



Transatlantic Relations Unit

EUROPEAN PARLIAMENT

Delegation for Relations with Canada

REPORT
34th IPM - EU/CANADA
Strasbourg
12 - 13 September 2011



The 34th occasion of Canadian MPs and MEPs meeting in the formal interparliamentary (IPM) format, illustrates the long-lasting duration of EU-Canada relations and the importance each side attaches to maintaining contact.

The visit of a delegation of Canadian Federal MPs and Senators to Strasbourg followed on shortly after the European Parliament (EP) Bureau of the Delegation for relations with Canada visit to Canada, in July 2011. This visit had provided an opportunity for the MEPs who participated to re-establish contacts with Federal and provincial MPs in Ontario and Manitoba.

At the opening of the formal 34th IPM session at the European Parliament in Strasbourg, the Chairman of the European Parliament Delegation, **Mr. Philip Bradbourn**, warmly welcomed the Canadian members of the House of Commons and Senate, MEPs, Commission and EEAS representatives.

Mr. David Tilson MP, Toronto, Ontario and Chairman of the Canada Europe Parliamentary Association (CEPA) thanked Mr. Bradbourn for hosting his delegation, for the warm welcome and introduced the members of his delegation.

The draft agenda of discussion points had been mutually agreed by both sides prior to the interparliamentary meeting and was formally adopted at the opening of the session.

First Session (Tuesday 13 September, 09h00-11h45)

1. Political situation in Canada and the EU (including the Framework Agreement)

Senator Joan Fraser from Quebec gave an overview of Canadian politics since the May 2011 Federal elections, just over 100 days ago, with an analysis of the voting patterns of the main political parties, the election results and the political parties; she also drew attention to the five provincial elections scheduled to take place in October 2011.

She considered that Canadian Parliamentarians were not aware of the Framework Agreement (FA) negotiations with the European Union, although there had been a report in the House of Commons in June 2011 on the Comprehensive Economic Trade Agreement (CETA).

A main focus of attention for the Canadian Parliament was the security perimeter with the US.

Mr. Ioannis Kasoulides, (EPP, Cyprus), rapporteur of the EP Foreign Affairs Committee on the Framework Agreement explained the background which had led to the decision to open negotiations on the Agreement.

All Free Trade Agreements (FTAs) negotiated by the EU have a "political" chapter and this will be a requirement for the CETA.

Taking this requirement into account, it was thought that this could be an opportune moment to update the existing FA with Canada, which dates from 1976, to better reflect actuality and to encompass all EU-Canada agreements and Memoranda of Understanding, agreed since 1976, in one comprehensive document.

This updated Framework Agreement between Canada and the EU could be regarded as a blueprint for similar FTA negotiations with other developed countries.

Canada and the EU are like-minded partners, and already work together in NATO, the WTO, G20, and G8. Both Canada and the EU are strong advocates of human rights, democracy, rule-of-law, good governance, and independent judiciaries.

Mr. Kasoulides also reported back on his visit to Ottawa in July which had provided him with the opportunity to meet representatives from DFAIT and party representatives. He further explained that, since the coming into force of the Lisbon Treaty, it is the European Parliament which finally approves any international negotiations (Consent procedure - TFEU §218).

Ms. Anne Marchal, representing the European External Action Service (EEAS) further explained that the formal appointment procedure for the two chief negotiators was underway, and it was expected that they would meet on 26/27 September in Ottawa.

Whilst the actual Agreement document in itself might be rather lengthy, it was hoped that the negotiations would be concluded by the end of 2011.

Answering queries from Mr. Philip Bradbourn, Mr. Helmut Scholz and Mrs. Elisabeth Jeggle as to the procedural process in the Canadian Parliament, Senator Fraser and Mr. David Tilson replied that whereas CETA would be approved by the House of Commons and the Senate, the two Canadian Chambers would not be involved in the FA approval.

Cabinet is kept informed of progress of the FA, but not the Parliament.

Whilst for the CETA negotiations, stakeholders can be physically present at the negotiating rounds, the provinces, civil society and aboriginal groups are merely consulted on the FA.

Senator Fraser concluded that generally Canadians trust the EU more than they trust the US.

