

CETA

Connecting Canada and Europe



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Today's Topics

- 1. ETA Implementation**
- 2. Tariff Elimination for the Food and Beverage Industry (EU)**
- 3. Tariff Elimination for the Food and Beverage Industry (Canada)**
- 4. Rules of Origin**

ETA Implementation

- As of September 21, 2017, over 90% of CETA in effect upon provisional implementation (**includes tariff elimination provisions**)
- Generally, CETA will eliminate customs duties on almost all imports of CETA origin goods
- Except as provided for in Annex 2-A, Canada and the EU to eliminate all customs duties on originating goods, of Chapters 1 through 97 of the Harmonized System that provide for a most-favoured-nation (MFN) rate of customs duty
- Also provides preferential market access through the establishment of various tariff rate quotas (TRQs)
 - Provide for the application of a preferential tariff rate for a defined quantity of imports

Tariff Elimination for the Food and Beverage Industry: Canada

- Many food and beverage imports duty-free immediately
 - Fish/crustaceans, products of animal origin, edible vegetables/fruits/nuts, coffee tea, spices, oil seeds, grains, gums, resins/vegetable saps/extracts, vegetable products (HS Chapter 14) and preparations of vegetables, fruits and nuts (HS Chapter 20)
- Some items are either subject to staging process or simply excluded from duty relief in rare occasions
 - Example: Imported Italian pasta should be duty-free immediately
- Certain EU food and beverage products may already be duty-free under MFN
 - Example: Italian olive oil

Tariff Elimination for the Food and Beverage Industry: Canada

- 16,000 tonnes TRQs for EU cheese imports
- 1,700 tonnes TRQs for industrial-use, originating from the EU
- Elimination of Canada's milk protein substances tariff on entry into force
- No additional access provided for other Canadian supply-managed products (other dairy, poultry and eggs products)

Tariff Elimination for the Food and Beverage Industry: EU

- **All fish and seafood tariffs eliminated**
 - For Canadian exporters: duty-free access on 96% of EU tariff lines
 - EU to phase out tariffs on remaining 4% of tariff lines over next 3-7 years
- **Transitional TRQs**
 - Duty-free access for 23,000 tonnes (shrimp), 1,000 tonnes (cod) annually
- **Improves Canada's agricultural market access to the EU**
 - Tariff elimination for most agricultural exports
 - Establishment of TRQs for others

Tariff Elimination for the Food and Beverage Industry: EU

Eliminated tariffs:

maple syrup	8%	cat and dog food	€948/tonnes
fresh cherries	12%	oils	3.2 - 9.6%
fresh apples	9%	processed flours/meals	7.7%
frozen potato	14.4 - 17.6%	processed grains	€172/tonnes
dried cranberries	17.6%	dairy products	up to €2313/tonnes

Tariffs on cereals eliminated over a 7-year transition period

Duty-free TRQs for specified Canadian agricultural exports:

High quality beef, bison	fresh/chilled beef and veal
frozen beef and veal	fresh/frozen pork
sweet corn (including frozen sweetcorn during its phase-out period)	common wheat with transitional TRQs during its phase-out period

Rules of Origin

Entitlement to CETA Tariff treatment is determined in accordance with the rules of origin set out in the CETA Protocol on Rules of Origin and Origin Procedures

- A product is considered originating from Canada or EU if it:
 - is wholly obtained in a CETA country;
 - is wholly produced with originating materials; or
 - has undergone "sufficient production" in Canada or EU
- Sets out general rules to determine sufficient production, supplemented by an annex listing product-specific rules of origin (PSROs)
 - PSROs are generally written in a tariff-shift format

Rules of Origin

- “Regional value content” approach is not used under CETA (in comparison with NAFTA) which will reduce the administrative burden and facilitate trade
- In Canada, a new preferential tariff treatment is being introduced (Canada-European Union Tariff)
- The newly assigned tariff treatment code is: Canada-European Union Tariff (CEUT) – Code 31 and should be indicated on the B3 Form

Rules of Origin

- **IMPORTANT**: Canada and the EU did not adopt a Certificate of Origin as the one used for NAFTA purposes
 - but rather a simple statement referred to as the Origin Declaration to be provided by the exporter
- The text of this Declaration are contained in Annex 2 of the Protocol on Rules of Origin and Origin Procedures
- The Declaration may be provided on an invoice or any other commercial document that describes the originating product in sufficient detail to enable its identification and should only cover the originating goods
- In order to claim the preferential tariff treatment, importers must have, in their possession, the Origin Declaration completed and signed by the exporter for each originating good

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