



**Asia-Pacific  
Economic Cooperation**

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**2017/SOM2/CTI/045**

Agenda Item: 6.2

## **Canada-European Union - Comprehensive Economic and Trade Agreement**

Purpose: Information  
Submitted by: Canada



**Second Committee on Trade and Investment  
Meeting  
Ha Noi, Viet Nam  
13-15 May 2017**


 Global Affairs Canada / Affaires mondiales Canada

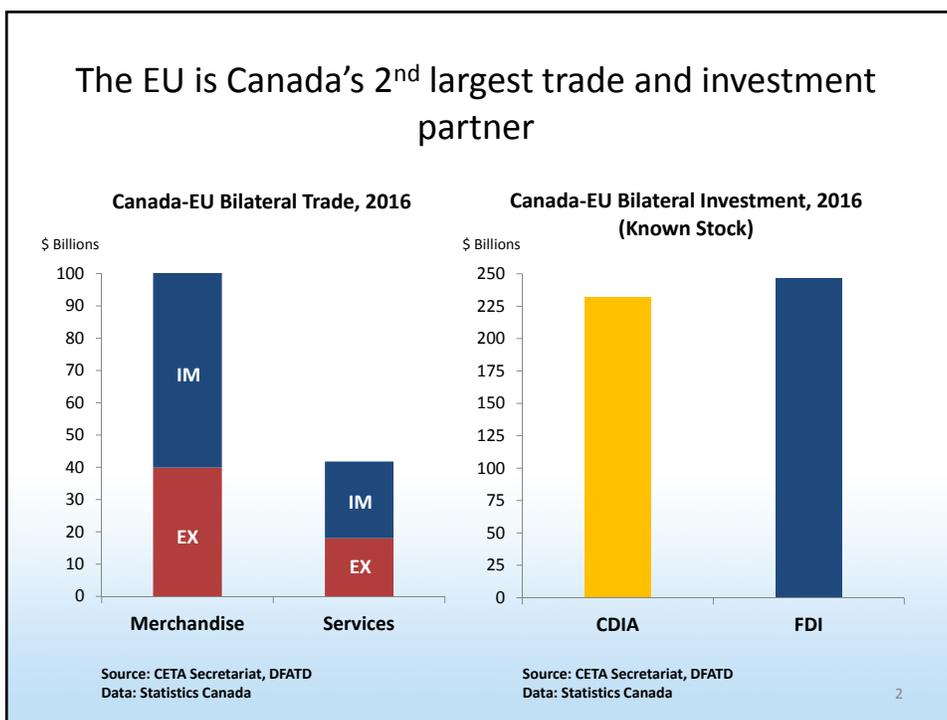




## Canada-European Union Comprehensive Economic & Trade Agreement

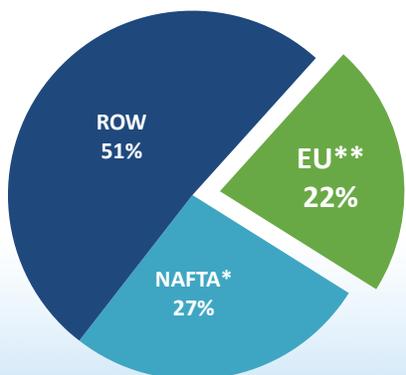
Sean Clark  
 CETA Secretariat

May 2017



## Creating a Strategic Advantage for Canada

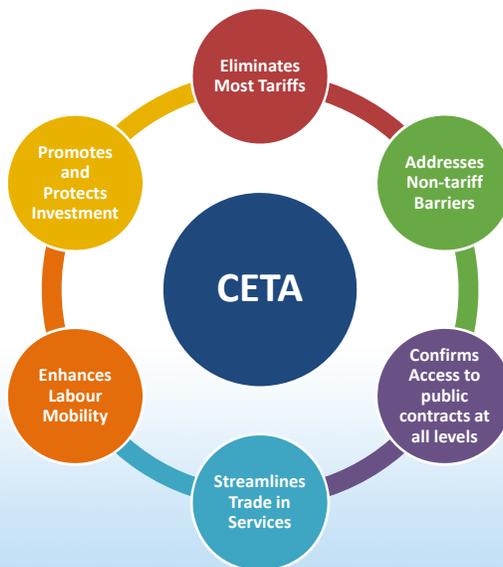
World GDP\*, 2016



The EU is the world's second largest integrated economy, with more than **500 million consumers** and a **\$22 trillion GDP**.

\* Excludes Canada  
 \*\* Includes the UK  
 Source: CETA Secretariat, GAC  
 Data: IMF, WEO

## Setting New Standards



## Trade in Goods

### Ambitious tariff elimination:

- Comprehensive tariff elimination across all sectors
- Tariffs on 98% of all EU tariff lines eliminated on day one of CETA's provisional application
- Duty-free access across 99% of all tariff lines once fully implemented

### Clear and favourable rules of origin:

- Reflects the real-world sourcing patterns of Canadian and EU companies while encouraging production to take place in Canada or the EU

### Customs and trade facilitation:

- Advance rulings on the origin and tariff classification of products
- Automated border procedures will be implemented where possible

## Non-Tariff Barriers & Regulatory Cooperation

CETA seeks to reduce the trade distorting impact of non-tariff barriers by:

facilitating recognition of equivalency in technical regulations to reduce manufacturing costs for exports;

establishing a protocol on conformity assessment that will allow Canadian companies to have their products tested and certified for the EU market in Canada;

encouraging Canadian and EU standard-setting bodies to cooperate on joint initiatives; and

creating mechanisms where trade irritants can be discussed with the goal of speedy resolution.

