



Minutes of the ECR Meeting of December 4th, 2012

Attendance: All except Bulgaria, Cyprus, Estonia, Italy, Latvia, Lithuania, Malta, Slovenia

1. CETA – State of Play

EUDEL briefed the group about the recent ministerial meeting held on November 22nd in Brussels between Commissioners De Gucht and Ciolos and Ministers Fast and Ritz. [**DELETED**]

Both sides came to the conclusion that further talks are needed and agreed that it was important to keep the positive momentum generated by the ministerial discussions. In this respect the chief negotiators have been instructed to continue negotiations in order to bridge the current gaps, particularly on the gateway issue of agriculture. The EU and Canada also shared a desire to conclude quickly and Ministers agreed to reconvene in the weeks to come.

Commissioner De Gucht reported the results of the ministerial meeting to the Meeting of the Foreign Affairs Council (Trade), which met on November 29th.

DK recalled that at a recent meeting between the Canadian and Danish Foreign Ministers, the two sides touched briefly the CETA questions and both expressed support for a quick conclusion of the negotiations.

EUDEL also recalled that a Canadian newspaper (*La Presse*) had recently leaked to the public EU restricted strategic papers ("Landing Zone Paper") that were circulated at the Council in the second half of November. [**DELETED**]

Concerning the question of pharmaceutical patents, EUDEL recalled that at the end of November the Canadian Health Policy Institute (CHPI) published a study on the impact of drugs on the total cost of the Health Care System in Canada. The study (attached) concludes that the small percentage of health spending accounted for by drugs means that even big efforts to cut drug costs (like the early introduction of generic versions) will not return significant overall savings.

2. Canadian Trade Policy – developments

TPP

Canada has formally been admitted as a TPP member in October and is currently participating in the 15th negotiating round that is taking place in Auckland, New Zealand.

Japan

The first negotiating round for Canada-Japan FTA took place during the week of the 26th November in Tokyo.

India

Canada hosted the 6th round of Canada-India CEPA negotiations mid-November. This round was preceded by Canada-India CEO forum, which is meant to bring closer business from both countries.

3. 2012 ECR Annual Report

EUDEL circulated a draft 2012 Annual Report (attached) compiled on the basis of contributions drafted by the EUDEL and various MS. EUDEL said that this first attempt to draft a joint annual report is very encouraging. Almost all sections of the report are already drafted and the current draft text looks substantial.

In order to finalise the text – that we hope to be able to adopt in January – EUDEL suggested proceeding in the following way:

- 1) All ECR colleagues are invited to read, comment and propose amendments to the current draft. In particular, if someone considers that some sectors or specific problems have not been covered in the Report, please be free to provide additional contributions.
- 2) Those colleagues who have already drafted contributions are invited to produce a very short synthesis of their text, highlighting key trends, problems and perspectives or important policy decisions having affected the sector in question. If applicable, one could add particular opportunities and/or challenges for EU business in each given sector.
- 3) All new contributions and remarks should be sent to the EU Delegation no later than Wednesday, December 19th.

4. Toronto Trip

EUDEL said that the joint ECR trip to Toronto could take place on March 5th 2013. The ticket flight from Ottawa with Porter Airlines should cost between 320 and 350 dollars. EUDEL is in contact with Porter in order to secure a favourable rate and preferential modalities for the reservation and ticket emission.

However, before being able to confirm the logistical aspect of the mission and then finalise the programme in Toronto, it is essential to know how many participants from EU missions in Ottawa are able to attend the trip. For this reason EUDEL requires that EU missions communicate the number of participants before December 19th.

EUDEL recalled that EU Consuls and/or Trade Representatives based in Toronto are welcome to join us during our Toronto programme.

A revised tentative programme is attached.

5. Green Energy Act – WTO proceedings

EUDEL said that the decision of the WTO Panel on this dispute remains confidential, despite recent reports in the Canadian press including reported statements from the Ontario government that it will urge Canada to appeal the decision. The decision should be made public by the end of December.

6. AOB

Bill C-11

Copyright Modernisation Act (Bill C-11) is already being enforced by courts that order internet providers to provide data on users illegally downloading protected content.

EUDEL distributed the press releases of the European Commission and Canada issued following last month's Annual Meeting of the International Commission for the Conservation of Atlantic Tunas (ICCAT).

EUDEL circulated a draft calendar of ECR meeting dates for 2013 (attached).

7. Next ECR meeting

The next ECR meeting will take place on Tuesday, January 8th.

▪ GUEST SPEAKER

EUDEL Invited as guest speaker Mr. Michael Hart, Professor and Simon Reisman Chair in Trade Policy at the Norman Paterson School of International Affairs, Carleton University, and former DFAIT official.

Professor Hart gave his perspective of the current state of global trade and trade policy. He said that trade policy in the past was focussed on "disarmament agreements", designed to prevent governments from protecting their respective domestic industries through tariffs. This has proven so successful, particularly in the substantial lowering of tariffs, that, for the past few decades business has been able to disperse their production activities across multiple countries into what are known as "global value chains". As a consequence, components for a particular finished product could cross borders many times, thereby inflating trade statistics and making it difficult to determine the true origin of the finished good. Trade policy should be adapting to this new way of doing global business, by making it easier for business to participate in global value chains. For instance, he thinks Canada should get rid of its tariffs altogether, since the resulting reduction of administrative costs and productivity gains would more than compensate for the loss of tariff revenue. Similarly, he stated

that anti-dumping and anti-subsidy legislation should be repealed. However, current trade policy continues to be "backward looking", not reflecting the actual trade.

Professor Hart said that Canadian trade policy currently has 2 major challenges. The first concerns the US, Canada's largest trading partner, and maintaining an open border flow while satisfying the US on the security side after 9/11. In this context, he noted that, after 9/11, border supervision for both partners had moved from economic ministries to security ministries. The current bilateral "Behind the Border" initiative is now the fifth attempt by Canada to address these concerns and is "actually making progress". This includes aligning regulatory requirements. The second challenge for Canada is to engage with the emerging economies of the Asia-Pacific, including China, which will be the major trade and investment partners and the major source of capital of the future.

Professor Hart said that the trade policy of the future should focus on five issues, namely competition policy, investment, intellectual property rules, state-trading enterprises and strong dispute settlement. This should be the focus of the Trans-Pacific Partnership (TPP) negotiations.

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Professor Hart is the author of a recent paper published by the CD Howe Institute entitled "Breaking Free: A Post-mercantilist Trade and Productivity Agenda for Canada" <http://www.cdhowe.org/breaking-free-a-post-mercantilist-trade-and-productivity-agenda-for-canada/18501>