that would provide the Province some comfort that could be incorporated somewhere in the text of the agreement. Nevertheless, these discussions should be abandoned if an agreement requires diminution of the benefits to Canada's fish and seafood industry that have been already agreed upon.

Yours truly



President

cc. the Honourable Keith Hutchings
the Honourable Derrick Dalley

[REDACTED]

From: Patrick McGuinness [<mailto:pmcguinness@fisheriescouncil.org>]

Sent: Friday, May 17, 2013 9:20 AM

To: 'Bill Muirhead'; 'Blaine Sullivan'; 'Bruce Chapman'; 'Christine Penney'; 'David Knickle'; 'Gilbert Linstead'; 'Jeff Malloy'; 'John Wood'; 'Ken Budden'; 'Kim d'Entremont'; 'Loyola Sullivan'; 'Marcel Duguay'; 'Martin Sullivan'; 'Paul Foster'; 'Paul.Snow'; 'Paula Kleley'; 'Pete Lucido'; 'Phil Barnes'; 'Rob Morley'; 'Roger Stirling'; 'Sandi Cain'; 'Tony Hooper (CBL)'; 'Christina Burrige'

Subject: Cda-EU Free Trade Agreement (CETA) -NFLD Minimum Processing Regulations

To: FCC Board of Directors
FCC Member Associations

As discussed at our Board meeting, the CETA negotiations regarding the fish file have been completed except for the issue regarding the NFLD minimum processing requirements. Knowing that this issue would be difficult, The negotiators decided to set the issue aside. The thought was that at the 11th hour when all the outstanding issues (beef/dairy/poultry access; municipal procurement, auto required Cdn. content; patent time frame.; etc.) are wrapped up, suitable wording could be developed that would not explicitly exempt the NFLD restrictions but would provide some cover for NFLD, particularly with respect to the leap forward for its cooked & peeled shrimp sector.

Steve Verheul, Cda's Chief Negotiator for CETA, advises that his instructions have changed. He is now instructed to get NFLD's restrictions explicitly exempted in the agreement as they were in the Cda-USA FTA. Apparently, the government of NFLD has advised the PMO that the Atlantic provinces support the NFLD position.

Mr. Verheul met with his EU counterpart last week to review the outstanding issues as the negotiations are nearing closure. On the outstanding fish issue, he advised that Canada is seeking explicit exemption. In response, the EU negotiator stated that can be accommodated but the fish packages already agreed upon regarding tariff access and the duty-free quotas established for products produced in Canada using imported raw material (lobsters, salmon, herring, cod, crab, Pacific halibut, Greenland halibut, and shrimp) will have to be re-opened.

I advised that the position of the FCC is clear: no diminution of the agreed package for the NFLD restrictions - restrictions that the NFLD processors don't want and restrictions that the harvesters are currently seeking an exemption regarding the landing of snow crab. In addition, I don't think the comment concerning the Atlantic provinces is true. I have had close discussions with NB and they have indicated their concern regarding the NFLD position jeopardizing the negotiations.

I met with DFAIT on Tuesday regarding the developments. They have no problem with me communicating the message above. They suggested that Brian Taylor seems to be the only official in NFLD that has an open mind on the issue. Note, Alastair O'Rielly is now DM of Innovation, Business, & Rural Development which includes trade policy and international trade. DFAIT suggested that I also advise the provinces of the situation and have them advise International Trade Minister Fast if they support the FCC position.

Attached is a letter I sent Mr. Taylor. I have contacted the provincial fisheries ministries and asked them to contact Ministers Fast and Ashfield regarding their positions.

Patrick McGuinness
President

Fisheries Council of Canada
610-170 Laurier Avenue West
Ottawa, ON K1P 5V5

May 18, 2013

Mr. Patrick McGuinness
President
Fisheries Council of Canada
610-170 Laurier Avenue West
Ottawa, ON K1P 5V5

Dear Mr. McGuinness:

This responds to your May 16, 2013 letter regarding the Canada-European Union negotiations towards a Comprehensive Economic and Trade Agreement (CETA). As the Fisheries Council of Canada is not a party to these negotiations, you will understand that I cannot engage in a public negotiation with you regarding these concerns. However, I hope that the following commentary will better inform you in your observations and assessment of the province of Newfoundland and Labrador's participation and perspective on the CETA negotiations.

The Government of Newfoundland and Labrador's key priority in this negotiation is real, meaningful access to the European Union market for our top quality fish and seafood. In addition, it is our expectation that our interests will be advanced in this and any other negotiation in the same manner as those of the Federal Government and other Provinces and Territories. As you are aware, however, notwithstanding that Canadian fish and seafood exports have faced unjustified, punitive European Union tariffs and Canada has been the only significant North Atlantic exporter treated in this manner, fish and seafood tariff elimination has not been a key priority for Canada. It is our view that seafood tariffs were not a priority for Canada at the beginning of the CETA negotiation. To change this, Newfoundland and Labrador collaborated with our industry and our sister Provinces and Territories about the unique opportunity that this negotiation presents and to convince the Federal Government that fish and seafood market access should be as much its priority as other commodities. Because of these sustained efforts, fish and seafood tariffs have become meaningful subjects of this negotiation.

As in all international negotiations, the Federal Government establishes negotiating instructions for its dealings with the European Union; not a Provincial or Territorial Government. Every position taken by the Government of Newfoundland and Labrador with the Federal Government regarding these negotiations is in the best interest

of the people of this province and reflects input from many sources, including our fishing industry. We appreciate that certain members of your organization have expressed strong opposition to any form of performance requirements associated with their access to fishery resources. While it may be entirely understandable why private sector quota holders would want unfettered access to raw materials, you will appreciate that companies operating in industries regulated by federal and provincial governments, especially in resource industries, are not exonerated from the duty benefitting the people whose resource they are using.

The Government of Newfoundland and Labrador's primary objective regarding the development of fishery resources adjacent to this province is ensuring that the benefits accrue to the people of this province. Any agreement with the European Union must reflect and enshrine this principle. Newfoundland and Labrador has and will vigorously defend this in the CETA negotiation, consistent with our approach to the North American Free Trade Agreement negotiations. You should also note that this is the minimum standard of treatment provided to other Provinces and Territories for goods and service important to their economies. I am confident you will agree that we should not be willing to accept less.

In your letter, you have made three strong claims that suggest that the Government of Newfoundland and Labrador has not undertaken consistent due diligence with respect to the use of minimum processing requirements. We take exception to your claim that Cooke Aquaculture is operating outside the parameters of the Fish Inspection Act; they are not. We take exception to the characterization that the Fish, Food and Allied Workers Union has requested an exemption from the minimum processing requirements for snow crab; in fact, they requested a small and very limited trial to determine the value of lifting the requirement for that species in a specific market situation. Finally, we take exception to your claim that the Association of Seafood Producers has requested Government's analysis demonstrating the benefits of the minimum processing requirements; in fact, they have not done so.

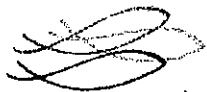
In your closing, you have generously suggested that the Government of Newfoundland and Labrador's interests might be addressed in a different manner and it might find "some comfort ... somewhere in the text of the agreement." The Government of Newfoundland and Labrador must find comfort in the entire agreement and will only find comfort in a final agreement that is in the best interests of the people and businesses of this province. In order to accurately assess how the myriad interests and positions interact across this negotiation, one would need a comprehensive, detailed briefing from the Federal Government. The Provincial Government has been asked by the Federal Government not to provide such briefings.

I trust that this response will clarify some of the misinformation that appears to have been provided to you. In the future, you would be well advised to confirm the accuracy and completeness of sensitive information before disseminating it to a wider audience. You can be assured that the Government of Newfoundland and Labrador's overall priority in the CETA negotiations has been and will remain immediate and real market access for our seafood exports. I would appreciate your sharing this letter with your members so that they too can be more fully informed of our position.

Sincerely,

A handwritten signature in black ink, appearing to read "Brian Taylor". The signature is fluid and cursive, with a long horizontal stroke at the end.

BRIAN TAYLOR
Chief of Staff



association of
seafood producers

10 Fort William Place
Suite 103, Baine Johnston Building
St. John's, NL A1C 1K4
Tel: (709) 726-3730
Fax: (709) 726-3731
www.seafoodproducers.org

24 May 2013

Hon. Keith Hutchings, MHA
Minister of Innovation, Business and Rural Development
Government of Newfoundland and Labrador
P.O. Box 8700
St. John's, NL A1B 4J6

Dear Minister:

I am pleased to write on behalf of our Association-Member Producers, in support of all and every effort to achieve a favourable conclusion to the Canada-Europe Free Trade Talks.

More particularly, last week I received a copy of correspondence from the Fisheries Council of Canada regarding recent developments related to Newfoundland and Labrador's position on MPRs and the risk that might pose to achieving the best possible tariff reduction package - in terms of percentages and timelines - possible.

As an Association, we are in support of the FCC position, and my board has asked in particular that I write to express our support for their letter of May 16, 2013. We want to encourage our provincial government in achieving the maximum tariffs reductions possible, without a risk of diminution by maintaining its MPR position. We think trading MPRs to achieve substantial and timely duty free access to Europe would be a significant new opportunity and game changer for the industry.

Rest assured of our continued support as we work together to make the seafood processing industry viable for the 21st century, and more adept to meet the new opportunities that could become available to us in Europe, the world's richest seafood market.

Sincerest regards,

Derek Butler
Executive Director

cc. Hon. Derrick Dalley, Minister of Fisheries and Aquaculture

O' Rielly, Alastair

From: Earle McCurdy <EMcCurdy@ffaw.net>
Sent: Friday, May 24, 2013 9:43 AM
To: O' Rielly, Alastair
Subject: FW: CETA

Alastair,

The conditions you propose are a reasonable basis for accommodating demands for an EU exemption for MPRs. As discussed in yesterday's meeting, there is nothing of a regulatory nature that prevents EU companies from purchasing seafood elsewhere in Atlantic Canada and exporting it unprocessed to Europe. They are not doing so, because the economics and the practical considerations make it a non-starter. There is no reason to suspect the outcome in NL would be any different if there was an EU exemption to the MPRs.

