

# EU-Canada Free Trade Agreement (CETA)

September 26, 2017

The Comprehensive Economic and Trade Agreement ("CETA"), the much anticipated free trade agreement between the European Union and Canada went into effect on September 21st. CETA is a terrific opportunity for global companies to take advantage of duty savings offered by the FTA as it expands market access for the EU and Canada through comprehensive tariff elimination across all sectors of the economy.

Under CETA, Canada and the EU have committed to eliminate or reduce tariffs on goods imported from the other party, provided they qualify under the CETA rules of origin. **Tariffs on 98% of goods including apparel and footwear, industrial products, and fish and seafood and over 93% of food and agriculture goods were eliminated immediately upon entry into force of the agreement.** Tariffs on the additional tariff lines will be eliminated gradually within seven years.

The agreement provides for three ways for goods to qualify:

- The product qualifies as an "originating" product,
- The product is imported using quotas on products with foreign components, or
- The product qualifies under the product specific rules of origin if it contains partial foreign components.

There is also a benefit for Canadian sellers who import through the U.S. Merchandise may be manufactured in the EU and shipped through the U.S. to Canada and still qualify under the agreement if, while in the U.S., the merchandise may be unloaded and re-loaded, but remains under U.S. Customs control.

Now is a good time for companies to review their supply chains to see if they can take advantage of the CETA duty savings.