



Opening New Markets in Europe

Creating Jobs and Opportunities for Canadians



An Overview

Canada-European Union
Comprehensive Economic and Trade Agreement

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The Canada-European Union Comprehensive Economic and Trade Agreement

The historic Canada and European Union (EU) Comprehensive Economic and Trade Agreement (CETA) is by far Canada's most ambitious trade initiative, broader in scope and deeper in ambition than the historic North American Free Trade Agreement. It will open new markets to our exporters throughout the EU and generate significant benefits for all Canadians. The Government of Canada has made opening new markets through agreements like CETA a priority—just one way it is creating jobs and opportunities for Canadians in every region of the country.

A competitive advantage for all Canadians

- Our prosperity is linked to the accessing of economic opportunities beyond Canada's borders. In fact, Canada's two-way trade is equivalent to 60 percent of our gross domestic product (GDP), and one in five Canadian jobs is linked to exports.
 - By eliminating tariffs and gaining secure access to the EU market—the largest and most lucrative in the world—access not enjoyed by our major competitors, CETA will create jobs and opportunities for Canadians in every region of the country.
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Why a trade and economic agreement?

1. New, improved and preferential access to markets allows Canada's economy to grow and create new jobs.

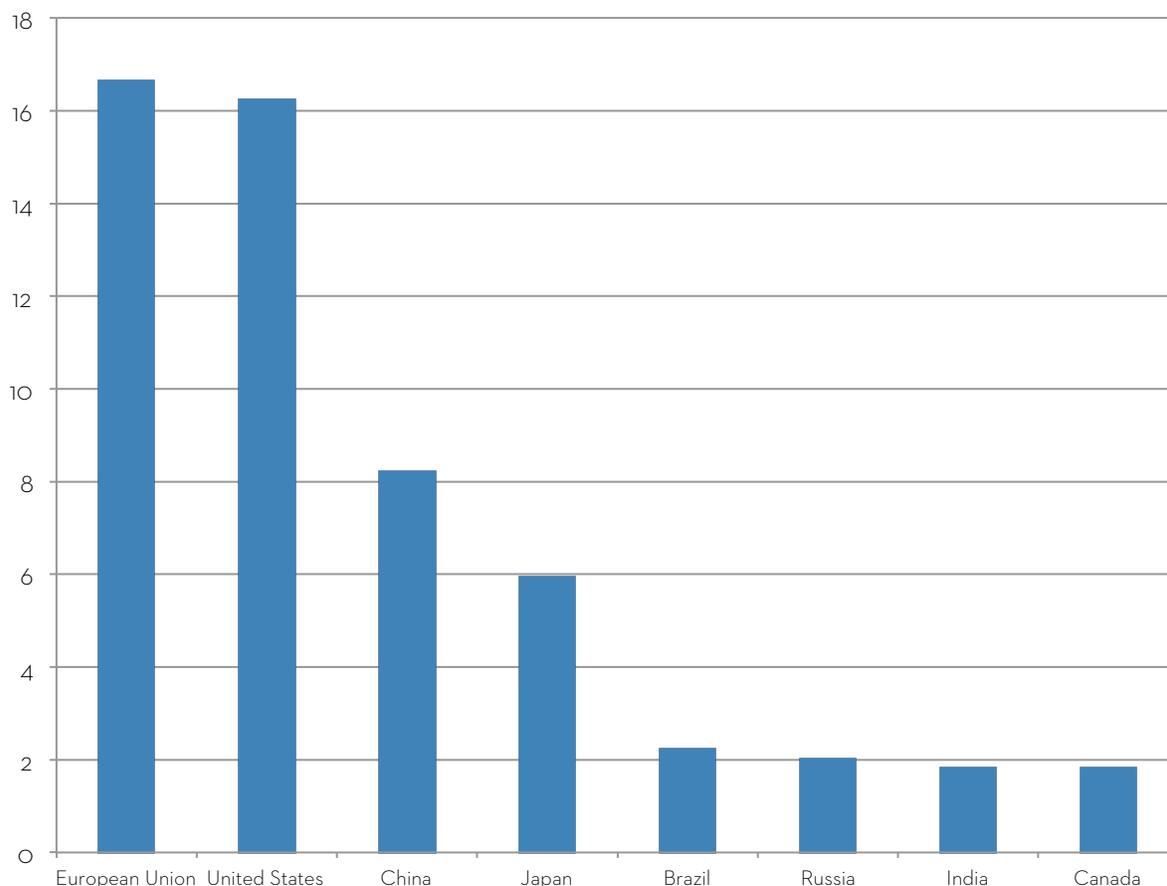
Canada's historical and cultural ties with the EU make it an ideal partner for an ambitious, comprehensive trade agreement. In fact, the EU is already our second-largest trade and investment partner, next only to the United States. The EU, with its 28 member states, 500 million people and annual economic activity of almost \$17 trillion (see Table 1, page 4), is the world's largest economy, bigger than the United States (see Table 2, page 5). CETA will eliminate tariffs for Canadian goods entering the EU market, providing them preferential access not enjoyed by our competitors in other countries, which still face tariffs. CETA will also guarantee Canadian service suppliers secure preferential market access. These improvements to our trading relationship with the EU will give Canadian businesses—from farms to engineering consultancies—new opportunities to increase their exports of world-class goods, services and expertise.

Table 1: Gaining preferential access to the largest market in the world

The EU is made up of 28 member states that cover most of continental Europe. Today, the EU is the world's largest integrated economy, with 500 million people and annual economic activity of almost \$17 trillion. Gaining preferential access to this lucrative market secures a key competitive edge for Canadian workers and businesses across several key economic sectors, covering all regions of the country.

	Population	Size of economy in 2012 (\$ billions)	Two-way merchandise trade with Canada in 2012 (\$ millions)
All EU member states	508,061,751	16,634.8	89,230.5
Germany	81,843,743	3,397.8	17,877.0
France	65,327,724	2,611.5	8,162.7
United Kingdom	62,989,551	2,442.8	27,299.1
Italy	60,820,696	2,012.2	6,932.3
Spain	46,196,276	1,348.6	2,668.4
Poland	38,538,447	489.9	1,538.9
Romania	21,355,849	169.3	387.5
Netherlands	16,730,348	771.8	8,088.9
Greece	11,290,067	249.0	251.2
Belgium	11,094,850	483.5	4,034.1
Portugal	10,541,840	212.6	434.4
Czech Republic	10,505,445	195.7	528.0
Hungary	9,957,731	125.6	635.7
Sweden	9,482,855	525.8	2,538.5
Austria	8,443,018	398.2	1,660.8
Bulgaria	7,327,224	51.0	369.3
Denmark	5,580,516	314.2	1,283.4
Slovakia	5,404,322	91.8	357.6
Finland	5,401,267	249.9	1,501.1
Ireland	4,582,769	210.2	1,589.4
Lithuania	3,007,758	42.2	262.9
Latvia	2,041,763	28.6	74.8
Slovenia	2,055,496	45.6	202.3
Estonia	1,339,662	21.8	71.2
Cyprus	862,011	23.0	13.3
Luxembourg	524,853	57.1	322.2
Malta	417,520	8.7	95.5
Croatia	4,398,150	56.4	50.0

Table 2: Largest economies by GDP (2012)
(in trillions of Canadian dollars)



Source: International Monetary Fund, World Economic Outlook Database, April 2013

2. Canadians need clear, advantageous rules where they do business.

The way we do business and trade can vary from one country to another due to differences in laws, rules, regulations, policies and various standards and requirements. CETA contains provisions that will commit governments to pursue policies that are transparent, clear and fair and that minimize costs for our respective business communities. CETA also builds in protections that will ensure that Canada's municipalities, provinces, territories and federal government can continue to regulate in the public interest, whether in matters of health and safety, environmental protection, cultural identity or other areas Canadians hold dear.