The most important condition is A. EU tariffs currently put us at a serious competitive disadvantage in what is probably the world's most important seafood market. As we discussed yesterday, the tariff structure currently in place is a particular detriment to our cod sector. Levelling the playing field by bringing us to zero tariff without end use restrictions would at least give us a fighting chance in that species, which is likely to grow in importance in the coming years. The current tariff structure undermines our industry and jeopardizes both fishing and plant jobs.

Feel free to contact me if you require further clarification.

Earle

Earle McCurdy
President
Fish, Food and Allied Workers
FAW/CAW

-----Original Message-----

From: O' Rielly, Alastair [<mailto:Aorielly@gov.nl.ca>]
Sent: Thursday, May 23, 2013 9:22 PM
To: Earle McCurdy
Subject: CETA

Earle

Further to today's meeting, the following are the conditions that the province would require to consider providing an exemption for the EU industry on the province's Minimum Processing Requirements.

A. The immediate elimination of tariffs of most importance to Newfoundland and Labrador, with no end-use restrictions.

- B. Explicit assurances that the Federal Government's policy which can permit over-the-side and over-the-wharf sales of fish and seafood will not result in unfair competition from subsidized EU fishing vessels;
- C. The MPR exemption for EU seafood buyers would be implemented at the end of seven years.
- D. Written confirmation from the Federal Government that the CETA outcomes on MPRs will not be used as precedent in any other trade negotiation.

The EU have restated their position that the last seafood tariff offer as discussed at our meeting will be negatively impacted if Canada insists that the MPRs are maintained. The EU is also threatening to remove the shrimp tariffs entirely from the trade deal.

As discussed, your agreement as to whether the province should move forward with an EU exemption for MPRs,, based on the foregoing conditions is needed by 10:00 AM tomorrow.

Alastair

Department of Innovation, Business and Rural Development Government of Newfoundland and Labrador P.O.Box 8700
St.John's, NL Canada A1B 4J6

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Jennings, Regina

From: O'Rielly, Alastair
Sent: Friday, May 24, 2013 10:33 PM
To: lise-ann.jackson@international.gc.ca
Subject: Draft CETA letter from Minister Hutchings
Attachments: Honourable Ed Fast v3.doc

Good evening Lise-Ann,

Please see attached draft letter from Minister Hutchings to Minister Fast. We will provide a final copy tomorrow.

Please acknowledge receipt. My cell number is 709-727-3290 if you need to discuss.

Thank you,

Alastair

Honourable Ed Fast
Minister of International Trade
Etc

Dear Mr. Fast:

In view of the shared goals of the Government of Canada (GoC) and the Government of Newfoundland and Labrador (GNL) regarding international trade, economic development and safety regulation in the fisheries and other offshore resource industries, we seek the agreement of the Government of Canada to the following items:

1. The GoC will pursue the negotiating objectives outlined in Appendix 1 in the CETA negotiations.
2. The GoC will honour the commitments outlined in Appendices 2 and 2A regarding fisheries management.
3. The GoC will provide a Fisheries Innovation and Adjustment Fund as outlined in Appendix 3;
4. The GoC and GNL will negotiate the sale of the Hibernia Shares as outlined in Appendix 4;
5. The GoC will enhance search and rescue capability in Newfoundland and Labrador as outlined in Appendix 5; and
6. The GoC will collaborate with GNL on the establishment of a new governance framework for occupational health and safety in the offshore oil and gas industry as outlined in Appendix 6.

Please indicate your agreement by signing and returning to us a copy of this document.

Sincerely,

Honourable Keith Hutchings

I concur,

Government of Canada

Appendix 1

**Government of Newfoundland and Labrador
Negotiating Objectives**

The following are the conditions that the province would require to consider providing an exemption for the EU industry on the province's Minimum Processing Requirements.

- A. The immediate elimination of tariffs of most importance to Newfoundland and Labrador, as described in the attachment to this Appendix, with no end-use restrictions.
- B. Assurances that the Federal Government's policy which can permit over-the-side and over-the-wharf sales of fish and seafood will be applied in accordance with the consultation obligations in the MOU in Appendix 2.
- C. The MPR exemption for EU seafood buyers would be available at the end of seven years after the date of implementation.
- D. Written confirmation from the Federal Government that the CETA outcomes on MPRs will not be used as precedent in other international trade negotiations.

DRAFT

Tariff Elimination: Minimum Outcome

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**Government of Newfoundland and Labrador
Memorandum of Understanding Regarding Fisheries Management**

MEMORANDUM OF UNDERSTANDING

BETWEEN:

**HER MAJESTY IN RIGHT OF CANADA, as represented by the Minister of Fisheries and Oceans
("Canada")**

AND:

**HER MAJESTY IN RIGHT OF NEWFOUNDLAND AND LABRADOR, as represented by the Minister
of Fisheries and Aquaculture and the Minister for Intergovernmental and Aboriginal Affairs
(the "Province")**

PREAMBLE:

1. Canada maintains a Policy on Direct Sales of Fish to Foreign Vessels in Atlantic Canada (the "Direct Sales Policy") dated February 1993. The application of this Direct Sales Policy could directly impact the Province's ability to achieve its fisheries policy objectives.
2. A key policy objective for the Province is to maximize the economic benefits to the province of adjacent fisheries resources. It is therefore critical for the Province to be engaged in the application of the Direct Sales Policy as it applies to those resources.
3. This MOU provides the basis of a framework for that engagement.

NOW THEREFORE THIS AGREEMENT WITNESSES:

Purpose

1. The purpose of this MOU is to provide for a process of consultations respecting Direct Sales of fish to foreign vessels or vessels of any international origin in waters adjacent to the province. Newfoundland and Labrador suppliers of fish to foreign vessels or vessels of any international origin must demonstrate that the Direct Sales ensure maximum economic benefits to the province, and must fully disclose details regarding the intended buyer and market. Canada will provide a copy of any application for Direct Sales, including supporting documentation, to the Province. Upon receipt, the Province will have 30 days to respond to the application.

Agreement

2. Canada agrees that it will not grant approval of Direct Sales in relation to fisheries resources in waters adjacent to the province without prior consultation with the Province, including the opportunity for the Province to make representations in relation to the application. If the Province makes representations in accordance with this framework, Canada will consider those representations prior to rendering a determination in respect of the application.

Sharing of Information

3. In order to give effect to this MOU, the parties agree that they will share information as necessary. When Canada receives a license application pertaining to fisheries adjacent to the province, the Minister will provide to the Province a copy of the license application and all supporting documentation. Upon receipt, the Province will have 30 days to respond in writing as part of the consultation process.

Confidentiality

4. Each party undertakes to maintain, respect and protect fully the confidentiality of the information received under this MOU and not to release it to anyone other than the individual to whom it relates, unless such release is clearly authorized herein or specifically required by law. Notwithstanding the above, this shall not limit or affect the ability of the Province to discuss publicly the existence of an application and its position with respect to same.

5. In order to prevent the unauthorized disclosure, copying, use, or modification of information provided to a party under this MOU, the receiving party is to restrict access to such information on a need to know basis, and use recognized security mechanisms such as passwords, encryption or other reasonable safeguards.

Consultation Committee

6. The parties agree that, at the request of either party, an ad hoc Consultation Committee (the "Committee") will be formed to provide the opportunity for the Province to make representations in relation to the application. Provincial representations may include, inter alia, information regarding adverse effects of subsidy programs by the applicant's country of origin.

7. The Committee may meet as part of the 30-day consultation period and may do so in person, through teleconference or by videoconference.

Jurisdiction

8. a. This MOU respects and does not vary the respective jurisdictions of the parties. This MOU shall not be interpreted as an acknowledgement by either party of constitutional or legislative jurisdiction of the other party.

b. This MOU shall not be interpreted as an endorsement or recognition of the validity of any named policy or program.

No Fettering of Discretion

9. Neither this MOU nor the consultations contemplated herein shall operate as a fetter on the discretion of a minister of the Crown of Canada or the Province to exercise those powers conferred on him or her by the Parliament of Canada or the House of Assembly for the Province as the case may be.

Amendment

10. This MOU may be amended only by written agreement of the parties.

Notice

11. The parties undertake to give each other notice in writing of any change in policy, regulations or legislation relating to their respective programs that is likely to affect this MOU. Any notice to be delivered in this MOU should be sent to the party concerned as follows:

Address for notice to Canada:

Deputy Minister responsible for fisheries

Xx

Addresses for notice to the Province:

Deputy Minister responsible for fisheries

XX

Deputy Minister for Intergovernmental and Aboriginal Affairs

XX

Governing Law

13. This MOU shall be construed and interpreted in accordance with the laws of Canada and the Province having application.

No Effect on Aboriginal Treaties

14. Nothing in this MOU shall be construed so as to affect any rights conferred by any land claims or other agreement affecting aboriginal peoples.

Effective Date and Entire Agreement

15. This MOU shall commence on, and take effect from, the date on which it is signed by the last of the parties to do so and constitutes the entire understanding of the parties with respect to the within matters.

Termination

16. This MOU will remain in effect until terminated by the parties.

[Remainder of page intentionally blank. Signature page to follow.]

FOR CANADA

Witness

Minister of Fisheries and Oceans

Date:

FOR NEWFOUNDLAND AND LABRADOR

Witness

Minister of Fisheries and Aquaculture

Date:

Witness Minister for Intergovernmental and Aboriginal Affairs

Date:

DRAFT

Appendix 2A

**Government of Newfoundland and Labrador
Fisheries Management**

Renewal of Quota Holdco NL Inc. Agreement

Maintaining the benefits from our adjacent fishery resources for the people of our province is a key policy objective. Many of our coastal communities' history, development and future are linked to these resources.

The harvesting license of Ocean Choice International (OCI) currently ensures that associated quotas will be landed within the province of NL and that benefits accrue to our rural communities. The Province wants confirmation that the harvesting license issued to OCI in 2007 in relation to Quota Holdco NL Inc.'s quotas will be renewed when the initial nine-year term has expired in 2016 and will contain the same terms and conditions as the original agreement for an additional nine years.

