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*Plenary sitting*

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**A8-0009/2017**

30.1.2017

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## **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.)

## CONTENTS

	<b>Page</b>
DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION.....	5
EXPLANATORY STATEMENT.....	6
OPINION OF THE COMMITTEE ON FOREIGN AFFAIRS .....	9
OPINION OF THE COMMITTEE ON EMPLOYMENT AND SOCIAL AFFAIRS.....	12
OPINION OF THE COMMITTEE ON THE ENVIRONMENT, PUBLIC HEALTH AND FOOD SAFETY .....	15
PROCEDURE – COMMITTEE RESPONSIBLE .....	17
FINAL VOTE BY ROLL CALL IN COMMITTEE RESPONSIBLE.....	18



## 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) and (4), 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, the Committee on Employment and Social Affairs and the Committee on the Environment, Public Health and Food Safety (A8-0009/2017),
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.

## EXPLANATORY STATEMENT

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 20A 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.

## **Joint Interpretative Instrument**

At the time of signature, Canada and the EU and its Member States adopted a joint interpretative instrument. This instrument provides, in the sense of Article 31 of the Vienna Convention on the Law of Treaties, a statement of what the parties agreed in a number of CETA provisions that have been the object of public debate and concerns and provides an agreed interpretation thereof. This includes the impact of CETA on the ability of governments to regulate in the public interest, as well as the provisions on investment protection and dispute resolution, and on sustainable development, labour rights and environmental protection. As such, the instrument is an integral part of the agreement.

## **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.

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

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.

29.11.2016

## **OPINION OF THE COMMITTEE ON FOREIGN AFFAIRS**

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: Charles Tannock

### **SHORT JUSTIFICATION**

The Comprehensive Economic and Trade Agreement (CETA) will considerably strengthen EU-Canada relations and is an important instrument in the EU's efforts to shape the standards of global trade in the 21st century.

Canada and the EU share a strong commitment to democracy, fundamental freedoms, the protection of human rights, liberal and open trade and multilateralism. Canada has been a Strategic Partner of the EU since 1996 and is an important ally on the international scene. Canada and the EU have worked together closely on global challenges such as climate change, human rights, energy security, conflict resolution and forced migration. Canada regularly contributes to the EU's civilian and military CSDP missions and is an important ally in NATO. The conclusion of CETA would be a strong signal for the continuing importance and vitality of the transatlantic relationship, at a time when both regions increasingly look towards Asia and other regions of the world.

CETA is the most modern free trade agreement that the EU has ever negotiated. It contains chapters on sustainable development, labour and the environment that include ambitious commitments on environmental protection and labour rights. The agreement also includes measures to ensure the participation of businesses, unions, civil society organisations and citizens in the implementation of the social and environmental provisions and of the agreement overall. In addition, CETA has revolutionised the way that investor-state disputes are settled. A new, permanent Investment Court System with judges nominated by the European and Canadian authorities and an appeals mechanism will replace the old arbitration system. CETA would therefore be a crucial step towards a fairer, more equitable rules-based global trade. At a time when the emergence of new powers on the world stage increasingly puts into question the West's capacity to shape global norms and standards, concluding CETA

would strengthen the EU's role as a key global player.

CETA is accompanied by a Strategic Partnership Agreement (SPA), which aims to intensify bilateral cooperation in areas such as foreign and security policy, counter-terrorism, the fight against organised crime, sustainable development, research and culture. Together, the two agreements will allow EU-Canadian relations to become even stronger, for the shared benefit of citizens on both sides of the Atlantic. In light of ongoing trade negotiations with the USA and Mexico, CETA represents the first plank of a broader North Atlantic free trade area.

In view of the political and economic benefits resulting from a successful conclusion of CETA and its positive contribution to the rules of global trade, the rapporteur proposes that the Committee on Foreign Affairs recommend consent to this agreement.

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The Committee on Foreign Affairs calls on the Committee on International Trade, as the committee responsible, to recommend that Parliament 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.

