



CETA - a trade deal that sets a new standard for global trade

Strasbourg, 15 February 2017

On 15 February, the European Parliament voted in favour of the Comprehensive Economic and Trade Agreement between the EU and Canada (CETA).

This deal will create new opportunities for EU companies by boosting trade and strengthening economic relations. It will make business with Canada easier, remove customs duties, substantially improve access to public contracts, open up new sectors of the Canadian services market, offer predictable conditions for investors, and protect 143 European high quality agri-food products, known as Geographical Indications. Companies in several sectors, in particular small and medium enterprises (SMEs), will also benefit from the gains derived from the elimination of double testing.

At the same time, CETA's progressive nature will set a new global standard for sustainability chapters in trade agreements. This is because, with CETA, the EU and Canada are committed to ensure that economic growth, social development and environmental protection are mutually supportive.

Cutting tariffs worth over €500 million a year to benefit businesses big and small

CETA will bring tangible benefits to European companies by getting rid of almost 99% of tariffs, in most cases as soon as the deal comes into effect. As of the first day of its implementation, Canada will eliminate duties worth €400 million for goods originating in the EU. At the end of transitional periods for duty elimination that figure will rise to more than €500 million a year. Examples of businesses that will benefit from these tariff reductions, such as Polish apple growers, Spanish and French wine producers, or Italian tie manufacturers, are available [here](#).

Greater choice for the EU's 500 million consumers while upholding European standards

Opening markets also has the potential to keep prices down and provide consumers with more choice. At the same time, free trade does not mean lowering or changing EU standards that protect people's health and safety, social rights, their rights as consumers or the environment. These standards will remain untouched, and imports from Canada will have to satisfy all EU product rules and regulations – without exception. This means that CETA will not change the way the EU regulates food safety, including on GMO products or the ban on hormone-treated beef.

Opening up the Canadian services market and encouraging investment

CETA is by far the most far reaching agreement ever concluded by the EU in the area of services and investment. European firms will have new advantages when it comes to getting investment projects approved in Canada. European firms will also have more opportunities to provide services, for example, specialised maritime services like dredging, moving empty containers, or shipping certain cargo within Canada. In other service sectors, such as environmental services, telecom and finance, market access is ensured, both at federal level and - for the first time – provincial level. In CETA – as in all its trade agreements – the EU fully protects public services.

Mutual recognition of professional qualifications

The agreement provides a framework to approve the recognition of qualifications in regulated professions such as architects, accountants and engineers. The relevant professional organisations in the EU and Canada will have to jointly work out the technical details of recognition of their respective qualifications on the basis of the framework. The competent authorities in Canada and the EU will then approve their work and give it legal effect.

Fewer restrictions on moving across the Atlantic for temporary work

CETA will make it easier for company staff and other professionals to work on the other side of the Atlantic, and for firms to move staff temporarily between the EU and Canada. This will help European companies run their operations in Canada. It will be also easier for other professionals to temporarily supply legal, accounting, architectural or similar services.

Making European firms more competitive on the Canadian market

CETA will make European firms more competitive on the Canadian market by making it easier for them to provide after-sales service. This will help EU firms export equipment, machinery and software by

allowing them to send maintenance engineers and other specialists to provide after-sales and related services and support.

Giving EU firms unprecedented access to government tenders

Canada has opened up its government tenders to EU companies to a greater extent than with any of its other trading partners. EU firms will be able to bid to provide goods and services not only at the federal level but also to Canadian provinces and municipalities – the first non-Canadian firms to be able to do so. Canada's provincial procurement market is estimated to be double the size of its federal equivalent. Canada has also agreed to step up transparency by publishing all its public tenders in a single procurement website. Access to information is one of the biggest obstacles for smaller companies in accessing international markets, so this will be a boon for smaller businesses in Europe. Examples of businesses that will benefit from this unprecedented access to government tenders, such as a German recycling company, are available [here](#).

Cutting companies' costs without cutting corners on standards

EU and Canada have agreed to accept each other's conformity assessment certificates in areas such as electrical goods, electronic and radio equipment, toys, machinery or measuring equipment. This means that, under certain circumstances, a conformity assessment body in the EU can test EU products for export to Canada according to Canadian rules and vice versa. This will avoid both sides doing the same test and could greatly reduce costs for companies and consumers alike. This is of particular benefit to smaller companies for whom paying twice for the same test can be prohibitive.

A reformed system of investment protection

CETA ensures protection for investments while enshrining the right of governments to regulate in the public interest, including when such regulations affect a foreign investment. The traditional form of investor-state dispute settlement that exists in many trade agreements negotiated by Member States (known as ISDS) has been replaced with a new and improved Investment Court System (ICS).

The [new mechanism](#) will be a public one - not based on ad hoc tribunals. It will have professional and independent judges appointed by the EU and Canada and held to the highest ethical standards through a strict code of conduct. Its procedures will be transparent, including by opening up hearings and publishing documents submitted during cases. The investment provisions narrow down the cases when an investor can challenge a State, and afford no protection for so-called shell or mailbox companies – only companies with a real economic link are eligible. In no case may a public entity be forced to change a piece of legislation or pay punitive damages.