DRAFT

Appendix 3

**Government of Newfoundland and Labrador
Fisheries Innovation and Adjustment Fund**

1. Infrastructure Development Funding

A marine port infrastructure initiative will provide direct benefits to commercial fish harvesters by providing essential services and infrastructure that is lacking throughout the province. It will help transform the industry by changing landing and processing patterns. This will complement DFO fleet development initiatives which will help address seasonality challenges, mainly driven by vessel size, and provide longer, more stable incomes for workers.

2. Research and Development Funding

- Improving the understanding of adjacent marine resources and ecosystems
- Technological innovations in harvesting and processing.

3. Investment/Equity Fund

As a result of increased market access to the EU through the Canada-EU Comprehensive Economic and Trade Agreement, funds will be used to assist industry to capitalize on the new market opportunities through initiatives such as new product development and associated marketing activities.

4. Fishing Industry Adjustment

The province's fish processing sector currently employs over 9,000 people, many of whom are located in rural communities. The province requires adjustment funding to:

- a. Support measures to promote harvesting sector rationalization to improve economic viability;
- b. Provide transitional supports to assist impacted fishery workers; and
- c. Assist communities to adjust to the economic impacts of plants closures.

Total Value of Fund: \$400 Million

Timeframe: multi-year

Priority Investments: Items 1, 2 and 3 require front-end investment.

Announcement Date – Immediately prior to CETA announcement

Appendix 4

**Government of Newfoundland and Labrador
Acquisition of Government of Canada share in the Hibernia Project (CHHC)**

The Government of Newfoundland and Labrador, through Nalcor Energy, seeks to acquire the Government of Canada's 8.5% interest in the Hibernia project as held by the Canada Hibernia Holding Corporation (CHHC). It is requested that:

1. Lead negotiator's for each party be appointed by May 28, 2013;
2. Negotiations resume by June 5, 2013;
3. Both parties develop and agree on a common data set for reserves and oil price.

4. Negotiations conclude by June 14 and the outcome/ current status would be reported to both Governments at a joint meeting soon thereafter;

5. A final decision on the CHHC share purchase be completed by June 28, 2013.

DRAFT

Appendix 5

Search and Rescue Improvement Options

Any of the following options would signal a commitment by the federal government to substantively improve search and rescue in Newfoundland and Labrador.

The GNL requests that the federal government identify which of these options it prefers and then commit to making a public announcement by August 1, 2013 regarding its plans for improvement.

1. Upgrade Rotary-Wing (helicopter) SAR capacity in NL

The availability of appropriate serviceable aircraft is critical to the integrity of the SAR system.

Federal SAR helicopter resources in the province consist of primary Cormorant helicopters stationed at Gander and secondary Griffon helicopters located at Goose Bay. Repair and maintenance requirements sometimes mean that "some or all" may not be serviceable when required for SAR response.

Improved reliability of these resources could be achieved through an initiative to upgrade, increase and/or replace the current fleet complement.

2. Add Fixed Wing Aircraft to the SAR Asset Base in NL

Federal SAR resources based in NL do not currently include fixed-wing aircraft and SAR missions requiring such support must rely on aircraft based in Greenwood, NS, with the associated impact on the amount of time it takes to get an aircraft "on scene" in NL.

Action by the federal government to station fixed wing SAR aircraft in NL (at Gander and/or Goose Bay) would have a positive impact on SAR services in the province by increasing reliability and reducing response times.

This initiative would require the federal government to either procure additional aircraft or take a decision to relocate the required aircraft from another location in Canada.

3. Increase Number of Trained SAR Personnel in NL

Any initiative to improve SAR aircraft availability in NL would need to be matched with a complementary measure to ensure the availability of sufficient trained personnel for effective operations.

The federal government is encountering challenges in the recruitment and retention of trained SAR personnel. High private sector demand and comparatively low DND compensation levels are major contributing factors.

SAR response times currently do not meet the desired standard of "30 minutes wheels-up" on a 24/7/365 basis. (Current stance is for "30 minutes wheels-up" during the business day and "2 hours wheels-up" at other times.)

The dedication of additional trained SAR personnel would enable staffing levels to be maintained 24/7 in support of faster response times.

4. Undertake a Private Sector Alternative Service Delivery (ASD) pilot in NL

Federal SAR capability in NL could be enhanced through greater utilization of private sector SAR capacity. Companies like Cougar Helicopters, Canadian Helicopter Corporation (CHC) and Provincial Airlines all have demonstrated capability and expertise in the SAR field and all are actively participating in the provision of these services through public/private partnership arrangements in other parts of the world.

The private sector enjoys greater flexibility than the public sector in the areas of procurement and staffing.

By way of illustration in November 2012, Minister O'Brien met with representatives of CHC who provided an overview of their presence and capability in the SAR system in a number of countries including Ireland, United Kingdom, Australia, Norway, Brazil and Kazakhstan.

5. Reopen the Maritime Rescue Sub-Center (MRSC)

The federal Auditor General has noted that the MRSCs were established in St. John's and Quebec City in the 1970s in order to reduce the workload on Joint Rescue Coordination Centres (JRCC) in these areas of high marine activity.

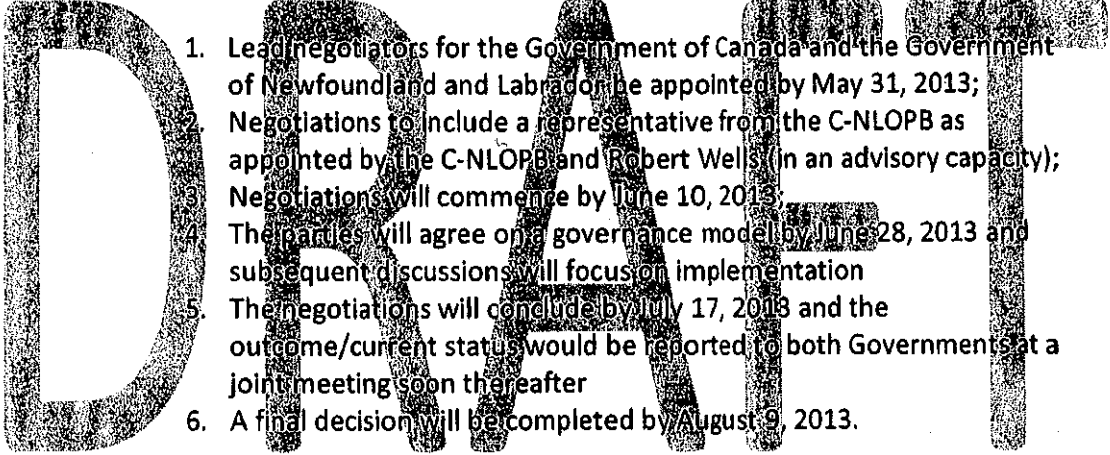
The JRCCs continue to face staffing pressures and have difficulty maintaining appropriate numbers of coordinators.

A decision to reopen the St. John's MRSC would be a highly visible action, achievable within a relatively short timeframe and a reasonable cost.

**Government of Newfoundland and Labrador
Position to Implement Recommendation 29 from the Wells Inquiry**

Recommendation 29 (a) from the Offshore Helicopter Safety Inquiry endorsed a new, independent, and stand-alone Safety Regulator for the NL offshore. Recommendation 29 (b) stated that, if this was not feasible at this time, arrangements could be made to create a separate and autonomous Safety Division of the CNLOPB, with a separate budget, separate leadership, and an organization structure designed to deal only with safety matters.

The Government of NL seeks to establish a new governance model for the C-NLOPB that achieves the objective set out in Recommendation 29. It is requested that:

- 
1. Lead negotiators for the Government of Canada and the Government of Newfoundland and Labrador be appointed by May 31, 2013;
 2. Negotiations to include a representative from the C-NLOPB as appointed by the C-NLOPB and Robert Wells (in an advisory capacity);
 3. Negotiations will commence by June 10, 2013;
 4. The parties will agree on a governance model by June 28, 2013 and subsequent discussions will focus on implementation
 5. The negotiations will conclude by July 17, 2013 and the outcome/current status would be reported to both Governments at a joint meeting soon thereafter
 6. A final decision will be completed by August 9, 2013.

Honourable Ed Fast
Minister of International Trade
Etc

Dear Mr. Fast:

In view of the shared goals of the Government of Canada (GoC) and the Government of Newfoundland and Labrador (GNL) regarding international trade, economic development and safety regulation in the fisheries and other offshore resource industries, we seek the agreement of the Government of Canada to the following items:

1. The GoC will pursue the negotiating objectives outlined in Appendix 1 in the CETA negotiations.
2. The GoC will honour the commitments outlined in Appendices 2 and 2A regarding fisheries management.
3. The GOC will provide for a Fisheries Innovation and Adjustment Fund as outlined in Appendix 3;
4. The GoC and GNL will negotiate the transfer of the Hibernia Shares as outlined in Appendix 4;
5. The GoC will enhance search and rescue capability in Newfoundland and Labrador as outlined in Appendix 5;
6. The GoC will collaborate with GNL on the establishment of a new governance framework for occupational health and safety in the offshore oil and gas industry as outlined in Appendix 6;
7. In view of the foregoing, and pursuant to execution of CETA, the GNL will remove minimum processing requirements under the Fish Inspection Act as they apply to the European Union, after a 7 year deferment from the date the CETA comes into effect.

Please indicate your agreement by signing and returning to us a copy of this document.

Sincerely,

Honourable Keith Hutchings

Government of Canada

Appendix 1

**Government of Newfoundland and Labrador
Negotiating Objectives**

The following are the conditions that the province would require to consider providing an exemption for the EU industry on the province's Minimum Processing Requirements.

- A. The immediate elimination of tariffs of most importance to Newfoundland and Labrador, with no end-use restrictions.
- B. Explicit assurances that the Federal Government's policy which can permit over-the-side and over-the-wharf sales of fish and seafood will not result in unfair competition from subsidized EU fishing vessels. Please see attached draft MOU, Appendix 2.
- C. The MPR exemption for EU seafood buyers would be available at the end of seven years.
- D. Written confirmation from the Federal Government that the CETA outcomes on MPRs will not be used as precedent in other international trade negotiations.