3. Canadian businesses of all sizes do best when there is less red tape and barriers to trade are reduced or removed altogether.

Countries often treat foreign goods or services differently from domestic goods or services. They do this by applying border taxes (tariffs) and numerous other measures: discriminatory licences and

permits, regulations, certifications and other forms of red tape. Unfair discrimination can hinder genuine competition among businesses in any market. This is especially true for the small and medium-sized enterprises that are the backbone of many economies like our own. CETA will take direct aim at these problems: it will eliminate tariffs, lock in fair and predictable conditions for business, create mechanisms designed to reduce unnecessary red tape, and ensure that each side treats the other's companies and goods the same way as they treat their own. All of these measures help ensure that world-class Canadian businesses are able to realize the full benefits of this historic agreement.

4. Canada must be forward-looking to adapt to and create cutting-edge business conditions and opportunities for Canadian workers, businesses and investors.

As we know from personal experience, we often now take for granted products and technologies such as smartphones and the Internet that didn't exist as recently as a generation ago. CETA is forward-looking, designed to deal with today's issues and tomorrow's, and includes built-in review mechanisms and the ability to adapt to changing realities. It will encourage our societies as a whole, not just governments and businesses, to take a hand in shaping the future of Canada-EU relations. For these reasons, CETA will continue to evolve, allowing Canada to remain at the forefront of trade liberalization with the EU for generations to come.

5. CETA will benefit Canadians across the country

Canadian workers in every region of the country, employed in such varied sectors as agriculture and agri-food, fish and seafood, forest products and many manufacturing sub-sectors, such as advanced manufacturing, chemicals and plastics, food processing and information and communications technology—to name just a few—will benefit from Canada's increased access to the lucrative EU market.

In addition, this historic agreement will generate gains for workers and businesses providing services in such fields as architecture, construction, engineering and other technical fields, as well as other non-traditional export areas.

Upon entry into force, CETA will make it easier for Canadians to invest in the EU, and vice versa. Investment creates jobs, generates new sources of prosperity, spurs creativity and technology, and links Canada to important global value chains. CETA will also give Canadian suppliers access to the EU government procurement market (worth \$2.7 trillion in 2012), a significant source of new export opportunities.

A joint Canada-EU study that supported the launch of negotiations concluded that a trade agreement with the EU could bring a 20-percent boost in bilateral trade and a \$12-billion annual increase to Canada's economy. Put another way, that's the economic equivalent of adding \$1,000 to the average Canadian family's income or almost 80,000 new jobs to the Canadian economy.

With CETA, Canada will be the only G-8 country and one of the only developed countries in the world to have preferential access to the world's two largest markets, the EU and the United States—giving us access to more than 800 million of the world's most affluent consumers. The investment

opportunities and the competitive edge of this combined access will lead directly to jobs and opportunities in every region of the country.

The landmark agreement with the EU strengthens the foundation of the most ambitious plan to open new markets in Canadian history. Increasing our exports to the largest, most dynamic and fastest-growing markets in the world is a key part of Canada's Economic Action Plan.

Increasing export opportunities

- Canadians working for firms that export goods and services enjoy wages that are 14 percent higher than those working for non-exporting firms.
 - As the world's largest economy and largest importer of goods, the EU holds significant opportunities for Canadian workers, businesses, exporters and investors.
 - The EU's annual imports are worth more than Canada's total GDP (in 2012, EU imports amounted to more than \$2.3 trillion while Canada's GDP was \$1.8 trillion).
 - Facilitating trade with the EU through CETA will increase our exports, which in turn will create jobs and opportunities for Canadians across the country.
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What does CETA cover?

CETA addresses the full range of conditions that shape international trade in goods and services in order to eliminate or reduce barriers. CETA is a comprehensive agreement that will cover virtually all sectors and aspects of Canada-EU trade. CETA will address everything from tariffs to product standards, investment, professional certification and many others areas of activity. Given the breadth of our economies, this is a remarkable achievement.

If CETA addressed only the above-mentioned areas, it would already give Canadian companies important competitive advantages and enable both sides to work together to create new products, new markets and new jobs. But experience has shown that trade is intimately connected to many other important areas of activity.

Under CETA, Canada and its EU partners have also committed to collaborate on environmental, labour and sustainable-development issues, because whatever narrow differences we may have on specific issues, our societies and governments, broadly speaking, share fundamental values in these areas.

The Joint EU-Canada scoping exercise, undertaken in 2008 and 2009 prior to the start of negotiations, identified more than 14 areas where the economic relationship would benefit from a trade agreement—and CETA addresses all of them. The following sections summarize CETA's major elements, grouped together into seven parts that mirror the structure of the Agreement.

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PART ONE
TRADE IN GOODS

Trade relations traditionally begin with trade in goods. This is the longest-standing and most extensive part of the Canada-EU relationship—in fact, we have been trading longer than either Canada or the EU have existed in their current forms. Trade in goods is also the longest and most extensive section of the Agreement because it addresses measures that have a direct impact on trade and are felt at the border, such as tariffs and customs procedures, and those that are felt “behind the border,” such as product certification and technical standards that might distort or restrict trade or otherwise add costs or uncertainty for businesses looking to grow their sales. Taken as a whole, the provisions related to trade in goods work together to ensure the trading process is as seamless and simple as possible, freeing business to concentrate on doing its job: producing and selling high-quality, competitive goods.

Market access for goods

➤ *What this means for Canadians:*

On the day CETA enters into force, 98 percent of all EU tariff lines will be duty-free for Canada, providing our exporters with a clear advantage over their competitors.

CETA’s most visible benefit is the ambitious obligation undertaken by Canada and the EU to eliminate tariffs. Tariffs are essentially taxes levied at the border that have the effect of increasing the costs to consumers of imported goods. These tariffs are applied to “tariff lines,” where each line represents a specific product. Some of these tariffs can be very high (for example, the EU tariff on frozen mackerel is 20 percent and the EU tariff on oats is around 51.7 percent), making imported goods uncompetitive in the market. Of the EU’s more than 9,000 tariff lines, approximately 98 percent will be duty-free for Canadian goods when CETA comes into force. This includes nearly 100 percent of non-agricultural tariff lines and close to 94 percent of agricultural tariff lines. Once CETA is fully implemented, approximately 99 percent of the EU’s tariff lines will be duty-free, including 100 percent of the more than 7,000 non-agricultural tariff lines and over 95 percent of the more than 1,900 agriculture tariff lines.

