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VERSLAG VAN EEN GESPREK

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De algemene commissie voor Buitenlandse Handel en Ontwikkelingssamenwerking, de vaste commissie voor Landbouw, Natuur en Voedselkwaliteit, de vaste commissie voor Economische Zaken en Klimaat en de vaste commissie voor Buitenlandse Zaken hebben op 6 november 2019 een gesprek gevoerd over **CETA**.

Van dit overleg brengt de commissie bijgaand geredigeerd woordelijk verslag uit.

De voorzitter van de algemene commissie voor Buitenlandse Handel en Ontwikkelingssamenwerking,
De Roon

De voorzitter van de vaste commissie voor Landbouw, Natuur en Voedselkwaliteit,
Kuiken

De voorzitter van de vaste commissie voor Economische Zaken en Klimaat,
Diks

De voorzitter van de vaste commissie voor Buitenlandse Zaken,
Pia Dijkstra

De griffier van de algemene commissie voor Buitenlandse Handel en Ontwikkelingssamenwerking,
Van Toor

Voorzitter: Bouali
Griffier: Meijers

Aanwezig zijn negen leden der Kamer, te weten: Alkaya, Amhaouch, Bouali, Diks, Van Haga, Ouwehand, Voordewind, Van Weerdenburg en Weverling,

alsmede mevrouw Helfand, Canadese ambassadeur in Nederland, en de heer Lambert, Counsellor and Head of Trade, Economic and Science & Technology Policy van de Canadese Missie bij de EU.

Aanvang 13.07 uur.

De voorzitter:

Oké collega's, we gaan weer aan de slag. We gaan naar het gesprek met de Canadese ambassadeur in Nederland.

We switch to English now. Madam Ambassador, welcome to the Netherlands. You have recently been appointed to the Kingdom of the Netherlands, so welcome to the House of Representatives. We would ask you, Madam Ambassador, to give us a short presentation on your views on CETA. You are accompanied by Mr Stephane Lambert, the Counsellor of your Embassy in Brussels, if I am not mistaken.

The floor is yours, Madam Ambassador.

Mevrouw Helfand:

Honourable members, colleagues, it is my honour to be here as you consider the Canada-EU Comprehensive Economic and Trade Agreement. You have already been introduced to my colleague, Stephane Lambert, who is the Counsellor and Head of Trade in our mission to the EU in Brussels. As mentioned, I am fairly new to the Netherlands, so I welcome this opportunity to speak to this critical part of our great and longstanding relationship. You have heard from numerous witnesses today, many of whom have shared with you the tangible benefits of CETA for small and medium-sized enterprises (SMEs), Dutch exporters and importers and your vibrant and multifaceted economy. As such, I wanted to focus my short remarks on what I know best, which is Canada. With your indulgence, I will also use this opportunity to dispel some myths related to CETA, because facts do matter.

Canada is the fastest growing economy in the G7 and the easiest place in the G20 to establish a business. We are also the world's most connected economy, a gateway to North America and to the world. With some 40 bilateral trade agreements, Canada offers preferential access to a global market, with a combined GDP of 51.4 trillion US Dollars. Already, Canada is a reliable trading partner for the Netherlands. You are our fifth largest European trading partner and 11th worldwide. In fact, more than 3,300 Dutch companies are active in bilateral trade, including in clean tech, agriculture and information & communications technologies.

Canada is also the second largest market for Dutch investment. Canadian direct investment in the Netherlands is also substantial, valued at over 25 billion euro's in 2018. This includes important investments in clean energy. The Canadian company Northland Power is the lead financier of the Gemini Wind Farm in the North Sea, the third largest offshore wind park in the world. Northland has set up a European office in Amsterdam. These investments bring high-quality jobs and prosperity to Dutch society. The Netherlands is hub for over 100 Canadian companies in Europe, employing more than 15,000 people and interest continues to grow.

But the backbone to all of this is the fact that Canada has a lot in common with your country: similar values, complementary global outlooks and a common commitment to a rules-based international order. As you noticed, like-mindedness runs long and deep, forged in our historic World

War II ties and bolstered by our innovative and forward-looking bilateral relationship. It has been my honour to participate in your community's tributes to fallen Canadian soldiers in my short time here, including two weeks ago in Bergen op Zoom and this weekend on the Canadian liberation march.

