



Free Trade between Canada & the European Union

CETA 101

Guide for Importers and Exporters

Summary Guide for Small and Medium-Sized Enterprises (SMEs)
Keys to benefit from Trade in Goods within the CETA Region



by Christina Fisker, VP Customs & Compliance
Licensed Customs Broker and International Trade Consultant
FCL Fisker Customs & Logistics Inc.

The information contained in this guide is general in nature and should not be considered as legal, tax, accounting, consulting or any other professional advice. SMEs should consult with FCL Fisker Customs & Logistics for CETA certification of specific products, and other customs requirements to ensure customs compliance.



Free Trade between Canada & the European Union

Introduction to the CETA Trade Agreement between Canada & the EU

- I. What is CETA
- II. How does it work
- III. Who will benefit
- IV. Information resources

I. What is CETA

The Comprehensive Economic and Trade Agreement (CETA) is a new free trade agreement between Canada and the European Union (EU). It was implemented on September 21st, 2017. Eligible products which are shipped directly within the CETA trade region and meet the specific rules of origin, qualify for CETA tariff treatment, having reduced or duty-free status on importation. Proof of origin must be provided by the exporter, to certify origin for eligible goods. Proof of origin format is outlined in this document.

Quick facts:

- Start date: September 21st, 2017
- 97% commodities: duty free tariff treatment from the start date
- 3% commodities: subject to quotas, license and other limitations (eg. agriculture, textiles, apparel, and automotive products)
- HS based rules: to prove a commodity qualifies for duty free trade, it must pass the Specific Rule of Origin, based on the product's HS classification. Other conditions apply, including the direct shipment requirement.

High-level how to:

To benefit from the CETA, exporters must:

- ✓ Determine the correct HS code for the commodity (ie accepted in the import country);
- ✓ Check the rule of origin which applies (HS based, listed in the CETA Specific Rules of Origin);
- ✓ Test the rule of origin for the commodity, generally 3 methods:
 1. The product is 100% originating
 2. The product must meet tariff shift rule (review HS for each material input); or
 3. The product must meet regional value content rule (review bill of materials and production points)
- ✓ In some cases, the exporter will need an origin statement from the manufacturer/supplier, to support CETA origin claims;
- ✓ When the commodity meets the rule of origin, the exporter keeps supporting documentation on file;
- ✓ To certify the commodity for CETA status, the exporter will provide an "origin declaration statement" on the export invoice;
- ✓ Canadian exporters will reference their CRA Business Number (exporter ID#). For consignments which exceed a value of EUR 6,000, the European exporter needs be registered with an REX#, to be referenced in the origin declaration statement.
- ✓ With the above, importers will reap the benefits of duty free tariff treatment. This gives the exporter a competitive advantage against vendors from other countries.



Free Trade between Canada & the European Union

Canada-EU defined trade region:

- For Canada, the definition establishes that CETA applies to the Canadian land territory, air space, internal waters and territorial sea, the Canadian exclusive economic zone, and the Canadian continental shelf.
- For the EU, the Agreement applies to those territories covered under the Treaty of the European Union.

28 EU Member countries*	
<ul style="list-style-type: none"> • Austria (1995) • Belgium (1958) • Bulgaria (2007) • Croatia (2013) • Cyprus (2004) • Czech Republic (2004) • Denmark (1973) • Estonia (2004) • Finland (1995) • France (1958) • Germany (1958) • Greece (1981) • Hungary (2004) • Ireland (1973) 	<ul style="list-style-type: none"> • Italy (1958) • Latvia (2004) • Lithuania (2004) • Luxembourg (1958) • Malta (2004) • Netherlands (1958) • Poland (2004) • Portugal (1986) • Romania (2007) • Slovakia (2004) • Slovenia (2004) • Spain (1986) • Sweden (1995) • United Kingdom (1973)
*Excludes EFTA countries: Iceland, Lichtenstein, Norway, Switzerland	

II. How does it work

Rules of origin

The specific rules of origin are listed in the CETA agreement and based on the international HS code. Otherwise known as the Harmonized System, HS codes are used by importers/exporters/customs authorities worldwide. The first 6-digits of an HS code are common internationally.