While almost all tariffs will be eliminated when CETA comes into force, 1 percent of tariffs will be eliminated over a period of up to seven years. For Canadian producers, manufacturers and exporters, the progressive elimination of EU tariffs will provide increasingly better competitive market access terms for their products over time. Tariffs that will be subject to a phasing out by the EU will include, for example, those on some fish and seafood products, grains and passenger vehicles. Canadian tariffs that will be subject to a phasing-out period, on the other hand, include those on passenger vehicles, certain agricultural goods and ships.

A sweet deal for maple syrup producers

Stéphanie’s cabane à sucre in Quebec sells maple syrup to specialty food stores and high-end grocers in large markets such as France, the United Kingdom and Italy. Upon entry into force, CETA will eliminate the 8-percent tariff on Canada’s favourite sweetener, making Stéphanie’s maple syrup more competitive in the eyes of buyers in the EU. This is the kind of competitive advantage Stéphanie needs to expand her operations, hire more workers and increase her exports to the EU—not only of maple syrup but of other maple products that will benefit from tariff elimination too, such as maple sugar, taffy and candy.

This means that Canadian goods that faced tariffs will become cheaper and more competitive in the EU market, giving Canadian exporters a significant advantage over other exporters still facing tariffs. This will allow Canadians to expand or create new markets for their goods in the EU. It will also eliminate the advantage some competitors have by virtue of the free trade deals in force between their countries and the EU (e.g., Korean exporters who currently enjoy duty-free access to the EU for machinery and parts).

A competitive boost for Canadian shrimp

George and Marilène own a company in Newfoundland and Labrador that harvests shrimp and sells them around the world. Many of their shrimp products are sold to grocery stores in France, where they compete with shrimp from the EU and other parts of the world. Canadian shrimp currently face up to a 20-percent duty, making them more expensive for consumers and, therefore, less competitive. CETA will eliminate this duty, making George and Marilène’s shrimp more affordable in the EU and giving them a 20-percent boost in competitiveness over their competitors.

Another important feature of CETA is that it will protect against other kinds of restrictive trade measures that could be applied and that could thus reduce or nullify the market access gained through the elimination of tariffs. For example, CETA will ensure that Canada and the EU provide each other’s goods with “national treatment” once they are in each other’s markets—that is to say, Canadian goods must be treated the same way as goods from the EU. Aside from customs duties and other fees allowed by the World Trade Organization (WTO), no discriminatory taxes or charges may be levied against imported Canadian goods. This means, for example, that the EU may impose a value-added tax—a form of consumption tax—on Canadian goods only if it imposes the same tax on EU goods.

Rules of origin

➤ *What this means for Canadians:*

Canadian exporters will have clear and favourable rules that take into consideration Canada’s supply chains to determine which goods are considered “made in Canada” and eligible for preferential tariff treatment.

With such rich benefits flowing from CETA’s trade liberalization provisions, it is no surprise that both Canada and the EU want to ensure that the benefits of the Agreement will flow to those people living within their respective borders. One important benefit to protect is the preferential access given to goods: only goods made in Canada or the EU will benefit from preferential tariffs, so it is important to have a way to determine whether a product is of Canadian or EU origin. For this reason, CETA, like all other free trade agreements, includes product-content rules, or “rules of origin.” These rules specify how much production must occur in Canada or the EU for a product to be considered from (or “originating in”) one of the jurisdictions and therefore eligible for the preferential tariff rate CETA provides. CETA, like all of Canada’s free trade agreements, includes specific rules of origin for all products. Rules of origin prevent the benefits of CETA from going to businesses that simply import goods from abroad and ship them out as if they were made in Canada or the EU.

Clear rules of origin to help Yaa-Hemaa and Daniel export to the EU

Yaa-Hemaa and Daniel are gardeners-turned-entrepreneurs who live in British Columbia's Okanagan Valley. Their company manufactures mini-greenhouses and they want to sell them to distributors in the EU to take advantage of consumer gardening trends that favour healthy, home-grown vegetables.

Some of the parts that go into the greenhouses are difficult to find in Canada, which limits Yaa-Hemaa and Daniel's ability to expand production. They are considering importing some of the parts they need from outside Canada, but want to make sure that the greenhouses will still qualify as "Canadian" so that they can enter the EU duty-free. Fortunately, CETA includes clear and easy-to-understand rules of origin that will make it simple for Yaa-Hemaa and Daniel to source imported material for use in their greenhouses and still qualify for duty-free access to the EU market.

At the same time, CETA's rules of origin reflect today's global value chains and the reality that goods are made from parts or ingredients ("inputs") sourced from many countries. CETA's rules of origin strike a good balance, respecting the real-world sourcing patterns of Canadian and European companies while encouraging production to take place in Canada or the EU. These clear rules will allow companies to take advantage of the preferential access gained as a result of CETA.

Origin procedures and customs and trade facilitation

➤ *What this means for Canadians:*

The processes through which Canadian exporters get their products to EU buyers will be easier, faster and less costly.

Customs officials play an integral role in ensuring that Canadians enjoy the benefits of free trade agreements. They have the responsibility of ensuring that only those goods that respect the rules of origin enter the Canadian market at preferential duty rates and that Canadian goods entering the EU receive the preferential treatment for which they qualify. Canada and the EU share a desire to keep customs procedures simple, effective, clear and predictable so customs officials can do their jobs efficiently, without creating unnecessary barriers to trade.

Canadian and EU customs officials have been working together for years, both bilaterally and within international organizations such as the World Customs Organization, to facilitate and expedite the release of goods by customs. To this end, CETA includes commitments that aim to:

- provide traders with all the information they need on importing or exporting, including advance rulings on the origin of goods or tariff classification;
- simplify and, where possible, automate border procedures;
- respect the privacy of company information collected for customs purposes;
- provide an impartial and transparent system for addressing complaints about customs rulings and decisions where there may be differences of opinion.

These commitments now enshrined in CETA are designed to reduce processing times at the border and make the movement of goods cheaper, faster, more predictable and efficient.

Technical barriers to trade

➤ *What this means for Canadians:*

CETA will help to ensure that unnecessary or discriminatory regulatory requirements do not diminish the value of new market access for Canadians.

It goes without saying that tariffs affect the free flow of goods. But there are other types of barriers that do the same thing. Technical barriers to trade are a form of non-tariff barrier, which can include technical regulations and various testing and certification requirements. While regulatory measures are important and often establish necessary safety measures, they can become problematic if they are overly burdensome or discriminatory.

CETA builds on existing rules contained in the WTO Agreement on Technical Barriers to Trade and provides a number of ways to address issues and prevent problems arising from these types of barriers.

First, it specifies the steps each side can take to request that a given technical regulation be recognized as equivalent to its counterpart regulation adopted by the other party; this could reduce manufacturing costs for exporters as goods could be sold in both markets by meeting one “equivalent” set of technical requirements.