Our people-to-people ties are strong and strengthened daily by this commercial exchange. More than 1.2 million Canadians have a Dutch ancestry and importantly, Canada, like the Netherlands, is a trading nation. We are middle-sized and middle-powered, but stronger through our global connectedness. And that is where CETA comes in. In addition to growing opportunities for businesses and entrepreneurs, CETA also represents a clear commitment to and leadership on rules-based trade and multilateralism. It shows that in the face of pressure, Canada and its European partners stand up for an open and predictable global trade. In that sense, CETA is progressive. It commits our countries to maintaining high levels of environmental and labour protection and to monitoring CETA's impact on sustainable development.

CETA's Trade and Environment Chapter reaffirms that environmental standards cannot be lowered in order to encourage trade or to attract investment. CETA's Trade and Labour Chapter recognizes Canada's and the EU's ability to set our own labour priorities and levels of protection. It encourages high levels of labour protection and recognizes that it is inappropriate to spur trade or investment by weakening or reducing the levels of protection afforded in labour laws and standards. CETA also enables greater cooperation between Canada and its EU partners, to address climate change and other global environmental challenges. For example, it includes commitments for Canada and EU member states to facilitate and promote trade in environmental goods and services, with special attention to goods and services of particular relevance for climate change mitigation.

CETA also reaffirms Canada's and the EU's commitments to the multilateral environmental agreements that each of us has signed, which includes the Paris Agreement. In fact, last fall in Montreal, the CETA Joint Committee adopted a recommendation that reiterates the importance of achieving the purpose and goals of the Paris Agreement, in order to address the urgent threat of climate change and the world of trade to this end.

The first cooperative activity under the CETA Trade and Environment Chapter was a conference on CETA Trade and Climate in Brussels in January. This event brought together more than 130 participants from civil society, business and government, to discuss how CETA and climate action can be mutually supportive. Clean technology companies are meeting today again in Montreal. This cooperation opens doors for innovation, the sharing of best practices and learning from one another. Following the visit to the Netherlands in June of the premier of the province of British Columbia, the Food Security Taskforce established recently by British Columbia came again, studying new ways to strengthen agriculture through technology and innovation.

CETA also demonstrates our shared ambition for inclusive trade that is beneficial for all parts of the economy and all segments of society. The frameworks under CETA make trade policies more gender responsive and enhance commercial opportunities for small and medium-sized enterprises, thus ensuring that the benefits of trade liberalisation are widely spread. And here is something else we have in common. Small and medium-sized enterprises (SMEs) make up the backbone of both our economies and comprise 91% of Dutch exporters. CETA also makes investor arbitration procedures fairer, more independent and more transparent. Once CETA enters into force, these provisions will provide Dutch and Canadian investors with greater predictability, transparency

and protection for their investments, while protecting our governments» rights to regulate.

And CETA is working. The numbers speak for themselves. Since provisional application in September 2017, merchandise trade with the Netherlands has increased by a remarkable 35.2%. This includes an 18.3% increase in Dutch merchandise exports to Canada, benefitting your successful enterprises.

De voorzitter:

Madam Ambassador, may I ask you to wind up, please?

Mevrouw Helfand:

Sure. I will just briefly say what CETA is not, because I want to acknowledge some of the myths; the misinformation that continues to pop up in the debate on CETA. CETA does not undermine European or Dutch standards, because we also prioritize the maintenance of high standards. We are wholly committed to the principles set out in CETA, that trade agreements should fully preserve the ability of governments to regulate. We can talk about this later. Our decisions on how to regulate to ensure food safety as well as animal and plant health, remain with the respective government authorities and imports must comply with these regulations and standards. This includes existing Canadian-Dutch regulations for GMOs and animal feed additives.

Many people on both sides of the Atlantic, especially those working hard to join the middle class, feel that trade and globalization have not worked for them, but CETA is a manifestation of a new approach, one that not only benefits all segments of society, but also acts as a comprehensive blueprint for responsible economic cooperation between countries. These are the guiding principles behind Canada's inclusive approach to trade and they will continue to promote prosperity for Dutch and Canadians alike.

Thank you for the opportunity to speak to you.

