



**2016/0205(NLE)**

6.12.2016

## **DRAFT OPINION**

of the Committee on the Environment, Public Health and Food Safety

for the Committee on International Trade

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))

Rapporteur: Bart Staes

PA\_Leg\_Consent

## SHORT JUSTIFICATION

CETA is an economic agreement. While it would bring about economic benefits for certain sectors, other actors (such as e.g. SMEs) may well suffer from it due to unfettered competition from large multinational companies, including business entities registered in Canada. With regard to jobs, some studies predict a small increase of jobs due to CETA, others show decreases for the EU, as well as problematic redistribution effects in favour of capital owners. Thus, on economic and job grounds alone, the verdict is far from clear. Health and environmental matters may well tip the balance.

The EU and Canada have very different views when it comes to health and environmental matters, food safety and animal welfare. Canada has taken legal action to challenge EU and Member State laws at the WTO (disputes on GMOs and on bans on hormones in beef, seal products and even asbestos). Canada has a long track record of fundamentally opposing REACH as well as EU pesticides legislation, and brought down US legislation on country of origin labelling (COOL) at the WTO. Due to trade pressure, the Commission keeps authorizing GMOs despite widespread opposition in the EU.

The primary objective of CETA is to eliminate barriers to trade. As tariffs are relatively low between the EU and Canada, CETA concerns above all non-tariff barriers, i.e. diverging laws and standards in the field of health and environment protection and food safety. The Commission has already sacrificed various such standards to satisfy the trade interests of inter alia Canada. It has undermined the EU fuel quality directive to allow Canada to export fuel from dirty tar sands, and now even proposes to unlawfully modify provisions on endocrine disrupters in pesticide law. The Commission has acted in the interests of Canadian companies by refraining from banning cyanide in mining despite the EP calling for a ban, and by recently authorizing the use of carcinogenic substances in paints (lead chromates) even though EU companies use safer alternatives.

A formal agreement with the key objective to eliminate barriers to trade is bound to make this worse – irrespective of any assertions on paper with regard to the right to regulate. This is further aggravated by granting investors the rights to sue states – while commitments on environmental standards remain unenforceable.

The ENVI opinion on TTIP of 16 April 2015 provides an excellent benchmark to assess CETA. There is no reason to take a different stance towards Canada than towards the US in a trade agreement.

CETA crosses the following red lines of the ENVI opinion (paragraphs 2, 5, 7, 9, 14 and 17):

- the precautionary principle is not reflected – instead precaution is conditioned by reference to international agreements - none of which include this principle,
- regulatory cooperation – while being voluntary – is not limited to clearly specified sectorial areas where the US and the EU have similar levels of protection or where one could expect upward harmonization, but is all encompassing,
- it has provisions on
  - public healthcare services – provisions that de facto limit the freedom of governments to take policy decisions,

- GMOs – provisions moreover designed to undermine EU GMO laws, their application and their future development,
- it includes cooperation on chemicals – thus involving one of the strongest opponents to REACH in its implementation,
- it includes public and social services subject to a negative list,
- has no binding provisions on animal welfare – instead promotes an increase in trade without any proper safeguards for animal protection,
- it includes ICS, a dispute settlement mechanism that grants foreign investors a parallel jurisdiction to challenge states, fundamentally undermining the sovereign rights of the EU and its Member States.

Application of CETA risks undermining inter alia the following standards that ENVI considered fundamental (see paragraph 8):

- non-approval of active substances and EU maximum residue levels for pesticides,
- regulatory measures with regard to endocrine disrupters,
- the EU's integrated approach to food safety,
- the achievement of EU climate and energy targets.

Contrary to ENVI demands (see paragraph 10), CETA:

- only partially protects geographical indications,
- has no provisions on the reduction of antibiotics in livestock farming,
- does nothing to implement the UNECE Agreements from 1958 and 1998 on cars,
- does not promote renewables,
- uses negative lists with regard to the right to regulate in the energy sector.

Finally, EP rights to be fully informed during all stages of an international agreement are not yet established, and it is unclear whether and what control rights the EP has with regard to decisions of the CETA Joint Committee as such, or adopting binding interpretations, or modifications of the protocols or annexes (e.g. with regard to the provisions on equivalence in the context of SPS-measures).

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The Committee on Environment, Public Health and Food Safety calls on the Committee on International Trade, as the committee responsible, to recommend that Parliament decline to give its consent to 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.