For the 3% restrictive commodities, there are alternative rules of origin designed to help qualify some additional commodities where certain production phases of a product are conducted within the Canada-EU region. These cover certain food, textile, apparel and automotive products, which may be subject to an import quota or license. These are listed in Annex 5-A of the CETA agreement.

https://www.international.gc.ca/trade-commerce/trade-agreements-accords-commerciaux/agr-acc/ceta-aecg/text-texte/P1.aspx?lang=eng#5_1

Origin certification

The exporter who is certifying products under the CETA will go through an origin certification process to ensure that the goods meet the “Specific Rule of Origin”, and other conditions outlined in the CETA agreement. Some HS rules of origin require checking the geographical origin of materials and production phases of a product. Our customs team is pleased to assist in this process, which can be complex. We’ll work with you and your team to ensure that key certification steps and stakeholders are included in the process, to correctly certify a product for CETA origin and tariff treatment. Contact christina@fisker.ca for further information.



Free Trade between Canada & the European Union

Proof of origin

This comes in the form of a written statement by the exporter. This is known as the “origin declaration”, which must be included on the commercial invoice for export, or other commercial document.

To benefit from CETA duty free trade, the vendor’s invoice should contain the CETA origin declaration statement, where applicable. The origin declaration is provided on an invoice or other commercial document that describes the originating product in sufficient detail to enable its identification.

Each line item on the invoice should note: SKU or product code, description, HS code (HS6), country of origin (UN 2-letter code: CA), quantity, unit price, extended price, currency.

Overall the invoice will reference the invoice date, invoice#, order#, transacting parties and the terms of sale. An invoice with CETA qualified goods will also contain the origin declaration, in a very specific format, including date/place/signature.

Text of the Origin Declaration

The origin declaration, the text of which is given below, must be completed in accordance with the footnotes - as outlined in the CETA.

<p>(Period: from _____ to _____(1)) The exporter of the products covered by this document (customs authorisation No ...(2)) declares that, except where otherwise clearly indicated, these products are of ...(3) preferential origin. (4) (Place and date) (5) (Signature and printed name of the exporter) _____</p>
--

Footnotes (instructions for completion of above statement)

- (1) When the origin declaration is completed for multiple shipments of identical originating products within the meaning of Article 19.5, indicate the period of time for which the origin declaration will apply. The period of time must not exceed 12 months. All importations of the product must occur within the period indicated. Where a period of time is not applicable, the field can be left blank.
- (2) For EU exporters: When the origin declaration is completed by an approved or registered exporter the exporter's customs authorisation or registration number must be included. A customs authorisation number is required only if the exporter is an approved exporter. When the origin declaration is not completed by an approved or registered exporter, the words in brackets must be omitted or the space left blank.
For Canadian exporters: The exporter's Business Number assigned by the Government of Canada must be included. Where the exporter has not been assigned a business number, the field may be left blank.
- (3) "Canada/EU" means products qualifying as originating under the rules of origin of the Canada-European Union Comprehensive Economic and Trade Agreement. When the origin declaration relates, in whole or in part, to products originating in Ceuta and Melilla, the exporter must clearly indicate the symbol "CM".
- (4) These indications may be omitted if the information is contained on the document itself.
- (5) Article 19.3 provides an exception to the requirement of the exporter's signature. Where the exporter is not required to sign, the exemption of signature also implies the exemption of the name of the signatory.



Free Trade between Canada & the European Union

Trans-shipment rules

Once goods have been qualified under the CETA specific rule of origin, clients will need to ensure other conditions are met, including the direct shipment rule. To ensure CETA status, a product must be shipped direct between Canada and the EU, with or without trans-shipment. For example, a shipment may be shipped from the UK to Canada, with trans-shipment via the US. However it must not clear US customs, and must remain under customs control.

III. Who will benefit

CETA has shown trade boost since its implementation, which benefits both importers and exporters doing business in the CETA region. Exporters have a new sales advantage over non-CETA goods. Importers and exporters develop a more strategic business and supply-chain, in order to benefit from lower costs. It is especially beneficial for importers of high-duty commodities, such as furniture with 9.5% regular duty rate, and clothing with 18% regular duty rate.

