LEGAL ALERT

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Current Legal Developments Critical to Corporate Management

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***Laws or ordinances unobserved, or partially attended to, had better never have been made.***

**— George Washington (1732 -1799)**

ENVIRONMENT

# Innocent party must remediate property

**Marina Sampson and Kathleen Burke,**
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**The Ontario Court of Appeal has confirmed that innocent owners of contaminated property must remediate their property.**

The Court of Appeal recently upheld a decision of the Divisional Court and, in turn, of the Environmental Review Tribunal (the "Tribunal"). The appeal court held that an innocent owner of contaminated land, the City of Kawartha Lakes, Ontario (the "City"), must clean up the contamination.

Much of the appeal turned on the inability of the City to lead evidence concerning those parties who had actually caused the contamination. We considered the Divisional Court decision in "Court considers fairness versus fault", in *Legal Alert*, Volume 31, No. 7, October 2012. This article is provided as an update.

## Order and proceedings

In March 2009, the Ministry of the Environment (the "MOE") issued a no-fault order to the City under section 157.1 of the Environmental Protection Act (the "Act"). The order

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SECURED AND UNSECURED TRANSACTIONS

# Guarantor who contracted out of protections remains liable

**Jenelle Ambrose,**
*Dentons Canada LLP*

**Guarantors who contract out of common-law protections will be held to the terms of their guarantees.**

In *Royal Bank of Canada v. Samson Management & Solutions,* the Ontario Court of Appeal allowed the appeal of the Royal Bank of Canada ("RBC"). RBC had appealed the Ontario Superior Court's decision rendering Ms. Cheryl Cusack's continuing guarantee unenforceable due to a material change to a loan agreement that she had guaranteed.

## Facts

Ms. Cusack had signed RBC's standard form continuing all accounts guarantee in 2005 on behalf of her husband's business, Samson Management & Solutions ("Samson"). That

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# Environment

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required the City to prevent the discharge of contaminants from its property and remediate its property even though the City was not responsible for the contamination in question.

The City appealed the order to the Tribunal. On a motion before it, the Tribunal refused to allow the City to lead evidence that sought to demonstrate who was at fault for the contamination. The Divisional Court and, most recently, the Court of Appeal in *Kawartha Lakes (City) v. Ontario (Director, Ministry of the Environment)*, upheld the Tribunal's decision.

## Background

In December 2008, several hundred litres of furnace oil leaked from Wayne and Liana Gendron's basement. Despite the Gendrons' remediation efforts, the furnace oil migrated onto the adjacent City property and then into Sturgeon Lake. The MOE issued an order to the Gendrons requiring (among other things) that they restore the natural environment.

However, the Gendrons' insurance coverage reached its limit before they were able to commence remediation on the City's property and no remediation of City property was undertaken.

## S.157.1 order

As a result, on March 27, 2009, the MOE issued an order to the City under s. 157.1 of the *Act* requiring it to remediate the adverse effects of the spill on City property. Section 157.1 of the *Act* provides that the MOE may issue an order to,

> any person who owns or who has management or control of an undertaking or property.

The order may require that person to take steps to "prevent or reduce the risk of a discharge of a contaminant into the natural environment from the undertaking or property" or "to prevent, decrease or eliminate an adverse effect that may result from" the discharge or presence of such a contaminant.

An order issued under s. 157.1 of the *Act* is a "no-fault order" in that fault, or the absence of fault, plays no role in a MOE decision to issue an order to an owner of contaminated property. In this case, although counter intuitive, all parties agreed that the City was not responsible for the contamination on its property.

## Appeal to tribunal

The City appealed the MOE's decision to the Tribunal on the basis that it was unfair that the City should have to pay to remediate its property when it was not responsible for the contamination. The City relied on the well-established "polluter pays" principle.

That principle assigns polluters the responsibility for (and the cost of) remedying the contamination for which they are responsible. The City also relied on the Ontario Environmental Appeal Board decision in *724597 Ontario Ltd., Re* ("*Appletex*") and what are commonly referred to as the "fairness factors." These factors are typically considered in assessing whether a party should be held liable for contamination.

## Fairness factors

The fairness factors include considerations about whether the subject of the order exercised due diligence to avoid causing the contamination; whether the cause of the problem was within the orderee's control; and whether the orderee could have foreseen the risk in question.

The City argued that it should be relieved of any liability for the contamination based on the fairness factors. In support of its position, the City sought to call evidence that the Gendrons, their fuel provider and/or the maker of their fuel tank were at fault for the spill.