De voorzitter:

Madam Ambassador, thank you very much for your presentation. I will now give the floor to my colleagues. I will start with Ms Isabelle Diks from GreenLeft.

Mevrouw Diks (GroenLinks):

Thank you very much, Madam Ambassador. It is very clear that we share a history together. I do hope that we also share a bright future. However, in my view and the view of my party, we do not need CETA for that. We do not need CETA to reaffirm the strong connection we have. Of course we do see the benefits for firms and companies on both sides of the ocean. That is clear to me, but my question is: why is the Canadian government so committed to this ICS-system? After all, everybody acknowledges that both the EU and Canada already have a very strong legal system.

De voorzitter:

Thank you very much. We proceed to Joel Voordewind from the Christian Union.

De heer Voordewind (ChristenUnie):

Thank you, chair, and welcome Madam Ambassador. It is good to have you with us here and to be able to ask you some questions. My question concerns the track and trace system from Canada to Europe. I gather from previous articles that there is no registration system for the use of medicines in livestock, which makes it difficult for us to find out what kind of meat we are going to import into Europe, especially where it comes to hormone use. Could you respond to that one please?

De voorzitter:

Thank you. Mr Van Haga.

De heer Van Haga (Van Haga):

Thank you very much, Madam Ambassador. The tangible benefits of CETA are obvious. Canada is the largest country for Dutch investments. We have similar values, we dwell on rule-based trade, we both have working democracies. Neither Europe nor Canada is inclined to lower any environmental standards or any other standards whatsoever. Having said this, does it not strike you as very odd to see that the Netherlands may be the only country not to ratify CETA? What do you think are the implications of that?

De voorzitter:

Thank you. I give the floor to Mr Weverling from the Liberal Party VVD.

De heer Weverling (VVD):

Madam Ambassador, I have a question as well. We have a long-term relationship. We are both trading nations. We both benefit from the advantages of an open trade system. My question is a «what if»-question about the ICS part of the agreement. If it were possible, would you prefer to have an agreement without the ICS part of the current version?

De voorzitter:

Thank you very much. We heard four members of parliament and I suggest you answer their questions before we continue with the second batch, Madam Ambassador.

Mevrouw Helfand:

If you allow, I will take the ICS questions together. The new provision for ICS is designed to allow stability and predictability for the investors. Normally when you have an international treaty, it is not the domestic courts who look at the provisions of the treaty. It is a special body. That is what we have in the ICS. We have also learned a large number of things in our experience with other free trade agreements over the past 30 years. That is why we have put considerable improvements in the ICS, to enable everyone to have their say when the cases are being heard. But in particular, it is also why we restated in the recent agreement that governments have the right to regulate. We have to balance off the predictability for the investors and, of course, what we all acknowledge, which is our government's right to regulate for the public good. What we do not want, are investors who are afraid to invest, because they think that their goods or companies are going to be expropriated without giving them any right to get any kind of compensation. Stephane, you want to add anything?

De heer Lambert:

Sure. Just in complement to this: through CETA, the EU and Canada have decided to protect their investments and investors, and that is a testimony to the intensity of our investment relationship. As the Ambassador mentioned, with the Netherlands being the second largest investor in Canada, I think there is a stake for the Netherlands in the ICS system. So the ICS will really look only at the substantial obligations in the treaty and these are core and standard in any investment treaty around the world, including those that the Netherlands have entered into. They are looked at for non-discrimination of investors, fair and equitable treatment for investors and there is also an expropriation provision, so in case of an expropriation, the investor is entitled to a fair compensation. This is all subject also to the right to regulate.

As the Ambassador pointed out, there are significant improvements in the ICS – I would be happy to provide more details – from the old private arbitration model, which are inspired by the European judicial tradition and courts such as the International Court of Justice or the European Court of Human Rights. So it is very similar in terms of structure to what you have in Europe. It establishes really a permanent tribunal that would look at these issues.

De voorzitter:

There was one more question from the Christian Union about hormone meat and tracing and tracking.

