



Benefits for Ontario

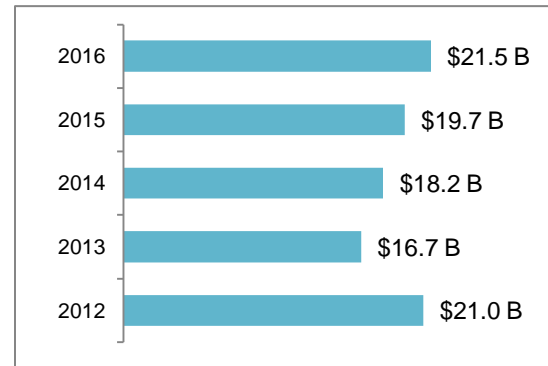
What is CETA?

- The Comprehensive Economic and Trade Agreement (CETA) is a free trade agreement between Canada and the European Union, covering virtually all sectors and aspects of Canada-EU trade.
 - Prior to CETA's provisional application, only 25 percent of EU tariff lines on Canadian goods were duty-free.
 - Following CETA's provisional application, the EU removed tariffs on 98 percent of its tariff lines.
 - After seven years, the EU will have eliminated tariffs on 99 percent of its tariff lines.
- For service providers, CETA grants the best market access that the EU has ever provided in a free trade agreement.
- CETA helps create middle-class jobs, strengthen economic relations with the EU, and boost Canada's trade with the world's second-largest market with over 500 million consumers and a \$22 trillion GDP.

Benefits for Ontario Companies:

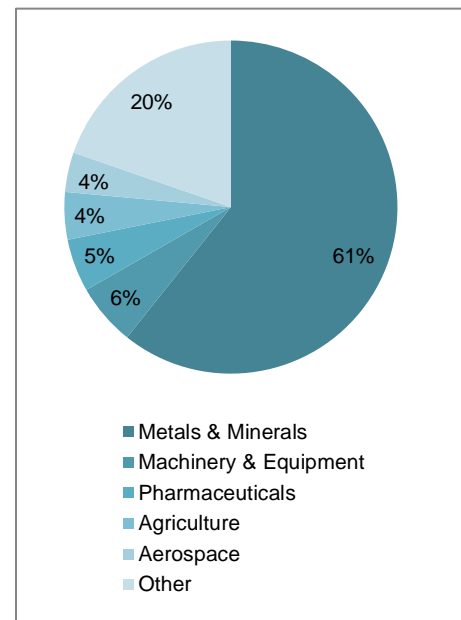
- Under CETA, 98 percent of EU tariff lines are immediately duty free for Ontario goods, including **industrial machinery, fabricated metals, ICT products, chemicals and plastics, automobiles, and most processed foods**.
- Improved access to the EU for Ontario service suppliers in areas such as **ICT services, architectural and engineering services, mining services, environmental services** and other professional services.
- Enhanced labour mobility for business-related travel.
- Ability to bid on procurement contracts at all levels of EU government.
- Greater certainty, transparency, and protection for investments.

Merchandise Exports from Ontario to the EU (2012 – 2016)



Source: Statistics Canada

Principal Merchandise Exports from Ontario to the EU (2016)



Source: Statistics Canada

To learn more about CETA, visit our website: www.international.gc.ca/CETA

The Canadian Trade Commissioner Service provides expert advice and key contacts for exporters, partners and investors.

Contact a Trade Commissioner today: tradecommissioner.gc.ca



Benefits for Ontario

Professional Services

- The EU is the world's largest importer of services and demand is strong in areas of strength for Ontario businesses, including: **architectural and engineering services, management services, ICT services and technical consulting services.**
- Under CETA, Ontario service suppliers can compete on equal footing with EU service providers and receive better treatment than most of their non-EU competitors.
- CETA makes it easier for Ontario professionals to travel and conduct business in the EU, for example, to attend meetings, negotiate sales, and provide after-sale services.
- CETA provides new access to the EU procurement market, valued at \$3.3 trillion annually, in a broad range of services of interest to Ontario firms, including in areas of **engineering and architecture, urban planning, ICT, technical consulting, and marketing and management.**
- For procurement opportunities, suppliers can access tender notices for all CETA-covered procurements using the Tenders Electronic Daily portal (TED, at ted.europa.eu).

