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Plenary sitting

26.5.2011

B7-0344/2011

MOTION FOR A RESOLUTION

further to Question for Oral Answer B7-0213/2011

pursuant to Rule 115(5) of the Rules of Procedure

on EU-Canada trade relations

Vital Moreira

on behalf of the Committee on International Trade

European Parliament resolution on EU-Canada trade relations

The European Parliament,

- having regard to the Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions of 9 November 2010 entitled ‘Trade, Growth and World Affairs – Trade Policy as a core component of the EU's 2020 strategy’ (COM(2010)0612), and to the Communication from the Commission to the Council, the European Parliament, the European Economic and Social Committee and the Committee of the Regions of 7 July 2010 entitled ‘Towards a comprehensive European international investment policy’ (COM(2010)0343),
- having regard to the Joint Study by the Commission and the Government of Canada entitled ‘Assessing the costs and benefits of a closer EU-Canada economic partnership’ of October 2008¹ and to the Joint Report on the EU-Canada Scoping Exercise of 5 March 2009²,
- having regard to the EU-Canada Summit Joint Declaration regarding a comprehensive economic partnership agreement between the European Union and Canada signed in Prague on 6 May 2009³,
- having regard to the Recommendation from the Commission to the Council of 20 December 2010 on the modification of the negotiating directives for an Economic Integration Agreement with Canada in order to authorise the Commission to negotiate, on behalf of the Union, on investment (SEC(2010)1577),
- having regard to the Report from the Commission to the European Council of 10 March 2011 entitled ‘Trade and Investment Barriers Report 2011 – Engaging our strategic economic partners on improved market access: Priorities for action on breaking down barriers to trade’⁴,
- having regard to its earlier resolutions, in particular the resolution of 22 May 2007 on Global Europe – external aspects of competitiveness⁵, the resolution of 19 February 2008 on the EU's strategy to deliver market access for European companies⁶, the resolution of 20 May 2008 on trade in raw materials and commodities⁷, the resolution of 4 September 2008 on trade in services⁸, the resolution of 18 December 2008 on the impact of

¹ http://trade.ec.europa.eu/doclib/docs/2008/october/tradoc_141032.pdf

² http://trade.ec.europa.eu/doclib/docs/2009/march/tradoc_142470.pdf

³ http://trade.ec.europa.eu/doclib/docs/2009/march/tradoc_142470.pdf

⁴ http://trade.ec.europa.eu/doclib/docs/2011/march/tradoc_147629.pdf

⁵ OJ C 102 E, 24.4.2008, p. 128.

⁶ OJ C 184 E, 6.8.2009, p. 16.

⁷ OJ C 279 E, 19.11.2009, p. 5.

⁸ OJ C 295 E, 4.12.2009, p. 67.

counterfeiting on international trade¹, the resolution of 5 February 2009 on enhancing the role of European SMEs in international trade², the resolution of 5 May 2010 on the EU-Canada Summit³, the resolution of 25 November 2010 on human rights and social and environmental standards in international trade agreements⁴, the resolution of 25 November 2010 on trade policy in the context of climate change imperatives⁵, the resolution of 25 November 2010 on corporate social responsibility in international trade agreements⁶, the resolution of 17 February 2011 on Europe 2020⁷ and the resolution of 6 April 2011 on future European international investment policy⁸,

- having regard to the Framework Agreement for commercial and economic cooperation between the European Communities and Canada⁹ and other subsequent bilateral agreements with Canada, in particular the Agreement on customs cooperation and mutual assistance in customs matters¹⁰, the Agreement on sanitary measures to protect public and animal health in respect of trade in live animals and animal products¹¹, the Agreement on trade in wines and spirit drinks¹², the Agreement on civil aviation safety¹³ and the Agreement on air transport¹⁴,
 - having regard to the revised Framework Agreement on relations between the European Parliament and the European Commission¹⁵,
 - having regard to Articles 207(3) and 218 of the Treaty on the Functioning of the European Union,
 - having regard to Rules 115(5) and 110(2) of its Rules of Procedure,
- A. whereas the rule-based multilateral trading system established through the World Trade Organisation (WTO) continues to represent the most suitable framework for regulating and promoting fair and equitable trade by developing appropriate rules and ensuring compliance with those rules,
- B. whereas a successful conclusion of the Doha Development Agenda (DDA) is of crucial importance for the further development of the WTO; whereas such an agreement does not preclude bilateral agreements going beyond WTO commitments and being complementary to multilateral rules,

¹ OJ C 45 E, 23.2.2010, p. 47.

