



Benefits for Southern Ontario

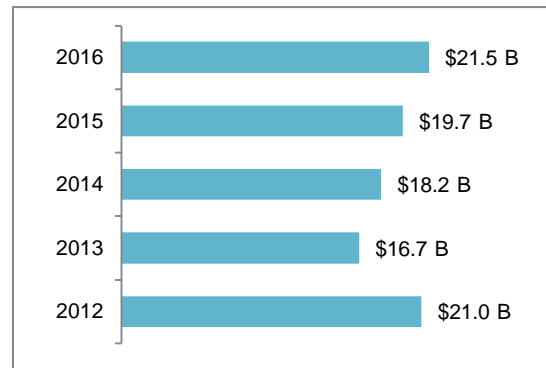
What is CETA?

- 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 Southern Ontario Companies:

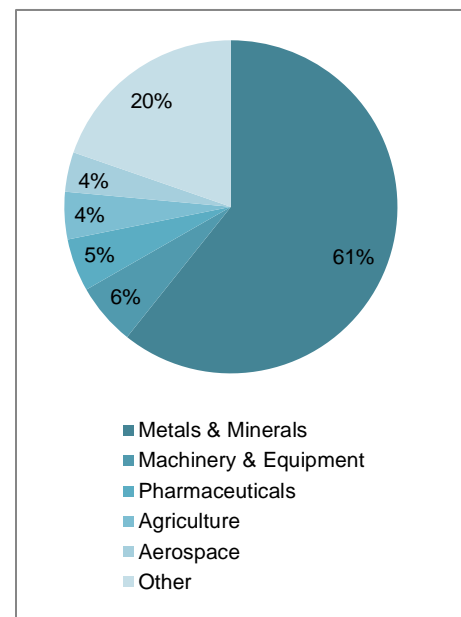
- Under CETA, 98 percent of EU tariff lines are immediately duty free for Southern Ontario goods, including for **manufactured goods, automotive parts, and most agricultural goods**.
- Improved access to the EU for Southern Ontario services suppliers in areas such as **information and communications technology, engineering, and environmental 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 Southern Ontario

Automotive

- CETA opens up new opportunities for Southern 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).
- Southern 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.

Manufacturing

- CETA makes Southern Ontario manufactured goods more competitive in the EU market.
- Under CETA, Southern Ontario manufacturers enjoy immediate duty-free, quota-free market access to the EU for a broad range of industrial goods, including:

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

- Southern Ontario exporters will be able to have certain goods (such as machinery and parts) 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 reducing costs.
- CETA temporary entry provisions make it easier for Southern Ontario companies to conduct business in the EU, for example, to attend meetings, negotiate sales, and provide after-sales services.



Environmental Services

- CETA opens up new business opportunities in the EU for environmental services and provides Southern Ontario's clean-tech companies with a competitive advantage over non-EU competitors.
- Of interest to Southern 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.**
- For procurement opportunities, suppliers can access tender notices for all CETA-covered procurements using the Tenders Electronic Daily portal (TED, at ted.europa.eu).

Agriculture and Agri-Food

- Under CETA, 94% of EU agriculture tariff lines have become duty-free on day one, 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 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.
- 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.