

CETA: What's in it for your business?

*Factsheet and guidance note for NMT members
17 January 2018*

On 21 September 2017, 90%¹ of the content of the Free Trade Agreement (FTA) between Canada and the European Union entered into force. This FTA is called CETA: *Comprehensive Economic Trade Agreement* and is one of the most ambitious FTA-s negotiated by the EU. CETA contains (in)direct benefits to your business. Please read this guidance note to find out more.

Elimination of import duties

Canada and the EU eliminate more than 99% of import duties for industrial products on the entry into force of the agreement. This includes all products that are manufactured by maritime equipment suppliers.

Import duties existing on almost all European vessel types will disappear over the next three to seven years. You can find the import duties and the HS codes² for various ship types in the table attached (see Annex 1).

You can find the import duties for all industrial products in the Market Access Database of the European Commission. To go to the Market Access Database, click [here](#).

You need the HS code of a product to find the preferential tariff rate. The HS code is also required when you apply for an export declaration. If you cannot find the HS code of a particular product, please visit [this website](#) or contact the Dutch Customs Union: (+31) (0)800 - 0143.

If you want to use the reduced import duties you have to make sure that you are a registered exporter. You can register [here](#). After registration you will be included in the *European Register of Registered Exporters (REX)*.

Mutual recognition of Certification

European certification authorities are now authorised to certify EU products for the Canadian market. This will decrease costs and bureaucracy.

Rules of Origin

Rules of origin are requirements defining whether a product can be considered an EU or Canadian product. Rules of origin ensure that CETA preferential tariff rates only benefit products that originate in the EU or in Canada. A product is considered an original EU product when sufficiently processed in the EU.

A vessel will be considered an original EU or Canadian product when "the value of non-originating materials does not exceed 40% of the transaction value or ex-works price³ of the product". EU producers can also use materials originating in Canada (or vice versa) to help them comply with the rules.

¹ The chapters on investment and arbitration will only enter into force when all EU Member States, National and Regional Parliaments have approved the treaty.

² The Harmonized Commodity Description and Coding System, also known as the Harmonized System (HS) or tariff nomenclature, is an internationally standardized system of names and numbers to classify traded products.

The following explanation of Rules of Origin might also give you some additional guidance:

- The different processing operations normally have to be carried out either in the EU or in Canada, but EU producers can also use materials or components originating in Canada (or vice versa) to help them comply with the rules.
- Goods need to be transported directly from the EU to Canada (or vice versa).
- To confirm the origin of a specific product, the importer in Canada can ask the customs authorities in Canada to issue a Binding Origin Information (BOI). This licence is valid for three years and is binding on all customs authorities in Canada. Thus, if you are planning to export to Canada and your importer has any doubts as to whether your product is originating in the EU, you may invite your Canadian importer to request a BOI from the Canadian authorities.

You can also consult the [Market Access Database](#) to find out whether your product fulfils the criteria of Rules of Origin.

Exporters will need to make an origin declaration. The origin declaration can simply be provided on an invoice or another commercial document that describes the originating product. This declaration will state that the product complies with the rules of origin under CETA.

Public procurement

There are more opportunities for accession to the Canadian procurement market for European companies at all levels of government.

EU firms will be able to bid for tenders for goods and services at federal, provincial and municipal level in Canada. For information about Canadian federal procurement opportunities, please go to [this](#) website. Information about provincial procurement opportunities can be found on the respective provincial Canadian websites.

Procurement and Dredging

Dredging is considered a construction service under CETA. Therefore, EU dredging companies can also benefit from the public procurement changes in CETA. The Canadian government sets a couple of requirements:

- The vessel or other floating plant equipment used needs to be of Canadian or EU make or manufacture, or has been predominantly modified in Canada or the EU and has been owned by a person located in Canada or the EU for at least a year prior to the submission of the tender by the bidder.
- The vessel must be registered in Canada or an EU Member State. When registered in the EU, the vessel must have been granted a temporary licence under the Canadian Coasting Trade Act.

Canada only procures governmental dredging projects of at least 8.5 million Canadian dollars. For more information about Canadian public procurement in dredging, please take a look at this [website of the Canadian Government](#).

³ Ex Works (EXW) is an international trade term that describes an agreement in which the seller is required to make goods ready for pickup at his or her own place of business. All other transportation costs and risks are assumed by the buyer.

Services

CETA improves legal certainty for EU companies which provide services to Canada by explicitly prohibiting discrimination amongst trade partners. Canada has to treat EU companies the same way as it treats its local or national companies.

Both the Canadian Federal Government and Canada's Provinces have set out all their existing limitations or restrictions to the supply of services with an unprecedented level of transparency.

CETA does not address the issue of leasing of vessels.

Investments

The new Investment Court System (ICS) under CETA benefits EU firms which need approval for their investment projects in Canada. It helps to protect company's investments and it also enforces company's rights in case of unfair treatment. ICS will only be enforced after all European Member States have ratified the investment chapter of the CETA agreement. This can take a while.

More information

If you have specific questions about CETA, please contact the *European Union Chamber of Commerce* in Canada by mail (info@euccan.com) or take a look at their [website](#). A list of local and bilateral EU chambers of commerce and business associations in Canada can also be found on this website.

For all your questions about rules of origin, please contact the [Dutch Chamber of Commerce](#) or the Dutch Customs Union helpdesk specialized in origin cases via helpdesk.oorsprongszaken@belastingdienst.nl.

The Rijksdienst voor Ondernemen (RVO) provides country-specific information on subjects such as import duties and export documents. Click [here](#) for information about Canada.

For all your questions on specific trade barriers, please contact the Ministry of Foreign Affairs via handelsbelemmeringen@minbuza.nl.

You can also contact Harriët Slager slager@maritimetechnology.nl based at the NMT Brussels Office.