² OJ C 67E, 18.3.2010, p. 101.

³ OJ C 81 E, 15.3.2011, p. 64.

⁴ Texts adopted, P7_TA(2010)0434.

⁵ Texts adopted, P7_TA(2010)0445.

⁶ Texts adopted, P7_TA(2010)0446.

⁷ Texts adopted, P7_TA(2011)0068.

⁸ Texts adopted, P7_TA(2011)0141.

⁹ OJ L 260, 24.9.1976, p. 2.

¹⁰ OJ L 7, 13.1.1998, p. 38.

¹¹ OJ L 71, 18.3.1999, p. 3.

¹² OJ L 35, 6.2.2004, p. 3.

¹³ OJ L 153, 17.6.2009, p. 11

¹⁴ OJ L 207, 6.8.2010, p. 32.

¹⁵ OJ L 304, 20.11.2010, p. 47.

- C. whereas Canada is one of the EU's oldest and closest partners, being the first industrialised country with which – in 1976 – the EU signed a Framework Agreement for commercial and economic cooperation; whereas a number of bilateral agreements designed to facilitate stronger trade relations have been signed over the years,
- D. whereas the EU is Canada's second most important trading partner and Canada is currently the EU's eleventh most important trading partner (2009); whereas Canada is the EU's fourth largest source of foreign direct investment (FDI), while the EU is Canada's second largest source of FDI (2008),
- E. whereas the Joint Study of 2008 demonstrated significant potential gains for both Canada and the EU from the liberalisation of their bilateral trade,
- F. whereas the private sectors in both the EU and Canada have shown strong support for an ambitious and comprehensive economic agreement and believe that advancing a closer EU-Canada economic partnership would send a powerful pro-growth signal to investors and business within the EU and Canada as well as internationally,
- G. whereas there is a general consensus that the EU-Canada economic relationship has not yet reached its full potential and that an EU-Canada free trade agreement can strongly contribute to developing and realising this by improving trade and investment flows while removing tariffs, tariff peaks and unjustified non-tariff barriers and supporting closer cooperation particularly in the fields of regulatory cooperation, labour mobility and recognition of qualifications,
- H. whereas the ongoing negotiations on a Comprehensive Economic and Trade Agreement (CETA) aim at a very advanced agreement, exceeding in its level of ambition any trade and economic agreement negotiated either by the EU or by Canada to date, that could reinforce the already strong bilateral trade and investment relationship even further,
- I. whereas the Commission is seeking to integrate investment protection into on-going negotiations with Canada and has proposed to the Council a modification of existing negotiating directives,
- J. whereas both the EU and Canada have declared that significant progress has been made in the CETA negotiations, with the aim of achieving an agreement by the end of 2011,
 - 1. Considers that the multilateral trading system, embodied in the WTO, remains by far the most effective framework for achieving free, fair and equitable trade on a global basis; reiterates its strong support for a successful conclusion of the DDA negotiations, which remains the EU's trade priority; believes that the EU and Canada can together contribute towards a successful conclusion of the DDA negotiations;
 - 2. Welcomes an agreement with Canada going beyond the WTO commitments and being complementary to multilateral rules, provided that the negotiations produce a balanced, ambitious, high-quality agreement that goes well beyond tariff reductions; calls for the reciprocity principle to be applied in the context of the legal remedies available in the event of commercial disputes and emphasises in particular the need to improve the protection of intellectual property rights including trademarks, patents and geographical

indications and to obtain genuinely reciprocal access to the market, especially to services and public procurement markets (including at sub-federal level);