The Gendrons objected to the City leading such evidence on the basis that evidence of fault was not relevant

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to an appeal of a "no-fault" order issued under s. 157.1 of the *Act*.

## Evidence inadmissible

The Gendrons brought a motion to limit the scope of the City's appeal. The Tribunal agreed with the Gendrons: it refused to allow the City to lead evidence that it was innocent. In effect, the City's innocence was already admitted.

The Tribunal further refused to allow evidence about the fault of the other parties as that evidence was not relevant to any issue on the appeal.

## Environmental protection

In reaching its decision, the Tribunal emphasized that the legal landscape had changed since *Appletex* and that the legislative and policy framework now prioritized the environmental protection objective of the *Act* over "secondary factors" including the fairness factors discussed in *Appletex*.

The Tribunal specifically referenced a Compliance Policy that was drafted after the *Appletex* decision and which provided guidance on how MOE officials should exercise their discretion under the *Act*. The Compliance Policy states that current owners, whether innocent or otherwise, should be named in MOE clean-up orders.

The Tribunal noted that the current environmental regime focused on prompt attention to environmental problems. To this end, the Tribunal held that it would not be efficient for it to engage in a detailed analysis of who was at fault for (in this case, the furnace oil leak) and to what extent.

## Allocation of liability

Rather, the Tribunal held that the allocation of liability was best left to other forums, including civil actions, court proceedings under s. 99 of the *Act* or orders under s. 100.1 of the *Act*. The concern was that engaging in an assessment of fault before the Tribunal could undermine the legislative focus on the protection of the environment and on prompt remediation.

The Tribunal concluded that in proceeding with its appeal before the Tribunal, the City was entitled to argue that its status as an innocent owner together with the "polluter pays" principle should relieve it of liability under the Director's order.

In doing so, however, the Tribunal held that the City could not rely on evidence to show who was at fault for the spill. The Gendrons' efforts to limit the scope of the City's appeal were therefore successful.

***Engaging in an assessment of fault before the Tribunal could undermine the legislative focus on the protection of the environment and on prompt remediation.***

## Appellate decisions

The City appealed the Tribunal decision to the Divisional Court, which found that the Tribunal had been correct in preventing the City from calling evidence to show who was at fault for the spill. This decision was upheld on appeal by a unanimous Court of Appeal for Ontario.

At the Court of Appeal, the City did not contest that the Director had jurisdiction to make the order. Rather it argued that in making the order, the Director had erred on many fronts.

The Court of Appeal, in agreeing with the decisions of the Tribunal and the Divisional Court, focused on the overarching environmental protection objective of the *Act* and held as follows:

> ...evidence that others were at fault for the spill is irrelevant to whether the order against the appellant [the City] should be revoked. That order is a no fault order. It is not premised on a finding of fault on the part of the appellant but on the need to serve the environmental protection objective of the legislation.
>
> The tribunal had to determine whether revoking the Director's order would serve that objective. Deciding whether others are at fault for the spill is of no assistance in answering that question. Evidence of the fault of others says nothing about how the environment would be protected and the legislative objective served if the Director's order were revoked. Indeed, by inviting the Tribunal into a fault finding exercise, permitting the evidence might even impede answering the question in the timely way required by that legislative objective.

## Significance

The Court of Appeal decision in this case emphasizes that under the *Act*, the protection of the environment is paramount. It may be tempting, in light of the Court of Appeal decision, to conclude that innocent property owners are without a defence to a Director's order. However, the Tribunal and, in turn, the Divisional Court and Court of Appeal, have left open some arguments for innocent property owners.

For example, an innocent property owner may escape a no-fault clean-up order if it can show that fairness to the owner is accompanied by a solution that is also fair to the environment and to those affected by the pollution. The Court of Appeal summarized the Tribunal's finding in this regard as follows:

> . . . it was not enough for the appellant to rely on its status as an innocent victimized owner without addressing how the

*See Environment, page 68*

> legislative objective of environmental protection would be met if the Director's order were revoked. Since the appellant presented no evidence of an environmentally responsible solution in the event of revocation of the Director's order, the Tribunal dismissed its appeal.

In other words, if the innocent property owner can present a viable alternative to the MOE's no-fault clean-up order that allows for clean-up of the contaminated area, the owner may avoid paying for the remediation. It seems possible that, in assessing the owner's proposed solution, the Tribunal would also have to assess its fairness.