De heer Lambert:

Exactly. Any Canadian exporter wishing to export meat or meat products to Europe has to meet EU entry requirements. For meat and meat products, these require that the exporter grows a whole line separate from his or her cattle. The first step is to register the facility at the federal level and have it approved by the EU. Today, there are only 36 such farms registered at the federal level. The owner of the facility must keep a register of all the cattle born on his farm. There is an obligation to keep a register from birth onwards for three years. There is an obligation that calves born on the facility be raised in the wilderness, comparable to production processes here in the EU. And there is an obligation to ensure that the food supplements used are free of any substances that do not comply with EU requirements.

Prior to the export, an on-site inspection is carried out and certification takes place under a very rigorous system, by the Canadian Food Inspection Agency. Once the meat reaches the importer in the EU, a second inspection is made by veterinarian services of the importing country. So there is a very, very rigorous system in place to trace the origins of the meat and to make sure the meat complies with the EU food safety standards.

De voorzitter:

Thank you very much. Maybe the last question by Mr Van Haga. What is your assessment if the Netherlands would be the only country not to ratify?

Mevrouw Helfand:

The Netherlands has its democratic process, which I completely respect. But I am confident that, once there is a full discussion based on facts, the Netherlands will in fact ratify the agreement and I will be quite happy when that day occurs.

De voorzitter:

Thank you very much. I now give the floor to Mr Amhaouch of the Christian Democratic Party.

De heer Amhaouch (CDA):

Thank you, Mr chairman. Yes, the Netherlands and Canada are trading nations. I think our shared history in this field is very important. My question is about the level playing field. What is the view of Canadian society on reaching a trade agreement, as a small country – Canada has a population of 35 million and its GDP is smaller than Europe's – with the EU, which has a population of 560 million? Are the Canadians happy to do this? Are they happy to conclude a trade agreement with Europe?

De voorzitter:

I give the floor to Ms Van Weerdenburg, PVV.

Mevrouw **Van Weerdenburg** (PVV):

Madam Ambassador, you do not have to sell Canada to us. As you said, the relations between our countries go way back. We all respect Canada. Everyone here wants to do trade with Canada. Our opposition to CETA has to do with the fact that in our opinion, it is an unfair deal for a lot of Dutch businesses and farmers. Let us face it: if our two countries were to negotiate a bilateral deal, we would not even need an ICS-provision, would we?

De **voorzitter**:

Thank you. I give the floor to Mr Alkaya of the Socialist Party.

De heer **Alkaya** (SP):

Thank you, Madam Ambassador, for your presentation and the views you shared with us. My question is about a specific comment you made, namely that CETA also represents a commitment to multilateralism from both sides. We currently see a lot of countries turning their back to multilateral organisations, because they have been led by neoliberalism, which has had many negative consequences for working class people all over the globe, not just in a few countries. You are a representative of a liberal government, and we have a liberal government here as well. Would you say that the main signal and the main benefit of CETA is also political and not economic? Like you have said, we have already investors here in the Netherlands, like Northland, who already do a lot of business here, without ICS and without the investment protection provided by CETA.

De **voorzitter**:

Thank you. I give the floor to Ms Ouwehand of the Party for the Animals.

Mevrouw **Ouwehand** (PvdD):

Thank you so much. Madam Ambassador, I would like to tell you that farmers in the Netherlands and in the European Union are facing enormous reforms for the benefit of the environment, of animal welfare and the preservation of nature. And rightfully so. They are concerned that the farmers in Canada will not have to change as much as they do. What I would like to ask you is this: is there great enthusiasm amongst farmers in Canada for stricter regulations protecting the environment? I am guessing there is not. When you talk to us about accepting each other's standards and comply with them, then I have to ask you this one question: in the European Union, some pesticides have been banned. Instead of following these new European regulations, Canada lobbied in the European Union for a rise of the allowable maximum residue level. So, not only are our farmers in the European Union held to stricter regulations pertaining to the use of pesticides, but also the products we import from Canada, the vegetables and potatoes, may contain higher levels of residue than the products grown by European farmers. If you want to sell us the argument that Canada will definitely comply, why did you lobby for this?

De **voorzitter**:

Thank you very much. I give the floor to the Ambassador for her reply.

Mevrouw **Helfand**:

On the question regarding us being trading nations and what the Canadian point of view is regarding trade agreements, I can say that in Canada, we have already had the debate that you are having now, 30 years ago, when we entered into our free trade agreements with the United States. It was quite an active and vigorous debate, with players on both sides. But the fact is, after more than 30 years of free trade with the United States, it is almost universally acknowledged that everyone

benefits from free trade, even though we might be a smaller market than our neighbours to the south.