## PROCEDURE – COMMITTEE ASKED FOR OPINION

<b>Title</b>	Conclusion of the Comprehensive Economic and Trade Agreement between Canada of the one part, and the European Union and its Member States, of the other part
<b>References</b>	10975/2016 – C8-0438/2016 – COM(2016)0443 – 2016/0205(NLE)
<b>Committee responsible</b>	INTA
<b>Opinion by</b> Date announced in plenary	AFET 21.11.2016
<b>Rapporteur</b> Date appointed	Charles Tannock 8.9.2016
<b>Discussed in committee</b>	14.11.2016
<b>Date adopted</b>	29.11.2016
<b>Result of final vote</b>	+: 27 –: 12 0: 14
<b>Members present for the final vote</b>	Lars Adaktusson, Nikos Androulakis, Petras Auštrevičius, Amjad Bashir, Goffredo Maria Bettini, Elmar Brok, James Carver, Fabio Massimo Castaldo, Georgios Epitideios, Knut Fleckenstein, Eugen Freund, Sandra Kalniete, Afzal Khan, Janusz Korwin-Mikke, Andrey Kovatchev, Eduard Kukan, Ilhan Kyuchyuk, Ryszard Antoni Legutko, Arne Lietz, Barbara Lochbihler, Andrejs Mamikins, Ramona Nicole Mănescu, Jean-Luc Mélenchon, Vincent Peillon, Alojz Peterle, Tonino Picula, Cristian Dan Preda, Sofia Sakorafa, Jacek Saryusz-Wolski, Alyn Smith, Jaromír Štětina, Charles Tannock, László Tőkés, Ivo Vajgl, Elena Valenciano, Hilde Vautmans
<b>Substitutes present for the final vote</b>	Laima Liucija Andrikiienė, Brando Benifei, Luis de Grandes Pascual, Mariya Gabriel, Ana Gomes, Takis Hadjigeorgiou, Marek Jurek, Antonio López-Istúriz White, Urmas Paet, Soraya Post, Igor Šoltes, Renate Sommer, Bodil Valero, Marie-Christine Vergiat, Janusz Zemke, Željana Zovko
<b>Substitutes under Rule 200(2) present for the final vote</b>	Michel Reimon

8.12.2016

## **OPINION OF THE COMMITTEE ON EMPLOYMENT AND SOCIAL AFFAIRS**

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: Georgi Pirinski

### **SHORT JUSTIFICATION**

The defining end-result from the CETA must be decent job creation, balanced wage increases and expanded entrepreneurship possibilities. However, regarding decent job creation, empirical evidence based on real-world models indicates at best marginal overall increases for EU employment of no more than 0.018% over a 6 to 10 year implementation period. Furthermore, recent studies using such models have forecast actual job losses of 204 000 for the EU as a whole, including 45 000 for France, 42 000 for Italy and 19 000 for Germany. What is more, the Sustainability Impact Assessment of 2011 shows significant sectorial dislocations, eventually leading to increases in long-term unemployment.

As to wages, evidence shows that the agreement would contribute to widening the incomes gap between unskilled and skilled workers thus increasing inequalities and social tensions. What is more, sizable redistribution effects concerning national income are projected, for the EU amounting to a 0.66% increase in favor of capital owners, thus further deepening social dislocations.

The agreement contains no single chapter with specific measures to support SMEs. There are currently 20.9 million EU SMEs (93% with fewer than 10 employees), but only 619 000 export outside the EU. In the liberalized environment created by CETA, such SMEs will be exposed to the full force of competition from large North American transnational corporations thus endangering the 90 million jobs (67% of total employment) that they are providing.

Despite the fact that CETA contains a special chapter on Trade and Labor there is a clear disparity between the levels of protection envisaged for investors and for labor interests and rights. The privileged status accorded to investors with the ICS system stands in sharp contrast to the consultations mechanism, envisaged for protecting labor interests and rights.

Furthermore, Canada has so far not ratified the ILO Convention on Right to Organise and Collective Bargaining and a system of sanctions on cases of infringement of labour and social rights and regulations is still lacking.

There is a proven trade-diverting effect away from trade with developing countries, in this

case primarily African, when facilitating North-North trade. This is particularly harmful, given the imperative need to promote the achievement of the 2030 UN Sustainable Development Goals as the only way to overcome the deepening inequalities between developed and developing countries and to counter the rapidly increasing migration pressures.

There is continuing serious doubt regarding the compatibility with existing EU law of the ICS clause as well as the principle of provisional application.