Second, it creates a mechanism through a protocol on conformity assessment that will allow recognized bodies in Canada and the EU to accept each other’s test results and product certifications. This will ultimately reduce administrative costs and marketing delays for exporters.

Third, where each side already allows public participation in the development of technical regulations, interested persons in either Canada or the EU will be able to participate.

Fourth, in recognition of the important role of standards, Canadian and EU standard-setting bodies are encouraged to cooperate more closely on joint priorities.

Finally, since no agreement can foresee every future development, there will be mechanisms where trade irritants can be discussed with the goal of resolving them as quickly as possible.

Less red tape for manufacturers of medical devices

Steve owns a small Ontario company that makes hearing-aid products. His company does about \$1 million worth of business with the EU every year. While Steve sees more potential for growth in the EU health-services sector, his company faces bureaucratic red tape because his hearing-aid products must be retested and recertified for the EU market by European bodies. That drives up his costs and adds time for the equipment to be marketed in the EU.

Under CETA, Steve will be able to have all his hearing-aid products tested and certified to EU standards by recognized Canadian bodies. This means cost savings and a quicker time to market—which will help make Steve’s company more competitive and thus able to grow and hire more workers in Canada.

Regulatory cooperation

➤ *What this means for Canadians:*

Cooperation and information sharing between Canadian and EU regulators will result in more compatible regulatory measures that could make it easier for Canadians to do business in the EU.

Cooperation in regulatory matters is forward-looking and promotes good regulatory practices and engagement early on as measures are being developed. By fostering cooperation earlier in the regulatory process, differences in regulatory approaches between Canada and the EU may be reduced, resulting in fewer barriers to trade once regulations are finally put in place. CETA is the first bilateral trade agreement in which Canada has included provisions on regulatory cooperation.

Under CETA, both Canada and the EU will identify joint cooperative activities and establish an annual high-level dialogue on regulatory matters. The Agreement also provides for specific sectoral cooperation regarding the safety of consumer goods. This will allow Canada and the EU to share more information about product safety issues. By sharing this information, Canada and the EU will be able to take action, when required, to help protect the health and safety of their citizens. Recognizing that academia, think tanks, non-governmental organizations, and business, consumer and other organizations can provide valuable knowledge and input to regulatory development processes, CETA will provide for Canada and the EU to engage with private entities to further the shared objectives of regulatory cooperation.

Sanitary and phytosanitary measures

➤ *What this means for Canadians:*

Ensuring early cooperation on food safety, animal and plant life and health strengthens the protection of Canadians while preventing misunderstandings that might restrict the free movement of goods.

All countries maintain sanitary measures to ensure that food is safe for consumers and to prevent the introduction or spread of animal diseases. Similarly, phytosanitary measures are in place to prevent the

introduction or spread of plant pests that could infest crops and trees. Sanitary and phytosanitary (SPS) measures are a critical subset of regulations that affect all Canadians. Canada and the EU subscribe to WTO requirements that ensure that SPS measures, which governments use to regulate the protection of human, animal and plant life and health, are not used as a cover for trade protectionism.

Under CETA, Canada and the EU have agreed to build on their shared WTO commitments and long-standing bilateral cooperation (e.g., under the existing Veterinary Agreement, which will be updated) in order to make sure their respective sanitary and phytosanitary measures remain effective yet do not unnecessarily hamper trade. A new Sanitary and Phytosanitary Measures Joint Management Committee will provide a venue for experts to discuss issues before they become major problems. These experts will also determine which Canadian and EU inspection standards and certification systems both parties can accept as being equivalent to their own. Such an approach could save time and money for Canadian and EU producers and exporters of high-quality agriculture, fish and forestry products, and will have the added benefit of strengthening our respective health protection regimes.

Sector-specific provisions

➤ *What this means for Canadians:*

CETA provisions will offer special recognition for unique Canadian areas of activity such as biotechnology, science, technology and innovation.

CETA also includes some sector-specific provisions that incorporate and update existing processes for improving Canada-EU cooperation and preventing trade problems from arising. These provisions apply to areas where Canada and the EU have specific interests and include provisions for wines and spirits, biotechnology, forestry, raw materials, and science, technology and innovation.

In the case of wines and spirits, for example, the general rule is that goods from Canada or the EU should not be discriminated against in favour of one or the other party, although CETA recognizes there should be some exceptions. For instance, CETA will permit some wineries to maintain small off-site stores that can sell only their products, and it will also allow wineries to sell their own products on site.

CETA will also create forums for discussion and cooperation in areas of key interest to Canada, such as forestry, biotechnology and raw materials. On biotechnology, for example, CETA is anchored on the principle of cooperation, including on low-level presence, with emphasis on science-based approval processes. CETA will increase cooperation and exchange of information, with a view to minimizing adverse trade impacts and addressing any issues that may arise. Furthermore, because science, technology, research and innovation can stimulate trade, CETA will provide for enhanced cooperation in these areas as well.

Considering that problems are more likely to arise when countries do *not* talk to each other about new challenges and potential solutions, the kinds of information sharing and best practices contained in these provisions will translate directly into clearer rules and better opportunities for Canadian goods, services and technologies.

Special provisions for commodities like wines and spirits

Julie and Ryan left their lives in the city to begin new careers as specialty vintners of fruit wines in Ontario's Niagara region. Over the years, their winery estate has grown and earned an excellent reputation, but production is small and they don't produce enough wine to sell through their provincial liquor board. Julie and Ryan and many other small wineries are able to sell their wines directly to customers from their winery.

While CETA recognizes that both Canadian and EU products should be treated equally and fairly, it also includes provisions for commodities like wines and spirits that accommodate the special circumstances of Canada's industry. Under the Agreement, wines from the EU will still be sold through existing provincial liquor boards, but vintners like Julie and Ryan will continue to be able to sell their wines to the enthusiasts who visit their wineries.

Subsidies

➤ *What this means for Canadians:*

CETA will ensure greater transparency and information sharing in the matter of subsidies.

All governments want to help their industries become more competitive. A subsidy, or a financial contribution from a government that provides a benefit to a recipient, is one way that governments can help industries reach that goal. However, a subsidy provided only to a specific company or industry, rather than being generally available, can create an advantage for the recipient that puts it in an unfair position relative to its competitors.

The WTO has recognized that such subsidies are potentially trade-distorting. Canada and the EU agree on this point and have agreed to comply with WTO disciplines on subsidies that include, among other things, obligations to be transparent and to accept consultations on subsidy programs. Additional CETA provisions on notification and the exchange of information will support enhanced transparency. In addition, provisions regarding informal consultations will allow Canada and the EU to engage in discussions on subsidy programs that may be adversely affecting Canadian and EU interests and for actions to be taken based on these informal consultations. CETA will not, however, restrict Canada or the EU's ability to provide subsidies that are consistent with current WTO rules, except in the case of agricultural export subsidies on bilateral trade that are prohibited for all agricultural products where tariffs are eliminated. For example, the EU is permitted under the WTO to use export subsidies for a number of agricultural products, including wheat and several coarse grains. Under CETA, this will not be permitted for these products in bilateral trade.

