

## The EU-Canada Comprehensive Economic and Trade Agreement (CETA)

Opening up a wealth of opportunities  
for people in Italy



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CETA will benefit people across Italy

It'll do so by:

-  Scrapping **customs tariffs** for Italian exporters and importers
-  Opening up the Canadian **services** market to Italian firms
-  Enabling Italian firms to bid for more **public contracts** in Canada
-  Protecting Italy's **research and creativity**
-  Making it easier for Italian **professionals** to work in Canada
-  Encouraging more **investment** between Italy and Canada
-  Helping Italy's **small businesses** export more to Canada

Italy's economy is open to trade

Over 2.7 million Italian jobs  
rely on EU exports outside Europe

**And Italy and Canada already have a close  
trading and investment relationship**

**15<sup>th</sup>**

When it comes to goods, Canada is  
Italy's 15<sup>th</sup> biggest trade partner outside the EU

**9<sup>th</sup>**

When it comes to services, Canada is  
Italy's 9<sup>th</sup> biggest trade partner outside the EU

**€3.2 bn**

The value of Italy's trade surplus  
in goods and services with Canada

**€5.1 bn**

The value of Italian exports to Canada

**€1.9 bn**

The value of Italian imports from Canada



## Scrapping customs tariffs on Italian exports of goods

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**Italian goods exports to Canada: €3.7m**  
(2015)

Canada is Italy's 15<sup>th</sup> largest trading partner outside the EU.

CETA provides for significant **savings on customs duties** by eliminating duties on 99% of all tariff lines, of which 98% will already be scrapped at entry into force.

Italy will benefit from tariffs being removed on virtually all of its exports, in particular:

- **Machinery and electrical products**

**Italian exports to Canada: €1bn** (2015)

Canadian tariffs low on average; peaks on some products of 9%

Apart from significant savings on customs duties, CETA allows Italian companies to do away with costs of double testing thanks to the provisions on **recognition of conformity assessment certificates** in sectors such as:

- machinery
- electrical goods
- electronic equipment

These sectors will also benefit from CETA's provisions on public procurement and movement of professionals (*see below*).

- **Motor vehicles and parts**

**Italian exports to Canada: €286m** (2015)

This sector represents 6% of EU exports in this sector to Canada

Canadian tariffs up to 9.5%

- **Clothing and footwear**

**Italian exports to Canada: €261m** (2015)

Canadian average tariffs of 16%, with a peak of 18% for a large number of products in this category.

Italy is the EU's largest exporter of clothing to Canada, accounting for one third of EU clothing exports to Canada in 2015.

- **Stone and ceramics**

**Italian exports to Canada: €164m** (2015)

Canadian tariffs up to 8%

- **Ships and boats**

**Italian exports to Canada: €133m** (2015)

Canadian average tariffs of 15%, with a peak at 25%

Besides tariff cuts, increased public procurement access will also help increase these exports (*see below*).

- **Furniture**

Italian exports to Canada: **€128m** (2015)

Canadian tariffs up to 8%

- **Chemicals**

Italian exports to Canada: **€103m** (2015)

Canadian tariffs low on average; peaks on some products of 6.5%

- **Pharmaceuticals**

Italian exports to Canada: **€100m** (2015)

Canadian tariffs low on average; peaks on some products of 6.5%

The pharmaceuticals industry faces very low tariffs but will particularly benefit from CETA's intellectual property provisions (*see below*).

The protocol on mutual recognition of **Good Manufacturing Practices** (GMP) will make it easier to trade in this sector, by allowing one Party's authorities to accept GMP compliance certificates issued by the other Party.

- **Leather goods**

Italian exports to Canada: **€50m** (2015)

Canadian average tariffs of 7%; peaks on some products of 13%

Italy is the EU's largest exporter of leather goods to Canada.



### Creating new opportunities for Italian farmers and food producers

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CETA also offers **big opportunities for Italian farmers and the agri-food industry.**

Canada will eliminate duties for 90.9% of all its agricultural tariff lines when CETA enters into force.

Italy is the EU's second-largest **processed foods** exporter, accounting for 23% of all EU exports of processed foods to Canada.

Italian exports of processed foods to Canada: **€528m** (2015)

Italian exports of processed foods included:

- **Dairy products (incl. cheese)**

Italian exports to Canada: **€40m** (2015)

Italy is the largest EU exporter of dairy products to Canada.

EU cheese exports to Canada are limited by the EU's portion of an existing World Trade Organization duty free quota; outside this quota, exports face prohibitive tariffs of on average 227% which make them uncompetitive.