**Government of Newfoundland and Labrador
Memorandum of Understanding Regarding Fisheries Management**

MEMORANDUM OF UNDERSTANDING

BETWEEN:

**HER MAJESTY IN RIGHT OF CANADA, as represented by the Minister of Fisheries and Oceans
("Canada")**

AND:

**HER MAJESTY IN RIGHT OF NEWFOUNDLAND AND LABRADOR, as represented by the Minister
of Fisheries and Aquaculture and the Minister for Intergovernmental and Aboriginal Affairs
(the "Province")**

PREAMBLE:

1. Canada maintains a Policy on Direct Sales of Fish to Foreign Vessels in Atlantic Canada (the "Direct Sales Policy") dated February 1993. The application of this Direct Sales Policy could directly impact the Province's ability to achieve its fisheries policy objectives.
2. A key policy objective for the Province is to maximize the economic benefits to the province of adjacent fisheries resources. It is therefore critical for the Province to be engaged in the application of the Direct Sales Policy as it applies to those resources.
3. This MOU provides the basis of a framework for that engagement.

NOW THEREFORE THIS AGREEMENT WITNESSES:

Purpose

1. The purpose of this MOU is to provide for a process of consultations respecting Direct Sales of fish to foreign vessels or vessels of any international origin in waters adjacent to the province. Newfoundland and Labrador suppliers of fish to foreign vessels or vessels of any international origin must demonstrate that the Direct Sales ensure maximum economic benefits to the province, and must fully disclose details regarding the intended buyer and market. Canada will provide a copy of any application for Direct Sales, including supporting documentation, to the Province. Upon receipt, the Province will have 30 days to respond to the application.

Agreement

2. Canada agrees that it will not grant approval of Direct Sales in relation to fisheries resources in waters adjacent to the province without prior consultation with the Province, including the opportunity for the Province to make representations in relation to the application. If the Province makes representations in accordance with this framework, Canada will consider those representations prior to rendering a determination in respect of the application.

Sharing of Information

3. In order to give effect to this MOU, the parties agree that they will share information as necessary. When Canada receives a license application pertaining to fisheries adjacent to the province, the Minister will provide to the Province a copy of the license application and all supporting documentation. Upon receipt, the Province will have 30 days to respond in writing as part of the consultation process.

Confidentiality

4. Each party undertakes to maintain, respect and protect fully the confidentiality of the information received under this MOU and not to release it to anyone other than the individual to whom it relates, unless such release is clearly authorized herein or specifically required by law. Notwithstanding the above, this shall not limit or affect the ability of the Province to discuss publicly the existence of an application and its position with respect to same.

5. In order to prevent the unauthorized disclosure, copying, use, or modification of information provided to a party under this MOU, the receiving party is to restrict access to such information on a need to know basis, and use recognized security mechanisms such as passwords, encryption or other reasonable safeguards.

Consultation Committee

6. The parties agree that, at the request of either party, an ad hoc Consultation Committee (the "Committee") will be formed to provide the opportunity for the Province to make representations in relation to the application. Provincial representations may include, inter alia, information regarding adverse effects of subsidy programs by the applicant's country of origin.

7. The Committee may meet as part of the 30-day consultation period and may do so in person, through teleconference or by videoconference.

Jurisdiction

8. a. This MOU respects and does not vary the respective jurisdictions of the parties. This MOU shall not be interpreted as an acknowledgement by either party of constitutional or legislative jurisdiction of the other party.

b. This MOU shall not be interpreted as an endorsement or recognition of the validity of any named policy or program.

No Fettering of Discretion

9. Neither this MOU nor the consultations contemplated herein shall operate as a fetter on the discretion of a minister of the Crown of Canada or the Province to exercise those powers conferred on him or her by the Parliament of Canada or the House of Assembly for the Province as the case may be.

Binding Effect

10. This MOU is an expression of the mutual intentions of the parties and is not legally binding on them. If Canada approves, against the Province's advice, an application regarding a vessel from a European Union Member State, the Province will be free to revoke its commitment to approve exemptions to minimum processing requirements, as required by the Fish Inspection Act, for raw materials intended for European Union Member States, pursuant to the Canada-European Union Comprehensive Economic and Trade Agreement.

Amendment

11. This MOU may be amended only by written agreement of the parties.

Notice

12. The parties undertake to give each other notice in writing of any change in policy, regulations or legislation relating to their respective programs that is likely to affect this MOU. Any notice to be delivered in this MOU should be sent to the party concerned as follows:

Address for notice to Canada:

Deputy Minister responsible for fisheries

Xx

Addresses for notice to the Province:

Deputy Minister responsible for fisheries

XX

Deputy Minister for Intergovernmental and Aboriginal Affairs

XX

Governing Law

13. This MOU shall be construed and interpreted in accordance with the laws of Canada and the Province having application.

No Effect on Aboriginal Treaties

14. Nothing in this MOU shall be construed so as to affect any rights conferred by any land claims or other agreement affecting aboriginal peoples.

Effective Date and Entire Agreement

15. This MOU shall commence on, and take effect from, the date on which it is signed by the last of the parties to do so and constitutes the entire understanding of the parties with respect to the within matters.

Termination

16. This MOU will remain in effect until terminated by the parties.

[Remainder of page intentionally blank. Signature page to follow.]

FOR CANADA

Witness

Minister of Fisheries and Oceans

Date:

FOR NEWFOUNDLAND AND LABRADOR

Witness

Minister of Fisheries and Aquaculture

Date:

Witness Minister for Intergovernmental and Aboriginal Affairs

Date:

Appendix 2A

**Government of Newfoundland and Labrador
Fisheries Management**

Renewal of Quota Holdco NL Inc. Agreement

Maintaining the benefits from our adjacent fishery resources for the people of our province is a key policy objective. Many of our coastal communities' history, development and future are linked to these resources.

The harvesting license of Ocean Choice International (OCI) currently ensures that associated quotas will be landed within the province of NL and that benefits accrue to our rural communities. The Province wants confirmation that the harvesting license issued to OCI in 2007 in relation to Quota Holdco NL Inc.'s quotas will be renewed when the initial nine-year term has expired in 2016 and will contain the same terms and conditions as the original agreement for an additional none years.

Appendix 3

Government of Newfoundland and Labrador Fisheries Innovation and Adjustment Fund

Capitalizing on New Opportunities:

If Newfoundland and Labrador is to maximize the value of our fishery resources for the benefit of our province, a greater level of intervention is required by governments. Funds will be required to ensure the Newfoundland and Labrador seafood industry remains a competitively viable one which is positioned to seize new market opportunities arising from CETA. These funds will be dispersed through the following key initiatives:

1. Infrastructure Development Funding

A marine port infrastructure initiative will provide direct benefits to commercial fish harvesters by providing essential services and infrastructure that is lacking throughout the province. It will help transform the industry by changing landing and processing patterns. This will complement DFO fleet development initiatives which will help address seasonality challenges, mainly driven by vessel size, and provide longer, more stable incomes for workers.

2. Research and Development Funding

Research and development activities will focus on:

- Improving the understanding of adjacent marine resources and ecosystems.
- Technological innovations in harvesting and processing.

3. Investment/Equity Fund

As a result of increased market access to the EU through the Canada-EU Comprehensive Economic and Trade Agreement, funds will be used to assist industry to capitalize on the new market opportunities through initiatives such as new product development and associated marketing activities.

Fishing Industry Adjustment:

Minimum Processing Requirements (MPRs) are the only policy instrument the Provincial Government has to ensure maximum benefits from fisheries resources adjacent to the Province. Fisheries and Oceans Canada does not impose performance requirements on any fish species. The concept of imposing MPRs is consistent with the Department of Fisheries and Aquaculture's licensing policy objectives to: provide employment levels that provide adequate incomes and promote cooperation in the industry that enhances product quality and optimizes total returns from processing available resources.

The elimination of Minimum Processing Requirements (MPR) for the European Union (EU) in the current Canada EU Comprehensive Economic and Trade Agreement (CETA) will have a adverse impact on the province's fishing industry, predominantly the fish processing sector which currently employs over 9,000 people, many of whom are located in rural communities. The province requires adjustment funding to:

1. Support measures to promote harvesting sector rationalization to improve economic viability;
2. Provide transitional supports to assist impacted fishery workers; and
3. Assist communities to adjust to the economic impacts of plants closures.

Appendix 4

**Government of Newfoundland and Labrador
Position of acquire of Government of Canada share in the Hibernia Project (CHHC)**

The Government of Newfoundland and Labrador, through Nalcor Energy, seeks to acquire the Government of Canada's 8.5% interest in the Hibernia project as held by the Canada Hibernia Holding Corporation (CHHC). It is requested that:

1. Lead negotiator's for each party be appointed by May 28, 2012;
2. Negotiations resume by June 5, 2013;
3. Both parties develop and agree on a common data set for reserves and oil price by (date)
4. Negotiations conclude by June 14 and the outcome/ current status would be reported to both Governments at a joint meeting soon thereafter;
5. A final decision on the CHHC share purchase be completed by June 28, 2012.

Appendix 5

Search and Rescue Improvement Options

Any of the following options would signal a commitment by the federal government to substantively improve search and rescue in Newfoundland and Labrador.

The GNL requests that the federal government identify which of these options it prefers and then commit to making a public announcement by August 1, 2013 regarding its plans for improvement.

1. Upgrade Rotary-Wing (helicopter) SAR capacity in NL

The availability of appropriate serviceable aircraft is critical to the integrity of the SAR system.

Federal SAR helicopter resources in the province consist of primary Cormorant helicopters stationed at Gander (5?) and secondary Griffon helicopters located at Goose Bay (3). Repair and maintenance requirements sometimes mean that "some or all" may not be serviceable when required for SAR response.

Improved reliability of these resources could be achieved through an initiative to upgrade, increase and/or replace the current fleet complement.

2. Add Fixed-Wing Aircraft to the SAR Asset Base in NL

Federal SAR resources based in NL do not currently include fixed-wing aircraft and SAR missions requiring such support must rely on aircraft based in Greenwood, NS, with the associated impact on the amount of time it takes to get an aircraft "on scene" in NL.

Action by the federal government to station fixed wing SAR aircraft in NL (at Gander and/or Goose Bay) would have a positive impact on SAR services in the province by increasing reliability and reducing response times.

This initiative would require the federal government to either procure additional aircraft or take a decision to relocate the required aircraft from another location in Canada.

