



# **Information meeting on the EU-Canada Comprehensive Economic and Trade Agreement and Flemish priorities in EU trade policy**

Report of 28 September 2016



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# 1 WELCOME BY FREDDY EVENS

*Freddy Evens works as Stakeholder Management Team Coordinator with the Flanders Department of Foreign Affairs. The remit of the Stakeholder Management Team is to inform stakeholders about Flanders' foreign policy and involve them more closely in it.*

The Flanders Department of Foreign Affairs organises this information meeting on the EU-Canada Comprehensive Economic and Trade Agreement (CETA) at the request of Minister-President Geert Bourgeois. With this meeting the Flanders Department of Foreign Affairs also honours its commitment to organise a follow-up session, as agreed at the first information meeting on TTIP. As soon as the TTIP impact study of the FPS Economy is available, a third information meeting will be organised.

In preparation of this information meeting representatives from wider civil society were consulted, viz. VVSG (Association of Flemish Cities and Municipalities), Kenniscentrum Steden (Cities Knowledge Centre), Verenigde Verenigingen (United Associations), Voka (Flanders' Chamber of Commerce and Industry), UNIZO (Union of Self-Employed Entrepreneurs) and vleva (Liaison Agency Flanders-Europe). They helped flesh out the programme and decided to dedicate this morning to (i) an information session on CETA and (ii) feedback on the EU trade policy survey.

## 2 EXPLANATION OF CETA BY KEVIN VERBELEN

*Kevin Verbelen works as International Enterprise Policy Officer with the Flanders Department of Foreign Affairs. He monitors the progress of free trade agreement negotiations on a daily basis.*

The PowerPoint presentation is available on the [website of the Flanders Department of Foreign Affairs](#) and of [vleva](#).

Since the Lisbon Treaty, the EU has been responsible for trade and investment agreements. Flanders is responsible for trade (with the exception of multilateral negotiations). Within the Flemish administration the EU Trade Working Group gathers information from the different departments and agencies with regard to offensive and defensive interests. This position is then defended at the Belgian coordination meetings. After that, the Belgian position is submitted to the Trade Policy Committee of the Council of the European Union.

Apart from a key trade partner, Canada is also a major partner for Flanders at cultural, academic and tourist level. Flanders has developed strong ties with Quebec in particular.

Kevin Verbelen outlines the chronology up to the conclusion of CETA. It was not decided to replace the ISDS (Investor-State Dispute Settlement) with the ICS (Investment Court System) until the legal tidying-up exercise took place. On 16 September 2016, the Government of Flanders gave its approval. Upon signature, a declaration will also be attached to CETA, confirming that the partners respect the fundamental ILO Conventions, that public services will not be liberalised and that the ICS will not be above the national courts.

CETA is consists of some thirty chapters on market access for goods, investment, trade in services, regulatory cooperation, government procurement, intellectual property, sustainable development and transparency.

Flanders takes a positive view on CETA for several reasons: Canada is of geostrategic importance (e.g. WTO, NAFTA, similar values as EU); it offers Flemish goods (like agricultural products, foodstuffs and beverages) better access to the Canadian market; the section on public contracts also applies to Canadian provincial authorities (e.g. access for dredging sector); the section on services respects Flanders' offensive and defensive interests, etc.

Finally, Kevin Verbelen discusses the Investment Court System which replaces the Investor-State Dispute Settlement, and the chapters on sustainable development in CETA.

### 3 IMPORTANCE OF FLEMISH TRADE WITH CANADA BY PETER JASPERS

*Peter Jaspers is the Flanders Investment & Trade (FIT) Domestic Network Coordinator and in charge of FIT-Enterprise Europe Network Flanders.*

The PowerPoint presentation is available on the [website of the Flanders Department of Foreign Affairs](#) and of [vleva](#).

Peter Jaspers notes that the Belgian figures can be used for the presentation, since the Flemish share represents 90% of Belgium's trade with Canada.

Canada is Flanders' 25<sup>th</sup> most important trade partner in the field of goods exports. More than 50% of these goods are chemical and pharmaceutical products. Because Canada is a member of NAFTA, its importance as trade partner is growing. In terms of imports in Flanders, Canada is in 20<sup>th</sup> position. It should be remarked in this context that the significance of the individual sectors is so low that one single contract can make a huge difference. It is difficult to forecast the impact of CETA on imports and exports. There may be greater potential for fruit and vegetables. The export of services to Canada is about half the size of the imports. CETA could bring this into balance.

## 4 CANADIAN PERSPECTIVE ON CETA BY GREGORY RUST

*Gregory Rust works as trade expert at the Canadian Embassy in Brussels.*

The PowerPoint presentation is available on the [website of the Flanders Department of Foreign Affairs](#) and of [vleva](#).

The EU is Canada's second biggest trading partner after the US. CETA is a comprehensive agreement that covers goods, services, investment, procurement, etc. It is the first time that a Canadian free trade agreement contains chapters on sustainable development, labour and environment. CETA still allows governments flexibility in conducting policies relating to public healthcare, education and other social services, culture and minorities. It also protects labour rights, etc.

The following recent and scheduled events are important for CETA:

- 14 September: the translation into all EU languages is ready
- 16 September: a compromise proposal is formulated on the provisional application of CETA, and the possibility of adding a declaration is examined
- 12 October: COREPER meeting on CETA
- 18 October: deliberation on CETA by the Council of the European Union
- 27 October: signature

## 5 THE IMPORTANCE OF CETA FOR FLEMISH BUSINESSES

### 5.1 JANE MURPHY (CANCHAM BELUX)

*Jane Murphy is a corporate lawyer and Vice-President of the Canada-Belgium-Luxembourg Chamber of Commerce (CanCham BeLux).*

CETA first and foremost offers business opportunities for Flemish companies. Doing business is easy because of the cultural and historical ties with Flanders. She also points out Ricardo's economic theory of comparative advantage: if businesses specialise in what they do best, this will be a win-win for everyone. Even for the smallest partners. Furthermore, Canada and the EU will make up a trading bloc which can compete with Asia. Finally, she stresses the importance of sharing knowledge. Flemish businesses are among the best exporters, which puts them at an advantage.