## Government Procurement

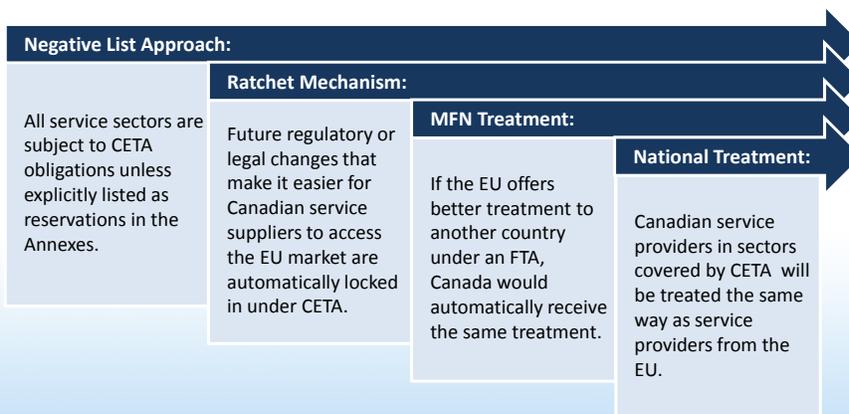
CETA is expected to open doors to the EU’s \$3.3 trillion government procurement market:

Entity / Procurement Type	Goods	Services	Construction Services
EU-level institutions / Member State government entities *	Improved Access	Improved Access	Improved Access
Regional government entities **	Improved Access	Improved Access	Improved Access
Local government entities and bodies governed by public law	New Access	New Access	New Access
Utilities	New Access	New Access	New Access
Procurement funded by EU cohesion funds at local government level	New Access	New Access	New Access

\* Removal of reciprocity notes  
 \*\* Lowering of thresholds

## Trade in Services

CETA commitments on trade in services is forward-looking. These provisions mean Canada’s access will continually improve over time and will not backslide:



## Temporary Entry

**CETA provides  
greater certainty  
and predictability  
for Canadian  
service providers**

- CETA's temporary entry provisions facilitate trade by improving labour mobility for a wide range of business persons and business activities.
- CETA establishes a framework for the mutual recognition of professional qualifications as well as a Chapter on domestic regulation.
- CETA does not impact permanent employment or migration.

## Investment

- Canadian and EU investors will benefit from the predictable investment climate established under CETA, which goes beyond WTO in the following ways:
  - the chapter uses a negative list approach which is more transparent
  - the Market Access, National Treatment and Most Favoured Nation provisions are GATS + as they apply to all investments, i.e. not only to services-related investments
  - the Performance Requirement provisions are TRIMS +
  - the chapter includes investment protections obligations such as fair and equitable treatment, protection against expropriation, and freedom of transfers
  - the chapter includes a mechanism for the resolution of investment disputes between investors and a states; and
- Furthermore, the net benefit review threshold under the *Investment Canada Act* will be raised to \$1.5 billion for EU investments following CETA's provisional application.

## Intellectual Property Rights (IPRs)

**Comprehensive chapter promoting effective standards and enforcement provisions for IP rights holders.**

- The CETA IP chapter complements the rights and obligations of the WTO TRIPS Agreement.
- Sets out standards for different categories of IPRs:
  - Copyright and Related Rights
  - Trademarks
  - Geographical Indications
  - Patents
  - Data Protection
- Enforcement provisions establish procedures and principles to be followed to address cases of IPR infringement:
  - Civil Remedies
  - Border Measures

## Labour

***Both the EU and Canada maintain high labour protection standards and CETA provides assurances these will be maintained as bilateral trade increases once the agreement is in force.***

**CETA does:**

- Contain comprehensive labour right obligations;
- Reaffirm the commitment of both Canada and the EU to respect internationally recognized labour principles and rights;
- Commit Canada and the EU to effectively enforce their domestic labour laws; and
- Encourage public participation and allow the public to raise concerns about any matter related to the Trade and Labour chapter.

**CETA does not:**

- Allow the EU or Canada to weaken or reduce the levels of protection afforded in their domestic labour laws and standards to encourage trade or investments.

## Environment

*CETA is designed to reinforce the shared principle that trade and environmental protection should be mutually reinforcing.*

**CETA does:**

- Promote high levels of environmental protection and good environmental governance in both Canada and the EU;
- Include commitments to ensure that domestic environmental laws are both effectively enforced and not relaxed in order to encourage trade or attract investment;
- Support transparency, accountability and engagement of civil society on environmental matters related to CETA;
- Facilitates dialogue and cooperation between Canada and the EU (e.g. climate change); and
- Recognizes the importance of facilitating, and reducing obstacles to, trade and investment in environmental goods and services.

**CETA does not:**

- Require the EU and Canada to harmonize their environmental standards; or
- Impair the ability of the EU or Canada to regulate and legislate on environmental matters.

Canada and the EU are working towards provisional application of CETA by Summer 2017



## Snapshot



CETA

- Tariffs on 98% of all EU tariff lines will be duty free immediately upon entry into force (99% when all phase-outs are complete, 7 years after entry into force)
- Close to 94% of agricultural tariff lines will be duty free immediately upon entry into force (95% when all phase-outs are complete, 7 years after entry into force)
- Provides Canada with guaranteed preferential access to the EU's more than 500 million consumers and an annual economic activity of over \$20 trillion
- Once in force, Canada will be the only G-7 country to have guaranteed preferential access to the world's two largest economies – the United States and the EU
- Provides access to EU public contracts at all levels
- Steps up regulatory cooperation
- Protects Canadian innovations
- Streamlines trade in services
- Promotes and protects investment

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