

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

Opening up a wealth of opportunities
for people in Portugal



CETA will benefit people across Portugal

It'll do so by:



Scrapping **customs tariffs** for Portuguese exporters and importers



Creating new opportunities for Portuguese **farmers** and food producers



Opening up the Canadian **services** market to Portuguese firms



Enabling Portuguese firms to bid for more **public contracts** in Canada



Protecting Portugal's **research and creativity**



Making it easier for Portuguese **professionals** to work in Canada



Encouraging more **investment** between Portugal and Canada



Helping Portugal's **small businesses** export more to Canada

Portugal's economy is open to trade

Around 335,000 Portuguese jobs
rely on exports outside Europe

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

9th

When it comes to goods, Canada is
Portugal's 9th biggest trade partner outside the EU

10th

When it comes to services, Canada is
Portugal's 10th biggest trade partner outside the EU

€434 m

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

€578 m

The value of Portuguese
exports to Canada

€144 m

The value of Portuguese
imports from Canada



Scrapping customs tariffs on Portuguese exports on goods

Portuguese goods exports to Canada:
€358 m (2015)

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

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

- **Chemicals**

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

Tariffs are in general low with a peak of 6.5%.

- **Machinery and electrical equipment**

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

Machinery and electrical equipment face low average tariffs but some products face tariff peaks of 9%.

Apart from significant savings on customs duties, this sector will benefit from CETA's provisions on **recognition of conformity assessment certificates**. This means that Portuguese companies will be able to do away with costs related to double testing for these products.

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

- **Footwear**

Portuguese exports to Canada: **€24 m**
(2015)

Canadian tariffs are on average 7.8%, with a peak at 18%.

- **Rubbers and rubber products (mainly tyres)**

Portuguese exports to Canada: **€11 m**
(2015)

Canadian tariffs are up to 7%.

- **Ropes and cables**

Portuguese exports to Canada: **€11 m**
(2015)

Canadian tariffs are on average 5.7%, with a peak at 10%.



Creating new opportunities for Portuguese farmers and food producers

CETA also offers **big opportunities for Portuguese farmers and the agri-food industry**. Canada agreed to eliminate duties for 90.9% of all its agricultural tariff lines when CETA enters into force.

Portuguese agriculture and agri-food exports to Canada: €54 m (2015)

Portuguese exporters will **benefit from tariff elimination on key products** such as:

- **Wine**

Portuguese exports to Canada: €38 m (2015)

Canadian tariffs are 1.87-4.68 CAD 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 Portuguese exporters to access 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.

The EU expects that the combined effect of these measures will be to further **increase the EU market share** of the Canadian wine and spirit sector.

- **Cheese**

Portuguese exports to Canada: **€1.6 m**
(2015)

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 makes 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

These quantities will be phased in progressively over a period of 5 years.

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 Portuguese 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 Portuguese firms

Portuguese services exports to Canada: €220 m (2015)

Canada is Portugal's 10th largest services trading partner outside the EU. Portugal's main services exports to Canada are:

- financial services
- telecommunications
- energy
- maritime transport

Portuguese services imports from Canada: €72 m (2015)

CETA will **improve and secure Portuguese 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 Portuguese 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 Portuguese firms to bid for more public contracts in Canada

With CETA, **Portuguese companies will get access to Canada's large public procurement market.**

Portuguese 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 has also agreed to make the tendering process more transparent by publishing its federal and provincial public tenders on a single procurement website.

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



Protecting Portugal's research and creativity

CETA gives Portuguese innovations, copyrights and trademarks a **similar level of protection** in Canada to that they enjoy in Europe.

In particular, Canada will **bring its copyright protection in line with international standards**.

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

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 cheese as **Queijo de Castelo Branco** unless it actually comes from Castelo Branco in Portugal.

The prioritised list of 143 products concerns the most traded European food products and **includes 20 Portuguese products** (see annex).

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

These also include some of the most traded premium cheeses such as **Queijo Serra da Estrela and Queijos da Beira Baixa**.



Making it easier for Portuguese professionals to work in Canada

CETA includes provisions to make it easier for Portuguese 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

This can be particularly beneficial for smaller 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 Portugal and Canada

Canadian Foreign Direct Investment in Portugal: €5.1 bn (2010)

Canadian investors have interests in fields such as:

- telecommunications
- rail transportation
- mining sectors

Portuguese Foreign Direct Investment in Canada: €34 m (2012)

Portuguese companies have investment interests in Canada in areas including:

- plastic packaging
- automotive components
- renewable energies
- manufacturing
- forestry products

CETA will **make it easier for Portuguese firms to invest** in Canada, as Canada has agreed to **increase substantially the threshold for reviewing the acquisition** of Canadian companies by non-Canadians from CAN \$354 million (€247.26 million) to CAN \$1.5 billion (€1.4 billion).

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

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



Helping Portugal's small businesses export more to Canada

Portuguese small businesses are very export oriented and make up 94% of the total number of Portuguese 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 a case.

Distinctive Portuguese food products (Geographical Indications) protected in CETA

Cheese

- Queijo S. Jorge
- Queijo Serra da Estrela
- Queijos da Beira Baixa
- Queijo de Castelo Branco
- Queijo Amarelo da Beira Baixa
- Queijo Picante da Beira Baixa

Edible oils

- Azeite de Moura
- Azeite de Trás-os-Montes
- Azeite do Alentejo Interior
- Azeites da Beira Interior
- Azeites de Norte Alentejano
- Azeites do Ribatejo

Fruits and nuts

- Pêra Rocha do Oeste
- Ameixa d'Elvas
- Ananás dos Açores / S. Miguel

Meat products

- Chouriça de carne de Vinhais
- Linguiça de Vinhais
- Chouriço de Portalegre
- Presunto de Barrancos
- Salpicão de Vinhais