

Free Trade Agreements

Summary of the EU-Canada agreement

How can EU textiles and clothing companies benefit from CETA?

Tariff Elimination

When the EU-Canada Comprehensive Economic and Trade Agreement (CETA) provisionally entered into force, **Canada eliminated** customs duties **on all textiles and clothing originating in the European Union**. Under the CETA, textiles and clothing that meet the agreement's rules of origin can now be exported from the EU to Canada duty-free (zero tariff). This represents a substantial business opportunity for EU textiles and clothing exporters, as Canada imposes MFN (most-favoured nation) tariffs (without CETA preferences) of up to 18% on certain clothing (mainly Chapter 61 and 62) and of up to 14% on some fabrics.

Registered exporters (REX system)

To benefit from preferential access to the Canadian market, exporters located in the EU must first and foremost register in the EU REX system (for all consignments above a threshold of EUR 6,000). Getting a REX number is easy: to learn more, please consult the [DG TAXUD website](#).

Rules of origin for textiles and clothing

- Only products originating in the EU as defined in the [Protocol on rules of origin and origin procedures](#) (see pages 443-543) can benefit from CETA tariff preferences. A [Guide to CETA Rules of Origin](#) explains how to apply rules of origin and provides some examples.
- The CETA rules of origin for textiles and clothing are primarily based on the standard EU approach: a **double transformation principle**. In simple terms, for cloths this means that to be considered as originating in the EU, either weaving and making up or making up preceded by printing – accompanied by at least two preparatory or finishing operations – must be carried out there. The rules of origin for *each* product can be found in the [EU Market Access Database](#).
- Textiles and clothing have **specific tolerance rules**. This means a certain percentage (a small amount) of non-originating materials is allowed to be incorporated in the production process without affecting the origin of the final product. The tolerance rules are set out in Annex 1 to the Protocol on Rules of Origin and further explained in the [Guide to CETA Rules of Origin](#).
- For a limited quantity of textiles and clothing, EU exporters can use **more flexible rules of origin** to benefit from duty-free access to Canada. These are described in so-called **origin quotas**. Tables C.3 and C.4 of Annex 5-A of the Protocol on rules of origin and origin procedures sets out the respective origin quotas applicable to imports of EU textiles and clothing into Canada. These origin quotas are expressed in terms of volumes classified by product category.

To check if you can export under those quotas, you need to consult the [website of the Government of Canada](#). For textile exports from the EU to Canada, an [import permit](#) is required.

Contact point

For any questions related to application of the CETA rules of origin, please contact TRADE-CETA-QUESTIONS@ec.europa.eu.