That assessment might ultimately lead to a consideration of fault and the appropriate apportionment of liability. The Tribunal had sought to avoid such a consideration in this case.

In its decision, the Tribunal had referred to the relevance of evidence of the conduct of others in some cases, which included instances where such information would assist in achieving the purposes of the *Act*. For example, the Tribunal considered instances where the named orderee has limited capacity to carry out the necessary steps, or where such evidence would assist in determining whether an orderee properly falls within the class of persons (for example, owners, managers, etc.) subject to an order.

## Recovery of remediation costs

With this in mind, innocent owners are not necessarily without a defence when an order is issued under section 157.1(1) of the *Act*. Further, the *Act* permits innocent owners to recover their remediation costs from the polluters. In this case, the Court of Appeal noted as follows:

> In addition to appealing the Tribunal's order, the appellant has taken advantage of s. 100.1 of the Act which permits a party subject to a no fault order to seek to recover its costs from persons having control of the pollutant. In this case, the appellant seeks recovery from the Gendrons, Thompson Fuels Ltd. and the Technical Standards and Safety Authority. That proceeding has not yet concluded.

The order referred to above may be enforced by registering a lien against real property. The process is meant to provide municipalities with a short-cut to recovering remediation costs; but, the success of s. 100.1 orders ultimately depends on whether the polluter is able to pay the remediation costs.

The Court of Appeal's decision has made clear that considerations of fairness are secondary to the environmental protection objective of the *Act*. As a result, innocent owners and municipalities in particular may end up shouldering the burden of remediation costs even where they are not responsible for the pollution in the first place.

Property owners and their insurers must then commence new lawsuits to recover their costs, where possible, from the actual polluters.

REFERENCES: *Environmental Protection Act*, R.S.O. 1990, c. E.19; *Kawartha Lakes (City) v. Ontario (Environment)*, 2013 CarswellOnt 5503, 2013 ONCA 310 (CanLII) at paras. 19, 20, 12 and 14; *724597 Ontario Ltd., Re* (1994), 13 C.E.L.R. (N.S.) 257 (Ont. Env. App. Bd.), aff'd. (1995), 26 O.R. (3d) 423 (Div. Ct.).

# Secured and Unsecured Transactions

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guarantee covered both present and future liabilities of Samson to RBC up to an amount of $150,000. Ms. Cusack signed the guarantee after receiving independent legal advice.

RBC increased the amount of its loan to Samson on three separate occasions.

1) in 2006, a new loan agreement was signed increasing the amount to $250,000;
2) in 2008, the loan was extended to $500,000; and
3) in 2009, the loan was further increased to $750,000.

Ms. Cusack obtained independent legal advice and provided a new guarantee in respect of the 2006 loan agreement (the "2006 Guarantee"). RBC did not require Ms. Cusack to sign new guarantees in respect of either the 2008 or the 2009 loan agreements.

On each occasion, Ms. Cusack provided a guarantee; the guarantees had been provided to Cusack by her husband who then forwarded the guarantees to RBC.

## Enforcement of guarantee

When Samson's business failed in 2011, RBC sought to enforce the 2006 Guarantee in a motion for summary judgment before the Ontario Superior Court. Ms. Cusack made a cross-motion to dismiss the action, arguing that the 2006 Guarantee should be discharged as unenforceable.

## Material change

In June of 2012, Justice Glass of the Ontario Superior Court dismissed RBC's motion for summary

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judgment. Instead, he granted summary judgment in favour of Cusack, holding that the 2006 Guarantee was unenforceable.

Justice Glass reasoned that the increase in Samson's debt between 2005 and 2009, along with certain reporting requirements imposed under the 2008 loan agreement, increased Cusack's risk. He asserted that this increased risk constituted a material change to which Cusack did not consent.

In reaching his conclusion, Justice Glass relied on the Supreme Court of Canada's decision in *Manulife Bank of Canada v. Conlin* ("*Conlin*"). In that decision, the Supreme Court relied on the common-law principle that a material change to a contract between a creditor and principal debtor relieves a guarantor from liability if the guarantor does not consent.

Drawing from *Conlin,* he further noted that there was a clause in the loan agreement which potentially turned Cusack into a principal debtor upon Samson's default. Justice Glass also pointed out that RBC had breached its duty to inform Ms. Cusack of the changes made to the loan agreements after she granted the 2006 Guarantee.

