



**2016/0205(NLE)**

31.10.2016

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## **DRAFT RECOMMENDATION**

on the draft Council decision on the conclusion of the Comprehensive Economic and Trade Agreement (CETA) between Canada, of the one part, and the European Union and its Member States, of the other part (10975/2016 – C8-0438/2016 – 2016/0205(NLE))

Committee on International Trade

Rapporteur: Artis Pabriks

***Symbols for procedures***

- \* Consultation procedure
- \*\*\* Consent procedure
- \*\*\*I Ordinary legislative procedure (first reading)
- \*\*\*II Ordinary legislative procedure (second reading)
- \*\*\*III Ordinary legislative procedure (third reading)

(The type of procedure depends on the legal basis proposed by the draft act.)

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## DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION

**on the draft Council decision on the conclusion of the Comprehensive Economic and Trade Agreement (CETA) between Canada, of the one part, and the European Union and its Member States, of the other part  
(10975/2016 – C8-0438/2016 – 2016/0205(NLE))**

### **(Consent)**

*The European Parliament,*

- having regard to the draft Council decision (10975/2016),
  - having regard to the draft Comprehensive Economic and Trade Agreement (CETA) between Canada, of the one part, and the European Union and its Member States, of the other part (10973/2016),
  - having regard to the request for consent submitted by the Council in accordance with Article 43(2), Article 91, Article 100(2), Article 153(2), Article 192(1), Article 207(4), point (a)(v) of the second subparagraph of Article 218(6), and Article 218(7), of the Treaty on the Functioning of the European Union (C8-0438/2016),
  - having regard to Rule 99(1), first and third subparagraphs, Rule 99(2), and Rule 108(7) of its Rules of Procedure,
  - having regard to the recommendation of the Committee on International Trade and the opinions of the Committee on Foreign Affairs and the Committee on Employment and Social Affairs (A8-0000/2016),
1. Gives its consent to conclusion of the agreement;
  2. Instructs its President to forward its position to the Council, the Commission and the governments and parliaments of the Member States and of Canada.

## SHORT JUSTIFICATION

The negotiations between the EU and Canada on the Comprehensive Economic and Trade Agreement between the EU and Canada (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. During the legal review, concluded on 29 February 2016, further changes were also made especially to the investment chapter.

CETA is the first FTA the EU has completed with another major established OECD economy. It is also the most ambitious agreement both the EU and Canada have concluded. With CETA, European companies will receive the best treatment that Canada has offered to any trading partner, thus levelling the playing field for EU companies on the Canadian market.

Canada is a strong trade and investment partner for the European Union. Canada is also a strategic partner with whom we share a history based on common values and interests. Amongst the EU's top trading partners, Canada ranks 12th. For Canada, EU is the second most important trading partner (after the US). Canada is also the fourth-largest investor in the EU. In 2015 the EU imported goods from Canada worth EUR 28.3 bn, while exporting goods worth EUR 35.2bn, a figure that is expected to raise by more than 20% when the agreement is fully implemented.

**Trade in Goods.** From day one, CETA will eliminate almost all customs duties, at a value of 400 million Euros for goods originating in the EU. There are however some restrictions to free market access, including a few agricultural products, public services, audio-visual services and transport services. Several agricultural goods considered as sensitive will either be offered as quotas (i.e. dairy) or excluded completely (poultry and egg).

Besides cutting tariffs, the agreement provides other measures that should help reduce costs for producers, such as the mutual recognition of so-called "conformity assessment certificates" for a wide range of products, from electrical goods to toys. For example, if an EU firm wants to export toys it will only need to get its product tested once, in Europe, to obtain a certificate valid for Canada, thus saving time and money.

**Trade in Services.** CETA will provide new and better market access for European suppliers of services in which EU companies are world leaders, ranging from maritime services, telecoms, and engineering to environmental services and accountancy. It will make it easier for service suppliers to travel between the EU and Canada to connect with their customers. CETA will also establish a framework to simplify the recognition of profession qualifications, such as for architects.

The agreement marks the first time that the EU has agreed to open market access in the service sector on the basis of a negative list: this means that all services markets are liberalized except those explicitly excluded. Exclusions include public services such as health care, education and other social services, as well as water distribution, audio-visual services and some air services.

**Public Procurement.** 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 the federal level but also to Canadian provinces and municipalities – the first non-Canadian firms to be able to do so. Canada's provincial

procurement market is estimated to be double the size of its federal equivalent. Canada has also agreed to step up transparency by publishing all its public tenders in a single procurement website. Access to information is one of the biggest obstacles for smaller companies in accessing international markets, so this will be of particular importance for SMEs in Europe.

## GIs

An important offensive interest for the EU in trade negotiations has been better protection for Geographical Indications and higher value specialized products such as *Beyerisches Bier* from Germany or *Mortadella Bologna* from Italy. In the end, Canada agreed to provide protection for over 140 European GIs of food and drink products at a level equivalent to that provided in the EU. CETA will make sure that only genuine products can be sold in Canada under those names. A list of these GIs is included in Annex I of the agreement, and may be supplemented later with other GIs.

**Investment.** CETA was the first economic EU agreement following the Lisbon Treaty to contain a full-fledged investment chapter, including all relevant investment protection provisions. Following intense public debate and a clear position in the European Parliament against ISDS, the Commission put forward a new approach for investment protection in September 2015, which was fully embraced by the Canadian government. CETA introduces this new investment court system and enhanced rules on investment protection. It guarantees the right of EU governments to regulate in the interest of their citizens, while still encouraging foreign investors by protecting their investments. The new system also makes the resolution of investment disputes fairer and more transparent. As such it serves as an important step towards the EU's ultimate goal of a global investment court.

## Conclusion

Canada is the most developed economy with which the EU has negotiated an FTA so far. The final agreement represents a balanced and comprehensive outcome of significant economic value for the EU, fully in line with what was set out in the negotiating mandate and the resolution the European Parliament adopted<sup>1</sup>. It will help to generate much-needed growth and jobs while fully upholding Europe's high standards in areas like food safety, environmental protection and labor rights. It contains lot of novelties, the outcomes on geographical indications or on market access for ships and certain maritime services have never been granted before by Canada to a trading partner. At the same time, the result also protects special sensitive interests for the EU, not the least in the agricultural or public service sector.

Beyond the economic aspects, the agreement is also of geopolitical importance, as it will strengthen relations between the EU and one of our closest ally.

Your rapporteur therefore fully recommend giving consent to this agreement.

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<sup>1</sup> European Parliament Resolution of 8 June 2011