

LOCAL NEWS



КОНГРЕС УКРАЇНЦІВ КАНАДИ

UKRAINIAN CANADIAN CONGRESS

CONGRES DES UKRAINIEN-CANADIENS

Canada-Ukraine Free Trade Agreement (CUFTA)

■ On March 14, 2017, the Parliament of Ukraine ratified Canada-Ukraine Free Trade Agreement (CUFTA). The way to this historical event was quite long: 6 rounds of negotiations since 2010. In summer 2015 the agreement text was initialled, and in July 2016 it was signed in the course of the Prime Minister of Canada Justin Trudeau's first official visit to Kyiv, Ukraine.

At present the Agreement will come into force as soon as it is ratified by the Parliament of Canada. In a month after the ratification processes are completed Canada-Ukraine free trade will become a reality. This may happen as early as at the beginning of summer 2017.

What will free trade with Canada mean for business? Instead of immersing deep into almost **800-page document** we are suggesting a brief overview of the Agreement's key provisions for your consideration.

Unlimited access to Canada's market

One should note that Ukraine and Canada's obligations on access to markets are asymmetrical—Ukraine has obtained more favorable conditions and broader timeframes for customs' duties elimination.

What are the conditions for Ukrainian companies to export to Canada?

The Agreement will immediately open customs-free access to 98% of Canada's market. This refers both to agricultural and industrial goods. However, there are exceptions:

- **For agricultural products.** The Agreement provides zero tariff rates for all agricultural products except 108 tariff positions allowed for duty-free export within Canada's global tariff rate quotas. They include, inter alia, poultry (frozen poultry, poultry fat), dairy products (milk, cream, yogurt, butter), eggs and egg products, cheeses and sugar.

- **For manufactured products.** The only exception is cars—7 years transitional period is set for them within which the duties will be reduced to 0%.

What are the conditions for Canadian companies to export to Ukraine?

Canada's situation is more complex. Right after the Agreement comes into force, the duties will be eliminated only for 72% of Canadian goods. The duties for the rest of 27% will be gradually reduced in compliance with transition periods—3, 5, and 7 years. Besides, the Agreement provides for partial liberal-



ization on the agricultural products key for Ukraine as well as some tariff rate quotas and specific goods. More details can be found at the picture with info graphics below.

Technical barriers

The Agreement regulates the non-tariff technical barriers to trade, because the differences in Canadian and Ukrainian standards on products' quality and safety requirements, labelling, and certification may become a source of unjustified restraints for free trade.

Within the CUFTA Ukraine and Canada confirmed their commitments regarding the Agreement's provisions on WTO-related technical barriers to trade's policy. It also includes a transparent mechanism for developing and application of technical regulations as well as the procedures to evaluate compliance.

The Agreement also ensures provisions for information exchange among the countries with the purpose for the Parties to better understand legislative requirements and potential problems for exporters and importers.

The rules of origin

The duties are eliminated in relation exclusively to the goods originating from Ukraine or Canada. The Agreement includes transparent rules to determine a country of origin: goods must be fully manufactured at the territory of one of the countries or be sufficiently processed in compliance with the detailed rules of origin.

Trade facilitation procedures

The Agreement provides for shared access of the Parties to all necessary regulations in the sphere of trade. CUFTA encourages automatization of customs duties' procedures and use of IT technologies as well as creating the complaints system regarding the customs services. All these efforts are aimed at facilitating access of the business to the markets in both countries.

Emergency action and trade remedies

In case of a significant growth of import from Canada after elimination of the customs' duties, Ukraine is entitled to take emergency protection action to stabilize the situation. In particular, in the course of transition period customs' duties may be raised temporarily to prevent a significant harm to Ukrainian producers.

Sanitary and phytosanitary measures

CUFTA confirms Ukraine and Canada's commitments within the framework of the Agreement on application of WTO sanitary and phytosanitary standards. The latter provides for the right of the WTO members to protect their citizens' health given it is scientifically grounded and there are no artificial trade barriers in place.

Fair competition

The free trade area involves creation of a predictable and fair trade environment promoting protection of consumers' rights. This is the reason why the Agreement includes the chapter aimed at preventing anti-competition conduct within free trade of Canada and Ukraine. In particular, natural monopolies and state-run enterprises of Canada and Ukraine must adhere to the rules of fair competition while implementing the authorities delegated by their countries and prevent discrimination while exporting the monopoly goods.

Government procurement

The Agreement provides both countries' companies with an opportunity to bid in the course of government procurement. Businesses will have the right for fair and non-discriminated access to government procurement conducted by both countries' governments, including procurements done by state enterprises (airports, railways, mail networks, public transportation systems).

Intellectual property

CUFTA provides for Ukraine-Canada cooperation in the area of intellectual property rights protection. The Agreement underscores the importance of protection of intellectual property rights to increase competition, develop innovations and attract investments.

Electronic commerce

Currently electronic commerce has become an essential part of our lives. The importance of e-commerce is reflected in the Canada-Ukraine Free Trade Agreement as well. Both countries undertake the commitment to refrain from applying customs duties or any other tariffs in relation to the products delivered in electronic form. This will facilitate the commercial processes for the business involved in on-line trade.

Cooperation on trade issues

The Agreement solidifies the intentions of Canada and Ukraine to cooperate seeking to enhance trade among the countries. In particular, there are provisions to provide technical assistance to develop agricultural goods production and facilitate small and medium companies entering the markets of Canada. There are plans on cooperation to raise the awareness of both countries' business communities about the benefits of free trade.

Certainly, this short review does not disclose all the nuances of the Canada Ukraine Free Trade Agreement. At present CUTIS project is designing a step-by-step guide; this guide will include the detailed information about all aspects of exports to Canada. We are going to publish short and clear information materials for the businesses interested in doing exports to Canada. Check our updates in social media.

Source:
https://cutisproject.org/en/publications_tags/canada/

GALARNYK
INSURANCE AGENCY LTD.
696 McGregor Street
Winnipeg, MB
R2V 3T8

*Serving the Community
for over 50 years.*

Mon to Fri
9:00 - 6:30
Sat
9:00 - 2:30

204-582-7891

autopac

A Manitoba Public Insurance product

Red River Mutual

make it your own.