

EU-Canada CETA negotiations
Round V, Ottawa, 18-22 October 2010

Round V of the negotiations for the EU-Canada (CA) Comprehensive Economic and Trade Agreement (CETA) took place in Ottawa 18-22 October. However, for agenda reasons and in order to make best use of time, the meetings already started the week before with discussions on Services, Investments and Rules of Origin.

Negotiators entered this round with the objective to cover as much ground as possible on texts, close chapters where appropriate and identify points of remaining difference. On the whole these objectives were met – the Customs and Trade Facilitation chapter was virtually closed and good progress was made in all chapters. The Chiefs also set the stage for the first cross cutting discussions on the goods market access cluster

With regard to Market Access (MA), the positive recent developments in services

Art 4.3

nd in government procurement

Art 4.1 a)

open the way for the presentation of a package of

MA offers in goods, procurement, services and investment at the beginning of next year. Details will need to be further discussed between now and the end of the year. The planning also depends on whether Member States will be able give a final authorization to extend the negative list approach on services to Mode 1 and how long time it will take to examine the draft offers.

Also, a successful MA negotiation will depend on the negotiation results in directly related areas, in particular, Rules of Origin where good progress was made during this round, but where

Art 4.3

The good atmosphere of the previous rounds was kept with a spirit to find mutually acceptable solutions without lowering the overall level of ambition. Canadian Provinces and Territories were present and active.

The sixth round will take place in Brussels on 17-21 January 2011 and a seventh round is earmarked for April 2011.

Looking at more detail at some of the Chapters:

Trade in Goods

Leads explored the modalities for the remaining tariff lines with the aim to categorize products. On industrial goods, the extent of flexibilities was explored but the parties continue to identify key linkages to Rules of Origin and Non Tariff Barriers affecting the tariff outcome in key sectors. There was also similar discussion in agriculture and on fish. All outstanding elements of the Goods chapter were reviewed with the Chiefs present, notably issues relating to national treatment.

Wines and Spirits

Both sides agreed it was time to focus on priorities to make progress. The EU signalled the importance of addressing exemptions to national treatment, provincial cost of service differential charges and Canadian requirements for the import of bulk spirits.

Customs and Trade facilitation

The Parties have provisionally closed the chapter on Customs and Trade Facilitation (with the exception of the article on Advance Rulings and the placeholder text on a committee, both linked to discussions in other chapters).

Procurement

Discussions have developed in a very positive manner and Art 4.1(a) Parties undertook an article-by-article review of the text signalling on MA. Parties were able to conclude on several text-related issues. However, there are some systemic difficulties which will need to be addressed in MA negotiations

Art 4.1(a)

Intellectual Property Rights

This chapter remains one of the most difficult. In general, many provisions on copyrights, pharmaceuticals patents and design remain bracketed.

Regarding copyright, progress remains conditioned by the on-going reform in CA (Bill C-32) and discussions focussed on questions of clarification of specific issues that have not been previously reviewed in detail.

On supplementary patent certificates and data protection for pharmaceuticals as well as the right of appeal, no progress was achieved on the respective proposals.

Enforcement discussions progressed well. No progress was achieved regarding criminal sanctions provisions as the EU has yet to provide a proposal.

On Geographical Indicators (GIs), discussions centred on CA's approach to certain EU requests. Though recognizing some movement, the EU expressed significant concerns with many of the Canadian comments and indicated that this approach would not garner the support of EU Member States.

Art 4.1(a)

Rules of Origin

Negotiators completed the review of all remaining product-specific rules of origin. Although progress in several areas, key divergences remain, one example being ownership requirements related to wholly obtained fish (Canada has ownership requirements tied to fishing licenses; the EU has ownership requirements tied to vessels).

Origin Procedures

The Parties completed a review of the entire origin procedures text and removed a number of brackets.

Monopolies and State Enterprises

Little progress but recognition of the problems and the inter linkages with the larger MA package.

Art 4.1(a)

Subsidies:

Parties reviewed CA the lists of principles and the issue of scope, including the issues of services, agricultural, fisheries,

Art 4.3

Services and Investment

Art 4.1(a)

. The parties thoroughly discussed the financial institutions vs financial services issue and all the potential consequences and agreed that it would be possible for both sides to compromise. Several issues remain for both sides primarily relating to scope,

Art 4.3

on the whole good progress.

On temporary entry, both parties worked together to agree on harmonised definitions for the main categories of service suppliers to be covered in this chapter and the shape/scope of this chapter is now becoming more clear.

A number of sectoral texts were also discussed, including

Art 4.1(a)

The text was nearly finalised on telecoms and e-commerce, and parties agreed that further work on maritime services would be required.

For cross-border services and investment, the EU conveyed to CA their agreement to adopt a negative list (conditional on the level of ambition of the CA offer) approach for investment and explored the broader implications of a number of CAN standards and concepts used with regard to investment. The Parties had a constructive discussion on all other items and achieved modest progress on domestic regulations, mutual recognition agreements and the clause on denial of benefits.

At the dedicated Investment session, the EU updated CA on the progress of their Communication for an EU International Investment Policy, including the process of requesting a mandate to negotiate on investment protection. A decision in this respect is essential for allowing progress to continue to enable negotiators to move forward on investment protection negotiations during the next Round.

Sustainable Development – General

Canada proposed a sustainable development text in the form of a chapter, based on the EU proposal. Substantial progress was made and the parties could agree on some articles. Good exchange of views took place on the Civil Society Forum and sustainability impact assessment commitment; further work is required.

Sustainable Development – Environment

Negotiators conducted a complete review of the Chapter. Good progress was made in removing brackets and further consolidation of text took place.

Art 4.1(a)

Initial discussions took place on the EU's proposal

on administrative and judicial procedures and on the government consultations provisions of the dispute settlement Articles.

With respect to Multilateral Environment Agreements, levels of protection, Institutions, public engagement and transparency, CA and the EU continued to exchange ideas to clarify their respective positions.

Art 4.1(a)