## Contracting out of protection

The Ontario Court of Appeal agreed with the lower court that the imposition of new terms in the loan agreements subsequent to the 2006 loan agreement and Samson's increased debt to RBC were material changes. However, Justice Lauwers noted that *Conlin* made it clear that a guarantor is able to contract out of the protections afforded by the common law.

In focusing on the language of the 2006 Guarantee, Justice Lauwers found that Ms. Cusack had, in fact, done just that. Justice Lauwers created a two-step test to be followed in determining the enforceability of guarantees where there is an alleged change to the loan agreement:

1. Does the change to the loan agreement constitute a material change as a matter of law?
2. Does the language of the guarantee permit the change?

Justice Lauwers then considered the language of the 2006 Guarantee and applied the foregoing test. He found that the language of the 2006 Guarantee clearly permitted an increase in the amount loaned to Samson.

He also found that based on the phrasing of the certificate of independent legal advice signed by Ms. Cusack, she had contemplated the potential for further advances from RBC to Samson.

As a result, Justice Lauwers allowed RBC's appeal and substituted an order for judgment in RBC's favour in the amount of the 2006 Guarantee, plus interest and costs.

## Significance

In rendering its decision, the Ontario Court of Appeal confirmed that where a business deal is contemplated by the parties and borne out by clear language in the documentation, the freedom and ability to contract mandates that parties will, barring unconscionable circumstances, be held to the terms of their agreements.

It was clear to the court from the circumstances in the case at hand that, despite the increase in the amount of debt guaranteed and the changes to Samson's performance requirements, the language of the guarantee and the certificate of independent legal advice indicated that the parties had contemplated material changes to the underlying agreements.

The language of both documents also indicated that Ms. Cusack had clearly contracted out of any guarantor protections that would otherwise have been available to her by equity or common law.

## Unconscionability

Although the Court of Appeal indicated that equitable principles like unconscionability can assist a guarantor who argues against enforceability, it was made clear that guarantors would only be able to avail themselves of such remedies in exceptional cases.

As made clear by the Court of Appeal's emphasis on the language of the guarantee and the context within which the guarantee was granted, it would be prudent for lenders to assess the language of their standard form guarantees.

They should ensure that, as per *Conlin*, where the intent is that the guarantor is to contract out of protections provided to guarantors by equity or the common law, the language used is clear and unambiguous.

Where significant changes to the terms of the underlying loan documentation are contemplated and there is any doubt about the language of the guarantee and what it encompasses, it may be prudent for the lender to request a confirmation of the existing guarantee or to request a new one.

Practically speaking, clarifying the context and the business deal by using clearly worded documentation will reduce the costs associated with potential litigation should a debtor default on the loan obligation.

REFERENCES: *Royal Bank of Canada v. Samson Management & Solutions,* 2013 ONCA 313, 2013 CarswellOnt 5709 (Ont. C.A.); *Manulife Bank of Canada v. Conlin*, 1996 CarswellOnt 3941, [1996} SCR 415, para. 4.

# Consequences for breaching confidentiality clauses

**James Fu,**
*Borden Ladner Gervais LLP*

**Employers likely have redress available where employees breach confidentiality clauses in settlement agreements.**

Employers often make it a term of any employee settlement for the employee to keep the terms of settlement confidential. As one arbitrator has noted, in the unionized context, the ability to enter into such an agreement with confidence that the terms of settlement will remain confidential is a vital tool in labour relations.

Aside from an exception for disclosure in certain enumerated circumstances, no other disclosure is typically permitted. Consider, then, what can happen when an employee breaches a confidentiality obligation contained in a settlement agreement.

A closely related query is whether a unionized employee may argue that he or she is not bound by a confidentiality clause contained in a settlement agreement between the employer and the union because he or she has not signed the agreement.

### *Re Barrie*

Three recent decisions provide guidance on these two questions. The recent arbitral decision of *Re Barrie Police Services Board and Barrie Police Association* ("*Re Barrie*") addressed both questions. In *Re Barrie*, the memorandum of agreement ("MOA") set out the terms of settlement.

The MOA contained a clause that provided that the agreement was strictly confidential and without prejudice or precedent to any other matters. The grievor did not sign the MOA.

