Canada-European Union - Comprehensive Economic and Trade Agreement

Purpose: Information
Submitted by: Canada
Canada-European Union Comprehensive Economic & Trade Agreement

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The EU is Canada’s 2nd largest trade and investment partner

Canada-EU Bilateral Trade, 2016
Canada-EU Bilateral Investment, 2016

Source: CETA Secretariat, DFATD
Data: Statistics Canada

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Data: Statistics Canada
Creating a Strategic Advantage for Canada

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

CETA

Eliminates Most Tariffs
Addresses Non-tariff Barriers
Confirms Access to public contracts at all levels
Promotes and Protects Investment
Enhances Labour Mobility
Streamlines Trade in Services
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:

<table>
<thead>
<tr>
<th>Entity / Procurement Type</th>
<th>Goods</th>
<th>Services</th>
<th>Construction Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>EU-level institutions / Member State government entities *</td>
<td>Improved Access</td>
<td>Improved Access</td>
<td>Improved Access</td>
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<tr>
<td>Regional government entities **</td>
<td>Improved Access</td>
<td>Improved Access</td>
<td>Improved Access</td>
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<tr>
<td>Local government entities and bodies governed by public law</td>
<td>New Access</td>
<td>New Access</td>
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<tr>
<td>Procurement funded by EU cohesion funds at local government level</td>
<td>New Access</td>
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* Removal of reciprocity notes
** Lowering of thresholds

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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:

**Negative List Approach:**
All service sectors are subject to CETA obligations unless explicitly listed as reservations in the Annexes.

**Ratchet Mechanism:**
Future regulatory or legal changes that make it easier for Canadian service suppliers to access the EU market are automatically locked in under CETA.

**MFN Treatment:**
If the EU offers better treatment to another country under an FTA, Canada would automatically receive the same treatment.

**National Treatment:**
Canadian service providers in sectors covered by CETA will be treated the same way as service providers from the EU.
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)**

- 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
CETA

Snapshot

- 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