Trade remedies

➤ *What this means for Canadians:*

Clear rules will support a transparent and fair trading environment between Canada and the EU.

Trade remedies are measures taken by governments to protect their domestic industries against unfair pricing and unfair government-subsidies practices. CETA reflects WTO rules that require a country to undertake a fair and transparent investigation to determine whether unfair trade is taking place before the country imposes a trade remedy. When a country does impose a trade remedy—for example, by applying special duties to offset an injury caused to a domestic industry—it may do so only in a fair and transparent manner, disclosing all essential facts under consideration and allowing parties to fully defend their interests.



PART TWO
INVESTMENT, SERVICES
AND RELATED MATTERS

Trade isn't just about importing and exporting goods. Ideas and expertise are also traded in the form of services and investment flows from one country to another to create jobs and growth in both the originating and destination countries. Because of the importance of investment and services, many trade agreements include chapters that deal with these and a host of other related issues.

Investment

➤ *What this means for Canadians:*

More investment means new jobs, new sources of prosperity, new technologies and greater competitiveness for Canadians.

Beyond imports and exports, the word “trade” itself is now shorthand for a vast number of international business connections. CETA, for example, comprises rules covering direct investments that Canadian and EU companies make in each other's territories. This is significant because the EU is the second-largest source of foreign direct investment in Canada and the second-largest destination for Canadian direct investment abroad.

Foreign direct investment, such as an EU company opening a plant in Canada, creates new jobs and introduces the receiving country to new technologies, different management techniques and broader international markets. Foreign direct investment has historically made a significant contribution to the Canadian economy and it remains an important contributor to growth and jobs. Furthermore, investments by Canadian companies in other countries, such as a Canadian firm buying a company in the EU, also bring great benefits to Canada: our companies' investments abroad, overall, have increased our exports to those countries, generating jobs at home, enriching our stock of technology and deepening our people-to-people ties.

Did you know?

The stock of known Canadian direct investment in the EU was valued at almost \$181 billion in 2012, representing over 28 percent of Canadian direct investment abroad. The same year, the stock of known EU direct investment in Canada was valued at more than \$171 billion, representing over 24 percent of total foreign investment in Canada.

CETA will help further promote Canada as a place to invest. It is expected that more EU companies will invest in Canada to take advantage of Canada's preferential access to the United States and other markets, while non-EU companies will invest in Canada to take advantage of our preferential access to both the EU and the United States. CETA will encourage more investment in Canada, and more investment means a higher standard of living for Canadians.

CETA's investment rules set out how investors and their investment must be treated by the host country. At the heart of these rules are commitments to treat investors and investments fairly, equitably and no less favourably than domestic or other foreign investors. For example, in the event of an unlawful

expropriation, such as a government seizing a company's investments without compensation, CETA allows investors to seek compensation.

Investment provisions in CETA will provide Canadian investors and their investments with greater certainty, stability, transparency and protection to guarantee a more favourable and secure access to the EU market.

The process that investors follow to seek compensation is called “investor-to-state dispute settlement” (ISDS) and involves an independent arbitral panel hearing facts and making a decision on the merits of an investor's claim. ISDS rules have been a standard feature of Canada's comprehensive free trade agreements since the North American Free Trade Agreement and give assurance to investors that their investments will be protected from discriminatory or arbitrary government actions. CETA builds on Canada's and the EU's past experience and practices on investment rules. For example, CETA provides for an open and transparent ISDS process that allows greater public participation, including making submissions to the arbitral panel public and, except in certain limited cases, opening hearings to anyone who is interested. In addition, CETA recognizes the importance of making the views of non-disputing individuals and organizations known, and accordingly allows them to apply to make submissions to the arbitral panel. The Agreement also includes provisions to guard against frivolous claims in order to ensure that the process will not be abused.

Greater certainty for investors like Ana and Claudia

Ana and Claudia own a small company in Winnipeg that produces a line of eco-friendly, organic and non-allergenic cosmetics. The products are selling very well in Canadian stores and online to American consumers. Ana and Claudia would like to expand the company into the EU, and they think the best way to do this will be to invest in a small manufacturing plant in Germany.

However, this is a big step for small-business owners, and Ana and Claudia want to make sure expanding into Europe is worthwhile. Fortunately, CETA's investment rules provide greater certainty, transparency and protection to Canadians who want to invest in the EU. CETA will ensure that EU-member-state governments treat Ana and Claudia's company no less favourably than they do EU businesses. This will also be important for Ana and Claudia's ability to secure financing for this project. Investing abroad can often be a risky undertaking, but CETA reduces that risk for Canadians investing in the EU and opens up countless new opportunities for Ana and Claudia and business owners like them.

Finally, recognizing the importance of making the views of non-disputing individuals and organizations known, ISDS in CETA will allow these parties to apply to make submissions to the arbitral panel.

The Government of Canada recognizes that not every potential investment will be of net benefit to Canada. Accordingly, CETA protects the government's right to use the *Investment Canada Act* (ICA) to conduct reviews of high-value investments to ensure that they are of net benefit to Canada. Consistent with all our international trade agreements, ministerial decisions on whether or not to permit investments under the ICA, including for national security reasons, are not subject to CETA dispute settlement. In

order to promote investments that are a vital part of our economic growth and help ensure that reviews are undertaken only when they are truly needed, the thresholds for review of EU investments under the ICA will be raised in CETA. This will help to facilitate smaller investments into Canada.

Cross-border trade in services

➤ *What this means for Canadians:*

Canadian service providers will have more business opportunities in the EU.

Accounting for over 70 percent of Canada's GDP, the services sector is by far the largest part of Canada's economy. Services differ from goods in that they involve economic activities based on the exchange of advice or expertise rather than tangible products. For example, a graphic designer uses her skills to design a label for a new soft drink. The act of designing the label for a soft drink company is a service, the soft drink itself is a good.

Building for the future

Shezara is a Canadian architect who wants to provide consultancy services, including building plans and designs, from her office in Toronto to a prospective client in Berlin via electronic means. As a result of CETA, Shezara and other Canadian architects like her will have improved access to new clients in Germany and will have the assurance that no new barriers to trade will be imposed in the future.

Canadians excel at providing knowledge-intensive, advanced services in such areas as engineering, architecture, information management, environmental protection and monitoring, mining and energy development. While Canada and the EU already enjoy significant cross-border trade in services, CETA will provide Canadian service providers with greater business opportunities by making the EU market more open, transparent and predictable.

CETA is comprehensive and covers all services unless Canada or the EU specifically excludes a particular service from coverage. Canada and the EU are giving each other's service suppliers the most favourable access either has given to a trading partner. This means that Canadian suppliers in most service sectors will be on an equal footing with EU service providers and will receive better treatment than most of their non-EU competitors.

As in all of its free trade agreements, Canada has excluded from coverage certain types of services because they are fundamental to our social fabric. Among the key services excluded are health care, public education and other social services.

