



European
Commission



The Comprehensive Economic
and Trade Agreement (CETA)
between the EU and Canada

The **benefits** of **CETA**

Trade

The EU recently concluded a **new free trade deal** with **Canada** - the Comprehensive Economic and Trade Agreement, or **CETA** for short.

The deal will bring **benefits** for people and businesses across Europe.

It will help to generate **growth** and **jobs** by:

- boosting exports
- lowering the cost of the **inputs** businesses need to make their products
- offering greater choice for **consumers**, and
- upholding the EU's strict **standards** for products.

This booklet summarises how.



The benefits of **CETA**



1. Helping to generate **growth** and **jobs** at home



2. Creating a **level playing field** in Canada for EU companies, big and small



3. Lowering **prices** and widening **choice** for Europe's **consumers**



4. Cutting **customs duties** for exporters and importers



5. Cutting **other costs** for EU businesses – without cutting corners



6. Making it easier for EU firms to sell **services** in Canada



7. Allowing EU firms to bid for Canadian **public contracts**



8. Helping Europe's **rural communities** market distinctive food and drinks



9. Protecting Europe's **innovators** and **artists**



10. Recognising each other's **professional qualifications**



11. Encouraging Canadian companies to **invest more** in Europe



12. Protecting people's **rights at work**, and the **environment**



1. Helping to generate growth and higher-paid jobs

CETA could help to **boost growth** and **jobs** across Europe.

Other free trade deals that the EU has recently struck are doing exactly that. Take the one with South Korea, for example. In the four years after the agreement came into force, EU exports to South Korea rose fast – in goods by 55%, and in services by over 40%.

Independent studies confirm that CETA could boost trade and investment even more.

What's more, every €1 bn in exports from the EU supports on average around 14,000 jobs. And such jobs tend to be higher paid than ones which don't rely on exports – up to 15% more for higher-skill ones.



2. Creating a level playing field for European companies, big and small

Thanks to CETA, Canadian and EU businesses will now compete on a truly level playing-field.

That will create a host of new opportunities on the Canadian market for EU companies, especially smaller ones with up to 250 employees, which together account for 99% of all companies in Europe.

In fact, with CETA Canada has agreed to give EU companies **better conditions for doing business** than it gives to companies from other countries.



Big opportunities for Europe's small businesses

Polish apple exporters harvest rewards in Canada

Ewa Bis is a Polish firm that exports apples and other fresh and frozen fruit and vegetables, concentrates and juices - many of which are certified organic - from Poland to over 25 countries.

Established in 1987, the company had a turnover of €25 million in 2015.

In 2015 Ewa Bis started exporting to Canada, where it set up a joint venture company with a Canadian partner. It has already shipped apples from Poland to Canada and now wants to expand to sell frozen fruit and vegetables.



Entering the Canadian market offers Polish apple producers a great chance to diversify the markets they export to. And Ewa Bis believes CETA will open the Canadian market to other food products from Poland, benefiting local fruit and vegetable producers.



Adriana Rudnicka
Managing Director, Ewa Bis

"Thanks to exports, our company is growing fast. We employ over 200 people and sell our products to 25 countries. We support local producers and have over 10 suppliers.

It took us a couple of years to be ready to enter the Canadian market with our apples - but we made it. Now we are really looking forward to CETA because it will allow us to export other fruit and vegetables produced by local suppliers from Poland to Canada."



3. Lowering prices and widening choice for Europe's consumers

CETA will directly benefit Europe's consumers.

That's because it will scrap or cut almost all the customs duties which EU importers have to pay on goods coming from Canada. And it will do so as soon as it comes into effect.

That should lead to:

- **lower costs** to businesses for the inputs they need to make their final products
- **lower prices** and a wider choice of goods and services for consumers across the EU.



4. Cutting customs duties for exporters and importers

CETA will also **save money** for businesses across Europe.

The cuts in customs duties which CETA will bring in could save European exporters hundreds of millions of euros each year.

Importers in Europe will benefit too, as the cost of parts, components and other inputs they use to make their products falls.

This will in turn create big opportunities for European firms, especially smaller ones, enabling them to grow and hire more staff.



Big opportunities for
Europe's small businesses

Italian tie-maker looks forward to simpler paperwork and lower customs duties

Started in 1992, Graffeo Cravatte is a Sicilian firm that designs and creates handmade ties, using silk from one of the last silk mills in Como in northern Italy. Ties are either unique or limited edition pieces. Most sales are in Italy, but the firm also exports, primarily to Canada and the US. The company had a turnover in 2014 of €300,000 and employed 7 staff.