When trading cross-border, importers and exporters are registered with an ID# with their local customs authority. This is a key step for an exporter's origin certification process.

Exporter ID#

Origin declaration requires reference to the exporter's "Customs Authorization Number", as part of proof of origin.

For Exporter ID number, aka 'customs authorization number':

- ✓ Canadian exporters need to reference their CRA Business Number (import/export account): eg 123456789 RM0001
- ✓ EU exporters need to reference their REX number, which is registered within each EU country, via local customs authority

CETA Exporter ID#'s used in Origin Declarations

Exporter ID#	Place of issue	Issued by	Number format (example)	Further info
REX# registration is for EU Exporters	ID# issued at country level within EU	Customs authority, based on Exporters home country (eg. Danish Customs)	DKREX12345678; or FRREX12345678 <i>(Denmark, France respectively)</i>	https://ec.europa.eu/taxation_customs/sites/taxation/files/registered_exporter_system_rex_-_guidance_document_v1_en.pdf
BN# registration is for CA Exporters	ID# issued at country level within Canada	Canada Revenue Agency (CRA)	123456789RM0001	https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/registering-your-business/register.html

For CETA documentation requirements, to prove goods qualify for reduced duty rates under the CETA, there are two options:

The CETA origin declaration is made directly on the commercial invoice, or

The CETA origin declaration is made on a separate commercial document (eg a statement on exporter's letter head).

Note:

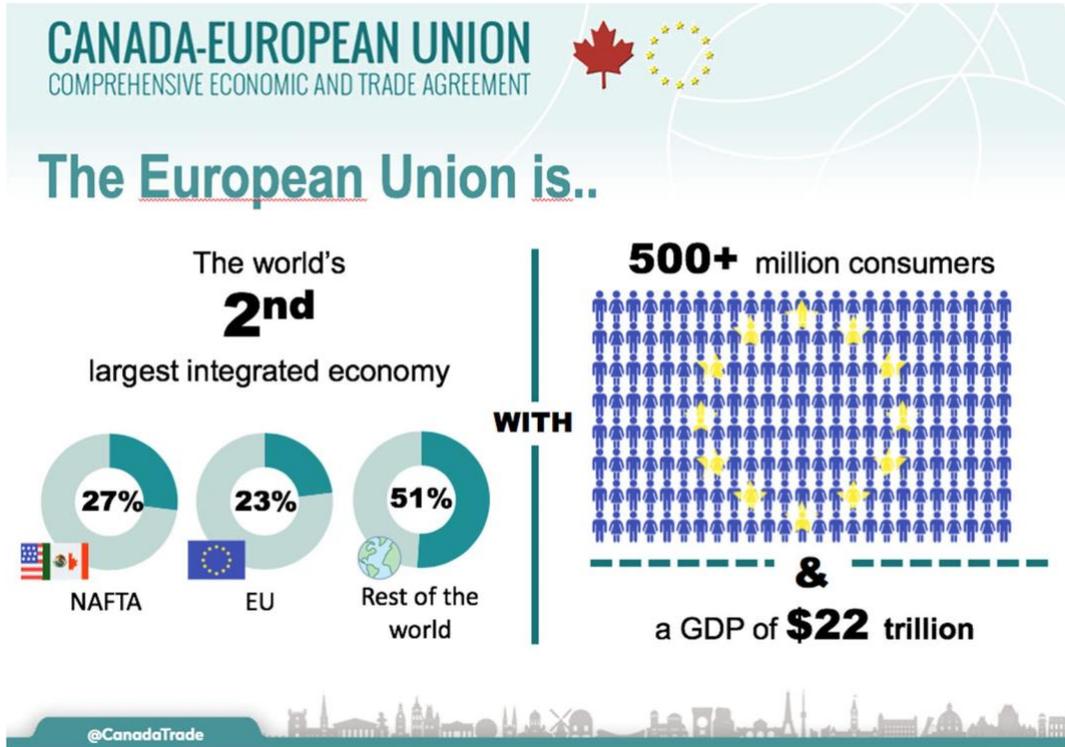
For imports into the EU, proof of origin must be provided for each shipment. The origin declaration must be validated for each invoice or corresponding commercial document. If the latter is used, it should reference the invoice# and order#.

