

IN-DEPTH ANALYSIS

# Negotiations on the EU-Canada Comprehensive Economic and Trade Agreement (CETA) concluded

Author: Elfriede BIERBRAUER

## Abstract

The Comprehensive Economic Trade Agreement (CETA) between the EU and Canada, on which negotiations were concluded at the EU-Canada Summit in Ottawa on 26 September 2014, will be a 'first' in many areas. The agreement will be the EU's first with another highly industrialised country to facilitate market access for goods, services and investment by abolishing almost all tariffs and reducing a wide array of non-tariff barriers. CETA is also the first agreement to have been negotiated with a sound chapter on investment protection, (including Investor-State Dispute Settlement (ISDS) provisions) – an area that is, since the entry into force of the Lisbon Treaty, an EU competence. The EU and Canada have agreed to improve regulatory cooperation without compromising existing safety standards, and CETA includes protection for more than 145 food products with geographical indications (GIs). The agreement preserves the governments' right to regulate in the public interest.

The European Parliament will be asked to give its consent to this agreement and to the parallel Strategic Partnership Agreement (SPA) – a process that is likely to take two years. This will give the Parliament sufficient time to weigh potential public concerns – which today are focused principally on trade and investment negotiations with the US, but may spill over onto this agreement with Canada.

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**AUTHOR:**

Elfriede BIERBRAUER  
Directorate-General for External Policies of the Union  
Policy Department  
SQM 03 Y 053  
Rue Wiertz 60  
BE-1047 Brussels

Editorial Assistant: Györgyi MÁCSAI

**CONTACT:**

Feedback of all kinds is welcome. Please write to:  
[elfriede.bierbrauer@europarl.europa.eu](mailto:elfriede.bierbrauer@europarl.europa.eu).

To obtain paper copies, please send a request by e-mail to:  
[poldep-expo@europarl.europa.eu](mailto:poldep-expo@europarl.europa.eu).

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## 1 Introduction

The Comprehensive Economic and Trade Agreement (CETA) will facilitate business transactions in both the EU and Canada, without compromising on governments' right to regulate in the public interest.

The text of CETA has been made public early, allowing civil society and business to closely examine its contents.

The negotiations between the EU and Canada on the Comprehensive Economic and Trade Agreement (CETA), launched during the EU-Canada Summit in Prague on 6 May 2009, were concluded during the EU-Canada Summit in Ottawa on 26 September 2014. The agreement will be the EU's first comprehensive economic deal with a highly industrialised country. The EU and Canada will open their markets to one another's goods, services and investments, including public procurement.

The parties have, however, retained some restrictions to free market access, including a few agricultural products, public services, audio-visual services and transport services. CETA also protects more than 145 food products with geographical indications (GIs) and incorporates a comprehensive investment chapter, including modern investment protection provisions. CETA will improve regulatory cooperation without compromising on existing safety standards. Whenever applicable, CETA stipulates that the government's right to regulate in areas of public health and safety, the environment, public morals and cultural diversity will not be restricted.

Canada is a strong trade and investment partner for the European Union, a fact which is reflected throughout the agreement. CETA should unleash opportunities for both sides by liberalising markets and enhancing cooperation while reducing the costs of business transactions. Since small and medium-sized enterprises (SMEs) are more sensitive to transaction costs, CETA should be of particular benefit for this business group.

As early as October 2013, the parties reached a political breakthrough on key issues. In early August 2014, the basic text of the agreement – classified as confidential – was sent to the European Parliament's Committee on International Trade (INTA). After the partners declared that negotiations had been concluded, the consolidated CETA text was made available to the public<sup>1</sup>.

While CETA is the most comprehensive and ambitious agreement negotiated by the EU, its value pales in comparison to that of the potential EU-US Transatlantic Trade and Investment Partnership (TTIP). While negotiations on the TTIP's are on-going, criticisms of the EU-US agreement appear to be 'spilling over' onto the Canadian agreement; some protestors allege that the agreement gives the corporate sector too much power. The early publication of the agreement will allow the Parliament, like civil society and businesses, to judge whether these fears are justified.

