EU/Canada Comprehensive Economic and Trade Agreement (CETA)

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PURPOSE: to conclude the Comprehensive Economic and Trade Agreement between Canada of the one part, and the European Union and its Member States, of the other part.

PROPOSED ACT: Council Decision.

ROLE OF THE EUROPEAN PARLIAMENT: Council may adopt the act only if Parliament has given its consent to the act.

BACKGROUND: on the basis of negotiating directives adopted by the Council, the Commission has negotiated the Comprehensive Economic and Trade Agreement (CETA) with a view to establishing a state of the art and privileged economic relationship with Canada.

Canada is a strategic partner of the European Union and they have reached an ambitious agreement which will open up new opportunities for trade and investment for economic actors on both sides of the Atlantic.

Both sides have also underlined through this agreement the importance of economic activity taking place within a framework of clear and transparent regulation defined by public authorities, and that they consider the right to regulate in the public interest as a basic underlying principle of the Agreement.

The CETA negotiations were completed and initialled at the level of the Chief Negotiators on 1 August 2014.

It is now necessary to conclude this comprehensive agreement on behalf of the Union.

CONTENT: the Commission called on the Council to adopt a Decision to conclude the Comprehensive Economic and Trade Agreement (CETA) between the European Union and its Member States, of the one part, and Canada, of the other part.

Aim of the Agreement: the CETA is a comprehensive trade and investment agreement which contains provisions on:

- national treatment and market access for goods,
- trade remedies,
- technical barriers to trade,
- sanitary and phytosanitary measures,
- customs and trade facilitation,
- subsidies,
- investment,
- cross-border trade in services,
- temporary entry and stay of natural persons for business purposes,
- mutual recognition of professional qualifications,
- domestic regulation,
- financial services,
- international maritime transport services,
- telecommunications,
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- electronic commerce,
- competition policy,
- state enterprises,
- monopolies, and enterprises granted special rights or privileges,
- government procurement,
- intellectual property,
- regulatory cooperation,
- trade and sustainable development,
- trade and labour,
- trade and environment,
- bilateral dialogues and cooperation,
- administrative and institutional provisions,
- transparency and dispute settlement.

Specific trade aim: CETA will significantly improve business opportunities for European companies in Canada. With CETA, European companies will receive the best treatment that Canada has ever offered to any trading partner, thus levelling the playing field on the Canadian market for EU companies.

By opening markets, CETA should support growth and jobs in the EU and bring further benefits for European consumers. It has the potential to keep prices down and provide consumers with greater choice of quality products. **CETA will not change EU standards**. Standards and regulations related to food safety, product safety, consumer protection, health, environment, social or labour standards etc. will remain untouched. **All imports from Canada will have to satisfy all EU product rules and regulations – without exception**.

- **Customs duties**: CETA will bring tangible benefits to European consumers and companies by eliminating or cutting customs duties– some of the most far reaching cuts achieved by the EU in a trade agreement. This will provide important market opportunities for European companies including SMEs.
- **Services**: CETA is by far the most far reaching agreement ever concluded by EU in the area of services and investment. European firms will have more opportunities to provide specialised maritime transport services like dredging, moving empty containers, and shipping of certain cargo within Canada. European firms will also have new advantages when it comes to getting investment projects approved in Canada, protecting their investments and enforcing their rights in case of unfair treatment through a balanced and effective dispute settlement system. For all services sectors, such as environmental services, telecom and finance, market access is ensured, both at federal level and - for the first time – provincial level. In CETA – as in all its trade agreements – the EU protects public services. Again, Canadian investors and service providers will have to respect applicable EU regulations.
- **Investment protection**: CETA includes all the innovations of the EU's new approach on investment and its dispute settlement mechanism, thus meeting the expectations of stakeholders for a fairer, more transparent and institutionalised system for the settlement of investment disputes. It introduces important innovations in this field, ensuring a high level of protection for investors, while fully preserving the right of governments to regulate and pursue legitimate public policy objectives such as the protection of health, safety or the environment.
- **Mutual recognition of professional qualifications**: the agreement provides a framework to facilitate the mutual recognition of qualifications in regulated professions such as architects, accountants and engineers. The relevant professional organisations in the EU and Canada now have a framework that sets out the conditions for the negotiation of mutual recognition agreements for their respective professions.
- **Easier transfers of company staff and other professionals**: CETA will make it easier for firms to move staff temporarily between the EU and Canada. This will facilitate European companies' operations in Canada.

- **Access to Canadian public tenders**: Canada has opened up its government tenders to EU companies to a greater extent than with any of its other trading partners. EU firms will be able to bid to provide goods and services not only at federal level but also to Canadian provinces and municipalities, the first non-Canadian firms to be able to do so.
- **Conformity assessments**: the EU and Canada have agreed to accept each other's conformity assessment certificates in areas such as electrical goods, electronic and radio equipment, toys, machinery or measuring equipment. This means that a conformity assessment body in the EU can test EU products for export to Canada according to Canadian rules and vice versa.
- **Better protection for EU innovation and creative works**: CETA will create a more level playing field between Canada and the EU on intellectual property rights. It will strengthen the protection of copyrights (alignment with EU rules on protection of technological measures and digital rights management as well as on the liability of internet service providers) and enforcement (namely by foreseeing the possibility of provisional measures and injunctions for intermediaries involved in infringing activities). Canada also agreed to strengthen its border measures against counterfeit trademark goods, pirated copyright goods and counterfeit geographical indication goods.
- **Traditional European products**: many medium-sized and smaller businesses trading in agricultural products will benefit from Canada agreeing to protect 143 geographical indications for high-quality European products, such as Roquefort cheese, balsamic vinegar from Modena or Dutch Gouda cheese and many others.
- **Sustainable Development**: in CETA, the EU and Canada affirm their commitment to sustainable development. Both agree that trade and investment should further environmental protection and labour rights – and not be at their expense. The EU and Canada are committed to CETA helping to ensure that economic growth, social development and environmental protection are mutually supportive.
- **Settling disputes**: CETA also sets up a process for settling disputes, including government consultations and a panel of experts.

Institutional component of the Agreement: the Agreement establishes a CETA Joint Committee that will continuously monitor the implementation, operation and impact of this agreement. The CETA Joint Committee is comprised of representatives of the European Union and representatives of Canada who will meet once a year or at the request of a Party and will supervise the work of all specialised committees and other bodies established under this Agreement.

BUDGETARY IMPLICATIONS: the CETA will be the first to incorporate the new Investment Court System (ICS) in the context of the Investment Dispute Resolution System. Accordingly, an amount of EUR 500 000 of additional yearly expenditure is foreseen from 2017 onwards (subject to ratification) to finance the permanent structure comprising a First Instance and an Appeal Tribunal.

It is estimated that foregone duty will reach an amount of EUR 311 million upon full implementation of the Agreement.