

CETA

THE BIG PICTURE


Peter Kirby



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THE EU IN NUMBERS


- 28 Member States
- 500 Million Consumers
- GDP in excess of \$16 trillion



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CANADA – EU TRADE IN PERSPECTIVE

	US	EU
Exports of goods	\$b 356	\$b 35
Imports of goods	313	45
Export of services	40	13
Import of services	57	15
Canada is EU's 12 th trade partner (1.8% of its exports)		
EU is Canada's 2 nd trade partner (9.5% of its exports)		



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PROVISIONAL APPLICATION

- Why provisional application?
- What needs to happen in Canada?
- What needs to happen in EU?
- Which parts will come into force?
- Which parts will be delayed?

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KEY SECTIONS OF THE AGREEMENT

- Trade in Goods
- Efforts to Eliminate Non-tariff Barriers
- Procurement
- Trade in Services
- Sustainable Development, Environment and Labour Provisions
- Investment

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TRADE IN GOODS

- Vast majority of goods duty free immediately
- EU and Canada to eliminate all tariffs on non-agricultural goods
 - 99.3% of EU tariff lines duty free immediately
 - Balance eliminated over 3-7 years (automobiles)
 - 99.6% of Canadian tariff lines duty free immediately
 - Balance eliminated over 3-7 years (automobiles and vessels)

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The Exceptions Non-Agricultural Goods

- EU transition period on automobiles - phase out 3.5 and 7 years
- Canada transition period on automobiles and ships - 3 and 7 years phase out
- Current automobile tariffs are 3.5% to 22% (effective) for the EU and 6.1% for Canada
- Canadian tariff on ships is 25%

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Compare duty reductions with current tariffs

- EU: Forestry (up to 10%), autos (4.5% to 10%) but NTMs estimated to bring real tariffs to 21%
- Canada: Textiles and garments (15% to 18%), ships (25%); autos (3.5% to 22%)

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TRADE IN GOODS: THE EXCEPTIONS - AGRICULTURAL GOODS

- EU Exceptions: No duty reductions or additional access for chickens, turkeys, eggs, egg products; TRQ for beef, pork, canned sweetcorn
- Canadian Exceptions: No duty reductions or additional access for chicken, turkey, eggs, egg products; additional quota for cheese
- Full duty free access in fishery products to be staged over 3-7 years with interim TRQs until then

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Canadian Priorities for Exports to EU

- Information and Communications Technology
- Life Sciences
- Clean Tech
- Aerospace and Defence
- Agriculture, Food, and Beverages

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EU Priorities for Canada

- Processed foods
- Automobile industry
- Machinery
- Aerospace and defence
- Wines and spirits

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Measures to Eliminate Non-Tariff Barriers

- Technical Barriers: A Joint Committee to address trade irritants and greater industry participation in regulatory development
- Regulatory Cooperation: A separate chapter on regulatory cooperation and formal mechanism for joint initiatives
- Conformity Assessment: A protocol for mutual recognition of test results, certifications and accreditations

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GOVERNMENT PROCUREMENT

- Massive opening of EU and Canadian government procurement market for businesses from the other Party
- Purchases by central, sub-central governments and the mass sector, government entities and government enterprises
- EU procurement market is estimated to be \$3.3 trillion annually

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Which procurements are covered?

- By covered government entities
- Of covered goods and services
- Over a certain value threshold
- And not otherwise exempted or excluded

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Procurements by covered government entities


- The Annexes to Chapter 19 setting out coverage for:
 - Central Government entities
 - Sub-central Government entities
 - Other government entities – municipal governments, state owned enterprises, utilities, hospitals, academic
- Must check the Annexes to ensure coverage

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Procurements of covered goods and services

- Details set out in each Parties Annex 19-4
- General rule is that the procurement chapter covers all goods and services
- But important exceptions for identified government agencies




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Procurements over a certain value threshold

- One major set of thresholds – but subject to specific exceptions


	Goods	Services	Construction
EU and Canada central governments	SDR 130,000 \$231,000 CAD (approx.)	SDR 130,000 \$231,000 CAD (approx.)	SDR 5,000,000 \$8.9 million CAD (approx.)
EU and Canada sub-central governments	SDR 200,000 \$356,000 CAD (approx.)	SDR 200,000 \$356,000 CAD (approx.)	SDR 5,000,000 \$8.9 million CAD (approx.)