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<sup>1</sup> European Commission, [Consolidated CETA text](#), 26 September 2014

Now that negotiations have been concluded, it will take about two years before CETA will be presented to the European Parliament for approval.

There is a clear link between the CETA and the EU-Canada Strategic Partnership Agreement (SPA).

The text will now undergo normal EU procedures, which could require as long as two years. In the first step, the complete text (the body text of the agreement plus annexes such as schedules, protocols and declarations – in total more than 1 500 pages) will undergo what is called 'legal scrubbing', before the agreement is translated into 24 languages and presented to Council and Parliament for approval.

The EU-Canada Strategic Partnership Agreement (SPA), which is closely linked to CETA and which will also require consent by the Parliament under ordinary legislative procedure (OLP), was initialled by the EU's High Representative Catherine Ashton and Canadian Foreign Minister John Baird in Ottawa on 8 September 2014. This SPA reinforces the two partners' strategic partnership, first established in 2011, by reiterating shared values and objectives, such as freedom, democracy, human rights, the rule of law, international peace and security, and effective multilateralism. The framework agreement also consolidates cooperation on energy and sustainable development, while opening new opportunities in the fields of research and innovation. Research and innovation issues are particularly linked to the CETA economic agreement.

## 2 Content of CETA

CETA will bring the EU benefits in many areas of bilateral cooperation.

According to the European Commission, which negotiated CETA on behalf of the Member States based on negotiating directives, 'this agreement will allow EU companies to compete with US exporters on the Canadian market on a level playing field, as the US and Canada have already liberalised their trade under the North American Free Trade Agreement (NAFTA)<sup>2</sup>.

The following sections detail what CETA may bring the EU.

### 2.1 Trade in goods

While some minor restrictions will remain, most tariffs will disappear completely.

In 2013 the EU imported goods from Canada worth EUR 27.3 billion, while exporting goods worth EUR 31.6 billion to the country. Amongst the EU's top trading partners, Canada ranks 12th. For Canada, the EU is the second most important trading partner (after the US).

All products traded between the EU and Canada will profit from CETA, as customs tariffs on nearly 99 % of all tariff lines on both sides will ultimately be liberalised. Tariff lines for 98 % of goods will be scrapped upon CETA's entry into force. The European Commission has highlighted the projected results for sectors such as processed agricultural products (including soft drinks, confectionary products and cereal-based preparations – e.g. biscuits), for which most duties will be eliminated. Similarly positive results are expected for European wine and spirits exporters, as both tariffs and non-tariff barriers are to be removed. For the remaining tariff lines, which mainly concern agricultural goods, some protection was retained in the form of quotas. Poultry and eggs were excluded from liberalisation on both sides.

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<sup>2</sup> European Commission [MEMO/14/542](#), 26 September 2014

**Table 1:**  
Annual quotas on Canadian foods entering the EU

Item	Annual quota	Notes
Beef (hormone-free)	45 838 tonnes	The quota of 4 162 tonnes that the EU granted after the hormone dispute will remain in place so that Canada can deliver up to 50 000 tonnes of beef duty free. This total quota corresponds to 0.6 % of EU beef consumption.
Pork	75 000 tonnes	This quota represents less than 0.4 % of total EU pork consumption.
Sweet corn	8 000 tonnes	

**Table 2:**  
Annual quotas on EU foods entering Canada

Item	Annual quota	Notes
Cheese	17 700 tonnes	Of this quota, 16 000 tonnes have been reserved for high-quality cheese. Another 800 tonnes of high-quality cheese will be added to the bilateral quota by adjusting the EU portion of an existing World Trade Organisation (WTO) quota. This will increase the effective quota to 18 500 tonnes, a volume that allows the EU to double current cheese exports to Canada.