Advanced Manufacturing

- CETA makes goods manufactured by Ontario companies more competitive in the EU market by eliminating tariffs on a wide range of industrial products of interest to the Ontario, such as:

	Pre-CETA tariffs	Under CETA
chemicals and plastics	up to 6.5%	0%
ICT products	up to 14%	0%
machinery and equipment	up to 8%	0%
medical devices	up to 8%	0%

- CETA provides clear and simple rules of origin which Ontario companies can use to determine qualification of its products for CETA benefits, as well as access to advance rulings on rules of origin and tariff classifications for its products.
- Ontario exporters will be able to have certain goods tested to EU standards by a certification body in Canada, and the results of the tests will be recognized by the EU, thereby avoiding testing duplication and minimizing costs.

Processed Foods

- Before CETA, EU tariffs could be complex and prohibitive for many Ontario processed food manufacturers, for example:

	Pre-CETA Tariffs
processed cereals	up to €54.30/100kg
bread, pastries, and cakes	start at €3.80/100kg
food preparations	start at 12.8%
toffees, caramel candy, and chocolate	up to 9% + EA MAX 18.7% + AD S/Z

*EA and AD S/Z: Additional specific duties which vary depending on the amount of dairy and/or grain and/or sugar in the product.
 MAX: Maximum applied EA tariff.

- CETA immediately eliminated all EU tariffs on processed foods (with the exception of sweet and corn and refined sugar), providing food manufacturers with an advantage over many competitors entering the EU market.



Agriculture and Agri-Food

- Under CETA, 94% of EU agriculture tariff lines have become duty-free, providing Ontario exporters with an advantage over many competitors in the EU market. Many remaining EU tariff lines will be phased out over a period of 7 years.
- CETA's comprehensive tariff elimination plays to many of the region's strengths, such as:

	Pre-CETA tariffs	Under CETA
dog and cat food	up to €948/tonne	0%
durum wheat	up to €148/tonne	tariff phase-out over 7 years
common wheat (low-medium quality)	up to €95/tonne	tariff phase-out over 7 years*

* During the 7-year phase out, a transitional duty-free TRQ of 100,000 tonnes will be established for low-medium quality wheat. After which, it will be duty-free and quota free. For high quality wheat, current EU tariffs are applied at 0% but may increase as they are subject to the EU's Intervention Price System (I-55). Tariffs on high quality wheat will be phased out over 7 years under CETA.

- In addition, CETA establishes tariff rate quotas (TRQs) for specific products, providing Ontario producers duty-free access for specific volumes of products, including:

	TRQ	Phase-In Period
beef and veal*	50,000 tonnes	5 year phase-in
pork	80,549 tonnes	5 year phase-in
sweet corn (processed)	8,000 tonnes	5 year phase-in

* A duty-free TRQ of 35,000 tonnes for fresh/chilled beef and veal and 15,000 tonnes for frozen beef and veal are established under CETA. In addition, the EU immediately eliminated the 20% tariff on Canadian exports of high-quality beef under the EU's existing WTO quota (11,500 tonnes (product weight) shared with the United States, commonly referred to as the Hilton Quota).

- CETA also guarantees that Ontario exporters of canola, beans, and peas will continue to receive duty-free access in the future.

Metals, Minerals & Mining

- The EU is the world's largest importer of metals and minerals and its consumption has grown rapidly over the past decade.
- Under CETA, Ontario metals and minerals and mining equipment enjoy duty-free, quota-free market access to the EU, including:

	Pre-CETA tariffs	Under CETA
nickel	up to 3.3%	0%
copper	up to 5.2%	0%
zinc	up to 5.0%	0%
tungsten, tin, titanium, zirconium, cobalt	up to 9%	0%
mining equipment	up to 2.7%	0%

- Under CETA, Ontario's mining industry benefits from preferential access to provide technical and advisory services in the EU. Service providers from Ontario can now compete on equal footing with EU service providers and receive better treatment than most of their non-EU competitors.
- CETA's temporary entry provisions make it easier for professionals in the mining sector to conduct business in the EU, for example, to attend meetings, negotiate sales, and provide engineering and technical consulting services.