To the point that when there came a time that we had to look at updating the agreement, because it had been a long time: it was seen as a great victory in Canada that we succeeded in getting an agreement with the United States, so we could continue to have the benefits that we have seen for the last 30 years. So there really is not any question in Canada about whether the Comprehensive Economic and Trade Agreement with the EU is a positive development. It is just assumed, because this is the reality we have lived with in terms of our trade for the last 30 years. It is just assumed and acknowledged that free trade is good for everybody.

De heer **Lambert**:

I will address the other question that was asked: why do we need an agreement, since our trade and investment relationship is good and growing? There are a couple of reasons why we need an agreement, but I will keep it very short. I think that the agreement delivers significant benefits. The most visible aspect is the tariff preferences. As a reference, just look at the impact. The Ambassador quoted a few numbers and made a few remarks on that. It means that the average tariffs applied to products, which could be as high as 15% or 20% prior to the agreement, are now 0%. Products are now entering the Canadian market – or the European market – at a 0% tariff rate. Preferential tariffs mean that companies, small and medium-sized enterprises, SMEs can save on the tariffs and invest in making their companies grow, and that their products can be more competitive on each other's market place. This is increased prosperity on both sides and it translates into jobs on both sides. The other, maybe less visible aspect is the institutional framework. In any mature and growing trading relationship, it is very useful to have a governance framework, in which we can discuss irritants as they arise, in which we can discuss how we want to organize our trade, how we want to improve the way we trade and how we can make trading easier for SMEs. For instance, how can we address what we call non-trade tariff barriers? CETA has a very, very rich governance framework attached to it. There are various specialized committees, many of which have met once, some have met twice since the implementation started. It shows that we can really have a conversation to make the act of trading easier for SMEs. That is what I wanted to say in short.

Mevrouw **Helfand**:

That leads into an answer to the other question about the benefits being both economic and social. CETA has another side to it: the special political agreement, which is a reaffirmation of the common values that we have with the European Union. It is important to see that the two agreements are really one whole. So it is not just about the trade and the economics, it is also about the common values that we share.

I just want to talk for a bit about the farmers, because that issue has been raised. Stéphane Lambert has already explained how the system works. Anything that the farmers produce and that comes into the European Union has to comply with European standards. But it is also the case that the Netherlands have a agrifoodcultural trade surplus of approximately 113 million euros with Canada in 2018. Canada's share of the Netherlands' total agrifood and seafood imports was 0.3% in 2018. So I think for the Dutch agricultural sector, there is clearly a large benefit to CETA. I think that is really hard to refute in any way: the Dutch farmers are already seeing the benefits of the CETA agreement.

De **voorzitter**:

Just a short remark, madam Ambassador. My colleague from the Party for the Animals addressed specifically the issue of the pesticides. If you could elaborate on that?

De heer **Lambert**:

Sure. In short it is important to know that products entering the EU market have to respect the EU framework and comply with it. In that respect, CETA does not change the framework on the use of pesticides for crops coming into Canada. If you are referring to the debate about the glyphosate molecule, that is not a CETA issue. In fact, there are over 130 countries, including EU countries, that use this molecule in the EU. It was approved and re-approved at the end of 2017 for a five-year period. It is in use in Canada. It is in use in many countries that export goods to the Netherlands, such as Germany, Morocco and Brazil. Canada has recently strengthened the requirements regarding the use of glyphosate, for example the labelling requirements, to minimize the risk entailed by human exposure to glyphosates. But the crops that are grown and sold to EU markets from Canada, meet the EU framework in place and strictly comply with it.

De **voorzitter**:

Thank you very much. I think we have...

Mevrouw **Ouwehand** (PvdD):

Excuse me, Mr chairman...

De **voorzitter**:

I know, but I have pointed out to you all that we have a time slot and we are out of time already. I suggest you clarify your open question bilaterally after we closed this meeting.

Madam Ambassador, Mr Lambert, thank you very much for speaking to us in this parliament. We wish you both good luck with your assignment in the Netherlands and we hope to see you again here in parliament soon.

Sluiting 13.38 uur.