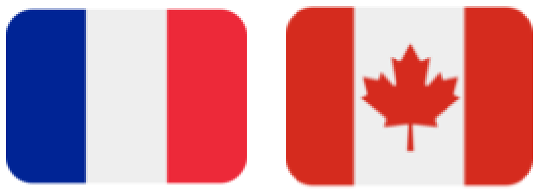
The EU-Canada Comprehensive Economic and Trade Agreement (CETA)

Opening up a wealth of opportunities
for people in France



CETA will benefit people across France

It'll do so by:

- Scrapping **customs tariffs** for French exporters and importers
- Creating new opportunities for French **farmers** and **agri-food** producers
- Opening up the Canadian **services** market to French firms
- Enabling French firms to bid for more **public contracts** in Canada
- Protecting France's **research** and **creativity**
- Making it easier for French **professionals** to work in Canada
- Encouraging more **investment** between France and Canada
- Helping France's **small businesses** export more to Canada

European Commission, February 2017
ec.europa.eu/ceta @Trade_EU

France's economy is open to trade

Over 2.2 million French jobs – one in ten –
rely on exports outside Europe

And France and Canada already have a close trading and investment relationship

15th

Canada is France's 15th biggest trade partner outside the EU

€621 m

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

€5 bn

The value of French exports to Canada

€4.5 bn

The value of French imports from Canada

Scrapping customs tariffs on French exports

French goods exports to Canada: **€3.2bn** *(2015)*

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. France will therefore benefit from this tariff liberalisation on virtually all of its exports, in particular:

- **Machinery and electrical equipment**

French exports to Canada: **€570m** *(2015)*

These face low average tariffs but certain products face tariff peaks of 9%. Apart from significant savings on customs duties, CETA allows French 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 and electronic equipment. These sectors will also benefit from CETA's provisions on public procurement and movement of professionals *(see below)*.

- **Pharmaceuticals**

French exports to Canada: **€266m** *(2015)*

The 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 facilitate trade in this sector, by providing for the acceptance of GMP compliance certificates issued by one Party's authorities by the other Party.

- **Optical and medical instruments**

French exports to Canada: **€178m** *(2015)*

Canadian tariffs are up to 8.5%.

- **Motor vehicles and parts**

French exports to Canada: **€162m** *(2015)*

This sector faces tariffs of up to 9.5%.

- **Cosmetics**

French exports to Canada: **€152m** *(2015)*

This sector faces tariffs of up to 6.5%.

- **Clothing and footwear**

French exports to Canada: **€83m** *(2015)*

France is the EU’s 4th largest clothing and footwear exporter to Canada. Clothing exports face an average tariff in Canada of 16%, peaking at 18% for a large number of product categories. Canadian footwear tariffs average 7.8%, peaking at 18% for several product types.

- **Chemicals**

French exports to Canada: **€69m** *(2015)*

Tariffs are low with a peak of 6.5%.

- **Iron and steel products**

French exports to Canada: **€68m** *(2015)*

This sector faces tariffs of up to 8%.

Creating new opportunities for French farmers and agri-food producers

French processed foods exports to Canada: **€554m** *(2015)*

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

France is the EU's largest exporter of **processed foods** to Canada, accounting for **24%** of all EU exports of processed foods to the country. These include:

- **Wines and Spirits**

French exports to Canada: **€324m** *(2015)*

This is the main agricultural export of France to Canada, and faced specific tariffs of CAD 1.87-4.68 cents per litre (depending on the alcohol strength). Spirits exports totalled €79 million in 2015, and faced specific duties ranging from CAD 4.92 cents per litre of pure alcohol (for gin) to CAD 35.2 cents per litre of pure alcohol (for spirituous fruit juices).

For wine and spirits, tariff elimination is complemented by the removal of other relevant trade barriers, including several 'behind the border' barriers that have so far made 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.
Other important outcomes are:

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.

The incorporation of the 2004 EU-Canada Wines and Spirits Agreement also provides stronger legal guarantees, as these provisions will be now made subject to CETA's general rules, notably dispute settlement. The Agreement also 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 wine and spirit sector.

- **Cheese**

French exports to Canada: **€34m** *(2015)*

EU cheese exports to Canada are limited by the EU's portion of an existing WTO duty free quota; outside this quota, exports would face prohibitive tariffs of on average 227% which would 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 WTO quota thanks to CETA)

– 1,700 tons of industrial cheese.

- **Mineral waters**

French exports to Canada: **€31m** *(2015)*

France is a leading exporter of mineral waters with many renowned brands. These face duties of around 11%. CETA will eliminate these and make exports in this category of products significantly more competitive.

- **Cakes and biscuits**

French exports to Canada: **€9m** *(2015)*

This is a flagship export category for France, which will benefit from tariff liberalisation in CETA. Canadian tariffs in this category are up to 15%.

- **Intermediate products for the food processing industry**

These products represent an important share in France's global agricultural export basket. Exports to Canada of intermediate products such as fruit juice concentrates face double digit tariffs, while milk protein concentrates face tariffs of 11%.