2. Responses to the financial crisis

Mr. Wolf Klinz, Vice-chairman of the delegation and Chairman of the European Parliament's Special Committee on the Financial, Economic and Social Crisis, which had recently presented its final conclusions, gave an analysis of the situation.

He noted that there is currently a real confidence crisis in Europe which stands at a critical crossroads: either Europe decides to combine its forces to deepen economic integration or it could drift apart.

Recapping the background to the crisis, Mr Klinz recalled that in October 2009 Greece announced deficit problems, this announcement was followed by downgradings from rating agencies which triggered the rise of Greek bond yields to unsustainable levels; in May 2010 the Eurogroup agreed to provide financial assistance to Greece for a total amount of €80 billion, organised through a temporary mechanism of bilateral loans.

It quickly became clear that this temporary mechanism was not enough and Portugal and Ireland ran into similar difficulties with the re-financing of their sovereign debt. Therefore in May 2010, the E17 (17 EU Member States of the Eurozone) created the European Financial Stability Facility (EFSF), which provides temporary financial assistance to E17 countries in difficulty. However, financial markets were not reassured about the sustainability of public finances in the E17, markets continued to test the EFSF and the will of EU politicians to contain the crisis.

Mr Klinz went on to further explain that the E17 is not an optimum currency area - due to the fact that GDP and productivity varies from country to country. Whereas the Eurozone should have helped convergence, it actually brought about divergence; some E17 countries borrowed for consumption and not productive investment; and the Maastricht criteria - the ratio of the annual government deficit to GDP which should not exceed 3% and the ratio of gross government debt to GDP which should not exceed 60% - had not been met by several Member States.

Mr Klinz outlined possible stabilisation measures such as the capitalisation of French and German banks holding debts; the restructuring of Greek debt, with Greece remaining in the E17; and agreement on a European stability mechanism (ESM) with conditions.

Dr. James Lunney, MP from British Columbia, explained how Canada was coping with the financial crisis.

At the current moment in time, the rate of debt to GDP is 34%, on track to decrease to 29% by 2014. Unemployment stands at 7.6%. However, Canadian recovery is fragile, and the economy remains vulnerable due, in part, to weak growth in the US - Canada's largest trading partner. Contributing to Canada's fragile economy are high levels of domestic household debt, and the sovereign debt crisis in Europe. Canada is currently negotiating 9 FTAs.

The provinces are autonomous, and raise revenues through GST and other taxes. Moreover, there is Federal financial assistance through the equalisation process. In 2008-2009 Ontario had received 347mCAD.

Mr. Sebastian Bodu (EPP, RO) commented that the example of Canada's federal hybrid financing system seemed to work well and that regulation can be excessive.

3 Trade: CETA update

The Chairman of the European Parliament's committee on International Trade (INTA), **Mr. Vital Moreira** (S&D, PT), and other members of the INTA committee had been invited to participate for the following discussion.

In his opening remarks, Mr. Moreira explained the procedure in the European Parliament for approving FTAs. Since the introduction of the Treaty of Lisbon, the European Parliament, under the "consent" procedure, has the final word in the approval - or not - of international trade agreements.

As to the actual procedural steps, during the negotiation procedure itself, the Commission keeps the Parliament fully informed. Once the FTA is signed, normally at a bi-lateral summit with the EU, the agreement is officially transmitted to the European Parliament for consent.

Since the coming into force of the Lisbon Treaty, the only precedent so far where the EP has used its new powers, and the consent procedure for an FTA, is the FTA with Korea, which was approved

by the INTA committee, and subsequently the plenary, in February 2011 and which came into force in July 2011.

The INTA committee has not yet formally appointed its draftsman for CETA. It was thought that Mr. Peter Stastny would be appointed for the actual consent procedure and Mr. Robert Sturdy for the implementing measures, which accompany the FTA. The implementing measures are dealt with by co-decision procedure.

Ms. Anna Rosbach (ECR, DK) considered that the FTA with Canada would be less problematic than that with India as both Canada and the EU have similar views on labour laws, the environment, and health issues.

Mr. Philipp Dupuis, representing DG Trade of the Commission, and deputy negotiator for the EU, brought members up-to-date on the current state-of-play of CETA negotiations.