3. Increase Number of Trained SAR Personnel in NL

Any initiative to improve SAR aircraft availability in NL would need to be matched with a complementary measure to ensure the availability of sufficient trained personnel for effective operations.

The federal government is encountering challenges in the recruitment and retention of trained SAR personnel. High private sector demand and comparatively low DND compensation levels are major contributing factors.

SAR response times currently do not meet the desired standard of "30 minutes wheels-up" on a 24/7/365 basis. (Current stance is for "30 minutes wheels-up" during the business day and "2 hours wheels-up" at other times.)

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The federal Auditor General has noted that the MRSCs were established in St. John's and Quebec City in the 1970s in order to reduce the workload on Joint Rescue Coordination Centres (JRCC) in these areas of high marine activity.

The JRCCs continue to face staffing pressures and have difficulty maintaining appropriate numbers of coordinators.

A decision to reopen the St. John's MRSC would be a highly visible action, achievable within a relatively short timeframe and a reasonable cost.

Appendix 6

**Government of Newfoundland and Labrador
Position to Implement Recommendation 29 from the Wells Inquiry**

Recommendation 29 (a) from the Offshore Helicopter Safety Inquiry endorsed a new, independent, and stand-alone Safety Regulator for the NL offshore. Recommendation 29 (b) stated that , if this was not feasible at this time, arrangements could be made to create a separate and autonomous Safety Division of the CNLOPB, with a separate budget, separate leadership, and an organization structure designed to deal only with safety matters.

The Government of NL seeks to establish a new governance model for the C-NLOPB that achieves the objective set out in Recommendation 29. It is requested that:

1. Lead negotiators for the Government of Canada and the Government of Newfoundland and Labrador be appointed by May 31, 2013;
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3. Negotiations will commence by June 10, 2013;
4. The parties will agree on a governance model by June 28, 2013 and subsequent discussions will focus on implementation
5. The negotiations will conclude by July 17, 2012 and the outcome/current status would be reported to both Governments at a joint meeting soon thereafter
6. A final decision will be completed by August 9, 2013.



Government of Newfoundland and Labrador
Innovation, Business and Rural Development
Office of the Minister

May 27, 2013

Honourable Edward Fast
Minister for International Trade and
Minister for the Asia-Pacific Gateway
House of Commons, East Block
Ottawa, ON
K1A 0A6

Dear Minister Fast:

Subject: Canada-European Union Negotiations

Further to our telephone conversation yesterday, I am writing to express my concern about the Federal Government's continued insistence that Newfoundland and Labrador (NL) must exempt the European Union (EU) from this province's minimum processing requirements (MPRs) in the fish processing industry, without adequately addressing our Province's position on this matter. I wish to bring to your attention several concerns arising from our recent correspondence and discussions that require reconsideration and clarity.

After our meeting on May 20, 2013, I believed we had made real progress in raising the Federal Government's understanding about the essential objectives of our MPR policy and the widespread support for MPRs in communities and regions of NL. During the meeting, you encouraged the Premier and me to think about how we could move forward on the matter, and you indicated that the Federal Government would be receptive to an 'outside the box' approach.

We took this as a signal that the Federal Government was committed to finding a resolution that could work for the people of NL. Accordingly, we engaged in extensive internal and external consultation on the matter, involving the industry stakeholders. Our discussions focused on how best to accommodate a significant Provincial policy change associated with exporting of raw materials, while at the same time facilitating the transformation of our fishing industry.

On May 24, 2013, the Government of NL presented to the Federal Government an alternative to the MPR impasse. Within the package of information, I articulated the combination of protection and compensation we would need to justify the unprecedented dilution of the only policy instrument within provincial jurisdiction that ensures the fisheries resources adjacent to the province result in processing jobs for Newfoundlanders and Labradorians. We identified several means of compensating the people and communities impacted by the policy shift, and we believe this ultimately achieves the objectives of the EU, Canada and NL for an equitable and balanced resolution.

.. /2

In our telephone conversation on May 25, 2013, we were surprised that the Federal Government no longer exhibited flexibility to accommodate a solution to the MPR policy. You indicated the Federal Government is now only prepared to consider solutions directly related to CETA, effectively telling us to "think inside the box." You advised that if the Provincial Government will agree to exempt the EU from the MPR regime, you will pursue a modest switching of tariff lines to ensure that lines of most importance to the province will be immediately eliminated. It is the Provincial Government's position now, as it has been throughout this negotiation, that no decision on MPRs should be traded for tariff elimination; that MPRs should be protected in the same manner as other comparable provincial/territorial measures. I have noted that NL continues to be willing to trade movement on government procurement and services and investment in return for the elimination of tariffs on lines of importance to the province.

On the matter of a fund to help restructure the industry, you have advised that the Federal Government could consider a modest step towards this, but you also asked the Provincial Government to cost-share such a fund. We believe a fund is necessary to help industry restructure to take advantage of opportunities that open as a result of real market access to the EU and to assist the communities and the people that could be displaced or adversely impacted by a move to narrow the application of MPRs. The Government of NL has already justified the elimination of tariffs by the strength of its offer, including government procurement, and has indicated it can improve that offer, in a letter of April 23, 2013. By asking us to cost-share an industry restructuring fund, you are asking the people of this province to pay twice for the chance to open the EU market and, moreover, to pay for the possible damage done to them by a movement on MPRs.


The Government of NL has frequently conveyed to the Federal Government its interest in having a meaningful voice regarding foreign vessels being allowed to buy unprocessed fish and seafood in NL. If MPRs are no longer applied, the Provincial Government must be in a position to ensure that due diligence has been observed before foreign vessels are permitted to buy unprocessed fish and seafood. This is critical when we consider the unfair competition that could be wrought by highly subsidized vessels, such as those from some EU Member States.

Despite the encouragement to "think outside the box", you further advised that because the remaining matters of importance to NL - offshore search and rescue, the purchase of the Hibernia shares, and our shared responsibility regarding offshore safety - are not part of the CETA negotiation, we cannot address them in conjunction with the CETA. It is and has been our position that MPRs should have been protected from the outset. At the current juncture, if the Federal Government is seeking a change in our policy, then these compensatory items which are needed to justify a provincial policy shift are indeed linked to CETA. Unfortunately, it appears that the Federal Government continues to underestimate the significance and value of MPR's to the Government and the people of NL.

In the absence of any movement by the Federal Government to address our needs, I have advised you that our position will not change: MPRs must be fully carved out from the CETA. As we articulated in our letter of April 23, 2013, we are prepared to improve our government procurement offer, by including Newfoundland and Labrador Hydro, in order to effect the desired changes in the tariff lines. To be clear, however, this will only be offered if MPRs are carved out first. Your written confirmation that Canada will maintain this position as you move forward to conclude this agreement is required as soon as possible.

The benefits of CETA to the Newfoundland and Labrador economy are limited; however, there may be significant benefits to our fishing industry. Please be assured of our continued willingness to engage with you in seeking an agreement that serves the interests of Newfoundlanders and Labradorians.

Sincerely,

A handwritten signature in black ink, appearing to read "Keith Hutchings". The signature is written in a cursive style with a large initial "K".

KEITH HUTCHINGS
Minister

pc Premier Kathy Dunderdale

Minister of International Trade and
Minister for the Asia-Pacific Gateway



Ministre du Commerce international et
ministre de la porte d'entrée de l'Asie-Pacifique

Ottawa, Canada K1A 0G2

Honourable Keith Hutchings
Minister of Innovation, Business, and Rural Development
Confederation Building
PO Box 8700
St. John's, NL A1B 4J6

MAY 28 2013

Dear Mr. Hutchings:

Further to our discussions over the past few days, I am seeking definitive direction regarding Newfoundland and Labrador's position in light of the European Union's (EU) response to Canada's demand that minimum processing requirements (MPRs) be permanently carved out of the Comprehensive Economic and Trade Agreement (CETA).

Canada continues to believe that there are real and significant benefits to be gained by the Province of Newfoundland and Labrador from the potential trade agreement with the EU. Chief among the benefits is duty-free access to the world's most lucrative fish and seafood market, which imports over \$25 billion in products annually. Duty free access, rarely provided by the EU, is a transformational opportunity that would greatly benefit the fishing industry in Newfoundland and Labrador.

Canada is seeking an agreement that would eliminate all fish and seafood tariffs. Over 95% of tariffs would be eliminated upon CETA's coming into force, and all of the remaining tariffs would go to zero within three, five or seven year schedules. This would immediately benefit Newfoundland and Labrador's fish and seafood sector.

In addition to duty free access to their market, the EU has offered Canada an important general rule of origin, along with eleven valuable origin quotas, which would allow Canadian producers of specific processed fish and seafood products made with non-Canadian inputs to export certain quantities of those products to the EU duty-free. Two of these quotas, cooked and peeled shrimp and frozen cod fillets, are of specific benefit to Newfoundland and Labrador.

The fish and seafood package including the elements described above is being offered by the EU in exchange for, among other things, access on government procurement and on the condition that the export restriction system operated by Newfoundland and Labrador not be applied to exports destined for the EU. A commitment not to apply MPRs on products destined for the EU under CETA



- 2 -

would not prevent the Government of Newfoundland and Labrador from applying them against non-EU jurisdictions. As we understand from your officials, the Government of Newfoundland and Labrador already approves 90% of applications for exemptions from these restrictions.

The Federal Government welcomed the Government of Newfoundland and Labrador's willingness to discuss the elimination of MPRs in light of a significant fish and seafood package. In return, as I indicated to you, the Federal Government is committed to deliver, cost-shared equally with the Province of Newfoundland and Labrador, a transitional package of up to \$400 million for those workers who experience job displacement as a result of the time-limited carve-out of MPRs for fish and seafood exports destined for the EU (this assistance would also be extended to any other province that is also affected).

The federal government is always willing to discuss issues of importance to Newfoundland and Labrador. However, your Government has made a number of requests unrelated to CETA in exchange for a time-limited carve-out of MPRs. Just as there has been no link between the trade negotiations and the Muskrat Falls loan guarantee, and I note the posting of the Request for Financing last week, it would be inappropriate and unacceptable to link non-trade issues to CETA.