- **Confectionery products made of chocolate**

French exports to Canada: **€28m** *(2015)*

In 2015 French exports to Canada in this sector faced tariffs of around 6%.

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 **Roquefort** unless it actually comes from Roquefort in France.

The prioritised list of 143 products concerns the most traded European food products and **includes 42 French products** (*see annex*). These were priority GIs requested by France, either because they were already traded with Canada, or because of their future export potential.

These also include some of the most traded premium cheeses such as *Camembert de Normandie* or *Brie de Meaux*. Thanks to **the incorporation of the 2004 Wines and Spirits Agreement** into CETA, names of specific French wines such as Champagne, Bourgogne and Cognac will continue to enjoy full protection.

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 French fruit and vegetable producers.

All Canadian exports **will need to comply with the EU's food safety standards**, including its legislation on Genetically Modified Organisms and on the use of hormones and antibiotics in food production, and provide proof of such compliance wherever this is required by EU legislation.

Opening up the Canadian services market to French firms

French services exports to Canada:
€1.8bn *(2015)*

French services imports from Canada:
€2.2bn *(2015)*

France's main services exports to Canada include **financial services and services related to information and telecommunication technologies.**

CETA will improve and secure French 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 French 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

CETA also offers **new market access in key areas**. In particular, Canada agreed to new liberalisation in **maritime transport**. Canada takes market access commitments on:

- **dredging,**
- **repositioning of empty containers**
- **feedering activities** on the route Halifax-Montreal, which was limited to national operators under previous agreements.

These could also be relevant to France’s maritime services sector.

Enabling French firms to bid for more public contracts in Canada

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

France has many major companies specialising in infrastructure and transport but also has many competitive smaller firms operating in this field. French companies will have the opportunity to bid to supply goods and services for tenders at all levels of government (federal, provincial and municipal).
Canada has also agreed to make the tendering process more transparent by publishing all 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 France's research and creativity

CETA gives French innovations, copyrights and trademarks a **similar level of protection** in Canada as they enjoy in Europe. 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 or software) including its dissemination through online distribution channels.

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 critical to France's interests, given the importance of pharmaceuticals in France's exports to Canada.

Making it easier for French professionals to work in Canada

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 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 France and Canada

France is the 8th biggest foreign investor in Canada.

In 2015 French investors' stock of Foreign Direct Investment in Canada was worth **€6.7 billion**.

More than 600 French companies have interests in Canada, such as:

- Sodexo
- Lafarge
- Michelin

Together they employ more than 85,000 people in Canada.

CETA will **make it easier for French 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 million) to CAN $1.5 billion (€1.4 billion).

Canada, on its side, has interests in France in many fields and Canadian investors declared a stock of €3.1 billion in 2015. There are around 200 subsidiaries of Canadian companies operating in France, such as:

- Bombardier
- Aastra
- Cascades
- McCain
- Quebecor
- SNC Lavalin
- EnCana

Together, **they employ around 21,000 people**.

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

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

Helping France's small businesses export more to Canada

Small businesses in France are very export oriented and make up **94%** of the total number of French exporting companies.

They will be able to take full advantage of CETA, which will make it easier and cheaper to export, thanks to:

- reduced trade barriers
- tariff elimination
- simplified customs procedures
- more compatible technical requirements.

This will allow 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 CETA's benefits for small companies, such as:

- taking into account their needs in e-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 French food products
(Geographical Indications) protected by CETA

Cheeses

- Comté
- Reblochon
- Reblochon de Savoie
- Roquefort
- Camembert de Normandie
- Brie de Meaux
- Emmental de Savoie
- Morbier
- Époisses
- Beaufort
- Cantalet
- Petit Cantal
- Tomme de Savoie
- Pont - L'Évêque
- Neufchâtel
- Maroilles
- Marolles
- Munster
- Munster Géromé
- Fourme d’Ambert
- Abondance
- Bleu d’Auvergne
- Livarot
- Cantal
- Fourme de Cantal
- Chabichou du Poitou
- Crottin de Chavignol
- Saint-Nectaire

Meat - fresh, frozen, and processed

- Canards à foie gras du Sud-Ouest: Chalosse
- Canards à foie gras du Sud-Ouest: Gascogne
- Canards à foie gras du Sud-Ouest: Gers
- Canards à foie gras du Sud-Ouest : Landes
- Canards à foie gras du Sud-Ouest: Périgord
- Canards à foie gras du Sud-Ouest: Quercy

Fruit and nuts - fresh and processed

- Pruneaux d'Agen
- Pruneaux d'Agen mi-cuits

Vegetable oils and animal fats

- Huile d'olive de Haute-Provence

Essential oils

- Huile essentielle de lavande de Haute-Provence

Fish products – fresh, frozen and processed

- Huîtres de Marennes-Oléron

Dry cured meats

- Jambon de Bayonne

Spices

- Piment d’Espelette

Vegetable products – fresh and processed

- Lentille verte du Puy