The reformed ICS is a new feature of trade agreements, and the public debate is not finalised in many Member States. Therefore, the choice of Member States, supported by the Commission, is that ICS will be out of the scope of provisional application of CETA, meaning that it will only be implemented once all Member States conclude their national ratification procedures. During that time, as foreseen in the agreement, the Commission will work with Canada to further elaborate certain parameters of the new system, like the selection of judges, the access by small and medium enterprises to the new system and the appeal mechanism.

New opportunities for farmers and food producers while protecting Europe's so-called 'Geographical Indications'

CETA will create new opportunities for farmers and food producers, while fully protecting the sensitivities of the EU. The EU's openings on certain products are limited and calibrated and are balanced out by Canadian openings that satisfy important European exporting interests, such as cheese, wine and spirits, fruit and vegetables, processed products and geographical indications. All imports from Canada have to satisfy EU rules and regulations. For example, only hormone-free meat will ever be imported into the EU.

CETA is also an important step forward for many medium-sized and smaller businesses in rural communities trading in agricultural products. They will now benefit from Canada agreeing to protect 143 distinctive products from specific geographical regions in the EU. The products which will be protected in CETA are the most exported EU food and drink products ranging from Roquefort cheese, to balsamic vinegar from Modena and Dutch Gouda cheese. From now on, these European products will be protected from imitations at a level comparable to EU law and will avoid the risk of being considered generic in Canada.

Protecting Europe's innovators and artists

CETA will create a more level playing field between Canada and the EU in the area of Intellectual Property Rights (IPR). For example, it will strengthen the protection of copyrights by aligning Canadian rules with those of the EU on protection of technological measures and digital rights management. It will also improve how Canada's IPR system protects patents for EU pharmaceutical products. It will

also bolster enforcement by foreseeing the possibility of provisional measures and injunctions for intermediaries involved in infringing activities. Canada also agreed to strengthen its border measures against counterfeit trademark goods, pirated copyright goods and counterfeit geographical indication goods.

Protecting people's rights at work and the environment

In CETA the EU and Canada affirm their commitment to sustainable development. Both agree that more trade and investment should further environmental protection and labour rights – and not be at their expense. The EU and Canada are committed to CETA helping to ensure that economic growth, social development, and environmental protection are mutually supportive. CETA integrates the EU's and Canada's obligations to international rules on workers' rights and environmental and climate protection. CETA gives a strong role to EU and Canadian civil society in participating in the implementation of the commitments in these areas in CETA. CETA also sets up a process for settling disputes, including government consultations and a panel of experts.

CETA contains an ambitious and comprehensive chapter on trade and sustainable development, including labour and the environment. These provisions are binding: they create obligations which have the same legal value as any other obligation in the agreement. These provisions are also enforceable as they are subject to a dedicated dispute settlement mechanism, with a clear, mandatory and time-bound procedure for the resolution of any concern on their respect. This brings together governmental engagement, external assessment by an independent panel of experts, civil society involvement and the International Labour Organisation's expertise. The results are public and can be used to pressure the "offending" party to take action.

This mechanism takes into account the nature of the obligations, is geared towards tackling the root causes of the concerns until they are solved. Civil society, including trade unions, is involved at all stages of this dispute settlement process. This mechanism reflects the current position of the EU on this matter.

Joint Interpretative Instrument

Together with CETA, the EU and Canada signed a [Joint Interpretative Instrument](#), a document that will have legal force and that will further clarify, in a clear and unambiguous way, what Canada and the European Union have agreed in a number of CETA articles (like on the new Investment Court System, on the right to regulate, on public services or on labour and environmental protection).

Background and next steps

On 30 October, the EU and Canada signed the trade agreement and today the European Parliament gave its consent. This paves the way for CETA to enter into force provisionally, once Canada completes its ratification procedures. In line with EU precedents, provisional application of this trade agreement is meant to allow a meaningful application of its substance. CETA will be fully ratified once all parliaments in the Member States will approve the deal according to their respective domestic constitutional requirements.

At the same time it adopted the decision to sign CETA in October 2016, [the Council adopted another decision](#) stipulating which provisions are excluded from provisional application. They concern mainly the following areas:

- 1) Investment protection
- 2) Investment market access with regards to portfolio investment
- 3) The Investment Court System

With regards to trade and sustainable development, labour, and environment, the Council decision includes wording that allows for provisional application of those chapters respecting the allocation of competences between the Union and the Member States.

For more information:

[Press release](#): The beginning of a new era in the EU-Canada relationship

[Dedicated CETA website](#): including 'CETA explained' and 'chapter-by-chapter' guide

[CETA in your town website](#): including country-specific factsheets and data visualisation of exports to Canada by Member State

[Video clip](#): Why CETA? (Interviews and examples)

[Publication](#): The Benefits of CETA and exporters' stories

[Website](#) with concrete examples of trade benefits for European businesses

[The text of the agreement](#)

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