As you know, the Federal Government has been fighting at the negotiating table to secure a permanent carve-out for Newfoundland and Labrador's MPRs. As you also know, even with the procurement offers you have on the table, the EU has insisted that if MPRs are permanently carved-out in the Agreement they will withdraw the significant duty-free fish and seafood package, as well as the valuable 'origin quotas'. This is the EU's final position after strenuous and lengthy negotiations on the point.

Given the EU's final position, the Government of Canada is seeking the Government of Newfoundland and Labrador's direction on how to proceed. The EU has stated that they are simply not prepared to permanently carve-out Newfoundland and Labrador's MPRs while preserving the fish and seafood package. However, the EU has stated that in exchange for a time-limited carve-out of three years of minimum processing requirements they will preserve the fish and seafood package, including the general rule of origin.

Minister of International Trade and
Minister for the Asia-Pacific Gateway



Ministre du Commerce international et
ministre de la porte d'entrée de l'Asie-Pacifique

Ottawa, Canada K1A 0G2

- 3 -

Given the critical juncture the talks have reached, I request by close of business tomorrow the Government of Newfoundland and Labrador's response to the EU offer that in exchange for a three-year carve-out of MPRs they will preserve almost entirely the significant fish and seafood package. In such a scenario, the Federal Government would cost-share equally with the Province a transitional program of up to \$400 million for those whose jobs are displaced as a result of MPRs no longer being applied to product destined for the EU. If this is not acceptable to Newfoundland and Labrador, Canada will be unable to protect MPRs within the Agreement, nor will we be able to secure the best available fish and seafood offer from the EU. Nonetheless, the Government of Canada will continue to negotiate the best possible Agreement on behalf of Canadians. However, under this scenario, federal negotiators will need to know whether the procurement offer made by Newfoundland and Labrador remains on the table.

Sincerely,

Honourable Ed Fast, P.C., Q.C., M.P.

Canada

May 29, 2013

Honourable Edward Fast, Minister for International Trade and
Minister for the Asia-Pacific Gateway
House of Commons, East Block
Ottawa, ON K1A 0A6

Dear Minister Fast:

I am writing in response to your letter of May 28, 2013 to inform you of the Government of Newfoundland and Labrador's final position regarding the Canada-European Union negotiation towards a Comprehensive Economic and Trade Agreement (CETA). As we articulated in an April 23, 2013 letter to your Chief negotiator, in return for timely tariff elimination on the fish and seafood lines of importance to Newfoundland and Labrador, without end-use restrictions, Government is prepared to substantially expand its offers on government procurement and services/investment reservations. The specifics outlined in that letter represent the minimum acceptable outcomes for which we would be willing to execute these procurement and reservations offers. If the second tariff offer is not improved, the procurement and reservations offers cannot remain 'on the table.'

It continues to concern me that the Federal Government relates the provincial minimum processing requirements (MPRs) to tariff elimination and other trades. You are correct that 90 per cent of all MPR exemption requests are approved, but it is important to also understand that virtually all inshore landings are processed to meet MPRs, with very few exemptions. That same inshore sector employs 95 per cent of the people who work in harvesting and processing in this province. As you can see, any diminution of MPRs could impact the majority of the workforce and the communities in which they work. Notwithstanding this, and as I articulated in my letter of May 24, 2013, the Provincial Government remains willing to consider an exemption from MPRs for the European Union (EU), in return for which this government would expect an appropriate response.

The Government of Newfoundland and Labrador is willing to exempt the EU from the application of MPRs five years after the CETA comes into force. In return for this move, we will require a number of responses from the Federal Government. It is imperative that a memorandum of understanding regarding over the wharf and over the side sales be concluded. As I have noted on previous occasions, it is critical that this government have a meaningful voice in the decisions regarding access to raw materials by foreign fishing vessels.

In our meeting on May 20, 2013, we discussed the importance of measures necessary to justify such a fundamental change in provincial policy, including an industry transition fund. In your letter of May 28, 2013, you characterize opportunities for the fishing industry as a result of the CETA as 'transformational.' We would expect the Government of Canada would allow for a fund to help

realize this potential; however, such a fund must not be limited to worker adjustment. It must be broadened to include the suite of measures as outlined in my May 24, 2013 correspondence to you. It should sustain the programs necessary to ensure that the industry is positioned to fully avail of opportunities emerging from the deal and that anyone displaced as a result can be assisted. Accordingly, we agree that a \$400 million fund is an appropriate response, but we do not agree that it should be cost-shared or limited to worker displacement. The Government of Newfoundland and Labrador is not prepared to cost-share a fund that should offset the effects of this move. The enormity of this policy change and its implications for this government and the people of the province should not be underestimated.

Finally, we do not accept separation of search and rescue from the CETA negotiation. The greater majority of maritime search and rescue responses involve fishing industry participants, more than any other group, including offshore oil and gas exploration or development. We cannot disassociate the importance of search and rescue capacity from the future success of the fishing industry and we fully expect your commitment to pursue an improvement in search and rescue, from among the options outlined in my letter. There can be no discussion about the transformation of the fishing industry that does not include a commitment to the health and safety of the people who make it their livelihood.

We are committed to making this final effort to achieve the best deal for Newfoundland and Labrador. It will allow us to conclude an agreement with the EU that will benefit the entire country.

Sincerely,



KEITH HUTCHINGS
Minister

pc: Premier Kathy Dunderdale

Minister of International Trade and
Minister for the Asia-Pacific Gateway



Ministre du Commerce international et
ministre de la porte d'entrée de l'Asie-Pacifique

Ottawa, Canada K1A 0G2

Honourable Keith Hutchings
Minister of Innovation, Business, and Rural Development
Confederation Building
PO Box 8700
St. John's, NL A1B 4J6

May 30 2013

Dear Mr. Hutchings:

I have received your letter of May 29, 2013. I am writing to respond, and provide the federal government's planned approach to secure the significant fish and seafood package the EU has offered Canada.

I note the Government of Newfoundland and Labrador's willingness to substantially expand its offers on government procurement and services/investment reservations. I also note your desire for timely tariff elimination on the fish and seafood lines of interest to your province. The federal government will instruct our negotiators to pursue the best outcome possible regarding these interests.

I note the Government of Newfoundland and Labrador's willingness to exempt the EU from the application of MPRs after a time-limited period. I also note your desire for the length of that period to be 5 years after the CETA comes into force. The federal government will instruct our negotiators to pursue that objective at the negotiating table, understanding that a period of 3 years may ultimately be the maximum the EU is willing to concede. I note that at least 2 years will be required after any announcement by Canada and the EU of an 'agreement in principle' before CETA can be brought into force, meaning a 3 year period would represent an effective carveout of no less than 5 years from any such announcement.

Given the positive transformational potential of the CETA to the Canadian economy, including the economy of Newfoundland and Labrador, the federal government is prepared to cost-share on a 70/30 basis a transitional program of up to \$400 million for those whose jobs are displaced as a result of MPRs no longer being applied to product destined for the EU.

The federal government makes no linkage of non-trade issues to the CETA negotiations. However, as you know, our respective governments have been engaged in the negotiation of an MOU regarding fisheries management. The federal government shares your desire to conclude this MOU. I have been

Canada

.../2

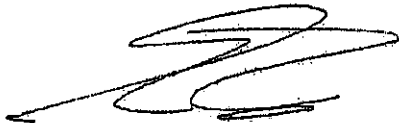
advised that the text is extremely far advanced, and that a successful conclusion within the immediate term is eminently possible. The federal government is committed to work toward this objective, and our officials have been instructed accordingly.

Also, as we have discussed with respect to search and rescue, we are certainly willing to engage with the Government of Newfoundland and Labrador on the matter of ensuring that a quality level of service is provided.

The trade-related matters above represent the federal government's planned approach to secure the significant fish and seafood package the EU has offered Canada. We would like to pursue the above objectives and approach, including protecting MPRs, together. However, if this is not acceptable to Newfoundland and Labrador, as stated previously, Canada will be unable to protect MPRs within the Agreement, nor will we be able to secure the best available fish and seafood offer from the EU. Nonetheless, the Government of Canada will continue to negotiate the best possible Agreement on behalf of Canadians.

I look forward to confirmation of the Government of Newfoundland and Labrador's position on this planned approach. Given that we expect fish and seafood matters to be the subject of negotiations with the EU tomorrow, a response is required by midnight this evening, Eastern Standard Time.

Sincerely,

A handwritten signature in black ink, appearing to be 'Ed Fast', written in a cursive style.

Honourable Ed Fast, P.C., Q.C., M.P.



Government of Newfoundland and Labrador
Innovation, Business and Rural Development
Office of the Minister

May 30, 2013

Honourable Edward Fast, Minister for International Trade and
Minister for the Asia-Pacific Gateway
House of Commons, East Block
Ottawa, ON K1A 0A6

Subject: Canada-European Union Negotiations

Dear Minister Fast:

This responds to your letter of today's date regarding the Government of Canada's plan to secure a significant outcome on fish and seafood tariffs in a Comprehensive Economic and Trade Agreement (CETA) with the European Union (EU).

Newfoundland and Labrador will fulfill its commitment to increase its procurement and reservations offers, as articulated in our correspondence of April 23, 2013, in return for changes to the tariff offer such that lines of importance to this province will be moved to zero tariff immediately, with no end-use restrictions (see attached chart). We understand that this is entirely achievable.

We concur with the position you have taken with respect to the elimination of minimum processing requirements (MPRs) for fish to be processed in the EU and agree with the approach you have outlined.

The industry transitional program must be fully funded by the Federal Government. We accept your offer to contribute \$280 million to such a program to offset the regulatory change this government will be required to make. It is also imperative that this program facilitate industry transition, development and renewal. We suggest that the cash-flow be distributed within the timeline for the EU exemption from the province's MPRs.

It is encouraging that the Government of Canada shares our desire to conclude a memorandum of understanding (MOU) regarding over-the-side and over-the-wharf sales. We require your proposed amendments to the MOU immediately, with your commitment to execute the agreement satisfactorily before the CETA negotiation is concluded.

We appreciate your offer to engage with us on search and rescue improvements. Further to my letter to you of May 24, 2013, we will need you to identify which of the options the Government of Canada intends to implement. We will also need a commitment from your government to make a public announcement by August 1, 2013 regarding the implementation of these improvements.

