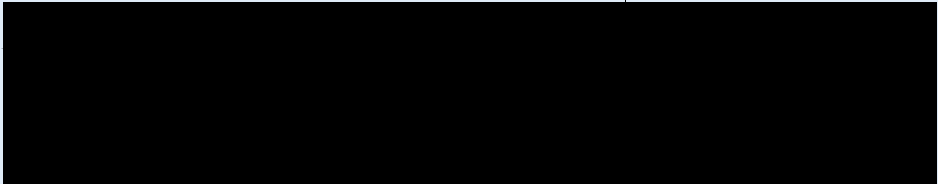


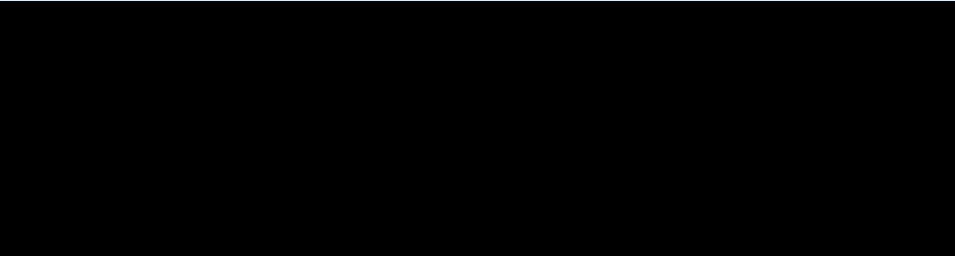
Top ACOA Issues – May 2025

IMMEDIATE ISSUES



REPAYMENT RECYCLING

- This mechanism was used by ACOA, CED and PrairiesCan to reinvest repaid contributions into their respective region.



MINISTERIAL ENGAGEMENT ON ACOA INVESTMENTS

- ACOA approves about 1,260 projects a year, with project spending of \$294M. A proposed approach for Ministerial engagement on projects will be discussed with you and your office.

TRANSFORMING THE GOVERNMENT OF CANADA

- Budget 2023 introduced Government spending reductions (\$1.8M in 2024-2025, \$2.5M in 2026-2027 and ongoing for ACOA).
- Budget 2024 introduced additional reductions.
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- Including Budget 2023 reductions, ACOA’s FTE stands at 562, down from a peak of 711 in 2012, a drop of 21%. In comparison, the federal public service grew by 43% between 2015 and 2024.

INTERPROVINCIAL TRADE BARRIERS

- Coasting Trade Act (CTA) – Provinces of NL and NB and stakeholders are requesting that barriers be removed to expedite the process for foreign-flagged vessels to obtain a coasting trade licence, enabling the movement of oil between the provinces.
- Marine Atlantic – Province of NL and stakeholders have raised the issue of lowering/eliminating both passenger and commercial fares to foster increased tourism and enhance trade with the rest of Canada.
- High expectations related to commitment to reduce bridge tolls and ferry prices in PEI.

NEAR-TERM ISSUES

ENERGY TRANSITION

- As Belledune region transitions away from coal, investments will be critical in the region to maintain energy reliability and to support the transition for affected workers and communities. The Port of Belledune is emerging as a key player in clean energy.
- Mactaquac Dam refurbishment is key to ensure continued access to clean, stable and competitively priced energy in NB.
- Renewable energy developments and investments in storage will be vital to meeting future energy demands and achieving climate targets.
- Support for clean energy development opportunities will also be key (e.g., Gull Island, NL).

NATION-BUILDING PROJECTS

- Support required for foundational infrastructure that would be catalyst for growth in key areas such as mining and energy. This includes marine port upgrades to support trade and maritime surveillance/artic patrol, and improved roads and rails to better connect communities and industries to national trade corridors (e.g., Chignecto Isthmus, NB).

CRITICAL MINERALS

- NL, NB and NS have considerable critical mineral deposits; NL is the 4th most attractive jurisdiction for mining investments in the world.
- Work is needed to advance development of critical mineral projects in the region to provide essential inputs for clean technology and advanced manufacturing supply chains, defence and security technologies, consumer electronics and critical infrastructure.

PRESSURES ON POST-SECONDARY INSTITUTIONS

- Post-secondary institutions are a key foundation for creating innovation within the region. Their sustainability is in question due to funding, operational fiscal pressures, and the cap on international students, especially in NS, which has more universities per capita than anywhere in Canada. Innovative companies spun out of universities are often led by international students.
- The region has a unique demographic profile and labour force needs; sustainable post-secondary institutions are a key part of the solution.

MSX AND DERMO

- Oyster producers in PEI and other parts of the region are dealing with an outbreak of MSX and Dermo, serious diseases that can cause significant mortality among both cultured and wild oysters. Neither virus is a risk to human health or food safety. The wild fishery opened May 1, 2025. The impact on the industry is still to be determined.

ONGOING ISSUES

ADVANCING AREAS OF KEY ECONOMIC IMPORTANCE

- ACOA is focused on strategic actions that are essential for competitiveness and prosperity in a rapidly changing world, including:
- Increasing productivity and digitalization, including AI adoption.
 - Building and supporting workforce development while also attracting and retaining top global talent.
 - Supporting critical infrastructure, accelerating innovative homebuilding and strengthening regional air access.
 - Supporting businesses in diversifying and accessing new markets, both domestic and international.
 - Supporting the innovation economy and identifying solutions for the limited availability of scaling capital from VC and angel investors.

MAJOR WIND AND FUTURE FUEL PROJECTS

- Ten fuel projects under various levels of development in the region; exploring potential for export and domestic markets. There is a need to ensure Atlantic Canada companies participate in supply chains.
- With timelines for several hydrogen projects being pushed beyond 2030, other opportunities are being explored by companies in the interim (i.e., bio methanol for World GH2).
- Atlantic Canada has a strong onshore and offshore wind profile. Growth and commercialization of offshore wind is a key priority.

INDIGENOUS ECONOMIC DEVELOPMENT

- ACOA is focused on developing proactive measures to advance Indigenous economic development and is collaborating with ISC on a regional approach to economic reconciliation. Indigenous stakeholders are involved in multiple clean-energy projects.
- ACOA monitors regional challenges such as ongoing tensions between Indigenous and commercial fisheries, concerns relating to provincial policy directions and duty to consult.

ARCTIC SECURITY

- Opportunities to advance NATO and national defence goals through investments in Labrador to expand capacity of existing satellite surveillance beyond environmental monitoring, to play a bigger role in threat detection, to enhance use of remote sensing and UAV operations for northern security and further develop port installations.

LABRADOR INDIGENOUS TENSIONS

- Tensions have been elevated among Labrador Indigenous groups on issues around self-identification, rights and land claims. ACOA engages with Indigenous organizations on self-identified priorities.