Expanding the benefits of CETA by locking-in future liberalization

CETA ensures that future changes that will make it easier for Canada's service providers to access the EU market (or for Canadian investors to obtain better treatment) will be locked in every time they bring improvements. This is referred to as the "ratchet mechanism."

This mechanism means that if the EU were to liberalize a law, policy or regulation that would make it easier for Canadians to conduct their services or investment activities in the EU, the liberalization would become the EU's new obligation under CETA. For example, if a government decided that residency in a country—rather than citizenship—were now a requirement to obtain a professional licence, the residency requirement would become the new CETA obligation without the need to renegotiate or amend the agreement. This mechanism provides stability and predictability for Canadian service providers and investors by ensuring that business conditions in the EU will only improve.

Domestic regulation

➤ *What this means for Canadians:*

Canadians doing business in the EU will benefit from transparent licensing and qualification criteria.

CETA marks the first time that provisions on domestic regulations have been included in one of Canada's bilateral free trade agreements. These provisions require that Canada and the EU base their domestic licensing and qualification decisions on simple, clear, publicly available, reasonable and impartial criteria. This increased transparency will make it easier for Canadian service providers to understand the rules in the EU, improving the information available to Canadian companies to help them do business in that market.

Mutual recognition agreements

➤ *What this means for Canadians:*

Processes involving the development of agreements between Canadian and EU regulatory bodies for the recognition of professional qualifications will be streamlined.

Professional qualifications are a legitimate means of ensuring public safety and the quality of services offered by professionals. They ensure that the doctor who treats you or the engineer who oversees the electrical system in your building is qualified to do the job. But differing requirements between jurisdictions can also be a barrier to providing services across borders. Sometimes the differences in qualifications are based on real, legitimate reasons (e.g., different legal systems), but in other cases, qualifications reflect local practice as opposed to a particular need and act unnecessarily, and usually unintentionally, to keep out professionals from other jurisdictions.

Professional regulatory bodies, often professional associations, set the standards for particular professions. They have the ability to examine the education and experience standards in other jurisdictions to determine which are on par with their own. When regulatory bodies in two jurisdictions agree that the professional qualifications in each other's jurisdictions are satisfactory, they can sign a mutual recognition agreement that allows professionals trained and qualified in one jurisdiction to provide services in the other.

Engineers without borders

Julien is an engineer in Toronto who dreams of joining his firm's Manchester, England, office so he can attend all the matches of his favourite U.K. football ("soccer") team. As his engineering credentials are not automatically recognized in the United Kingdom, he currently needs to apply for a licence to practise there and must undergo an often lengthy assessment of his credentials to ensure that they meet the requirements set by the U.K. engineering licensing body.

Under CETA, Canadian engineering bodies and their EU counterparts will have the opportunity to negotiate a mutual recognition agreement—on behalf of engineers like Julien—following a streamlined process that allows for the automatic recognition of credentials without the need for individual assessments. Once a mutual recognition agreement is in place for a profession, such as engineering, professionals will be allowed to provide their services in the EU as well as in Canada, creating new opportunities for people like Julien to fulfill their dreams.

CETA will be the first of Canada's free trade agreements to include substantive and binding provisions on the mutual recognition of professional qualifications—the outcome of close collaboration between regulators, the provinces and territories, and the federal government. As a result, the process of recognizing foreign qualifications will be streamlined, providing a detailed framework through which regulators or professional organizations may negotiate mutual recognition agreements.

This will be of key importance to professional associations, such as those for accountants, engineers, architects and foresters, that have already expressed interest in engaging in discussions once CETA enters into force.

Telecommunications

➤ *What this means for Canadians:*

Improved competition ensures greater choice for consumers.

The telecommunications sector is important for the economies of Canada and the EU. Not only is telecommunications an ever-growing service sector, it is also one of the most important enablers in the modern economy, providing the means of delivering other services that Canadians depend on.

CETA will ensure that all players in the telecommunications market have fair access to networks and services, and ensure that regulators act impartially, objectively and in a transparent manner. Service providers and investors will benefit from increased transparency and predictability of the regulatory environment and secure, competitive marketplaces.

Financial services

➤ *What this means for Canadians:*

Canadian financial services providers will enjoy new and better access to the EU market, while governments will be able to maintain protections to ensure the stability and integrity of the financial system.

The EU and Canadian financial services markets are mature and already have broad participation from each other's financial institutions of every kind. CETA's financial services provisions will help protect existing investments and encourage further competition in the financial sector. Canada's banks, insurance companies and other financial service providers that have investments in the EU will benefit from enhanced investment protection in and further access to the EU market.

At the same time, CETA recognizes the critical role that banks, insurance companies and other financial institutions play in the economy and includes provisions that safeguard the government's right to take prudential measures to protect the stability and integrity of the financial system. Similar to the model applied to regulatory regimes elsewhere in the Agreement, CETA will also encourage financial-sector regulators to communicate with each other in order to avoid or resolve unnecessary barriers to entry into the financial services sector. Disputes will be addressed using CETA's special dispute settlement rules for financial services.

Temporary entry

➤ *What this means for Canadians:*

Certain skilled professionals will more easily be able to work temporarily in the EU.

When it comes to investing and providing services, there is no substitute for being physically on-site, where the operation and the clients are. Investors want to see their investments, talk to their partners and get a feel for the local environment. Service providers need to contact clients and they often have to be on-site to deliver their services. Even those who sell equipment need to be on-site for installation and after-sales service.

CETA's temporary entry provisions will make it easier for highly skilled professionals and businesspeople, such as engineers and senior managers, to work in the EU. CETA's temporary-entry provisions will expand on existing WTO access by setting a framework to facilitate temporary travel or relocation for selected categories of business persons, including short-term business visitors, investors, intra-company transferees, and professionals and technologists. This will provide greater certainty in supporting Canadian professionals and businesses to look after their investments and clients in the EU. As a result of CETA, Canadian firms and independent professionals will have greater certainty when establishing branches in the EU, bidding on EU service contracts and providing installation and maintenance services for goods sold in the EU market.

After-sales services for builders

Andrew and Anne-Marie own a New Brunswick-based company that manufactures customized modular houses. The company's sophisticated designs already get a lot of attention in countries such as Sweden and the Netherlands, where there is growing demand for well-designed and energy-efficient pre-fabricated homes. Before CETA, the company had difficulty providing the same high-quality products and services to clients in the EU that made it so successful in Canada.

Under CETA, this company's products will be able to enter the EU duty-free. More importantly, the company will be able to offer installation and after-sales maintenance services to buyers, as the workers will be ensured temporary entry to perform these services.

Competition

➤ *What this means for Canadians:*

A fair and predictable trading environment for Canadian firms.

CETA's competition provisions will make the trading environment fairer and more predictable for Canadian firms, which will ultimately benefit consumers.

Competition is good for both businesses and consumers. For consumers, competition leads to lower prices, better quality and greater choice of goods and services. For businesses, a competitive domestic environment allows them to adapt to economic conditions and strengthens their ability to succeed in global markets. When Canadian businesses are able to compete and win, they create more jobs and prosperity for Canadians.