Graffeo Cravatte started to sell to Canada in 2012, and Canadian sales now account for as much as 7% of the total. The company has hired a fluent English speaker to deal with customers in Vancouver.



But it faces high customs duties of 16%, and burdensome paperwork. CETA will help to reduce both.



Giuseppe Graffeo
Owner, Graffeo Cravatte

“Cutting trade barriers creates great opportunities for entrepreneurs like myself.

My Canadian customers currently complain and ask for discounts before placing their orders.

A free trade agreement with Canada will certainly help. If duty rates are reduced I will sell more. Having less paperwork would be a boon, too.”



5. Cutting costs for EU businesses – without cutting corners on standards

CETA would help cut costs for EU firms that export to Canada, especially smaller ones, in another way, too.

It involves so-called conformity assessment certificates. These prove that a product has been tested and meets:

- the relevant technical rules and regulations and
- any health, safety, consumer protection or environmental standards that also apply.

With CETA, the EU and Canada have now agreed to accept each other's conformity assessment certificates for products ranging from electrical goods to toys.

So, for example, an EU firm that wants to sell a toy in Canada will only need to get its product tested once, in Europe, where it can already obtain a certificate valid for Canada. That will **save it time and money**.



6. Enabling EU firms to sell services in Canada

Services make up three-quarters of Europe's economy. And EU companies are world leaders in many service industries.

Thanks to CETA, they'll soon have **new opportunities** and **better conditions** for doing business in Canada in areas like:

- telecoms
- finance
- professional services, such as accountancy and engineering
- environmental services, such as waste water treatment
- container shipping
- dredging.



Big opportunities for
Europe's small businesses

German recycler wants to help Canadians cut CO2 emissions

Reclay Group is a German company that helps companies and governments dispose of packaging and waste in a way that is safe and environmentally responsible.



It has over 3,000 clients, both at home and overseas. They include governments looking for help to meet their recycling goals.



CETA will open up Canada's public procurement markets to companies from the EU, and Reclay hopes to win contracts to advise on recycling. This would lead to cuts in both CO2 emissions and recycling costs in Canada, and would create jobs in Germany.



Raffael A. Fruscio
Managing Partner, Reclay

"CETA will support cuts in CO2 emissions and recycling costs. That's why free trade and open markets should be the rule – not an exception."



7. Allowing EU firms to bid for Canadian public contracts

With CETA, EU firms now have a better chance of competing for Canadian government contracts.

Every year, Canada's federal government, provinces and municipalities buy goods and services worth over €30 billion from private companies.

They issue public contracts or tenders which companies then bid for.

Canada will now open up more of these tenders to companies from the EU than to companies from any of its other trading partners.

EU firms will be able to bid to provide goods and services in many more public tenders issued by:

- the federal government
- Canada's provinces and
- Canadian cities and towns.

EU firms are highly competitive in many areas which these tenders cover, such as building or upgrading roads, ports or other infrastructure.

What's more, Canada's provincial governments buy goods and services worth double what the federal government buys. And CETA means EU firms will now be able to bid for them.

Canada has also pledged to **make it easier** to find out about its public contracts, by making them all available in one place online, like in the EU.



8. Helping Europe's rural communities market distinctive food and drinks

CETA will help food and drink producers across Europe, many of whom are based in small rural communities.

That's because Canada has agreed to **protect** over 140 European geographical indications, or GIs. These are names of high-quality food and drink products linked to the regions where the products are made.

They help local producers to:

- market their products more effectively
- emphasise their distinctive nature, quality and heritage.

There are thousands of GI products in Europe, but only a few are exported overseas. The EU's goal is to protect these from imitations.

CETA will cover all kinds of products, from Roquefort and Gouda cheeses from France and the Netherlands, to Prosciutto di Parma ham from Italy.

It will make sure only genuine products can be sold in Canada under those names. And it will strengthen border checks to stop fake food or drink products wrongly claiming to be from a particular EU region from being sold in Canada.



Big opportunities for Europe's small businesses

Tasty French treats – now on sale in Canada

Created in 1920, the confectionery company Le Roy René is the number one producer of Calissons d'Aix, sweets typical of Provence in southern France. Roy René produces one in two Calissons d'Aix sold worldwide. In 2015 the company had a turnover of €11 million, and employed 75 people.