Whereas the negotiations on the text itself had been relatively quick and very constructive, due to the fact that both sides had an incentive to come to an agreement, the partners know each other well, and the scoping exercise prior to the start of the negotiations had been thorough and comprehensive, the negotiations on market access for goods and services, and public procurement, were taking longer. Challenges remain in the area of rules of origin and market access for high value markets on procurement, especially at sub-central levels. No exchange of offers had yet taken place for services; these core issues should be settled by the end of 2011.

The most recent negotiations had taken place in Brussels during the week of July 8th and it was expected that the next round of negotiations, planned for October, would indicate whether the negotiations were still on track for conclusion in the first half of 2012.

The Canadian members enquired as to the impact of EP resolutions on the trade negotiations, with particular reference to the seal product ban and the Fuel Quality Directive.

They were informed that seals are not a topic under discussion in the CETA negotiations. The Canadian government has introduced a complaint with the WTO and that is following its course.

CETA discussions are trade discussions and environmental issues do not form part of trade discussions.

Second Session (Tuesday 13 September, 15h00-18h30)

4. Immigration: Europe and the Romas

Mr. Ioan Enciu thanked the Canadians for the most interesting visit he had made with the Delegation Bureau in July which had given him the opportunity to discuss the Canadian immigration system. Mr. Enciu praised the Canadian approach to immigration - noting, however, that Canada focuses on targeting high-skilled immigrants.

In Mr. Enciu's view, the Roma question is a European issue needing a coordinated answer; there are currently more than 12 million Roma in Europe, most of whom live in extreme poverty. Due to lack of resources, they often do not have access to education, employment, health, housing, and services. Awareness of the problem has grown since enlargement of the EU in 2004 and 2007. Some Member States have tried to enforce a "return" policy.

In March 2011, the European Parliament adopted a report by Mrs Livia Jaroka from the Committee on Civil Liberties (LIBE) on an "EU strategy on Roma inclusion". One month later, the Commission published its paper on "*The social and economic integration of Roma in Europe*". Any strategy needs to be implemented at EU level and not just at Member State (national) level. In the EU, more dialogue should be undertaken with civil society, local and regional authorities and, of course, the Roma communities. Specific local actions should be taken to encourage Roma to move from being spectators to becoming actors.

Mr. Tilson summarized Canada's refugee protection system. He remarked that Canada also faces immigration problems and as one of the world's largest resettlement countries with 1/10th of global refugees - has many challenges to overcome. Long delays in dealing with false claimants make the system vulnerable to abuse. Approximately 15,000 failed claimants are ready to be removed, any refugee facing removal from Canada after an unsuccessful claim has the right to appeal. If a claimant does not attend the immigration interview, his/her claim is abandoned and can be deemed fraudulent. Currently, the whereabouts of approximately 38,000 claimants are unknown. Citizenship and Immigration Canada and the Canadian Border Agency are responsible for dealing with refugees and immigrants.

In 2006-2008 asylum claims rose by 60%; in 2009, 48% of all claims were from Mexico, Hungary, Czech Republic, Columbia and China. As a result Canada imposed visa requirements on Mexico and re-imposed the requirement for visas on the Czech Republic.

The new Federal Government introduced a balanced refugee reform act on 29 June 2011, aiming for enforcement on 29 June 2012. This bill introduces a new category of refugees (C4) "foreign national irregular migration", which attempts, inter alia, to deal with human smugglers.

It is estimated that the Sri Lankan refugees on a boat which came to Canada in 2010 paid up to 50,000 CAD each to human smugglers.

Drawing similarities between the situation of the Roma and the Canadian aboriginal people, Senator Fraser asked if the Roma actually want to be integrated into mainstream society.

5. Energy supply and security

Mr. Krišjānis Kariņš (EPP, Latvia) introduced the EU 20-20-20 energy strategy:

- by 2020, the EU aims

- to reduce CO₂ by 20%
- to increase the use of renewable energy sources by 20%
- to increase energy efficiency by 20%

Currently 52% of the energy supplies needed to cover the EU's overall energy requirements are imported. 33% of EU's natural gas and crude oil comes from Russia. Coal and oil can be sourced on the open world market.