For imports into Canada, the CBSA will allow a blanket origin declaration, which can apply to multiple import shipments, with reference to specific product(s) and SKU(s). A blanket origin declaration can be made valid for up to one year.



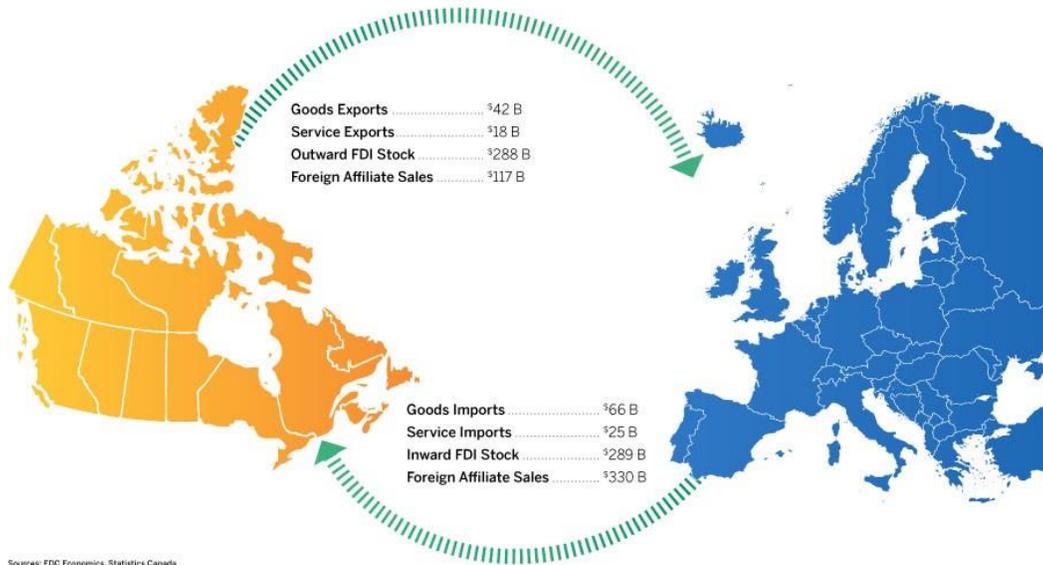
Free Trade between Canada & the European Union

CETA's Massive Market Potential



Source: Global Affairs Canada, presented at CETA 1 year anniversary event in Toronto, Sept 25th, 2018.

Canada-EU's \$1 trillion commercial relationship



Source: Export Development Canada <https://www.edc.ca/en/blog/canada-europe-trade-relationship.html>



Free Trade between Canada & the European Union

IV. Resources

Text of the CETA Agreement

- Canada – full text <https://www.international.gc.ca/trade-commerce/trade-agreements-accords-commerciaux/agr-acc/ceta-aecg/text-texte/toc-tdm.aspx?lang=eng>
- EU – full text <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:L:2017:011:FULL&from=EN>
- Specific rules of origin <https://www.international.gc.ca/trade-commerce/trade-agreements-accords-commerciaux/agr-acc/ceta-aecg/text-texte/P1.aspx?lang=eng#5>
- Protocol on the rules of origin and origin procedures <https://www.international.gc.ca/trade-commerce/trade-agreements-accords-commerciaux/agr-acc/ceta-aecg/text-texte/P1.aspx?lang=eng>
- CETA territory – complete country list <http://www.gazette.gc.ca/rp-pr/p2/2017/2017-09-07-x1/html/sor-dors178-eng.html>