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Procurements not otherwise exempted or excluded

- The Annexes are replete with exceptions and exclusions – for example:
 - Ontario and Quebec retain ability to require 25% local content for mass transit vehicles
 - EU has limitations in the fields of drinking water, energy, transport and the postal sector



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Trade in Services – A collection of different provisions

- Need to consider several chapters:
 - Services
 - Financial Services
 - Temporary entry
 - Mutual recognition of professional qualifications
 - Domestic regulations
 - Telecommunications

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TRADE IN SERVICES: MODES OF DELIVERY

- Coverage:
 - Services supplied from the EU or Canada to Canada or EU
 - Services supplied in the EU or Canada to a service consumer of the other Party (commercial presence)
- But not
 - Services supplied in the EU or in Canada by a person of the other Party

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TRADE IN SERVICES: THE COMMITMENTS

- National Treatment
- Most Favored Nation Treatment
- Market Access

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TRADE IN SERVICES: INCLUDED SERVICES

- Negative list: everything is included unless specifically excluded or reserved
- Exclusions
- Standstill Reservations (Annex 1)
- Full Reservations (Annex II)

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TRADE IN SERVICES EXCLUSIONS

EU	CANADA
Government services	Government services
Audio visual	Cultural Industry
Air transport (broadly defined)	Air transport (broadly defined)

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TRADE IN SERVICES: RESERVATIONS (ANNEXES I and II)

- Canada, the EU, each of the Provincial and Territorial governments, and 28 EU member states have reserved certain service sectors or transactions for residents
- Restrictions found in Annex I cannot become more restrictive
- Restrictions in Annex II can become more restrictive

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**TRADE IN SERVICES:
RELATED COMMITMENTS**




- Temporary entry
- Mutual recognition of professional qualifications
- Rules on domestic rules, maritime industry, telecommunication, etc.

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ELECTRONIC COMMERCE



- No specific rules – just warm and cozy language
- Article 16.5:
Considering the potential of electronic commerce as a social and economic development tool, the Parties recognise the importance of:
 - (a) clarity, transparency and predictability in their domestic regulatory frameworks in facilitating, to the maximum extent possible, the development of electronic commerce;
 - (b) interoperability, innovation and competition in facilitating electronic commerce; and
 - (c) facilitating the use of electronic commerce by small and medium sized enterprises.

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LABOUR MOBILITY



- Not Free Movement
- Measures designed to facilitate the temporary entry and stay of “key personnel”, “contractual service suppliers”, “independent professionals” and “short-term business visitors”

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Labour Standards



- Commitments to ensure EU and Canadian labour laws and policies respect the ILO's 1998 *Declaration on Fundamental Principles and Rights at Work*
- No Party can weaken its labour laws to facilitate trade or encourage investment
- Establishes civil-society advisory groups
- Institutional structures set up to implement and monitor compliance with commitments
- Dispute-settlement provisions up to the level of a review panel, which can issue recommendations



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The Environment



- Commitments include:
 - Seeking to maintain high levels of environmental protection
 - Effectively enforcing domestic environmental laws
 - Not derogating from environmental laws to attract trade or investment
 - Providing domestic sanctions or remedies for violations of environmental laws
 - Promoting accountability and responsibility
- Robust definition of environmental law covers all laws that have as their purpose the protection of the environment, including environmental laws related to the management of natural resources



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Sustainable Development



- First for Canada – EU has implemented sustainable development chapters in four agreements (South Korea, Central America, Columbia and Peru, and Singapore)
- Require adherence to key international labour and environment standards and agreements, the prudent use of natural resources and promotion of sustainable development practices such as CSR
- Will likely set up an EU-Canada Committee on Trade and Sustainable Development and various Domestic Advisory Groups
- Involvement of civil society is an important goal of the chapter



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Thank You!



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