CETA offers two new annual duty free quotas, or permanent Tariff-Rate Quotas, for EU cheese:

- 16,800 tons of high-quality cheese (16,000 tons in CETA, and 800 tons that will be added to the EU portion of the existing World Trade Organization quota thanks to CETA)
- 1,700 tons of industrial cheese

- **Mineral waters**

**Italian exports to Canada: €39m (2015)**

Canadian tariffs of 11%

CETA will eliminate these and make exports in this category of products significantly more competitive.

- **Wine**

**Italian exports to Canada: €300m (2015)**

Wine faces specific tariffs of 1.87-4.68 CAN cents per litre (depending on the alcohol strength).

For wine and spirits, tariff elimination is complemented by the removal of other relevant trade barriers, including several 'behind the border' barriers that make it difficult for EU exporters to penetrate the Canadian market.

The cost-of-service-differential fee imposed by the Provincial Liquor Boards on imported wines and spirits will for instance be:

- applied based on volume and not value
- calculated more transparently

This lowers the costs for EU producers to sell their products in Canada.

CETA will ensure that EU wine and spirit producers can compete on the Canadian market, for example by:

- freezing the number of shops selling only Canadian products, and
- preventing businesses with a local monopoly from expanding into neighbouring provinces.

Regarding wine and spirits CETA also:

- abolishes the Canadian requirement to blend imported bulk spirits with local spirits before bottling – a requirement that made it impossible for EU makers of products classified as Geographical Indications from labelling them as such.
- incorporates the 2004 EU-Canada Wines and Spirits Agreement. Because this will be made subject to CETA's general rules, notably dispute settlement, the legal guarantees become stronger.
- provides a forum for further discussions in the future on any other issue of concern for the EU and Canada related to wines and spirits.

We expect that the combined effect of these measures will be to further increase the EU market share of the Canadian wines and spirit sector.

The EU will also open its market to Canadian agricultural products. This will give consumers more choice.

For sensitive products such as **beef and pork**, CETA limits liberalisation to **duty-free quotas**. Above these agreed quotas, the EU's high tariffs continue to apply.

CETA excludes certain sensitive products like **poultry and eggs** from any tariff cuts.

The EU will still be able to use its traditional tools to protect EU farmers, including the entry price system for fruits and vegetables, which prevents imports from undercutting EU seasonal products.

This is of particular relevance for Italian fruit and vegetable producers.

All Canadian exports **will also need to comply with the EU's food safety standards**, including:

- EU legislation on Genetically Modified Organisms
- EU legislation on the use of hormones and antibiotics in food production
- providing proof of such compliance wherever this is required by EU legislation.



### Opening up the Canadian services market to Italian firms

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**Italian services exports to Canada: €1.4bn (2015)**

Canada is Italy's 9<sup>th</sup> largest trading partner outside the EU for services.

**Italian services imports from Canada: €424m (2015)**

Italy's key services exports to Canada include:

- insurance and pension services
- telecommunications services
- engineering services

**CETA will improve Italian companies' access** to the Canadian services market.

For example in the professional services sector, Canada has removed a number of limitations on citizenship and residency conditions for Italian professionals to practice in Canada, who are:

- lawyers
- accountants
- architects
- engineers

CETA also brings legal certainty for EU services exporters: Canada has locked in its current level of openness towards EU companies, for example in:

- financial services
- telecoms
- postal and courier services



## Enabling Italian firms to bid for more public contracts in Canada

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With CETA, **EU companies will get access to the significant Canadian public procurement market.**

Among the sectors where Italy's competitive exports can benefit from access to government contracts are:

- transport equipment (including the rail sector)
- power generation equipment

Italian companies will have the opportunity to bid to supply goods and services for tenders at all levels of government in Canada (federal, provincial and municipal).

Canada's government procurement commitments in CETA are **the most ambitious Canada has ever granted.**



## Protecting Italy's research and creativity

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CETA gives Italian innovations, copyrights and trademarks a **similar level of protection** in Canada as they enjoy in Europe. In particular, Canada will bring its copyright protection in line with international standards.

This is an important outcome as it will protect the intellectual property of the EU's creative industries (artworks, publications, music and software) including its dissemination online.

CETA also covers **intellectual property rights for pharmaceuticals.**

The agreement includes:

- the possibility of up to two years of additional patent protection to compensate for undue delays in granting the marketing authorisation that reduce the useful life of the patent
- a commitment to ensure that all litigants have an effective right of appeal under Canada's patent linkage regime (the link between the marketing authorisation for a generic drug and the patent status of the originator drug)
- a commitment to maintain Canada's current practice of offering eight years of data protection. This is good news for Italy, given the scale of its pharmaceuticals exports to Canada.

CETA also provides a **high level of protection for 143 distinctive EU food and drink products** that hold a geographical indication (GI) – a sign to show they have a specific geographical origin and possess qualities or enjoy a reputation because of it.