Therefore, feels compelled to call on the Committee on International Trade to withhold its consent to the agreement.

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The Committee on Employment and Social Affairs calls on the Committee on International Trade, as the committee responsible, to recommend that Parliament decline to give its consent to the proposal for a 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.

## PROCEDURE – COMMITTEE ASKED FOR OPINION

<b>Title</b>	Conclusion of the Comprehensive Economic and Trade Agreement between Canada of the one part, and the European Union and its Member States, of the other part
<b>References</b>	10975/2016 – C8-0438/2016 – COM(2016)0443 – 2016/0205(NLE)
<b>Committee responsible</b>	INTA
<b>Opinion by</b> Date announced in plenary	EMPL 24.11.2016
<b>Rapporteur</b> Date appointed	Georgi Pirinski 9.11.2016
<b>Discussed in committee</b>	29.11.2016
<b>Date adopted</b>	8.12.2016
<b>Result of final vote</b>	+: 27 –: 24 0: 0
<b>Members present for the final vote</b>	Laura Agea, Brando Benifei, Mara Bizzotto, Vilija Blinkevičiūtė, Enrique Calvet Chambon, David Casa, Ole Christensen, Martina Dlabajová, Czesław Hoc, Agnes Jongerius, Rina Ronja Kari, Jan Keller, Adam Kósa, Agnieszka Kozłowska-Rajewicz, Jean Lambert, Patrick Le Hyaric, Jeroen Lenaers, Verónica Lope Fontagné, Javi López, Thomas Mann, Dominique Martin, Anthea McIntyre, João Pimenta Lopes, Georgi Pirinski, Marek Plura, Sofia Ribeiro, Maria João Rodrigues, Claude Rolin, Anne Sander, Sven Schulze, Romana Tomc, Yana Toom, Ulrike Trebesius, Marita Ulvskog, Renate Weber, Jana Žitňanská
<b>Substitutes present for the final vote</b>	Daniela Aiuto, Maria Arena, Georges Bach, Deirdre Clune, Karima Delli, Tania González Peñas, Edouard Martin, Evelyn Regner, Joachim Schuster, Monika Vana, Tom Vandenkendelaere, Flavio Zanonato, Gabriele Zimmer
<b>Substitutes under Rule 200(2) present for the final vote</b>	John Stuart Agnew, Hannu Takkula

13.1.2017

**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

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

## PROCEDURE – COMMITTEE ASKED FOR OPINION

<b>Title</b>	Conclusion of the Comprehensive Economic and Trade Agreement between Canada of the one part, and the European Union and its Member States, of the other part
<b>References</b>	10975/2016 – C8-0438/2016 – COM(2016)0443 – 2016/0205(NLE)
<b>Committee responsible</b>	INTA
<b>Opinion by</b> Date announced in plenary	ENVI 24.11.2016
<b>Rapporteur</b> Date appointed	Bart Staes 10.11.2016
<b>Date adopted</b>	12.1.2017
<b>Result of final vote</b>	+: 40 –: 24 0: 1
<b>Members present for the final vote</b>	Margrete Auken, Pilar Ayuso, Zoltán Balczó, Ivo Belet, Simona Bonafè, Biljana Borzan, Lynn Boylan, Birgit Collin-Langen, Mireille D’Ornano, Miriam Dalli, Angélique Delahaye, Jørn Dohrmann, Ian Duncan, Stefan Eck, Bas Eickhout, Francesc Gambús, Elisabetta Gardini, Gerben-Jan Gerbrandy, Julie Girling, Sylvie Goddyn, Françoise Grossetête, György Hölvényi, Anneli Jäätteenmäki, Jean-François Jalkh, Benedek Jávor, Kateřina Konečná, Giovanni La Via, Peter Liese, Norbert Lins, Valentinas Mazuronis, Miroslav Mikolášik, Massimo Paolucci, Gilles Pargneaux, Bolesław G. Piecha, Pavel Poc, Frédérique Ries, Michèle Rivasi, Annie Schreijer-Pierik, Claudiu Ciprian Tănăsescu, Ivica Tolić, Nils Torvalds, Tiemo Wölken, Damiano Zoffoli
<b>Substitutes present for the final vote</b>	Guillaume Balas, Nicola Caputo, Albert Deß, Herbert Dorfmann, Anne-Marie Mineur, Gabriele Preuß, Jasenko Selimovic, Bart Staes, Tibor Szanyi, Mihai Țurcanu, Tom Vandenkendelaere
<b>Substitutes under Rule 200(2) present for the final vote</b>	Burkhard Balz, Paul Brannen, Soledad Cabezón Ruiz, Nessa Childers, Jussi Halla-aho, Heidi Hautala, Anja Hazekamp, Sajjad Karim, Sorin Moisă, Evelyn Regner, Jana Žitňanská