In 2009, EU energy supplies from Russia were cut off in the Ukrainian-Russian gas dispute. As a result, there has been a strong focus within the EU to work towards security of energy supplies and price stability. The EU would like to see monopolies broken up and more Liquid Natural Gas (LNG) terminals built. Gas is transported through pipelines as LNG, once it reaches a terminal; the LNG needs to be converted back to gas. It is expected that the demand for natural gas will increase as nuclear power in Europe, at least in some Member States, is gradually phased out.

Currently energy supplies to the EU from third countries include:

- Nord Stream pipeline (outside Ukraine)
- South Stream pipeline (through Italy)
- Nabucco pipeline bringing gas from Azerbaijan and Turkmenistan. The EU negotiates directly with the Turkmens, and does not use Russia as an interlocutor.

In Europe there are two energy exporters; Norway (not an EU member state) and Denmark. As Danish resources are due to run out in 30 years time, Denmark has adopted a policy to become completely dependent on renewable sources by 2050, and to improve energy efficiency. The Danes currently face the dilemma of deciding whether to stop exporting energy now, and to stop receiving an income from the energy exports, or to keep on exporting and receiving an income. As most Europeans live beyond their means as regards energy consumption; greater efforts should be made by all to match resources to actual needs and to use energy more efficiently.

Senators Rivard and Fraser informed members that in 2009, 88 % of Canadian energy was exported to the US. In 2008, Canada supplied 15% of the EU's energy requirements and 25% of the EU's uranium requirements.

In 2007, at the high-level energy dialogue between EU and Canada, discussions focused on developing technology for carbon capture and storage, bio energies, bio fuels, and renewables. Health, security, innovation and environmental issues are at the forefront of Federal energy policy.

Estimated oil reserves in Canada's oil sands area account for 97% of global oil reserves. Although Canada has strict environmental requirements for oil sands extraction, there are concerns in Canada about the rapid pace of expansion of the oil sands development area, and the amount of water needed for the steam assisted gravity drainage (SAG-D) method of extraction.

The proposed Greenhouse gas value to be attributed to fuel derived from the oil sands in the Fuel Quality Directive could be an obstacle in the CETA negotiations. Canada is working to reduce its greenhouse gas emissions by 17% by 2020.

6. International security

Mr. David Tilson gave examples of EU-Canada cooperation in the field of international security:

- the police mission in Afghanistan,
- in Kosovo and
- in Palestine

Canada has been present in Kandahar, Afghanistan, as part of NATO since 2002, and is now entering into a transition phase towards a non-combative mission focussing on education, health, youth, rule of law, democracy building, human rights and humanitarian assistance. The Canadian long-term objective is for Afghanistan to no longer be a safe haven for terrorists, for it to be better governed and to become more safe and secure.

The current head of the NATO mission in Libya is a Canadian - Lt General Bouchard. He is also a member of the Libya contact group with the National Transition Council channelling humanitarian assistance.

On EU-NATO relations **Mr. Charles Tannock (ECR, UK)** emphasised that the EU and NATO work together and that NATO remains an indispensable ally.

Since 2003 there have been 25 common EU/NATO security and defence policy activities (CSDP) worldwide.

Mr. Charles Tannock (ECR, UK) further explained that with the new EU/NATO strategic concept, the EU generally supports *civilian* projects and NATO supports *military* projects. There have been instances, where countries like India prefer to be associated with the EU rather than with the US and NATO.

Sometimes there can be duplication of effort in "soft" areas such as climate change, food security and education. After the US initial military intervention in Libya, France and Britain played a lead role with the EU taking a backseat.

The "Berlin-plus" agreement (a comprehensive package of agreements between the EU and NATO) allows for the EU to draw on NATO military assets in certain peace-making operations. Operation Concordia, in Macedonia and Operation EUFOR Althea in Bosnia Herzegovina, are examples where the EU has taken over operations after NATO withdrawal.

Answering questions, Mr. Tannock confirmed that no consensus has been reached as regards a clear-cut geographical division between the military operations of NATO and the EU.

