

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

Opening up a wealth of opportunities
for people in Latvia



CETA will benefit people across Latvia

It'll do so by:



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



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



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



Protecting Latvia's **research and creativity**



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



Encouraging more **investment** between Latvia and Canada



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

Latvia's economy is open to trade

Over 122,000 Latvian jobs – almost one in six –
rely on EU exports outside Europe

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

10th

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

€11 m

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

€32 m

The value of Latvian exports to Canada

€21 m

The value of Latvian imports from Canada



Scrapping customs tariffs on Latvian exports of goods

Latvian goods exports to Canada: €28m (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. Latvia will benefit from tariffs being removed on virtually all of its exports, in particular:

- **Machinery and electrical equipment**

Latvian exports to Canada: €4.3m (2015)

The sector represents a quarter of Latvia's goods exports to Canada.

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

Apart from big savings on customs duties, CETA will enable Latvian 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 can also benefit from CETA's provisions on public procurement and movement of professionals (*see below*).

- **Optical and medical instruments**

Latvian exports to Canada: €1.4m (2015)

Canadian tariffs up to 8.5%

- **Furniture**

Latvian exports to Canada: €1.2m (2015)

Canadian tariffs up to 8%

- **Vodka**

Latvian exports to Canada: €2.3m (2015)

Canadian duties of 12.28 cents per litre of pure alcohol

For 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.

For instance:

- the cost-of-service-differential fee imposed by the Provincial Liquor Boards on imported wines and spirits will be applied based on volume and not value, and calculated more transparently, lowering the cost 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
 - preventing businesses with a local monopoly from expanding into neighbouring provinces
 - the abolition of 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.
- We expect that the combined effect of these measures will be to further increase the EU market share of the Canadian wine and spirit sector.



Opening up the Canadian services market to Latvian firms

Latvian services exports to Canada: €15m (2015)

Canada is Latvia's **10th biggest** services trading partner outside Europe.

Latvia's main services exports to Canada are:

- information and communications technology services

Latvian services imports from Canada: €4m (2015)

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

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

Latvian 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 Latvia's research and creativity

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



Making it easier for Latvian professionals to work in Canada

CETA includes provisions to make it easier for Latvian 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 Latvia and Canada

Canadian Foreign Direct Investment in Latvia: €16m (2015)

Canadian firms have holdings in sectors such as:

- Alimentation Couche Tard (retail)
- Homburg (real estate)
- Ginguro Explorations (mining)

Latvia has a traditional bilateral investment treaty with Canada dating from 2011. Once CETA enters into force definitively, it will **replace this** bilateral investment treaty.

It will provide Latvian and Canadian investors with **greater predictability, transparency, and protection** for their investments in Canada and in Latvia respectively.



Helping Latvia's small businesses export more to Canada

Latvian small businesses are very export oriented and make up **97% of all Latvian 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.