

Canada-European Union Comprehensive Economic and Trade Agreement (CETA)



Setting a New Gold Standard for 21st-century Trade Agreements

The Canada-European Union Comprehensive Economic and Trade Agreement (CETA) will create vast new opportunities across Canada and the EU, opening new markets for exporters, generating high-quality jobs for workers and forging closer links between the two economies.

Before embarking on negotiations for this historic agreement, Canada and the EU completed a joint study to assess its potential benefits. The study revealed that CETA could deliver a 20-percent boost in bilateral trade and an €11.6 billion annual increase to the EU economy. These are significant benefits, coming at an important time for all those with a stake in securing stable and expanded growth across the European economy.

CETA marks a watershed moment in the development of a 21st-century framework for trade. Never before have two highly developed economies reached an agreement encompassing the full range of factors that now shape trade in the global economy.

EXPANDING TRADE AND INVESTMENT

Trade in Goods

On the day CETA comes into force, 98 percent of all Canadian and EU tariff lines will be duty-free. And seven years after the agreement's entry into force, Canada and the EU will achieve even greater market openness through the elimination of a further range of tariffs. Comprehensive tariff elimination means that CETA will create a host of new opportunities for EU businesses looking to increase their exports to Canada, tapping into important North American value chains.

CETA will liberalize trade for all significant EU exports, including machinery and equipment, chemicals and plastics, and motor vehicles. Under CETA, Canada and the EU will eliminate tariffs on approximately 93 percent of agricultural products and agri-food lines, providing new opportunities for exporters. It is important to emphasize that CETA will have no impact on existing EU requirements regarding genetically modified organisms or the use of hormones and growth promotants in livestock.

Trade in Services and Labour Mobility

The services sector is responsible for the majority of economic activity in both Canada and the EU—over 70 percent in both cases. The services chapter in CETA positions the two economies to create a wealth of new opportunities for Canadian and EU architects and engineers, business managers, computer and IT professionals, and a host of other service providers.

Ensuring that service providers and other business persons can easily move across our respective borders is essential to their ability to reap the rewards of this comprehensive agreement. Accordingly, CETA will contain provisions on temporary entry that will facilitate the movement of contract service suppliers, investors, independent professionals and business visitors alike.

Canada and the EU have also negotiated commitments on the recognition of professional qualifications. Once it comes into force, CETA will establish a streamlined process for the recognition of foreign qualifications and a detailed framework through which regulators or professional organizations may negotiate mutual recognition agreements for other professions.

Government Procurement

CETA will expand EU companies' access to procurement opportunities at federal, provincial and municipal levels beyond any agreement previously negotiated by Canada. Canada has also offered, for the first time in any trade agreement, coverage of mass transit procurement, as well as procurements by major energy entities across Canada. This includes commitments by all Canadian provinces and territories with major energy production and distribution capacity.

Investment

CETA's investment rules will set out how investors and their investments must be treated by a host country. At the heart of these rules are commitments to treat investors and investments fairly, equitably and no less favourably than domestic or other foreign investors and investments. CETA's comprehensive investment

provisions will provide investors and their investments with greater certainty, stability, transparency and protection.

At the same time, CETA fully protects and defends the rights of governments to regulate in the public interest. There will be no restrictions on any level of government—either in the EU or Canada—to legitimately legislate in the public interest, and measures designed to protect public health, the environment and public safety will not be affected.

Regulatory Cooperation

Canada and the EU will identify joint cooperative activities and establish an annual high-level dialogue on regulatory matters. CETA will build bridges between regulatory authorities in Canada and the EU, while also advancing cooperation in specific areas of particular importance, such as the safety of consumer goods.

Canada and the EU have also agreed to a Protocol on Conformity Assessment that will allow accredited bodies in Canada and the EU to test products for use in the other jurisdiction, ultimately reducing administrative costs and marketing delays for Canadian and EU exporters.

Sustainable Development, Labour and the Environment

CETA will commit Canada and the EU to maintain high levels of environmental and labour protection, and to review, monitor and assess CETA's impact on sustainable development. This will be accomplished, in part, through the creation of a forum that will enable civil society organizations to dialogue with Canada and the EU on these aspects of trade relations.

Responsible stewardship of the natural environment is a shared value between Canada and the EU. Accordingly, CETA will in no way limit governments' sovereign control over the conservation and development of natural resources, or their ability to protect the environment. Similarly, governments in Canada and in EU member states will maintain full capacity to regulate in the public interest, including through efforts to protect human, animal and plant health.

Canada Is Open for Business and Welcomes Foreign Investment

- Canada is the best country in the G-20 for business, according to both Forbes and Bloomberg.
- The Economist Intelligence Unit says Canada is the best G-7 country in which to do business over the five-year period from 2014 to 2018.
- Canada is the easiest place to start a business in the G-7, according to the World Bank.
- Canada was the second-largest recipient of FDI inflows per capita in the G-20 from 2008 to 2012.
- The 2013 A.T. Kearney FDI Confidence Index shows that Canada is a highly attractive destination for foreign investors, placing Canada second among G-7 countries and fourth among G-20 countries.

Canada