

***EU-Canada CETA negotiations***  
***Round IX, Brussels, 17-21 October 2011***

The ninth round took place 17-21 October in Ottawa. The Market Access offers for services were exchanged the week prior to the round. This was the first time that all the Market Access issues were discussed together. At the round the good atmosphere prevailed but on substance the discussions are getting harder. As in previous rounds, there was progress in most of the chapters but no major break-through to report at this point. The provinces were again well involved in this round.

On process the parties agreed that this would be the last full round. At this stage of the negotiations it was felt that the big rounds were not efficient any more. Instead there would be a series of smaller working sessions focusing on a limited number of outstanding issues

**Market access**

Goods offers were exchanged in July 2011. Both parties are aiming at a very high level of liberalisation of trade in goods (no goods have so far been excluded from the negotiation, but for four product groups possible offers would only be exchanged at a later stage: the supply managed sectors dairy, eggs and poultry on the Canadian side, beef and pork on the EU side). The delegations reviewed outstanding tariff lines with both sides highlighting key interests, while recognizing the close linkages to outcomes in other areas including rules of origin.

As regards Services, both sides have equally high ambition. Offers were exchanged the week before Round 9.

Art 4.1(a)

For Government Procurement there is broad agreement on the rules on the chapter, but not yet on coverage. Market access offers were exchanged in July, and parties are currently analysing the (respective) other side's offer.

Art 4.1(a)

**Text**

This was the first time the parties discussed Investment Protection as the EU obtained its formal negotiation directive only on September 12<sup>th</sup>. The parties had a good discussion on the main articles of the consolidated Investment text, except the section on investor-state dispute settlement procedures. Parties continued discussions on conceptual issues and approaches, including a significant exchange of views on the minimum standard of treatment and fair and equitable standard and the concept of indirect expropriation.

In the TBT chapter the negotiators reviewed all outstanding issues. Some progress was made. The parties continued their discussions for EU-Canada co-operation on facilitation of mutual acceptance of conformity assessment results (Notified Bodies). Parties reviewed their positions again and identified areas for legal compatibility.

Rules of Origin (RoO) continue to be, given the different systems on both sides, one of the most complex and the most time-intensive area of the negotiations. The negotiations are aiming to have an integrated text which incorporates features from both schemes and with substantive requirements satisfactory for both Parties. Outstanding specific rules of origin have been reviewed with progress on some lines. No breakthrough, though, on the products which are considered more important and where the rules on both sides significantly differ (in particular autos/auto-parts, textiles and apparel, meats, sugar containing products, fish).

Art 4.1(a), Art 4.3

Viable options that could be further consulted internally by both sides have not yet been found.

On Intellectual Property Rights (IPR) only limited progress was made on text. The deadlock on pharma-related issues persisted. The discussion on copyright was not substantive due to the on going debate in the Canadian Parliament on the draft new copyright bill. Regarding Geographical Indications (GIs), Canada had previously received the EU list of food GIs and was still in the process of consulting internally as well as checking it for possible overlaps with existing trade marks or generic denominations.

Discussion continued and gaps were narrowed on transport. On Domestic Regulation and Mutual Recognition discussions led to significant progress in narrowing differences in all remaining areas of divergence.

In the area of Financial Services, the parties reviewed their policy objectives for the text and took stock of the state of play. They agreed to adopt the consolidated text as a working document and had a productive discussion on the outstanding issues in the text and a first discussion of market access offers. The major identified outstanding issue is application of investor-state arbitration and other investment standards in financial services context.

On Sustainable Development negotiators made substantial progress on most of the provisions in the Trade and Environment Chapter such that the text has been fully consolidated and the remaining differences are clear. For labour the negotiators reviewed the complete text and removed Article 13 on Definitions. The most difficult issues will have to be dealt with at a later stage, notably the scope of obligations and the proposal on monetary assessments.

On Monopolies and State Enterprises the parties are generally of the same view on much of the approach and are confident that further progress on finalizing the text should be possible in the months ahead.

Regarding Dispute Settlement and Mediation there were further discussions on the remaining two points of difference, of non-violation claims and the mechanism of compliance. Both sides to further explore flexibilities.

In the area of Wines and Spirits, both parties continued to discuss the four pending issues (out-of-province sales/own brands of certain liquor boards, private wine-stores, the Cost of Service Differentials (COSD) applied by the Liquor Boards to European wines and spirits and

blending requirements for bulk spirits). The EU noted it is also seeking to incorporate the Canada-EU Wines and Spirits Agreement in the CETA but that it is open to discuss how to accomplish this incorporation.

SPS, Raw material, Energy and Research and Innovation were not discussed during the week.