

## Customs Flash

### Anticipating CETA

### Introduction

The European Union (EU) and Canada have set the date for the provisional application of the Comprehensive Economic and Trade Agreement (CETA) between the EU and Canada. As of 21 September 2017 companies can benefit from the provisional application of CETA and its direct advantages in the field of competition and trade relations. One of the main benefits of CETA is that numerous goods with EU or Canadian origin can be imported into Canada or the EU at a reduced import duty rate. Certain benefits, however, will only enter into force after all EU member states ratify CETA.

### What does this mean for you?

With CETA, approximately 98% of all import duties in the trade between the EU and Canada will be eliminated. Another 1% of import duties will be staged out over a period of up to seven years.

When importing into Canada, goods originating in the EU can benefit from the preferential tariff treatment of CETA on the basis of a so-called origin declaration. The same applies for goods originating in Canada when importing into the EU. Origin declarations must be stated in specific wording on invoices or any other commercial documents, describing the originating product in sufficient detail to enable identification.

To benefit from the preferential tariff treatment of CETA, EU parties exporting consignments of goods of which the value:

- does not exceed a threshold of EUR 6,000, may issue a so-called invoice declaration.
- does exceed a threshold of EUR 6,000, must register in the Registered Exporter (REX) system to be able to make a valid origin declaration.

Once a REX number has been assigned, the exporter must refer to it when providing an origin declaration in order to make use of the preferential tariff treatment under CETA.

In general, for transitional purposes, until an exporter is registered in the REX system, but no later than 31 December 2017, the exporter may continue to use the approved exporter number on documents to prove origin, without the need for a signature, for free trade agreements with third countries.

## Next steps

We suggest the following steps to anticipate the preferential tariff treatment created by CETA:

- Assess whether the goods your company is trading in could benefit from a preferential tariff treatment under CETA;
- Assess whether the goods your company is trading in have EU preferential origin (in case of import into Canada) or Canadian preferential origin (in case of import into the EU) and all origin requirements are met;
- Assess whether a valid proof of origin is available;
- When exporting from the EU to Canada and when the prescribed threshold is exceeded, ensure that your company is registered in the REX system so a valid origin declaration can be made;
- When appropriate, make sure that the REX number is included in the origin declaration.

As these steps allow companies to proactively anticipate the provisional application of CETA, we recommend that your organization take these actions immediately. Proper preparation will allow potential CETA opportunities to be utilized from the start.

Please contact us if you have any questions on this matter. We are happy to assist you.

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