The purpose of CETA's competition provisions is to ensure that the benefits of the Agreement are not offset by anti-competitive business conduct. CETA includes provisions recognizing that Canada and the EU are free to enforce their respective domestic competition legislation. At the same time, CETA requires that Canada and the EU maintain a transparent, non-discriminatory and fair enforcement regime to counter specific types of anti-competitive practices such as cartels, anti-competitive mergers or abusive behaviour by companies with a dominant market position (e.g., price fixing).

Monopolies and state enterprises

➤ *What this means for Canadians:*

CETA provisions will encourage fair market competition to protect Canadian businesses and their investors.

Canada and the EU have agreed to promote fair competition and prevent market distortion by state entities (i.e., entities owned or controlled by governments that compete with private enterprises). To this end, CETA includes rules for monopolies and state enterprises. The rules ensure that governments cannot escape commitments in the rest of the Agreement by delegating authority to monopolies and state

enterprises. They ensure that these types of entities only act in a commercial capacity without discriminating against foreign enterprises. This would prevent, for example, an EU state-owned enterprise from selling goods or services to a Canadian enterprise at a higher price than to an EU enterprise. These provisions serve to protect Canadian investors from discrimination by EU member-state enterprises by giving Canadians the ability to compete on the basis of normal commercial considerations.

Electronic commerce

➤ *What this means for Canadians:*

Businesses engaged in electronic commerce will benefit from greater certainty, confidence and protection.

Twenty years ago, electronic commerce was in its infancy. Today, electronic commerce is a part of our daily lives. Canadians shop and plan holidays online, and buy and download software and entertainment content, including movies, television and music. Advertisers are making increased use of “smart advertising” on the Web to track our shopping habits and promote specific deals likely to interest us.

Canada has also agreed to broad coverage at the federal, provincial and municipal levels, which will help procurement processes be carried out in an open and transparent manner to ensure that taxpayers get the best value for their money. Nevertheless, certain important exceptions are built into CETA’s government procurement rules, as they always have been in other trade agreements. These include exceptions for cultural industries, Aboriginal businesses, defence, research and development, financial services, services in the fields of recreation, sport and education, as well as social and health-care services.



PART THREE
GOVERNMENT PROCUREMENT

➤ *What this means for Canadians:*

Canadian companies will be able to bid on opportunities in the lucrative EU government procurement market, which is worth \$2.7 trillion annually.

People and companies are not the only ones active in the marketplace. Governments are also important participants, whether through the purchase of office material or the construction of roads and bridges. As they spend billions of dollars—and in the case of the EU, trillions—on goods and services, governments always try to ensure at least two things: that taxpayers' money is wisely spent and that there is a transparent, fair process for companies to compete. Government procurement rules, including those in trade agreements, set out how the public sector should make purchasing decisions for goods and services for its own use. These rules ensure that government entities get the supplies they need while also meeting other public-policy objectives through their purchases, such as promoting environmental sustainability or ensuring safety.

CETA's commitments expand and secure opportunities for Canadian firms to supply their goods and services either directly to government entities or through EU suppliers engaged in procurement contracts with the three main EU-level institutions (European Commission, European Parliament and European Council), the 28 EU member-state governments and the thousands of regional and local government entities within the EU, as well as with a large array of entities operating in the utilities sector.

The Agreement applies only to high-value procurement contracts in order to ensure that governments can continue to use procurement to support local development, especially small and medium-sized enterprises. The threshold-value for procurement contracts in CETA will range from 130,000 to five million special drawing rights (an international value of the International Monetary Fund for which the corresponding range is \$205,000 to \$7.8 million for the 2012-2013 biannual cycle). This is well above the value set under the Agreement on Internal Trade, which starts at \$25,000, and is comparable with Canada's thresholds in the WTO.

A big market for government contracts

The city of Prague needs to buy new snowplows and plans to issue a call for tenders to companies to provide the equipment. The potential contract would be worth several million dollars. Before CETA, Canadian companies would probably have been excluded from bidding on the contract. Now, CETA will ensure that Canadian snowplow manufacturers will be able to bid and, if they win, supply their world-class equipment to Prague.

In addition, CETA's government procurement provisions will allow for companies to bid on contracts to provide snowplow maintenance and repair services, whether as part of the original procurement contract or as part of a subsequent one. This means that companies will be able to sell their products as well as their expertise.

Canada has also agreed to broad coverage at the federal, provincial and municipal levels, which will help procurement processes be carried out in an open and transparent manner to ensure that taxpayers get the best value for their money. Nevertheless, certain important exceptions are built into CETA's government procurement rules, as they always have been in other trade agreements. These include exceptions for cultural industries, Aboriginal businesses, defence, research and development, financial services, and services in the fields of recreation, sport and education as well as social and health-care services.



PART FOUR
INTELLECTUAL PROPERTY

➤ *What this means for Canadians:*

World-class, innovation-generating intellectual property systems on both sides of the Atlantic will be reinforced.

Canadians produce brilliant and innovative ideas that become products and technologies that change the way we live. For example, Canadians have played key roles in the development of medical breakthroughs, radar, television, smartphones and nanotechnology—technology that people everywhere now rely on daily. Canadian innovations, artistic works and brands need protection so that their creators can enjoy the fruits of their labour and be encouraged to keep on innovating. An effective regime to support intellectual property rights is important for Canada’s growing knowledge-based economy and helps to foster competitiveness, innovation and creativity, attract investment and stimulate jobs and growth.

CETA’s strong commitment to intellectual property rights and rules for their enforcement will complement access to EU markets for Canadians who develop and market innovative and creative products, thus bringing benefits for investors, innovators and consumers alike. CETA will help put the right conditions in place for Canada to maintain its leadership in innovation-driven industries such as information and communications technology, aerospace, pioneering technologies including genomics, nanotechnology and photonics, and key 21st-century industries including health, energy and sustainable technologies. Specifically, CETA will address:

- **Copyright:** CETA echoes the recent *Copyright Modernization Act*, which supports advances in technology and international standards. It will enhance the ability of copyright owners to benefit from their work while at the same time allowing Internet service providers, educators, students and businesses the tools they need to use new technologies in innovative ways. CETA also brings Canada in line with the World Intellectual Property Organization Internet Treaties. CETA upholds the right balance struck in the *Copyright Modernization Act* between the needs of creators and users and is supported by creator groups, consumer organizations and businesses that help drive Canada’s economy.
- **Geographical indications:** Geographical indications provide exclusive rights for a product based on its geographical origin in cases where origin is considered to confer a particular quality or character to the product. Canada already recognizes geographical indications for wines and spirits—for example, French Cognac and Canadian Whisky. CETA will include a wider recognition of EU geographical indications for foodstuffs, such as certain meats and cheeses (e.g., Chabichou du Poitou), that builds upon Canada’s existing regime for geographical indications.
- **Patents:** With respect to the pharmaceutical sector, CETA will provide extended protection for innovators while ensuring that Canadians continue to have access to the affordable drugs they need. CETA reinforces the Government of Canada’s commitment to attracting and retaining investments that support high-paying jobs in Canada as well as rewarding innovators and ensuring that Canadians are able to reap the fruits of such innovation. This helps keep Canada as an important destination for research and development and supports Canadians’ access to the most innovative medical breakthroughs.