## 2.2 Trade in services

CETA will provide new market access for European service providers. The services to be excluded from the agreement are explicitly listed, making it easier for companies to understand which sectors have been liberalised.

EU-Canada bilateral trade in services has gained importance. In 2013, the EU imported services worth EUR 9.9 billion while exporting services to Canada worth EUR 16.3 billion. CETA will provide new market access for European service providers, notably in the maritime and professional domains. It will also improve the market conditions for postal and express delivery services. The agreement marks the first time that the EU has agreed to open market access in the services sector on the basis of a negative list; this means that all service markets are liberalised except those explicitly excluded. Exclusions include public services such as health care, education and other social services, as well as water distribution (only some water treatment services will be liberalised), audio-visual services and some air services. The European Commission has insisted that it has not made concessions for the excluded services.

The agreement will facilitate the temporary cross-border movement of key personnel and service providers (what is classified as 'mode 4' by the WTO), including by improving procedures for spouses/partners.

CETA will also establish a framework to simplify the recognition of profession qualifications, such as architects' qualifications. This will have a direct positive effect on EU professionals.

Canada has committed itself to extend to the EU any new market opening that it grants in the future to its other trading partners. The EU will also benefit if Canada relaxes domestic rules for establishment in the service sector.

## 2.3 Investments

CETA facilitates market access to investments and is the first of the EU's bilateral economic agreements to incorporate state-of-the-art investment protection provisions.

CETA keeps a close eye on the government's right to regulate, so as not to impair consumers' interests.

CETA stipulates that foreign investors should not be treated differently than domestic investors.

Although bilateral investment flows and stocks have already reached notable levels on both sides (EUR 142.6 billion for Canadian stocks in the EU and EUR 258 billion for EU stocks in Canada in 2012), the two partners agreed to facilitate market access for bilateral investment within the CETA framework. The agreement's investment chapter covers the establishment and protection of investors and investments at both central and sub-central government levels, with the exceptions of some sectors that are not fully covered by the chapter, such as air services and audio-visual services.

Since Canada is the fourth-largest investor in the EU and has bilateral investment treaties (BITs) with eight EU Member States in place<sup>3</sup>, including a far-reaching investment chapter in CETA was an important Canadian request; the country hoped to create consistency across the EU. CETA is one of the first EU agreements which not only facilitates market-access for foreign direct investment in the other market, but also includes rules to protect investments. These rules seek to balance the interests of investors by improving investment protection rules and those of the host government, by maintaining its right to regulate in the public interest. If a dispute between an investor and government reaches arbitration, CETA will ensure the proceedings are fully transparent. The EU worked notably to ensure that all EU investors in Canada be equally protected.

CETA's investment chapter contains the following major elements:

- **Market access:**

While this is subject to some exceptions in specific circumstances, market access cannot be limited or restricted through quantitative restrictions – e.g. by requiring enterprises from one side to be a specific type of legal entity or joint venture in order to carry out economic activity on the other's territory.

- **National treatment (NT) clause:**

This guarantees that European and Canadian investors (as defined by CETA) be treated no less favourably than domestic investors.

- **Most-favoured nation (MFN) treatment:**

This ensures that EU and Canadian investors be treated no worse than other foreign investors (a standard MFN clause).

- **Investment protection:**

CETA sets modern and precise standards. This is in contrast to existing investment agreements, which contain little detail about either the investment protection standards or investor-state dispute settlement (ISDS) procedures. In addition to national treatment and most-favoured treatment provisions – which should protect investors against

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<sup>3</sup> Croatia, Czech Republic, Hungary, Latvia, Malta, Poland, Romania and Slovakia

Under certain circumstances, investors are entitled to be compensated for losses.

If investors incur losses and can prove that the principle of 'fair and equitable treatment' was breached and that an amicable settlement was impossible to reach, investor-state dispute settlement (ISDS) is permitted.

discrimination relative to national or third-state investors – the obligation to provide 'fair and equitable treatment' is precisely defined. CETA is the first international investment agreement to define the circumstances that constitute a breach of this obligation<sup>4</sup>.