- CETA spurs investment by providing Canadian and EU investors in the mining industry with greater certainty, transparency, and protection for their investments.

Forestry

- CETA opens up new opportunities for Ontario forestry exporters to expand their presence in the EU, which imports \$46 billion in forestry products annually.
- CETA helps make Ontario's forestry exports more competitive in the EU market by eliminating tariffs on all Canadian forestry products, including:

	Pre-CETA tariffs	Under CETA
fiberboard	7%	0%
maple wood	2.5%	0%
plywood	7% to 10%	0%
oriented strand board	7%	0%

- Under CETA, Ontario service suppliers benefit from open markets to provide technical expertise in a wide range of areas, including: **wood lot management, mapping, surveying, re-forestation, timber evaluation, forest damage assessment, and logging-related services.**
- CETA improves labour mobility for business-related travel for Ontario's forestry sector to facilitate companies' abilities to provide forestry-related services abroad.
- CETA could provide new access to the EU procurement market, valued at \$3.3 trillion annually, in a broad range of forestry services of interest to Ontario, including: **supply chain analysis and optimization, forest resources inventory and remote sensing, mapping and data processing, forest management and operation logistics, turn-key plant set-up and modernization, and manufacturing management and control.**

Automotive

- CETA opens up new opportunities for Ontario automotive manufacturers to expand their presence in the EU.
- CETA's comprehensive tariff elimination enhances the competitiveness of Canadian automotive goods over competitors such as the U.S. and Japan, for example:

	Pre-CETA tariffs	Under CETA
auto parts	up to 4.5%	0%
light motor vehicles for transporting goods	up to 22%	tariff phase-out over 3 years
motor vehicles for > 10 persons	up to 16%	tariff phase-out over 5 years
passenger light motor vehicles	up to 10%	tariff phase-out over 7 years

- CETA's rules of origin reflect Canadian supply chains and production patterns. Under CETA, vehicles exported from Canada must contain at least 50% originating content to qualify for preferential tariff treatment in the EU. This will increase to 55% seven years after CETA's provisional application.
- CETA also includes an annual origin quota under which up to 100,000 Canadian vehicles can be exported to the EU under more liberal rules of origin (30% originating content using the transaction value method or 20% using the net cost method).
- Ontario automotive companies also benefit from improved labour mobility provisions (for example, to provide engineering and manufacturing services to clients in the EU), as well as enhanced access to EU government procurement opportunities.



Environmental Services

- CETA opens up new business opportunities in the EU for environmental services and provides Ontario's clean-tech companies with a competitive advantage over non-EU competitors.
- Of interest to Ontario's fast-growing clean-tech sector, CETA opens up access to procurement by European public utilities in the areas of drinking water, electricity, gas, and heat and offers new opportunities for companies providing environmental services in the areas of: **engineering, technical testing and analysis, sewage and refuse disposal, and sanitation.**

Information and Communications Technology (ICT) Services

- The EU holds significant potential for Ontario ICT companies.
- Under CETA, Ontario ICT companies that provide services related to **technical testing and analysis, data processing, communication, and soft-ware implementation** can compete on an equal footing as EU services suppliers and receive better treatment than most of their non-EU competitors.
- CETA's temporary entry commitments improve labour mobility for business-related travel in the EU for Ontario ICT companies, for example, to attend meetings, negotiate sales, and deliver specialized ICT solutions.
- In the area of e-commerce, CETA includes a permanent moratorium on customs duties, fees, or charges for digital products transmitted between Canada and the EU.
- Enhanced access to EU government procurement also provides opportunities for Ontario suppliers in a broad range of ICT services, including: **technical testing and analysis, data processing, maintenance and repair, and software consulting, design and implementation.**
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