



The Canada-Europe Comprehensive Economic & Trade Agreement (CETA)

**Speaking Notes for
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**House of Commons Standing Committee on
International Trade**

March 3, 2014

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Thank you, Mr. Chair, for this opportunity to provide comments on the Canada-Europe Comprehensive Economic & Trade Agreement, or CETA.

My name is Cam Vidler and I am the Director of International Policy at the Canadian Chamber of Commerce, which represents over 200,000 Canadian businesses of all sectors, sizes and regions. Many of our members sell their products or operate in the European market, or are actively considering doing so.

Today, I will talk to you about the Canadian Chamber's long-standing support for CETA and our assessment of the deal as announced.

But more importantly, I want to focus on the next steps that need to be taken to implement the agreement and realize its full potential.

The Canadian Chamber has been closely involved in the CETA negotiations since before they began. In 2007, we took part in the private sector steering group for the joint study by Canada and the EU that would recommend the launch of formal talks. Based on consultations with our members, we provided a number of submissions to help our trade negotiators establish Canada's priorities.

Once talks were underway, we provided additional input as needed and worked frequently with our members, the government and other stakeholders to raise the profile of the negotiations and highlight their importance to Canadian business. Several policy resolutions were passed at our AGM calling on the two countries to complete the agreement.

It is in this context that we welcomed the announcement last October by Stephen Harper and José Barroso that after four years a deal in principle had been reached.

So what do we think about this deal?

At the onset of the negotiations, our members were seeking an agreement that would reduce tariffs and expand quotas, open up markets for services and government procurement, improve trade facilitation and customs services, encourage regulatory cooperation and protect investments and intellectual property – all backed by a robust dispute settlement mechanism.

Based on the technical summary released shortly after the announcement, we are confident that these objectives have been largely accomplished, and that the deal will yield real and significant benefits for Canadian businesses and their employees and communities.

The government and other guests of the committee have communicated these in great detail, so I won't go any further, although I'd be happy to take questions from the Committee afterwards. It is sufficient to say that CETA is an achievement that should make Canada proud.

But it's soon time to stop patting ourselves on the back. There's a lot of hard work ahead to get CETA implemented within a reasonable timeframe, and to make sure that Canadian businesses can fully exploit the benefits of the agreement.

Let's review the hurdles that remain before the deal can come into effect. The negotiating teams are still finalizing the text. Once that's done, the text must go through a formal legal review and be translated into the EU's 24 official languages. Based on the EU's bilateral agreements with Colombia, Peru and South Korea, this last step can take up to a year.

The next phase is ratification. In Canada, that means getting assurances from the provinces that they will pass and implement any required legislation. In Europe, it means receiving separate approvals from the European Commission, European Council (the member states), and the European Parliament. It's not uncommon for the ratification process in Europe to take up to two years. Keep in mind this is after translation and legal review have already been completed.

A further complication in the case of CETA is the European parliamentary elections this May, which could change the makeup of the trade committee, which has so far been a strong supporter of an agreement with Canada.

Throughout these steps, the Canadian government will need to continue to exert the leadership that got us to where we are today.

That includes close oversight of and support for the negotiating teams and further political interventions if needed.

Canada must also strengthen public advocacy efforts in Europe. In addition to outreach by our embassies in Brussels and national capitals throughout Europe, Canada should consider sending a high-level delegation of parliamentarians and cabinet ministers to meet with key players in the European ratification process, and especially with the European Parliament.

Back home, the federal government will have to focus its attention on the provinces. Although they had a seat at the table throughout the talks – helping the negotiating team understand regional needs and making Canada's sub-national commitments more credible – the final signing authority rests with the federal government. Talks with provinces around compensation for affected sectors – which has been hinted at in the dairy sector, for instance – should not be linked to the completion of the text. The federal government should also consider convening the Premiers or their representatives to discuss an action plan for any required implementing legislation.

For our part, the Canadian Chamber of Commerce has joined a number of other industry associations across Canada to form the Coalition for Canada-Europe Trade. This group will advocate in favour of the agreement in both markets.

The actions I've just outlined will help ensure that CETA is put into effect as soon as possible. But the challenges don't end there.

Many Canadian companies are already exporting to Europe or investing there. They will quickly be able to take advantage of the framework CETA puts in place.

Others, however, especially small and medium-sized enterprises, will require assistance to understand marketplace opportunities, regulatory regimes and political and legal institutions. Certain countries in Southern and Eastern Europe, for instance, have particularly challenging business environments.

The federal government needs to continue to raise awareness of the markets and production locations that will open up as a result of CETA. Efforts should be made to connect interested businesses with the Trade Commissioner Service, Export Development Canada and other agencies that offer trade promotion services, both at the federal and provincial level.

Last year, the Global Markets Action Plan highlighted the need for more effective trade promotion and economic diplomacy to complement new trade agreements. It will be important to review the current offering of services and their delivery in order to make sure they are properly resourced, coordinated, relevant and accessible to businesses looking at the European market. In April, the Canadian Chamber will release a report with its own recommendations for how this can be done, which we look forward to sharing with the Committee.

Finally, Canada will have to pay close attention to ongoing trade talks between the EU and the U.S., which they've named the Trans-Atlantic Trade & Investment Partnership, or TTIP for short. Although CETA resolved a great number of bilateral trade barriers, the EU reserved certain issues, particularly in the area of regulatory cooperation, for their negotiations with the U.S.

Canada was able to secure some exemptions or 'derogations' for exports to Europe that contain high levels of American content – in food processing and automobiles, for instance. But long-term access to the European market for North America's integrated supply chains will depend on completion of the TTIP.

Canada should push the American government and European Commission to ensure that the TTIP lives up to its name and contributes to the creation of a seamless trade relationship between all of North America and Europe. Canada should join Mexico – which has its own trade agreement with the Europe Union – and propose solutions to ensure compatibility between the different treaties.

We've come a long way since Canada and the European Union started discussing the possibility of a bilateral trade agreement, but we're not there yet. The government and business community have worked hard and secured a groundbreaking deal comparable only to NAFTA. Yet the hard work will have to continue if the treaty is to be implemented and Canadian business is to realize its full potential.

With that, I close my remarks. Thank you for your time. I welcome your questions.