- **Compensation for loss:**

Under CETA, losses on investments are covered when due to armed conflict, civil strife, a state of emergency or natural disaster in one partner's territory. Compensation must be no less favourable than that accorded to domestic investors (NT) or to investors from any third country (MFN treatment).

- **Expropriations (direct or indirect) and nationalisation of investments:**

This is possible for investments covered by CETA, but only when undertaken for a specific public purpose, under due process of law, when carried out in a non-discriminatory manner in relation to other investors and when compensated by payment. Indirect expropriation is clearly defined in such a way that non-discriminatory actions – including regulatory actions – will not be considered expropriation, and compensation will not be due.

- **Transfers of funds:**

When related to investments covered by CETA, these transfers are permitted without restriction.

- **Financial services sector:**

The sector is fully covered by all the substantive investment protection provisions, including ISDS (Articles 1.3 and 1.4 of the financial services chapter), subject to a 'prudential exception'.

- **A 'filter' for measures challenged by investors:**

CETA introduces a 'filter' that allows the two parties to decide jointly whether the 'prudential carve-out'<sup>5</sup> would apply to measures investors challenge – that is to say, whether regulators have the right to impose a measure (even if contested by investors) because they believe it ensures stability. If both parties agree that the measure is prudential, the investor's claim will not go to arbitration (Article 20 - Investment Disputes in Financial Services).

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<sup>4</sup> [European Commission, Investment provisions in the EU-Canada Free Trade Agreement \(CETA\)](#), 26/09/2014,

<sup>1</sup>- Denial of justice in criminal, civil or administrative proceedings

- A fundamental breach of due process, including a fundamental breach of transparency, in judicial and administrative proceedings

- Manifest arbitrariness

- Targeted discrimination of 'manifested wrongful grounds, such as gender, race or religious belief

- Abusive treatment of investors, such as coercion, duress and harassment@

<sup>5</sup> The concept of 'prudential carve out' is found in the WTO's General Agreement on Trade in Services (GATS) and has been a standard part of the EU's free trade agreements.



CETA is the first EU agreement which contains detailed Investor-State Dispute Settlement (ISDS) provisions.

- **Investor-State Dispute Settlement (ISDS):**

ISDS is only permitted when an investor can prove that there has been a breach of one of the limited investment protection obligations – non-discrimination, fair and equitable treatment or expropriation without compensation – which has resulted in loss or damage. Before a claim can be submitted to an arbitration tribunal, the investor and the state must seek amicable settlement, through a defined procedure and within a set time frame. If the dispute cannot be resolved through consultation, the investor may submit a claim to an arbitration tribunal. The arbitration rules to be applied should be those of the International Centre for Settlement of Investment Disputes (ICSID)<sup>6</sup>, the United Nations Commission on International Trade Law (UNCITRAL)<sup>7</sup> or another body or set of rules agreed between the parties. The ISDS provisions in CETA stipulate binding conditions for full transparency in the dispute settlement proceedings: all documents, such as the parties' submissions and the tribunal's decisions, must be publically available on a website (which the EU will finance); all hearings must be open to the public; and interested parties, such as NGOs and trade unions, can make submissions.

- **Innovative elements in the ISDS provisions:**

CETA contains a number of ISDS-related elements that appear for the first time in an international investment agreement. To name a few: an investor cannot bring multiple claims; an ISDS tribunal is prohibited from ordering the reversal of domestic laws or regulations; arbitrators are subject to a binding code of conduct; a roster of well-qualified and pre-vetted arbitrators will be established; a system is created to prevent frivolous or unfounded claims; costs are not borne by both parties, but by the unsuccessful party; an appellate mechanism will be created; claims by shell companies will not be permitted.

