

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

Opening up a wealth of opportunities
for people in Luxembourg



CETA will benefit people across Luxembourg

It'll do so by:



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



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



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



Protecting Luxembourg's **research and
creativity**



Making it easier for Luxembourgish
professionals to work in Canada



Encouraging more **investment** between
Luxembourg and Canada



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

Luxembourg's economy is open to trade

Over 100,000 Luxembourgish jobs – almost one in three –
rely on exports outside Europe

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

6th

When it comes to goods, Canada is
Luxembourg's 6th biggest trade partner outside the EU

9th

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

€240 m

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

€523 m

The value of Luxembourgish
exports to Canada

€283 m

The value of Luxembourgish
imports from Canada



Scrapping customs tariffs on Luxembourgish exports on goods

Luxembourgish goods exports to Canada: €95 m (2015)

Luxembourg's major export to Canada (€60m in 2015) is steel, which is already tariff free.

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.

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

- **Machinery and electrical equipment**

Luxembourgish exports to Canada: €10 m (2015)

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

Apart from savings on customs duties, CETA will enable Luxembourgish 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*).

- **Optical instruments and medical instruments**

Luxembourgish exports to Canada: €2 m (2015)

Canadian tariffs are up to 8.5%.



Opening up the Canadian services market to Luxembourgish firms

Luxembourgish services exports to Canada: €417 m (2014)

Canada is Luxembourg's 9th biggest export market for services outside the EU.

Luxembourg's main services exports to Canada are:

- financial services
- transport services

CETA will **improve and secure Luxembourgish 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 Luxembourgish professionals to practice in Canada.

It will apply to people 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 Luxembourgish firms to bid for more public contracts in Canada

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

Luxembourgish 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 Luxembourg's research and creativity

CETA gives Luxembourgish 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.



Making it easier for Luxembourgish professionals to work in Canada

CETA includes provisions to make it easier for Luxembourgish 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 Luxembourg and Canada

Canadian Foreign Direct Investment in Luxembourg: €36 bn (2015)

Luxembourg is the 4th most important destination for Canadian investment abroad.

Luxembourgish Foreign Direct Investment in Canada: €43 bn (2015)

Luxembourg is the 3rd most important source of foreign direct investment in Canada.

CETA will **make it easier for Luxembourgish 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).

Luxembourg 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 Luxembourgish investors in Canada and Canadian investors in Luxembourg.

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



Helping Luxembourg's small businesses export more to Canada

Luxembourgish small businesses are very export oriented and make up for more than three quarters of the total number of Luxembourgish 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.