It is important that the Federal Government recognize that the foregoing constitutes a complete package. Given the immediacy of the next fish and seafood negotiations in Brussels, your response is required by noon tomorrow, Newfoundland and Labrador Standard Time.

Sincerely,

A handwritten signature in black ink, appearing to read "Keith Hutchings". The signature is written in a cursive, flowing style.

Keith Hutchings, Minister

Attachment

Pc: Premier Kathy Dunderdale

Tariff Elimination: Minimum Outcome

CN Code	Description	Current Tariff	July 2011	Landing Zones
16052010	Shrimps and prawns, prepared or preserved, in airtight containers	20	7	Go to 0 Phase Out: Switch for 16052091
16052099	Shrimps and prawns, prepared or preserved, not in airtight containers, not in immediate packings of a net content not exceeding 2 kg	20	7	Go to 0 Phase Out: Switch for 16052091
3042929	Cod filets, frozen	7.5	7	Go to 0 Phase Out: Switch for 3041931
3061490	Crabs, frozen, in shell or not, including boiled in shell, nes	8	3	Stay At 3 Phase Out
16051000	Crab, prepared or preserved	20	7	Go to 3 Phase Out
3061210	Lobsters, whole, in brine, (Homarus spp), frozen, in shell, including boiled in shell	6	3	
3061290	Lobsters, (Homarus spp), nes, frozen, in shell, including boiled in shell	16	3	
16053090	Lobster meat, not for the manufacture of lobster butter or of lobster pastes, pâtés, soups or sauces	20	5	
16059011	Mussels prepared or preserved, in airtight containers	20	7	
16059019	Mussels prepared or preserved, not in airtight containers	20	7	
16059030	Molluscs and other aquatic invertebrates prepared or preserved	20	5	Stay at 5 Phase Out
3054945	Trout, smoked, including filets	14	7	Stay At 7 Phase Out
16041411	Tuna, skipjack, in vegetable oil, whole or in piece but not minced	24	7	Stay At 7 Phase Out
16041418	Tuna, skipjack, prepared or preserved, not in vegetable oil, whole or in piece but not minced	24	7	Stay At 7 Phase Out
16041490	Bonito, prepared or preserved, whole or in piece, not minced	25	7	Stay At 7 Phase Out
16042070	Tuna, skipjack, prepared or preserved, except whole or in pieces, prepared meals	24	7	Stay At 7 Phase Out
Eliminated in the Second Offer				
3037430	Mackerel, frozen, excluding heading No 03.04, livers and roes	15	0	Stay at 0 Phase Out
3041931	Cod filets, fresh or chilled	18	0	Go to 7 Phase Out: Switch for 3042929
3054100	Salmon filets, smoked	13	0	
16042010	Salmon, prepared or preserved, except whole or in pieces, prepared meals	5.5	0	
16042090	Fish, nes, prepared or preserved, except whole or in pieces, prepared meals	14	0	
16052091	Shrimps and prawns, prepared or preserved, not in airtight containers, in immediate packings of a net content not exceeding 2 kg	20	0	Go to 7 Phase Out: Switch for 16052099, 16052010

Minister of International Trade and
Minister for the Asia-Pacific Gateway



Ministre du Commerce international et
ministre de la porte d'entrée de l'Asie-Pacifique

Ottawa, Canada K1A 0G2

Keith Hutchings
Minister of Innovation, Business, and Rural Development
Confederation Building
PO Box 8700
St. John's, NL A1B 4J6

MAY 31 2013

Dear Mr. Hutchings:

This responds to your letter of May 30th.

My last letter to you outlined how the federal government is prepared to move forward on securing a CETA outcome on fish and seafood. We have made it very clear that we will not link non-trade issues to the CETA negotiations. We are, however, prepared to address the MOU regarding fisheries management and SAR matters in the manner described in my last letter.

Similarly, my last letter to you outlined the federal government's planned approach to securing the significant fish and seafood package the EU has offered Canada. I again confirm that we are prepared to pursue the outcomes on the tariff- and MPR-related elements of the CETA and the proposed cost-shared transition program as articulated in my last letter. We are prepared to reduce the size of the transition fund for worker displacement in order to facilitate the participation of Newfoundland, but it must be cost-shared and only for worker displacement.

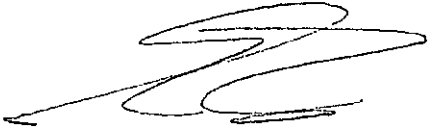
We have noted your willingness to improve your government procurement and reservations offers to enable negotiators to seek to secure an optimal outcome on your most important fish and seafood tariff lines.

It is the desire of the federal government to pursue the objectives and approach outlined in my last letter in cooperation with the Government of Newfoundland and Labrador. The terms identified in that letter are the basis upon which the Government of Canada is prepared to proceed, in good faith. Positive confirmation that the Government of Newfoundland and Labrador is prepared to do the same is required by noon Eastern Standard Time today. Should positive confirmation not be forthcoming by that time, the Government of Canada will proceed to secure the best outcome for Canada on all aspects of the CETA.

Canada

.../2

Yours sincerely,

A handwritten signature in black ink, consisting of several fluid, overlapping loops and a long horizontal stroke extending to the left.

Honourable Ed Fast, P.C., Q.C., M.P.



Government of Newfoundland and Labrador
Innovation, Business and Rural Development
Office of the Minister

May 31, 2013

Honourable Edward Fast, Minister for International Trade and
Minister for the Asia-Pacific Gateway
House of Commons, East Block
Ottawa, ON K1A 0A6

Subject: Canada-European Union Negotiations

Dear Minister Fast:

This responds to your letter of today's date.

We have clearly and repeatedly outlined our minimum acceptable offer on tariffs, effectively moving our key tariff lines immediately to zero, and we believe this to be entirely achievable within the context of these negotiations. Only if this is achieved, can the Government of Newfoundland and Labrador support the CETA. We agree with the approach outlined in your previous correspondence, to pursue a five year term before providing an exemption from the province's minimum processing requirements for the European Union, knowing that it may be necessary to accept a three year term.

Despite our strong belief that we should not be asked to cost-share a fund intended to offset the very significant public policy move you have asked us to make, the Government of Newfoundland and Labrador agrees to a 70/30 cost-shared fund of \$400 million, only if this program provides for industry transition, development and renewal. This would make your obligation consistent with your previous offer to contribute \$280 million.

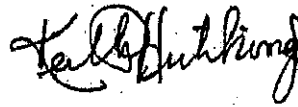
We have previously accepted your offer to work on the memorandum of understanding regarding over-the-side and over-the-wharf sales, as you outlined, and we would appreciate receiving your draft today. We also require your commitment to execute the MOU satisfactorily before the CETA negotiation is concluded.

We now accept your offer to work with this government to ensure a quality level of search and rescue service is provided to the people of this province.

This response demonstrates the Province's significant flexibility with regard to achieving an acceptable outcome for the people of Newfoundland and Labrador. We take great exception to the inflexibility demonstrated by the Government of Canada in this process and your threat to conclude a CETA without this province. It is regrettable that the Government of Canada would consider concluding this agreement without considering the needs of the people of Newfoundland and Labrador, whom we both serve.

We will require your response by 2:00 p.m. Eastern Standard Time.

Sincerely,

A handwritten signature in black ink, appearing to read "Keith Hutchings". The signature is written in a cursive, flowing style.

Keith Hutchings, Minister

Pc Premier Kathy Dunderdale

Minister of International Trade and
Minister for the Asia-Pacific Gateway



Ministre du Commerce international et
ministre de la porte d'entrée de l'Asie-Pacifique

Ottawa, Canada K1A 0G2

Honourable Keith Hutchings
Minister of Innovation, Business, and Rural Development
Confederation Building
PO Box 8700
St. John's, NL A1B 4J6

JUN 01 2013

Dear Minister Hutchings:

This responds to your letter of May 31st.

Consistent with my May 31st letter to you, the Government of Canada remains prepared to proceed to secure the best outcome for Canada on all aspects of the CETA, for which it requires the cooperation of Newfoundland and Labrador.

We note your desire for timely tariff elimination on the fish and seafood lines of interest to your province. The federal government intends to instruct our negotiators to pursue the best outcome possible regarding these interests, leveraging, to the extent possible, improvements to your government procurement offer and services/investment reservations. As is the case in any negotiation, no outcomes can be guaranteed.

The federal government intends to also instruct our negotiators to pursue a time-limited carveout for the application of MPRs to products destined for the EU of 5 years after the CETA comes into force, understanding that a period of 3 years may ultimately be the maximum the EU is willing to concede. We understand that a 3 year period would be acceptable to Newfoundland and Labrador, in this event.

With respect to the proposed transition program of up to \$400 million, we note your willingness to agree to a 70/30, federal/provincial cost-sharing formula. In the context of this commitment on cost-sharing, we are prepared to instruct our officials that the transition program address industry development and renewal as well as worker displacement.

With respect to the CETA-related matters above, it remains the desire of the federal government to pursue these in cooperation with the Government of Newfoundland and Labrador. The terms identified in my May 31st letter, as modified above, are the basis upon which the Government of Canada is prepared to proceed. We will do so in good faith, upon receipt of a clear confirmation that the Government of Newfoundland and Labrador accepts these terms and is prepared to do the same. However, if this is not acceptable to Newfoundland and Labrador, as stated previously, Canada will be unable to protect MPRs within the Agreement, nor will we be able to secure the best available

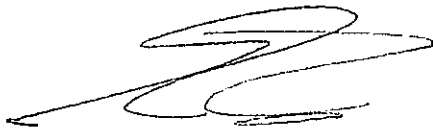
fish and seafood offer from the EU. Nonetheless, the Government of Canada will continue to negotiate the best possible Agreement on behalf of Canadians.

Our negotiators are scheduled to continue their engagement with the EU Monday in Brussels. Therefore, such confirmation should be provided by noon Eastern Standard Time Sunday, June 2nd.

With respect to the non-trade issues of the fisheries management MOU and Search and Rescue (SAR), we have and continue to make it very clear that there is no linkage between these matters and the CETA negotiations. As indicated previously, we have instructed our officials to work to conclude the MOU in the immediate term, and are prepared to work with the provincial government on SAR service.