## 2.4 Sanitary and phytosanitary issues

The EU and Canada both have high levels of food safety standards, and these will be retained.

The chapter on sanitary and phytosanitary (SPS) issues fully integrates the existing Canada-EU Veterinary Agreement into CETA. CETA has also established rules for approval procedures for plant products to lead to a facilitated Canadian system. It also reaffirms and enhances the provisions of the WTO Agreement on Sanitary and Phytosanitary Measures. Both sides have similar, high levels of safety standards, which will be fully retained. It should be reiterated that CETA will not affect the EU's import bans for beef treated with hormones or for poultry that has undergone antimicrobial treatment involving chloride. These and all other restrictions that the EU believes safeguard public health and the environment will remain in place without any amendments.

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<sup>6</sup> [ICSID, Arbitration Rules](#)

<sup>7</sup> [UNCITRAL Arbitration Rules](#),

## 2.5 Technical barriers to trade

Technical barriers to trade should be lowered by strengthening cooperation on technical regulations.

Generally, CETA builds on the provisions of the WTO Agreement on Technical Barriers to Trade (TBTs), including in the areas of transparency, international standards, technical regulations and conformity assessment. More specifically, TBT-related provisions strengthen cooperation on technical regulations so as to reduce regulatory divergences that can disadvantage producers and consumers in both the EU and Canada – provided that levels of safety standards are not lowered. As the partners' existing regulatory systems differ, the agreement's closer regulatory cooperation – in which the standard-setting organisations will directly participate – is considered a major achievement. To this end, procedures have been developed so that, for example, the results of safety tests and product certifications may be mutually accepted. Transparency will also be enhanced by allowing the public to participate in the development of technical regulations.

## 2.6 Government Procurement

Under CETA, EU suppliers will have access to Canadian public procurement procedures throughout the country at all levels of government.

From the outset, the EU held that CETA should substantially improve access to public procurement markets. The partners aimed to achieve full coverage of central and sub-central government procurement in all sectors, to ensure, *inter alia*, treatment no less favourable than that accorded to locally-established suppliers.

The EU, whose public procurement market is already open to Canadian suppliers, gained access to Canadian public procurement: in addition to calls from the central government, calls from federal entities, provincial and territorial entities, and certain larger municipalities will now be open to EU tenderers. Canadian crown corporations and utilities have similarly been included. Canada has thus granted European companies procurement opportunities that are similar to those of Canadian competitors and that – according to the European Commission – go beyond the market access concessions that the NAFTA partners have granted one another.

## 2.7 Intellectual property, including geographical indications

CETA improves the protection of intellectual property rights and the control of trade in counterfeit products.

The WTO's Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) constitutes the starting point for protection for intellectual property (IP) rights within CETA. Yet CETA substantially improves protection on all those categories of IP rights where negotiators identified a need to increase protection and/or enforcement. IPR protection for pharmaceutical patents has shown to be the most difficult issue, and the agreement includes elements to attract and retain investments in the sector. Access to essential medicines for poorer sections of the population – part of the right to health – will not be compromised<sup>8</sup>. Provisions also improve the control of trade in counterfeit products. The European Commission has confirmed that

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<sup>8</sup> [World Health Organisation](#).

A major achievement of CETA's intellectual property rights chapter is the long list of European food products that will be protected with geographical indications (GIs).

controversial provisions on internet service providers' liability and criminal enforcement – those that figured in the Anti-Counterfeiting Trade Agreement (ACTA), which was rejected by the European Parliament – were removed from CETA. With regard to EU geographical indications (GIs)<sup>9</sup>, the EU attained recognition of more than 145 EU GIs, including *Bayerisches Bier* from Germany, *Danablu* cheese from Denmark, *Oli de Terra Alta* from Spain, *Brie de Meaux* from France, *Mortadella Bologna* from Italy, *Tiroler Speck* from Austria and *Magiun de prune Topoloveni* from Romania. A list of these GIs is included in Annex I of the agreement, and may be supplemented later with other GIs. This comprehensive GI list is an achievement that will particularly benefit European small and medium-sized enterprises (SMEs), as food processing for these items is often carried out by small producers.