### Employee posting

Approximately five months after the settlement, the grievor posted a document on the Employee Bulletin Board which contained (among other things) the following statements:

> The grievance of my unlawful removal from CID, which was supported by the general membership, was resolved when the Service offered twenty-eight months back pay, even though I had been removed for a period of twenty-two months. The Association Executive agreed to this resolution despite my wishes to proceed to a hearing to challenge the HONESTY, INTEGRITY AND CREDIBILITY of the Service's case. The Service's willingness to offer this monetary resolution, again, only served to validate my position on the grievance.

### Grievor bound by MOA

Although the grievor did not sign the MOA, the arbitrator concluded that the grievor was bound by the terms of the MOA. The arbitrator reasoned that the association's/union's status as bargaining agent provided it with the authority to file or not.

If the bargaining agent did so file, the agent could pursue the grievance at arbitration, withdraw the grievance or resolve the grievance with the employer-party on consensually agreed-upon terms of settlement. Since the bargaining agent for the grievor agreed to the MOA, the grievor was bound by its terms.

### Return of compensation

Looking at the grievor's statements, the arbitrator found that the grievor egregiously breached the MOA. On the continuum of the severity of a breach, the arbitrator felt that the breach was at the highest and most severe end.

The arbitrator ordered the grievor to return the money provided to him under the relevant part of the MOA. This amounted to twenty-eight calendar months of compensation.

### *Re The Globe*

In *Re The Globe and Mail and CEPU, Local 87-M* ("*Re The Globe*"), the arbitrator also ultimately ordered the grievor to return presumably all of the settlement monies paid by the employer, albeit on different grounds. In that case, MOA setting out the terms of settlement contained specific clauses.

The MOA provided that
(a) the parties agreed to not disclose the terms of the settlement other than certain exceptions, none of which were applicable; and
(b) in the event of breach of this confidentiality requirement, the grievor would have to pay back all payments paid to the grievor under paragraph 3 of the MOA, which was presumably all payments paid to the grievor.

### Publication

After the settlement, the grievor published a book that contained (among other things) the following statements:

(a) " ... I can't disclose the amount of money I received."
(b) "I'd just been paid a pile of money to go away..."
(c) "Two weeks later a big fat check landed in my account." and
(d) "Even with a vastly swollen bank account..."

### Breach of MOA

The arbitrator found that the first two references in particular constituted a significant breach of the MOA. These references communicated that the grievor received payment as part of the MOA.

Although the grievor did not quote an exact figure, the arbitrator noted

*See Labour Law, page 71*

that the grievor went considerably further than merely stating she had settled the matter and had received payment. Instead, she communicated that the payment was a significant amount ("a pile of money" and "a big fat check").

## Return of payments

In ordering the grievor to return presumably all payments paid to her, the arbitrator noted that the MOA was freely entered into by and among experienced and sophisticated parties who understood what they were doing. The arbitrator also held that the MOA's terms were clear and unambiguous, and were not unconscionable.

Accordingly, the arbitrator chose to uphold and order the enforcement mechanism set out in the MOA, namely for the grievor to pay back all payments paid to her under paragraph 3 of the MOA.

## Human rights case

In *Tremblay v. 1168531*, the employee and the employer signed minutes of settlement which contained a typical confidentiality clause. That clause required that the terms of the minutes of settlement be maintained except in certain enumerated circumstances (none of which were applicable).

The employee posted the following messages on her Facebook account at various times:

(a) During the mediation session. "Sitting in court now and _____ [blank in original posting] is feeding them a bunch of bull shit. I don't care but I'm not leaving here without my money...lol."

(b) After the minutes of settlement were signed. "Well court is done didn't get what I wanted but I still walked away with some..." and

(c) About four hours after. "Well my mother always said something is better than nothing... thank you so much saphir for coming today...."

***Adjudicative bodies continue to safeguard agreed-upon confidentiality obligations in settlement agreement, and will deal accordingly with employees who breach such obligations.***

## Breach of confidentiality

The Human Rights Tribunal of Ontario (the "HRTO") found that the employee breached the confidentiality provisions of the minutes of settlement because her comments disclosed that there was a monetary settlement, which was a term of the minutes. The HRTO noted that there have been no cases before the HRTO where a breach of confidentiality has been found.

The HRTO drew on existing jurisprudence, including arbitral case law, and confirmed that each case will vary in terms of the appropriate remedy.

In assessing the value of the breach in this case to be $1,000, the HRTO considered both the fact that it was *not* established that the employee had disclosed the amount of the monetary settlement and the public nature of Facebook, particularly in the small community in which the employee had worked.