## PROCEDURE – COMMITTEE RESPONSIBLE

<b>Title</b>	Conclusion of the Comprehensive Economic and Trade Agreement between Canada of the one part, and the European Union and its Member States, of the other part			
<b>References</b>	10975/2016 – C8-0438/2016 – COM(2016)0443 – 2016/0205(NLE)			
<b>Date of consultation / request for consent</b>	31.10.2016			
<b>Committee responsible</b> Date announced in plenary	INTA 21.11.2016			
<b>Committees asked for opinions</b> Date announced in plenary	AFET 21.11.2016	EMPL 24.11.2016	ENVI 24.11.2016	
<b>Rapporteurs</b> Date appointed	Artis Pabriks 13.7.2016			
<b>Discussed in committee</b>	31.8.2016	12.10.2016	10.11.2016	29.11.2016
	23.1.2017			
<b>Date adopted</b>	24.1.2017			
<b>Result of final vote</b>	+: –: 0:	25 15 1		
<b>Members present for the final vote</b>	Laima Liucija Andrikienė, Maria Arena, Tiziana Beghin, David Borrelli, David Campbell Bannerman, Salvatore Cicu, Marielle de Sarnez, Santiago Fisas Ayxelà, Christofer Fjellner, Eleonora Forenza, Karoline Graswander-Hainz, Heidi Hautala, Yannick Jadot, Bernd Lange, David Martin, Emmanuel Maurel, Emma McClarkin, Anne-Marie Mineur, Sorin Moisă, Alessia Maria Mosca, Franz Obermayr, Artis Pabriks, Franck Proust, Godelieve Quisthoudt-Rowohl, Inmaculada Rodríguez-Piñero Fernández, Tokia Saïfi, Matteo Salvini, Marietje Schaake, Helmut Scholz, Joachim Schuster, Joachim Starbatty, Adam Szejnfeld, Hannu Takkula, Iuliu Winkler, Jan Zahradil			
<b>Substitutes present for the final vote</b>	Eric Andrieu, Bendt Bendtsen, Edouard Ferrand, Seán Kelly, Ramon Tremosa i Balcells			
<b>Substitutes under Rule 200(2) present for the final vote</b>	Laura Agea			
<b>Date tabled</b>	30.1.2017			

## FINAL VOTE BY ROLL CALL IN COMMITTEE RESPONSIBLE

25	+
ALDE	Marietje Schaake, Hannu Takkula, Ramon Tremosa i Balcells
ECR	David Campbell Bannerman, Emma McClarkin, Joachim Starbatty, Jan Zahradil
ENF	Franz Obermayr
PPE	Laima Liucija Andrikienė, Bendt Bendtsen, Salvatore Cicu, Santiago Fisas Aixelà, Christofer Fjellner, Seán Kelly, Artis Pabriks, Franck Proust, Godelieve Quisthoudt-Rowohl, Tokia Saïfi, Adam Szejnfeld, Iuliu Winkler
S&D	Bernd Lange, David Martin, Sorin Moisă, Alessia Maria Mosca, Inmaculada Rodríguez-Piñero Fernández

15	–
EFDD	Laura Agea, Tiziana Beghin, David Borrelli
ENF	Edouard Ferrand, Matteo Salvini
GUE/NGL	Eleonora Forenza, Anne-Marie Mineur, Helmut Scholz
S&D	Eric Andrieu, Maria Arena, Karoline Graswander-Hainz, Emmanuel Maurel, Joachim Schuster
VERTS/ALE	Heidi Hautala, Yannick Jadot

1	0
ALDE	Marielle de Sarnez

CORRECTIONS TO VOTES AND VOTING INTENTIONS	
–	Franz Obermayr

Key:

+ : in favour

- : against

0 : abstentions