## 2.8 Rules of origin

The EU will not defer from its rules-of-origin system.

Agreement about rules of origin – which generally define the necessary conditions for a product to qualify as either Canadian or European (and thereby benefit from CETA's preferences) – proved difficult to reach because the EU and Canadian systems differ widely from each other for certain products. These differences were ultimately bridged in a way that preserves EU rules of origin. Only a few exceptions were granted to Canada.

## 2.9 Sustainable development

CETA incorporates comprehensive sustainable provisions.

Canada and the EU share the same environmental, social and labour objectives, although Canada's trade agreements have generally addressed labour and environment issues in separate side agreements. CETA incorporates sustainable development issues through provisions on the environment and labour rights; these include the core labour standards embodied in the 1998 International Labour Organisation (ILO) Declaration, as well as provisions supporting internationally recognised standards of corporate social responsibility. According to the European Commission, the rules in CETA are not lower than those in the North American Free Trade Agreement (NAFTA). Moreover, the sustainable development chapter in CETA contains a dedicated dispute settlement mechanism based on government consultation and a panel of independent experts, whose reports are to be made public and require follow-up. In cases in which the rules are breached, however, CETA does not foresee sanctions.

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<sup>9</sup> World Trade Organisation, [definition on Geographical Indications](#): Geographical indications are place names (in some countries also words associated with a place) used to identify products that come from these places and have these characteristics (for example, "Champagne", "Tequila" or "Roquefort")

### 3 Steps that led to CETA, and *ex ante* impact assessment

Negotiations on the agreement were preceded by a joint EU-Canadian impact assessment, a joint scoping exercise and the Canadian provinces' confirmation that they would implement future CETA provisions that fall under their jurisdiction.

Negotiations on CETA were well prepared at each step of the process. To begin, a joint study convinced the future negotiating partners that liberalising trade and dismantling barriers would yield sufficient gains on both sides: the study (carried out in 2008) estimated annual real income gains of approximately EUR 11.6 billion for the EU and EUR 8.2 billion for Canada within seven years of the agreement's implementation. Liberalising the trade in services was projected to contribute substantially to the GDP gains (50 % of the total gains for the EU, and 45.5 % of the gains for Canada).

This study was followed by a joint scoping exercise, which determined the major elements to be negotiated and led to a political commitment by the Canadian provinces and territories (the provinces of Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Nova Scotia, Ontario, Prince Edward Island, Québec and Saskatchewan, and the Northwest, Nunavut and Yukon territories). Their commitment was necessary because, although they are not signatories to the agreement, they may have to amend local legislation in order to comply with the agreement.

### 4 The European Parliament's current position on CETA

One the Parliament gained competence in the EU's common commercial policy, the institution followed negotiations on the two agreements with Canada.

Because the negotiations on CETA were opened before the Treaty of Lisbon entered into force and extended the European Parliament's competence in the field of the EU's common commercial policy (CCP), the Commission did not formally share information about preparations for negotiations or their initial phases. Since 1 December 2009, however, the Parliament has closely followed the negotiations (as expressed in its resolution of 8 June 2011 on EU-Canada trade relations<sup>10</sup>). The Parliament has also closely followed negotiations on the EU-Canada Strategic Partnership Agreement – which is closely linked to CETA – as its resolution of 10 December 2013<sup>11</sup> made manifest.

Since CETA is the first of the EU's bilateral agreements to incorporate investor-state dispute settlement

As mentioned before, CETA is the first economic agreement that contains a full-fledged investment chapter, in addition to market access facilitation provisions, all relevant investment protection provisions, including ISDS.