I look forward to your confirmation, and our pursuit of these matters together.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Ed Fast', with a stylized, cursive script.

Honourable Ed Fast, P.C., Q.C., M.P.

June 1, 2013

Honourable Edward Fast, Minister for International Trade and
Minister for the Asia-Pacific Gateway
House of Commons, East Block
Ottawa, ON K1A 0A6

Dear Minister Fast:

This responds to your letter of June 1, 2013.

We accept your approach and undertakings to secure changes to the tariff offer such that lines of importance to the province will be moved to zero tariff immediately; however, we reiterate that the Provincial Government's ultimate support for the final agreement remains contingent on that outcome.

With respect to a time-limited carve-out of minimum processing requirements for products destined to be processed in the European Union (EU), we believe that a five-year term should be pursued vigorously, as it represents a significant move from our previous commitment of seven years and responds to the overall ambition demonstrated in our offers. A three-year term should only be entertained if it can be clearly demonstrated that the overall deal we have agreed upon cannot be achieved without it.

We accept your offer to create an industry transition fund for a total expenditure of \$400 million, cost-shared 70/30 on a federal/provincial basis. We acknowledge and agree that the fund will be used for industry development and renewal, as well as worker displacement. You will recall our expectation that the cash-flow should be consistent with the timeline for the EU exemption from the province's MPRs. The timing of this will be critical to fully realize the transformational opportunities available as a result of the opening of market access in the EU.

Regarding the memorandum of understanding (MOU) and search and rescue (SAR), we concur that there is no direct linkage between these matters and the CETA negotiations. We agree with your offer to conclude the MOU in the immediate term. To that end, your proposed revisions are required as soon as possible.

We note your undertaking to work with the Province of Newfoundland and Labrador to improve search and rescue (SAR) service to our province. In our earlier correspondence and in conversations with you, you have advised of the imminence of a Government of Canada response on

this matter. As a result, we had sought an undertaking from you to proceed on this matter by August 1, 2013, which would still appear to be a reasonable time-frame. Please advise if a different time-line will be needed to respond appropriately to this critical public policy issue.

Given the advanced state of the CETA negotiations and our agreement on these matters, I have instructed our lead negotiator to remain in Brussels and to continue to work closely with your negotiating team to achieve the best outcomes for the Province of Newfoundland and Labrador and for Canada.

I look forward to our continued collaboration on these matters and to your response to the points I have noted with regard to the MOU and SAR.

Sincerely,

A handwritten signature in black ink, appearing to read "Keith Hutchings". The signature is written in a cursive, flowing style.

Keith Hutchings, Minister

Pc Premier Kathy Dunderdale

Minister of International Trade and
Minister for the Asia-Pacific Gateway



Ministre du Commerce international et
ministre de la porte d'entrée de l'Asie-Pacifique

Ottawa, Canada K1A 0G2

Honourable Keith Hutchings
Minister of Innovation, Business, and Rural Development
Confederation Building
PO Box 8700
St. John's, NL A1B 4J6

JUN 02 2013

Dear Minister Hutchings:

This responds to your June 1st letter, in which you confirmed the Government of Newfoundland and Labrador's support for the federal government's planned approach to securing the significant fish and seafood package the EU has offered Canada.

With respect to the CETA-related matters, I have taken note of your acceptance of our approach and your desire for timely tariff elimination on the fish and seafood lines of interest to your province. The federal government will now proceed to instruct our negotiators to pursue the best outcome possible regarding these interests, leveraging, to the extent possible, improvements to your government procurement offer and services/investment reservations. Our negotiator will continue to work closely and cooperatively with yours on these matters. However, as is the case in any negotiation, no outcomes can be guaranteed.

I also note your acceptance of our proposed terms regarding MPRs and the transition program.

With respect to the non-trade issues of the fisheries management MOU and Search and Rescue (SAR), I note your acknowledgement that there is no linkage between these matters and the CETA negotiations. Our officials have been instructed to move forward with their efforts to conclude the MOU with your government on a timely basis. Work with the provincial government on SAR service will continue to proceed. The timelines of these non-trade initiatives are not linked to the CETA negotiations.

I look forward to working cooperatively and in a coordinated manner with the Government of Newfoundland and Labrador. To this end, I would appreciate the opportunity to connect directly with you tomorrow by phone. My staff will be in touch with yours to arrange.

Yours sincerely,

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke extending to the left.

Honourable Ed Fast, P.C., Q.C., M.P.

From: Earle McCurdy [mailto:EMcCurdy@ffaw.net]
Sent: Tuesday, September 17, 2013 3:04 PM
To: O'Rielly, Alastair
Cc: Lewis, David B.
Subject: RE: CETA Discussion

Hi Alastair,

Based on our conversation this morning, it is my understanding that the proposed TRQ arrangement would be a bridging mechanism to the point in time for each species when the tariff would be reduced to zero. It would effectively get us to zero tariff "immediately" (in CETA terms), but by a slightly more complicated mechanism.

We concur with this approach.

Earle

From: O'Rielly, Alastair [mailto:Aorielly@gov.nl.ca]
Sent: Tuesday, September 17, 2013 1:24 PM
To: Earle McCurdy
Cc: Lewis, David B.
Subject: CETA Discussion

Good day Earle,

Further to our discussion this morning, the province is continuing to advance the position that Newfoundland and Labrador needs immediate market access for our key species and products upon implementation of the CETA agreement. The most direct way to achieve this objective is to eliminate tariffs on all key Newfoundland and Labrador species.

The negotiation parties have proposed that this objective may be more effectively pursued in the short-term by establishing a TRQ for the various key species, such that the specie volumes are sufficient to meet the current and projected needs of the Canadian industry and that the "end user" restrictions are eliminated. This TRQ arrangement would be part of the overall agreement, and serve as a bridging mechanism pending tariff elimination.

Please confirm your concurrence with this alternate approach to achieving immediate market access for our key species.

Alastair

Alastair O'Rielly
Deputy Minister
Dept. of Innovation, Business and Rural Development

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From: Derek Butler [mailto:dbutler@seafoodproducers.org]
Sent: Tuesday, September 17, 2013 3:17 PM
To: O'Rielly, Alastair
Cc: Lewis, David B.
Subject: Re: CETA Discussion

Yes, I would concur with this as we discussed. Without consulting more widely with membership, of course, is a limitation as you appreciate, but my sense is members also would be fine with this approach.

Derek

Derek Butler • Executive Director

Association of Seafood Producers
10 Fort William Place • Suite 103, Baine Johnston Building • St. John's, NL • A1C 1K4 • CANADA
Tel: (709) 726-3730 • Fax: (709) 726-3731 • www.seafoodproducers.org

On 2013-09-17, at 1:26 PM, O'Rielly, Alastair wrote:

Good afternoon Derek,

Further to our earlier discussion, the province is continuing to advance the position that Newfoundland and Labrador needs immediate market access for our key species and products upon implementation of the CETA agreement. The most direct way to achieve this objective is to eliminate tariffs on all key Newfoundland and Labrador species.

The negotiation parties have proposed that this objective may be more effectively pursued in the short-term by establishing a TRQ for the various key species, such that the specie volumes are sufficient to meet the current and projected needs of the Canadian industry and that the "end user" restrictions are eliminated. This TRQ arrangement would be part of the overall agreement, and serve as a bridging mechanism pending tariff elimination.

Please confirm your concurrence with this alternate approach to achieving immediate market access for our key species.

Alastair

Alastair O'Rielly
Deputy Minister
Dept. of Innovation, Business and Rural Development

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Government of Newfoundland and Labrador
Innovation, Business and Rural Development
Office of the Minister

October 18, 2013

Honourable Edward Fast, Minister of International Trade
House of Commons, East Block
Ottawa, ON K1A 0A6

Dear Minister Fast:

The Government of Newfoundland and Labrador has completed its assessment of the Agreement-in-Principle on the Canada-European Union Comprehensive Economic and Trade Agreement (CETA). I am pleased to confirm the Province of Newfoundland and Labrador's support for this agreement-in-principle.

We are pleased that you have achieved duty-free access to the European Union for all fish and seafood species within seven years of the agreement coming into force. The Tariff Rate Quotas for our cod and shrimp industries are most welcome. We are also pleased with the assurances provided by the European Union that Canada will continue to have effectively the same level of access as it now has under the Autonomous Rate Tariff Quotas for cod and shrimp.

With respect to the commitment to the \$400 million 70/30 Federal/Provincial cost-shared program, which was confirmed in previous correspondence and in our telephone conversation on October 15, 2013, we welcome a joint announcement between our Governments as soon as possible. We look forward to delivering this unprecedented investment which will grow and strengthen the fishing industry in Newfoundland and Labrador and in Canada as a whole.

Further to our telephone conversation, I understand that the final Memorandum of Understanding on over-the-side and over-the-wharf sales of fish and seafood has been signed. Thank you for your support in facilitating the conclusion of this agreement.

Congratulations on reaching this milestone in the CETA negotiations. I look forward to the final agreement and to our continued collaboration on these matters.

Sincerely,

A handwritten signature in cursive script that reads "Charlene Johnson".

CHARLENE JOHNSON
Minister

pc Premier Kathy Dunderdale



Government of Newfoundland and Labrador
Innovation, Business and Rural Development
Office of the Minister

October 24, 2013

Honourable Ed Fast, Minister of International Trade
House of Commons East Block
Ottawa, ON K1A 0A6

Dear Minister Fast:

Thank you for making time for our telephone conversation last evening. I appreciate the clarity and want to again confirm for you that the Provincial Government will provide \$120 million towards the industry transition fund. This represents our 30 per cent share of the program, to which you have confirmed that the Federal Government will contribute \$280 million. We will announce this exciting new \$400 million funding partnership on Tuesday, October 29, 2013.

I sincerely hope that the Federal Government will be able to participate in this momentous event as we announce to the people of Newfoundland and Labrador our commitment to support positive change in the fishery.

We look forward to collaborating with the Federal Government on this important initiative.

Sincerely,

A handwritten signature in cursive script that reads "Charlene Johnson".

CHARLENE JOHNSON
Minister

pc Premier Kathy Dunderdale