

THE COMPREHENSIVE ECONOMIC AND TRADE AGREEMENT (CETA)

AN UNPRECEDENTED OPPORTUNITY FOR CANADIAN SMALL AND MEDIUM ENTERPRISES (SMES)

Since the creation of the Comprehensive Economic and Trade Agreement (CETA), Canadian businesses have been presented with an unprecedented and exciting opportunity for growth and expansion. The agreement went into provisional effect in September of 2017 and opened vast new markets within the European Union which promoted international trade and growth in both economies. CETA brought Canada preferential access to the world's second largest economy, the E.U.; adding to its access via the North American Free Trade Agreement (NAFTA) to the world's largest economy, the U.S. Most importantly, CETA created chances for Small and Medium Enterprises (SMEs) to export into new markets.

CETA provides major benefits to Canadian businesses, including:



Opening markets to 500 million people in 28 E.U. countries



Removing 98% of tariffs and barriers between Canada and the E.U., whereas only 25% of all product lines were tariff-free before



Creating almost 80,000 new jobs in Canada, and increasing the average Canadian household's annual income by \$1,000



Adding \$12 billion to the Canadian economy

Some industries will enjoy a boost in exports as CETA eliminates virtually all E.U. tariffs on a host of Canadian goods. Industries accounting for large shares of either E.U. imports or Canadian exports, such as auto, agriculture, machinery, and petroleum, offer the largest potential increase in the volume of exports.



CETA also establishes property rights, and opens the E.U. services sector to Canadian businesses, including providers of management, financial, architectural, and IT services. The E.U. is the largest importer of services in the world. In 2015 alone, the E.U. imported \$936 billion in services; \$16.5 billion came from Canada. Finally, the agreement allows E.U. and Canadian companies to bid on each other's government projects, a potential boon to construction companies and those SMEs which supply them.

The agreement will offer new opportunities for SMEs to grow, expand into new markets, and create new jobs. Of course, expansion into new markets can be risky, especially if you don't know who you are selling to. This is where Euler Hermes can help. We have a database of information on over 85 million companies worldwide, and we have offices in 52 countries around the globe. Euler Hermes provides protection to our clients so that they can safely expand their sales into new markets, and take advantage of exciting new opportunities, like CETA.

Dan North, North American Chief Economist (December 2017)

For more information, contact a representative at **877-509-3224** or by email at contact.ehcanada@eulerhermes.com.