

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

Opening up a wealth of opportunities
for people in Spain



CETA will benefit people across Spain

It'll do so by:



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



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



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



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



Protecting Spain's **research** and **creativity**



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



Encouraging more **investment** between Spain and Canada



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

Spain's economy is open to trade

Around 1.3 million Spanish jobs – almost one in ten –
rely on exports outside Europe

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

20th

Canada is Spain's 20th biggest trade partner outside the EU

€500 m

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

€1.4 bn

The value of Spanish exports to Canada

€900 m

The value of Spanish imports from Canada



Scrapping customs tariffs on Spanish goods exports

Spain's goods exports to Canada: €2.3bn (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.

Spain will benefit from tariffs disappearing on virtually all of its exports, in particular:

- **Pharmaceuticals**

Spanish exports to Canada: €347m (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 make trade in this sector easier by allowing one Party's authorities to accept GMP compliance certificates issued by the other Party.

- **Machinery and electrical products**

Spanish exports to Canada: €184m (2015)

Low average tariffs; peaks of 9% on some products.

Apart from significant savings on customs duties, CETA will allow Spanish 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*).

- **Mineral fuels (including petroleum)**

Spanish exports to Canada: €107m (2015)

Spain exports **5.5%** of EU mineral fuel exports to Canada – mostly oil and gas products.

Canadian tariffs on oil peak at 5%

Canadian tariffs on gas peak at 12.5%.

- **Clothing and footwear**

Spanish exports to Canada: €76m (2015)

Canadian tariffs on clothing average 16%. 18% peak for many product categories.

Canadian tariffs on footwear average 7.8%. 18% peak for several product types.

- **Motor vehicles and parts**

Spanish exports to Canada: €59m (2015)

Canadian tariffs are up to 9.5%.

- **Chemicals**

Spanish exports to Canada: €48m (2015)

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



Creating new opportunities for Spanish farmers and food producers

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

In 2015 Spanish exports to Canada the agriculture and agri-food sector totalled **€231 million**. Spanish exporters will benefit from **tariff elimination on key products** such as:

- **Wine**

Spanish exports to Canada: €82m (2015)

This is Spain's main agricultural export to Canada, and faced specific tariffs of 1.87-4.68 CAN 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 EU exporters to penetrate the Canadian market.

The cost-of-service-differential fee the Provincial Liquor Boards impose on imported wines and spirits will for instance be:

- applied by volume not by value
- calculated more transparently

This lowers costs for EU producers to sell their products in to 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, and
- preventing businesses with a local monopoly from expanding into neighbouring provinces.

Regarding wines 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.

- **Olives** (prepared or preserved)

Spanish exports to Canada: €15m (2015)

Canadian tariffs are up to 8%.

Spain is the EU's biggest exporter of olives to Canada.

- **Sugar confectionery**

Spanish exports to Canada: **€6.6m** (2015)

These include Spanish speciality products like *Turrón de Alicante*. They face Canadian tariffs of up to 10%.

- **Cheese**

Spanish exports to Canada: **€82m** (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 tariffs of on average 227% which 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 World Trade Organization quota thanks to CETA)
- 1,700 tons of industrial cheese.

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 **Manchego** cheese unless it actually comes from Spain.

The prioritised list of 143 products concerns the most traded European food products and **includes 23 Spanish products** (*see annex*).

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

Thanks to the incorporation of the **2004 Wines and Spirits Agreement** into CETA, names of specific Spanish wines such as *Rioja* and *Jerez* 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 in order 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 Spanish 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 Spanish firms

In 2013, Canada's top services imports from Spain included:

- management services
- architectural services
- insurance services
- engineering services and other technical services

CETA will improve and secure Spanish companies' access to the Canadian services market. CETA will improve and secure Spanish 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 Spanish professionals to practice in Canada.

This will apply to:

- 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 Spanish firms to bid for more public contracts in Canada

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

Canada's government procurement commitments in CETA are the **most ambitious the EU has ever received from any negotiating partner.**

Spanish companies are already involved in several major Canadian infrastructure projects, including:

- ACS Infrastructures and Dragados Canada (Champlain Bridge reconstruction in Quebec)
- Cintra Infraestructuras (Highway 407 in Ontario)

With CETA, they 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.

The rail sector (including local and urban transport) is important for Spain because in the past Spanish companies have been excluded from opportunities in Canadian Provinces: under CETA, this will no longer be possible.



Protecting Spain's research and creativity

CETA gives Spanish 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**.

CETA also covers **intellectual property rights for pharmaceuticals**.

The agreement includes:

- 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 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 essential to Spain's interests, given the importance of chemicals and pharmaceuticals in Spain's exports to Canada.
- 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.



Making it easier for Spanish 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 ICT 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 Spain and Canada

Spanish Foreign Direct Investment in
Canada: **€4.7bn** (2012)

Canadian investments in Spain: **€4.5bn**
(2012)

Spanish companies have significant
investment interests in Canada in areas
including:

- energy
- engineering
- pharmaceutical
- machinery and equipment
- mining
- retail
- agri-food
- clean technologies
- aerospace

CETA will make it **easier for Spanish firms to investment in Canada**, as Canada has agreed to **substantially increase 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).

Canadian investments in Spain are **an important source of growth and job creation for the country**.

Spain 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 Spanish investors in Canada and Canadian investors in Spain.

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



Helping Spain's small businesses export more to Canada

Spanish small businesses are very export oriented and make up two-thirds of the total number of Spanish 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 Spanish food products
(Geographical Indications) protected by CETA**

Edible oils:

- Baena
- Sierra Mágina
- Aceite del Baix Ebre-Montsià/
Oli del Baix Ebre-Montsià
- Aceite del Bajo Aragón
- Antequera
- Priego de Córdoba
- Sierra de Cádiz
- Sierra Segura
- Sierra de Cazorla
- Siurana
- Aceite de Terra Alta
- Oli de Terra Alta
- Les Garrigues
- Aciete de Estepa

Meat products:

- Guijuelo
- Jamón de Huelva
- Jamón de Teruel
- Salchichón de Vic/Llonganissa de Vic

Cheeses:

- Mahón-Menorca
- Queso Manchego

Confectionery and Baked Products:

- Jijona
- Turrón de Alicante

Fresh and processed fruits:

- Cítricos Valencianos/Cítrics Valencians

Spices:

- Azafrán de la Mancha