CETA Guides - online

- Global Affairs Canada (GAC) CETA Tools and Resources for SMEs <https://www.international.gc.ca/trade-commerce/trade-agreements-accords-commerciaux/agr-acc/ceta-aecg/benefits-enterprises-avantages.aspx?lang=eng>
- EU Commission: Guide to CETA https://ec.europa.eu/taxation_customs/sites/taxation/files/ceta_guidance_en.pdf
- Global Affairs Canada: Benefits of CETA (first year report) https://www.international.gc.ca/gac-amc/campaign-campagne/ceta-aecg/year_one-premiere_annee.aspx?lang=eng

Import Tariffs for Each Country

- Tariff finder lookup tool: <https://www.tariffinder.ca/>
- Tariff information by country (Canada & EU): <https://www.international.gc.ca/trade-commerce/tariff-tarifaire/index.aspx?lang=eng>

Product standardization

- Standards Council of Canada <https://www.scc.ca/en/info-source> and <https://www.scc.ca/en/help/faqs>
- EU Council: CETA - Protocol on Conformity Assessment <https://ec.europa.eu/growth/tools-databases/nando/index.cfm?fuseaction=ceta.main>



CETA is available to you! Here's how we can help.

- ✓ Product HS classifications
- ✓ Origin certifications
- ✓ Duty refunds and drawbacks
- ✓ Customs valuation
- ✓ SOP's and industry best practices

Contact us for assistance with Customs & CETA certification needs. Qualify your products with our technical expertise and see the business benefits.

Contact: Christina Fisker, VP Customs & Compliance
Email: christina@fisker.ca Office +1 (905) 677-1122

Our Business Profile

Background

FCL Fisker Customs & Logistics Inc. – CANADA

- Your international trade & logistics partner for export and import business needs.
- A privately owned company founded by Anders Fisker on August 1st, 2010.
- Anders previously owned and operated "Fisker Cargo Inc.", which was established in 1983 and has been part of the international freight forwarding industry for over 35 years.
- Anders is also a Founding Member and Director of the Danish Canadian Chamber of Commerce (DCCC),
- A Copenhagen Goodwill Ambassador, and
- First Vice President for the European Chamber of Commerce in Canada (EUCCAN).

Key Company Strengths

- ✓ 40+ years: promoting & providing services for Canada-EU business in trade and logistics
- ✓ 35 staff: quality team members, each with EU trade experience & expertise in international logistics
- ✓ Covering all modes of transport & all continents
- ✓ Global agency network, working in partnership with import/export clients, providing international trade, customs & logistics services
- ✓ Family business with Danish-EU background
- ✓ 40+ years: Anders Fisker (founder) has worked in freight & logistics industry since 1964
- ✓ 20+ years: Christina Fisker (daughter) has worked in customs & trade industry since 1995
- ✓ 10+ years: active with all European Business Chambers in Toronto & Canada (EUCCAN)
- ✓ Well-connected with business, carriers, government and global contacts working in customs & logistics
- ✓ Established history in the industry (Fisker brand established since 1983)

Contact us for further info!

rates@fisker.ca sales@fisker.ca customs@fisker.ca

Service Capabilities

Trade & Logistics

- We keep our promise. Prioritize and deliver the wish of our client.
- Best value in service: providing best available service and costs. Buying strength / contract rates with local / international carriers.
- Excellent reputation in the Industry, with our clients, agents nationally and internationally etc.
- Specializations: oversized cargo, live cargo, pharmaceuticals, temperature sensitive, time sensitive, fragile cargo, and more.
- Global: Europe, Asia, Americas, Caribbean, Africa, Oceania.
- All modes: air, ocean, truck and rail. Warehousing, distribution and 3PL.
- Service options for delivery to and from any point, as needed per shipment, or per contract.

Customs & Compliance

- Global Trade Management and SOP development
- Customs clearance, accounting and consulting
- Import-export country reporting requirements
- Compliance checks to review customs entries and accounting data, minimize duty / tax liability
- Validate accuracy of HS codes, preferential tariffs, customs valuation and end use declarations.
- Origin certification services for CETA, NAFTA, and other FTAs
- Accurate HS classifications
- Customs Valuation and Origin determinations
- Lead and implement industry best practices for our clients

Contact us for further info!

rates@fisker.ca sales@fisker.ca customs@fisker.ca