## Employers' redress

These recent decisions should provide employers with reassurance that they likely have some form of redress when an employee breaches any settlement confidentiality obligation by disclosing the terms of settlement. Employees, however, will not be required to return the full amount of settlement monies in every case.

The exact type of redress for the employer will depend on the extent, content and context of the breach, and potentially any terms setting out the consequences of a breach.

## Significance

Employers are well-advised to have an appropriately-drafted confidentiality clause in their settlement agreements with their employees. For certain settlements, such as particularly large settlements or where disclosure would affect the viability of the business, employers may wish to consider setting out the consequences of a breach.

These three recent decisions are a good reminder that adjudicative bodies continue to safeguard agreed-upon confidentiality obligations in settlement agreements, and will deal accordingly with employees who breach such obligations.

References: *Re Barrie Police Services Board and Barrie Police Association*, 2013 CanLII 53696 (Ont. Lab. Arb.); *Re The Globe and Mail and CEPU, Local 87-M*, [2013] O.L.A.A. No. 273 (Ont. Lab. Arb.); *Tremblay v. 1168531*, 2012 HRTO 1939 (Ont. Human Rights Trib.).

# Briefly Speaking

## BRIEFLY SPEAKING

**INTELLECTUAL PROPERTY:** On **October 4, 2013**, the **Federal Court** issued a decision **rejecting** an **application** to **register** the **trade-mark, LAZARO COHIBA**, in association with **"rum"** based on a **likelihood of confusion** with prior **COHIBA trade-marks** registered in association with **cigars** and related **tobacco products**.

The Applicant, **Empressa Cubana Del Tabaco** had **unsuccessfully opposed** the **registration** of the **trade-mark** before the **Trade-marks Opposition Board** and **appealed** the Board's decision by way of application to the **Federal Court**.

The **Opposition Board**'s decision below noted that the **evidence** filed before it only allowed it to conclude that the **COHIBA trade-marks** had become **known "to some extent in Canada"**. On appeal, the applicant filed **nine new affidavits** that were not before the Opposition Board, including an **expert opinion** on the extent to which the COHIBA brand was known in Canada.

The **Federal Court** found that the **new evidence** would have **materially affected** the Opposition Board's **decision** and, therefore, the court was able to **consider** the matter ***de novo***.

In concluding that there was a **likelihood of confusion** between the **LAZARO COHIBA trade-mark** and the applicant's **COHIBA trade-marks**, the court found that the COHIBA brand was **"very well known" in Canada**.

Despite noting that the applicant could have done more to establish **direct knowledge** of the COHIBA brand (for example, by conducting a survey), the court found the **mark** to be **well known** by relying on the **applicant's expert** who testified that the **COHIBA brand** was **"iconic."** The court's **reliance on** an **expert opinion** regarding the extent that a mark has become known in Canada can be contrasted with some other **recent decisions** where the court exersiced its role as a **gatekeeper** and **refused** to **consider expert opinions** on the issue of **confusion**. ***Empresa Cuban Del Tabaca v. Tequila Cuervo, S.A. Dec. V.,*** 2013 FC 1010, 2013 CarswellNat 3681 (F.C.) – Michael O'Neill, Gowling Lafleur Hendereson LLP

**INTERNATIONAL TRADE:** On **October 18, 2013, Canadian Prime Minister, Stephen Harper, and European Commission President, Jose Manual Barroso**, announced that the **Canada – European Union Comprehensive Economic and Trade Agreement** ("CETA") had been **finalized.** The announcement was made in **Brussels**. The Agreement may not actually **take effect** for two more years.

In addressing both **direct** and **indirect barriers** to **trade** and **investment, CETA** represents a huge opportunity for **Canadians** to gain increased **access** to the **European market** and to **increase** its **net export position** with the **EU**.

Specifically, the agreement is expected to **boost Canadian exports** of goods and services to the **EU** by **$12 million, increase bilateral trade** by more than **20 per cent**, and **create 80,000 new jobs** in **Canada**.

The federal government confirmed that **CETA** will **eliminate 98 per cent** of **EU tariffs** on **Canadian goods and services. Negotiations** for **CETA** began in **May 2009**, with **nine rounds of negotiations** — including **participation** from each of the **provinces** and **territories** in **Canada** — in total.

There had been significant **pressure** on **Prime Minister Harper** to conclude a **deal** with the EU given the commencement of negotiation of an **EU-US agreement** earlier this year.

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