With CETA, Canadian producers won't be able to sell local or foreign products as European GIs if they are not the real thing.

So, for example, they won't be able to market ham as **Parma ham** unless it actually comes from Parma in Italy.

The prioritised list of 143 products concerns the most traded European food products and **includes 39 Italian products** (*see annex*).

These were priority GIs requested by Italy, either because Italy already exports them to Canada, or because of their future export potential.

Thanks to **the incorporation of the 2004 Wines and Spirits Agreement** into CETA, names of specific Italian wines such as *Chianti* will continue to enjoy full protection.



### **Making it easier for Italian professionals to work in Canada**

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CETA includes provisions to make it easier for European professionals to work in Canada (and vice versa) and to have their qualifications recognised. This is a big plus for companies that:

- provide services such as after sales services for exported machines or information and communication technologies software
- make complex products that require after sales services such as installation or maintenance of machinery

Provisions to facilitate movement of people can be particularly beneficial for small and medium-sized firms, as they may

not be able to provide permanent staff on the ground to directly supply the service.

CETA establishes legal certainty and significantly **improves mobility for services suppliers** because it:

- makes it easier to transfer key personnel across the Atlantic
- allows companies to send staff for after sales services for machinery, software and equipment
- creates a framework for the recognition of professional qualifications for regulated sectors like architects and accountants



## Encouraging investment between Italy and Canada

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### Italian Foreign Direct Investment in Canada: **€1.7bn** (2015)

Canada is the 17<sup>th</sup> most important destination for Italian Foreign Direct Investment outside the EU.

Italian companies have significant interests in Canada in areas such as energy, agri-food, automotive, manufacturing, and information and communication technologies.

With CETA, Canada has agreed to **substantially increase the threshold for reviewing of the acquisition** of Canadian companies by non-Canadians from CAN \$354 million (€247 million) to CAN \$1.5 billion (€1.4 billion).

### Canadian Foreign Direct Investment in Italy: **€306m** (2015)

Canadian investments have the potential to become an **important source of growth and job creation for Italy**.

Italy does not have a bilateral investment treaty with Canada. This makes CETA's investment protection and the dispute settlement provisions all the more relevant to Italian investors in Canada and Canadian investors in Italy.

Once CETA enters into force definitively, these provisions **will provide Italian and Canadian investors with greater predictability, transparency, and protection** for their investments in Canada and in Italy respectively.



## Helping Italy's small businesses export more to Canada

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Italian small businesses are very export oriented and make up **90% of the total number of Italian exporters**. They will be able to take full advantage of CETA.

Reduced trade barriers, tariff elimination, simplified customs procedures and more compatible technical requirements all make it easier and cheaper to export.

This allows smaller firms to:

- compete more easily with large companies
- sell the same product (or with fewer modifications) into both markets
- participate more in supply chains and e-commerce.

Specific provisions reinforce the CETA benefits for small companies, such as:

- taking into account their needs in electronic commerce
- improved access to information on public procurement tenders
- the use of the Investment Court System.

The Investment Court System provisions in CETA allow for faster proceedings and reduced costs for smaller firms that bring case.

**Distinctive Italian food products  
(Geographical Indications) protected in CETA**

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**Fresh, Frozen and Processed meats:**

- Cotechino Modena
- Zampone Modena
- Bresaola della Valtellina
- Mortadella Bologna
- Speck Alto Adige/ Südtiroler Speck/  
Südtiroler Markenspeck
- Culatello di Zibello
- Lardo di Colonnata

**Dry-cured meats:**

- Prosciutto di Parma
- Prosciutto di S. Daniele
- Prosciutto Toscano
- Prosciutto di Modena

**Cheeses:**

- Provolone Valpadana
- Taleggio
- Asiago
- Fontina
- Gorgonzola
- Grana Padano
- Mozzarella di Bufala Campana
- Parmigiano Reggiano
- Pecorino Romano
- Pecorino Sardo
- Pecorino Toscano

**Fresh and processed fruits and nuts:**

- Arancia Rossa di Sicilia
- Cappero di Pantelleria
- Kiwi Latina
- Mela Alto Adige/Südtiroler Apfel
- Pesca e Nettarina di Romagna

**Vinegars:**

- Aceto balsamico Tradizionale di  
Modena
- Aceto balsamico di Modena

**Fresh and processed vegetable products:**

- Lenticchia di Castelluccio di Norcia
- Pomodoro di Pachino
- Radicchio Rosso di Treviso

**Edible oils:**

- Veneto Valpolicella/Veneto Euganei e  
Berici/Veneto del Grappa
- Garda

**Confectionery and Baked Products:**

- Ricciarelli di Siena

**Cereals:**

- Riso Nano Vialone Veronese.