3. Considers that the chapter on intellectual property should not negatively affect the production of generic medicines and must respect the TRIPs exceptions for public health;
4. Notes that the Commission has chosen a 'negative list approach' for the liberalisation of services, but considers that this should be seen as a mere exception and not serve as a precedent for future negotiations; considers that the GATS public utilities exemption remains the most appropriate tool to guarantee universal access to public services to citizens;
5. Expresses its concern about the continued mining of asbestos in Canada and its grave impact on workers' health; recalls that the EU has banned all use, extraction and processing of asbestos and manufacture of asbestos products; calls on Canada to take similar action in order to improve public health;
6. On the basis of the complementarities of the two economies, points to the future potential for an increase in EU-Canada trade and investment and business opportunities arising from the CETA;
7. Believes that the Commission's level of ambition in discussions with Canada should be balanced by an equally ambitious approach to sustainable development, in particular with respect to the level of obligations towards labour, the scope of the environment chapter and the way to address Multilateral Environmental Agreement (MEA) issues as well as the enforcement mechanism, and should support and promote initiatives to help tackle climate change, promote legally binding human rights and social and environmental standards, and promote corporate social responsibility;
8. Welcomes the progress made in the CETA negotiations and encourages the Commission to continue to consult with key stakeholders; even though the Joint Study demonstrated significant potential gains for both Canada and the EU, calls on the Commission to carry out as soon as possible a comprehensive sustainability impact assessment evaluating the foreseeable sectoral implications and socioeconomic consequences for the EU arising from the final agreement;
9. Notes that competence for EU-Canada relations resides at the federal level alone, but, since the Canadian provinces and territories are responsible for implementing the treaty obligations that fall within their jurisdiction, considers essential, and welcomes, their participation in the CETA negotiations and encourages the provinces and territories to synchronise policies and procedures to allow potential gains to be maximised; considers that a successful negotiation should include explicit commitments from provincial and territorial governments;
10. 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 embedded in broader requirements as outlined in Parliament's resolution on future European international investment policy;

11. 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;
12. Reiterates its concern about the impact of the extraction of oil sand on the global environment due to the high level of CO₂ emissions during its production process and the threat it poses to local biodiversity; expresses its belief that the CETA negotiations should not affect the EU's right to legislate in the fuel quality directive or inhibit the ability of the Canadian authorities to introduce future environmental standards concerning the extraction of oil sands; encourages both parties to resolve any disagreements amicably and without endangering the CETA negotiations;
13. Takes note of the recent legal developments regarding the EU's ban on seal products, in particular Canada's request to the WTO for the establishment of a formal dispute resolution panel; expresses its hope that disagreements between the parties can be overcome amicably and without affecting the CETA negotiations;
14. Draws attention to the different policies enacted by the EU and Canada regarding the regulation of Genetically Modified Organisms (GMOs);
15. Considers that agriculture chapters will constitute an important issue for both parties in these negotiations; is concerned about possibly substantial concessions in the area of GMOs, milk and origin labelling; therefore stresses that the interests and the priorities in agriculture should be fully taken into account and calls on the Commission to negotiate an agreement which will be beneficial to EU and Canadian consumers and to the agricultural sectors on both sides as well, and ensure, within a balanced overall outcome, greater – but fair – competition among EU and Canadian suppliers to provide agricultural goods; welcomes in this context the initial commitment from both parties not to maintain, introduce or reintroduce agricultural export subsidies on the agricultural goods traded, this being a positive step in the interests of ambitious and fair negotiations, as well as the agreement to cooperate in WTO agricultural negotiations;
16. Stresses that negotiations on sanitary and phytosanitary measures are a major issue in agricultural chapters; in this context calls on the Commission to commit itself to negotiate rules concerning them which maintain a high standard;
17. Reminds the Council and Commission that, since the entry into force of the Lisbon

Treaty, the Council has been required to obtain the consent of Parliament for all international trade agreements and both the Council and the Commission have been required to keep Parliament immediately and fully informed at all stages of the procedure; calls on the Council to provide Parliament immediately with all information in the stages of the procedure for which it is responsible, in particular concerning the negotiating directives it has adopted and any modifications thereof; calls on the Council and the Commission to keep Parliament involved at all stages of the negotiations and to take Parliament's views fully into account;

18. Instructs its President to forward this resolution to the Council, the Commission, the governments and parliaments of the Member States and the federal Government and Parliament and provincial and territorial governments and parliaments of Canada.