In the Parliament's June 2011 resolution on EU-Canada trade relations, the Parliament expressed (in paragraphs 11 and 12) its expectations for sound investment provisions<sup>12</sup>. The Parliament referred to the 'highly developed

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<sup>10</sup> [European Parliament Resolution of 8 June 2011](#)

<sup>11</sup> [European Parliament Resolution of 10 December 2013](#)

<sup>12</sup> (11) Notes, not without concern, that the Commission submitted to the Council a proposal for modifying the negotiating directives authorising the Commission to negotiate with Canada on investment without waiting for Parliament to adopt its position on the future EU investment policy in general; calls on the Commission to take fully into account the conclusion of the European Parliament on this subject in its negotiations on investment with Canada; considers that, given the highly developed legal systems of Canada and the EU, a state-to-state dispute settlement mechanism and the use of local judicial remedies are the most appropriate tools to address investment disputes; calls on the Commission to ensure that a potential investor-to-state dispute settlement mechanism does not inhibit future legislation in sensitive policy areas, such as environmental legislation, and is

(ISDS) provisions, they are likely to be a subject of debate in the run-up to the formal consent procedure, over the course of the next two years.

Since the Commission conducted a public consultation on the ISDS in TTIP, both CETA and the TTIP have faced public criticism.

The Parliament will also scrutinise whether the EU's negotiator, the European Commission, succeeded in striking the right balance between economic liberalisation and consumer protection.

legal systems of Canada and the EU' and argued that 'a state-to-state dispute settlement mechanism and the use of local judicial remedies are the most appropriate tools to address investment disputes'. In an earlier resolution on 'European international investment policy'<sup>13</sup>, the Parliament had called 'on the Commission to include in all future agreements specific clauses laying down the right of parties to the agreement to regulate' and had expressed its 'view that, in addition to state-to-state dispute settlement procedures, investor-state procedures must also be applicable in order to secure comprehensive investment protection'.

The Parliament and civil society have been sensitised to this issue in part because more than 300 dispute settlement cases have been brought to special arbitration tribunals by investors on the basis of existing bilateral investment agreements (BITs). Criticisms of this situation have grown louder, particularly during negotiations with the US on the Transatlantic Trade and Investment Partnership (TTIP). In the case of TTIP, the European Commission conducted a public consultation on ISDS on the basis of the CETA draft text; this consultation attracted more than 150 000 replies, including from Members of the European Parliament. When CETA negotiations, including on the ISDS clause, were closed without sufficient time to permit a reflection on the findings of the consultation, the Parliament was surprised.

CETA - like the SPA - must now undergo a formal consent procedure before the European Parliament. In the time this will take – about two years – the Parliament will be able to ask the Commission to explain the process of negotiating the ISDS provisions. The Parliament can then analyse whether CETA's investment protection provisions have struck the proper balance between adequately protecting investors and preserving the government's right to regulate in the public interest.

Moreover, since investment is only one of the areas covered by CETA, the Parliament should also scrutinise market opening and other non-tariff measures. This would allow the institution to evaluate the agreement's potential gains, as well as the risks that some European citizens fear it will bring.

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embedded in broader requirements as outlined in Parliament's resolution on future European international investment policy;

(12) Stresses that the investment chapter should promote high-quality investments which respect the environment and encourage good working conditions; furthermore calls for the investment chapter to respect the right of both parties to regulate, in particular in the areas of national security, the environment, public health, workers' and consumers' rights, industrial policy and cultural diversity; calls on the Commission to exclude from the scope of investment agreements sensitive sectors such as culture, education, national defence and public health;

<sup>13</sup>European Parliament resolution 'European international investment policy' of 6 April 2011, [P7-TA-2011-141](#)

(25) Calls on the Commission to include in all future agreements specific clauses laying down the right of parties to the agreement to regulate, inter alia, in the areas of protection of national security, the environment, public health, workers' and consumers' rights, industrial policy and cultural diversity;

(32) Takes the view that, in addition to state-to-state dispute settlement procedures, investor-state procedures must also be applicable in order to secure comprehensive investment protection;

