



15 January 2010

### **MEETING QUEBEC NEGOTIATOR PIERRE-MARC JOHNSON 18 JANUARY 2010**

#### ***Negotiations on the Comprehensive Economic and Trade Agreement (CETA)***

The negotiations were launched in May 2009 and a first round of negotiations took place in October in Ottawa. The negotiations are generally positive and constructive, though the more difficult issues (e.g. in areas of Intellectual Property Rights and government procurement) have yet to be tackled.

Canada's provinces are present during the negotiations where discussions relate to their legal jurisdiction, such as procurement or health and safety standards. It is important to know that Canada is not a Single Market, as several restrictions exist for the free movement of goods and persons. The EU requests that Canada introduces the mutual recognition principle, equivalent to the Cassis de Dijon-ruling in the EU (1979). The Canadian government favours this approach, but there is considerable opposition from the provinces.

Future negotiation rounds will not necessarily continue as smoothly as the first: Canada is very keen to have the CETA agreement, but will have some significant challenges, for example to ensure a balance of interest for all Provinces, where some have big agricultural export interests and others have industrial interests.

#### ***BUSINESSEUROPE expectations in short***

The EU-Canada FTA should set a new benchmark for bilateral economic integration by

- **Securing real market access** for goods, services and investments
- Agreeing on an ambitious **regulatory cooperation** agenda.
- **Eliminating tariff and non-tariff barriers**
- Ensuring greater reciprocal access to **public procurement** at all levels;
- Including cooperation on access to **raw materials** and stronger **IPR protection**;
- Facilitating **investments in new technologies** to foster energy security and address environmental challenges;



### ***Specific points***

The Canadian provinces hold the key to unlocking many potential benefits of an EU-Canada.

1. Many **technical, health and safety regulations or standards** are set at provincial level in Canada and our aim is to move towards either regulatory convergence or the mutual recognition of regulations and standards with this agreement.
2. The CETA should open Canada's **procurement markets** both at federal and provincial level as much as possible (provincial procurement is bigger than federal procurement). Canadian provincial governments but also provincial utilities – like the world famous Hydro Québec and Manitoba Hydro – offer interesting possibilities for partnership with EU firms.
3. BUSINESSEUROPE wants to deepen cooperation with Canada on **energy and environmental projects** through the CETA. We see a real opportunity to use this deal to enable a linking up of our carbon regulation systems to reduce the costs of new investments in low-carbon energy projects.
4. BUSINESSEUROPE wants to boost **trade and investment in raw materials** between the EU and Canada. Canada is a large supplier of industrial raw materials to EU industry. The CETA should include stronger investment rules and cooperation on competition policy, to create incentives for more EU investment into the raw materials (mining) sector in Canada and for Canadian investment in the EU's mining sector in (mainly for gold and copper in Eastern Europe).
5. Canada has relatively weak protection of **Intellectual Property Rights**. The agreement should seek to upgrade Canada's IPR in line with European and international standards.

### ***Quebec-specific points***

- In Canada, Quebec has been the main driving force behind the EU-Canada FTA.
- Quebec is more closely integrated with the EU economically than any other Canadian province, even though most of its trade is with the US.
- Quebec offers huge opportunities in the energy and minerals sectors but also has a strong IT and aerospace industry.
- Quebec wants to increase labour mobility with the EU, mainly to attract skilled personnel.



- Quebec is a strong supporter of an ambitious climate change agreement because it stands to benefit as a supplier of hydro-electricity to the US. It is in open conflict with the Canadian federal government on this issue.

## ***Next steps***

The next negotiating rounds will take place in April and July, with the aim of concluding negotiations in two years.

BUSINESSEUROPE is planning an EU-Canada business event in the margins of the G8 Business Summit.

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