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The two Chairmen closed the meeting, thanking all the participants for their active input and interesting interventions,

Mr Bradbourn proposed - providing the dates proved compatible with the Canadian federal parliamentary calendar for 2012 - that the Bureau of the EP delegation visit Quebec and Ottawa end-April/beginning May 2012 and for the 35th EP-Canada IPM to take place in British Columbia (Vancouver) and Ottawa in November 2012.



Transatlantic Relations Unit

EUROPEAN PARLIAMENT

Delegation for Relations with Canada

PROGRAMME
34th IPM - EU/CANADA
Strasbourg (France)
12 - 13 September 2011



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Delegation for the Relations with Canada
34th EU-Canada IPM
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Programme

HOTELS

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Arrival in Strasbourg of Canadian Delegation

Friday, 9 September :

Mr David Tilson MP

Sunday, 11 September :

Senator Joan Fraser, Senator Michel Rivard, Dr James Lunney MP, Mr Philippe Mela
and Ms Karin Phillips

Monday, 12 September, Strasbourg

Arrival of Canadian Delegation at the European Parliament

16h00-18h15 Briefing for Canadian Delegation
Venue: room LOW S 4.1

18h30 Welcome reception
Venue: Room LOW C 2.1
(Contact: Protocol service - Mr Branko JOVIN)

Tuesday, 13 September, Strasbourg

09h00 - 11h30 Interparliamentary meeting (first session)
Venue LOW S 4.1

09h00-09h15 Welcome remarks

- 09h15-10h00 *Political situation in Canada and the EU (including the framework agreement) (EEAS and Mr KASOULIDES)*
- 10h00-11h00 *Responses to the Financial crisis : Dr Wolf KLINZ*
- 11h00-11h25 *Trade : CETA update: Chairman Vital MOREIRA, Committee on International Trade; DG TRADE (Mr BODU, Mrs ROSBACH)*
- 11h20-11h45 *Discussion with Mr Philipp DUPUIS, DG Trade*
- 12h00-12h30 *Formal sitting: Address by Bronisław KOMOROWSKI, President of the Republic of Poland - Diplomatic tribune, plenary*
- 12h30-13h15 *Guided tour of the European Parliament*
- Departure of Dr LUNNEY for a flight at 14h55*
- 13h30 - 15h00 *Lunch hosted by Vice-President Rainer WIELAND on behalf of President BUZEK
Venue : Private salon of Members' restaurant LOW S 0.2
Contact: (Protocol service - Mr Branko JOVIN)*
- 15h00 - 18h30 *Interparliamentary meeting (2nd session)
Venue LOW S4.1*
- 15h00-16h00 *Immigration: Europe and the Romas : Mr Ioan ENCIU*
- 16h00-17h00 *Energy supply and security: Mr Krišjānis KARIŅŠ (Mr Seán KELLY / Mrs Antoniya PARVANOVA)*
- 17h00-18h00 *International security: Dr Charles TANNOCK, Vice-president of the NATO Parliamentary Assembly (Mr TERHO)*
- 18h00 *Closing remarks*
- 20h00 *Informal dinner at Hotel Landgasthof Schwanen
Landstraße 3, 77694 Kehl-Kork (Germany) Telephone: +49 (0) 7851 796-0*

Wednesday, 14 September, Strasbourg

Departure of the Canadian Delegation

EUROPEAN PARLIAMENT

DELEGATION FOR RELATIONS WITH CANADA

34TH EP/CANADA INTERPARLIAMENTARY MEETING

12-13 SEPTEMBER 2011
STRASBOURG

LIST OF CANADIAN PARTICIPANTS

Head of Delegation, President of Canada-Europe Parliamentary Association (CEPA)	
Mr David Tilson	MP - Conservative party (Ontario)
Members	
Ms Joan Fraser	Senator - Liberal party (Quebec)
Mr Michel Rivard	Senator - Conservative party (Quebec)
Dr James Lunney	MP - Conservative party (British Columbia)
Staff (CEPA)	
Mr Philippe Méla	Advisor
Ms Karin Phillips	Advisor
Canada Mission to the EU	
Mr Alain Hausser	Chargé d'Affaires
Ms Nichola Payne	Second Secretary, Political and Parliamentary Affairs
Quebec Government Office	
Mr Mathieu Parenteau	Director, European Affairs
Ms Catherine Mainville	European Affairs Attaché