Roy René exports to North America, Asia and the Middle East. Exports' share of total turnover has almost doubled over the last year, to 9%. The firm has now set itself the target of increasing this to between 20% and 25% by 2020, when it will mark its centenary. A year ago it recruited an export manager to help it reach this goal.



The company has already begun distributing Calissons d'Aix in Canada through agreements with delicatessens, and believes CETA will help it export more.



Laure Pierrisnard

CEO, Calissons Le Roy René

“In Canada, we have a local partner in Montreal, and a first point of sale in a supermarket. We plan to develop other such points of sale in the future.

CETA will allow us to be more competitive in a market where price really matters.”



9. Protecting Europe's innovators and artists

CETA will help ensure that innovative companies, musicians and other people working in the creative industries are properly **rewarded for their work**.

Canada will do more to protect their research and creativity – also known as their intellectual property – by:

- aligning its rules with those of the EU in areas like patents, designs and copyright
- enforcing those rules more strongly.

Canada will also strengthen its border checks to combat fake (counterfeit) or pirated goods.



10. Recognising each other's professional qualifications

CETA could pave the way for professionals from Europe to find **new job opportunities** in Canada.

At the moment, Europeans working in regulated professions, such as architects, accountants and engineers, can't practise in Canada because Canada doesn't recognise their qualifications. The same is true in reverse for Canadians wanting to practise in the EU.

CETA could change that. Both the EU and Canada have organisations which represent those professions, and CETA gives them a framework for negotiating agreements which would recognise each other's qualifications. Then the authorities in Canada and the EU will take up these agreements and make them apply legally.



Big opportunities for
Europe's small businesses

The sweet smell of success beckons for Belgian aromatherapy firm

Pranarôm is an essential oils company based in Belgium, and is a world-renowned creator of aromatherapy products.



Thanks to strong international demand, exports made up 90% of the company's turnover in 2015.

The company recently introduced a range of scientific aromatherapy products in Canada – the result of an extensive certification and registration procedure required by the Canadian health and customs authorities.

For Pranarôm, certification represents a vital development in its commercial strategy. As a result, turnover from sales in Canada has risen in just one year from €100 000 to €350 000.

But barriers to trade still exist. For example, high import duties stop Pranarôm from taking full advantage of the Canadian market.



Dominique Baudoux
Founder, Pranarôm

“The Belgian market has its limits. For us, just like for many other smaller firms in Belgium, exporting is essential for ensuring business growth.

Thanks to CETA, small companies like Pranarôm will be able to enter the Canadian market much more quickly than today. European initiatives which aim to facilitate trade are an important engine for growth for the Belgian economy.”



11. Encouraging Canadian companies to invest more in Europe

Canadian companies already invest a lot in the EU – €14 billion in 2014 alone. That helps create jobs and growth.

And when they decide to set up business in Europe, they often need to send over key staff, such as senior executives or technical experts, to help get things up and running.

CETA will encourage **more job-creating investment** in Europe by making it easier for Canadian firms to temporarily transfer their key staff to the EU.

The same is true, of course, for EU firms setting up in Canada. CETA will also make it easier for them to send key staff to Canada for a limited period. That in turn will help EU companies expand.



12. Protecting people's rights at work, and the environment

CETA is a truly **progressive agreement**.

In it the EU and Canada have:

- reaffirmed commitments that they've already made to respect international rules on protecting people's rights at work and the environment and
- guaranteed to each other that they won't go back on them.

CETA also gives a strong role to business associations, trade unions, environmental groups and other non-governmental organisations (NGOs) in both the EU and Canada in helping to put these commitments into practice.



Big opportunities for
Europe's small businesses

Italian vinegar-maker set to make a splash in Canada

Vinegar-making in Mantua dates back many years. A turning point came in 1962, when Giorgio Mengazzoli started to export traditional Mantua vinegars outside the city, all over Italy and then worldwide.



Giorgio's daughter Elda and son Cesare eventually succeeded him, and diversified Acetificio Mengazzoli's production from wine vinegars and salts to apple and flavoured vinegars and balsamic vinegar creams.



Elda Mengazzoli

Managing Partner, Acetificio Mengazzoli

"Our firm has a long heritage in exporting our quality products, stretching back to the early '70s. Now we see many opportunities in countries where in the past it was harder to trade, especially Canada, with its large community with Italian roots.

We get a lot of interest in our products from Canadian customers. But the authorities' requirement for specific certification, and high customs duties, make our original products expensive, so it's not easy to export there.

CETA will help cut the costs of certification and lower customs duties, so it will really help our business."

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