- **Counterfeit goods:** CETA echoes the government's commitment to combatting trade in counterfeit goods, which is increasingly a source of concern for consumers, businesses and governments. Counterfeit goods are often of poor quality, can be dangerous to the health and safety of Canadians, and disrupt markets for legitimate companies. CETA will ensure simple, fair, equitable and cost-effective enforcement continues, leading to a more predictable regime for intellectual property rights.



PART FIVE
DISPUTE SETTLEMENT

➤ *What this means for Canadians:*

Improved, speedier and less costly dispute-settlement processes.

When individuals have disagreements, they have various ways to resolve them. They can try to negotiate among themselves or, if that doesn't work, they can seek the help of an impartial third party such as a mediator, an arbitrator or a court. Trade disputes between countries work much the same way. Trade agreements include various dispute resolution mechanisms so that governments can resolve their disagreements. For instance, when consultations fail to resolve a problem, trade agreements provide governments with the option of using impartial third parties to help resolve the dispute. In some cases, these third parties act like courts in the sense that they hear evidence from both sides and ultimately render binding decisions.

Trade disputes often harm both parties as they prevent the efficient flow of goods and services and can cost millions of dollars in lost opportunities. Resolving trade disputes quickly and effectively is therefore important.

CETA's state-to-state dispute settlement provisions set out rules to deal with trade disputes that might arise between Canada and the EU. These provisions are based on the WTO Dispute Settlement Understanding model, but improve on it in several ways. For example, CETA includes a more robust voluntary mediation mechanism than has been included in Canada's previous trade agreements. Mediation is a cost-effective and expeditious way to resolve disputes without the need for a third party to decide the outcome. When parties choose arbitration rather than mediation, CETA improves on the WTO dispute settlement mechanism by streamlining and shortening the process. In addition, CETA includes an accelerated arbitration procedure for cases requiring urgent resolution, such as those involving live animals and perishable or seasonal foods.

CETA's streamlined dispute settlement process provides increased certainty to Canadians when they do business in the EU, and the use of an agreed third party to facilitate resolution can help governments to minimize costs.



PART SIX
SUSTAINABLE DEVELOPMENT,
LABOUR AND ENVIRONMENT

Sustainable development and the protection of the environment and labour rights are fundamental values shared by Canada and the EU. These values are part of how we define “prosperity,” which is much more than just material wealth. Sustainable growth for Canadians today and into the future requires environmental conservation and efficient use of resources, protection of labour rights and the improvement of our long-term competitiveness. CETA recognizes this with provisions in all these areas.

Trade and sustainable development

➤ *What this means for Canadians:*

Commitments to promote trade in a way that contributes to sustainable development.

Improving the sustainability of our economy is an important aspect of maintaining Canadians’ quality of life. The inclusion of provisions on trade and sustainable development in CETA reflects the significance of this area for Canada and the EU.

CETA affirms the commitment of Canada and the EU to encourage businesses to adopt practices that promote economic, social and environmental objectives. CETA also creates a framework to facilitate cooperation and establishes shared commitments to promote trade in a way that contributes to the objectives of sustainable development in Canada and the EU. CETA includes a commitment to review, monitor and assess the impact that the Agreement’s implementation has on sustainable development in Canada and the EU. CETA creates a forum for civil society organizations to discuss the sustainable development aspects of trade relations between Canada and the EU, which can help to inform the work of CETA’s committee on trade and sustainable development.

Labour

➤ *What this means for Canadians:*

The rights of workers will be respected.

Ensuring that trade and labour are mutually supportive is a priority for Canada. CETA’s labour provisions reinforce this principle by including commitments to foster good labour governance. In CETA, Canada and the EU have committed to ensuring that their respective obligations regarding international labour standards are reflected in labour legislation. Specifically, the Agreement includes a commitment to ensure that national laws and policies provide protection for the fundamental principles and rights at work, including the right to freedom of association and collective bargaining, the abolition of child labour, the elimination of forced or compulsory labour, and the elimination of discrimination.

Canada and the EU have also committed to seeking high levels of labour protection, enforcing labour laws and not waiving or derogating from these laws in order to promote trade or attract investment. CETA establishes civil society advisory groups to provide views and advice on any matter related to the Agreement’s provisions on labour and creates a mechanism through which the public can raise concerns about labour issues related to these provisions. CETA also encourages cooperation on labour-related issues, including through exchanges of information on best practices and cooperation in international forums.

Canada is committed to fundamental labour rights, and supporting high labour standards through CETA is a key component of that commitment.

Environment

➤ *What this means for Canadians:*

Commitments to strengthen linkages between trade, investment and the environment.

Ensuring that trade and the environment are mutually supportive is a priority for Canada. CETA's environment provisions reinforce this principle by including commitments to foster good environmental governance. In CETA, Canada and the EU have committed to seeking high levels of environmental protection, enforcing environmental laws and not waiving or derogating from these laws in order to promote trade or attract investment. CETA recognizes the importance of managing forests, fisheries and aquaculture in a sustainable way and also includes commitments to cooperate on trade-related environmental issues of common interest, such as impact assessments, climate change and conservation, and sustainable use of natural resources. It also includes a commitment to cooperate in international forums dealing with issues relevant for both trade and environmental policies, including, in particular, the WTO, the Organisation for Economic Co-operation and Development, the United Nations Environment Programme and the bodies created to implement multilateral environmental agreements.

Canada's natural resources and environment are key to our standard of living. CETA contains provisions encouraging Canada and the EU to continue developing our resources in a way that is environmentally sustainable so that Canadians can benefit from them now and into the future.



PART SEVEN
INSTITUTIONAL AND HORIZONTAL
PROVISIONS

➤ *What this means for Canadians:*

CETA includes clear and transparent rules so Canadians will understand how the Agreement works.

Institutional provisions set out the ground rules for how the Agreement will be interpreted, implemented and managed. They outline the joint commitments and aspirations of the parties and affirm the right of governments to regulate in the public interest. These provisions also deal with important issues such as how the parties may amend the Agreement in the future, what is excluded from it, and even how it might be terminated.

An important element found in these provisions is the exceptions section. CETA includes exceptions, as do all of Canada's free trade agreements, for measures taken for environmental protection, taxation, and balance of payments, among others. With respect to culture, Canada and the EU have agreed to exempt measures related to cultural industries from relevant obligations so that these industries can continue to flourish.

More information

As a comprehensive economic and trade agreement and Canada's most ambitious to date, CETA will unlock countless new opportunities for jobs and growth across the country. It will give Canada a competitive edge inside the largest and most lucrative market in the world, boost exports and foreign investment, and contribute to exciting new possibilities well into the future.

For more information on this historic agreement, please visit the CETA website at www.eap.gc.ca/CETA.