Jane Murphy also mentions the role of the European chambers of commerce and the launch of an investment platform in Canada by the European Commission to help EU businesses. CanCham Belux also wants to help businesses.

## 5.2 LUC VANOIRBEEK (BELGIAN FARMERS' UNION)

*Luc Vanoirbeek works as Adviser on International and European Policy with the Belgian Farmers' Union.*

The presentation of his contribution is available on the [website of the Flanders Department of Foreign Affairs](#) and of [vleva](#).

The agri-food sector is a strongly globalised sector which has every interest in fair, good trade agreements like CETA. China and Japan are major importers. Russia was a large importer of European agri-products. However, due to the loss of this market, the trade balance has been disrupted. European exports also face competition from the US and Brazil.

By means of charts on certain segments (e.g. processed potatoes, frozen vegetables) Luc Vanoirbeek demonstrates that growth is realised outside of the EU. Trade agreements like CETA facilitate trade, because they reduce administrative burdens. Moreover, CETA holds opportunities for the pig and fruit sectors.

CETA also provides transitional periods for certain sensitive sectors (like corn). In addition, some of Flanders' defensive sectors, like poultry and eggs, have remained outside the scope of the agreement. It also protects regional recognition arrangements.

Luc Vanoirbeek concludes that trade agreements are a double-edged sword. Although CETA has a positive impact on the agri-food sector, not all doors should be opened completely. There are great differences between the sectors, e.g. fruit and vegetables versus animal products. It is essential that trade agreements create market stabilisation and trade facilitation.

## 6 QUESTIONS AND REMARKS DURING THE DEBATE

- Kitty Snieders (Greenpeace - Stop CETA coalition): points out that the articles on sustainable development are not enforceable.
- Renaat Hanssens (ACV): asks for an example to be given of a Canadian or EU company that was treated so badly that such treatment necessitated ISDS or ICS.
- Luc Hollands (FMB) mentions several problems: many Belgian farmers quit because prices are too low; our milk products are exported to Canada through CETA at rock-bottom prices, which will harm the Canadian farmers; the lack of sustainability owing to the transport for the export and import of products that are also available in the home country, and the high import of soy to produce chickens.
- Dirk Temmerman (Ghent City Council): Ghent wants a 'smart' CETA and TTIP. The main concerns are the status of a political statement versus the legal translation thereof, and the confusion in the debate between EU competences and competences of national governments.



## 7 PRESENTATION OF THE SURVEY RESULTS BY FREDDY EVENS

The European trade strategy “Trade for All” is grasped as an opportunity to bring the outdated note on Flemish trade policy up to date. A written survey was used to inquire after the Flemish priorities. The survey was sent to 155 organisations: 27 responded, of which 18 at least partially completed the questionnaire. The civil society organisations responded less actively than the business organisations.

The presentation of the trade survey results is available on the [website of the Flanders Department of Foreign Affairs](#) and of [vlewa](#).

## 8 PANEL DISCUSSION

## 8.1 POSITION OF THE COALITION BY RENAAT HANSSENS (ACV)

The PowerPoint presentation is available on the [website of the Flanders Department of Foreign Affairs](#) and of [vleva](#).

Renaat Hanssens outlines the position of a coalition of Belgian civil society organisations on the EU trade strategy, using CETA as test case. The EU is unclear about the status of CETA as a reference agreement for future agreements. Several problems can be pinpointed with regard to CETA, including the investment protection (ICS), the unenforceable provisions regarding labour, environment and sustainable development, and the liberalisation of services which jeopardises public service provision. He questions the positive effects of CETA. Finally, he elaborates on other problems of the EU trade policy, like the absence of the development perspective.

## 8.2 POSITION OF WWF BY OLIVIER BEYS

The PowerPoint presentation is available on the [website of the Flanders Department of Foreign Affairs](#) and of [vleva](#).

Olivier Beys bases his presentation on two working areas. The first working area encompasses the global value chains and climate and energy. The EU trade strategy relies on two *faits accomplis* with which the WWF disagrees. First of all, the strategy starts from a bigger global market in which subcontractors are depended on. They forget that this model will generate significant additional exports and emissions (e.g. shipping/aviation). The second assumption is the dependency on fossil fuels/energy. The trade strategy lacks ambition and does not even establish any links with the climate and energy objectives in the EU 2020 and EU 2030 strategies. According to him, there are concrete areas for improvement: an energy chapter on decarbonisation is indispensable (Paris Agreement); a sustainable energy market must be one of the objectives; grants for fossil fuels are simply unacceptable.

The second working area concerns sustainable development and trade agreements. These are compatible, provided they are used to achieve improvement in a number of concrete areas, e.g. state-to-state dispute settlement in sustainable development clauses.

He concludes that policy coherence for sustainable development is required. The current EU trade strategy is not an example of coherent policy. Its aim is to enhance our companies' competitive position, but it is not embedded in the wider social and ecological framework. The enforceability of sustainable development in trade agreements leaves much to be desired. Trade is a means to an end and should serve both society and its people.

### 8.3 POSITION OF VOKA BY GILLES SUPPLY

The PowerPoint presentation is available on the [website of the Flanders Department of Foreign Affairs](#) and of [vleva](#).

Three geographical facts illustrate the importance of trade for Flanders: the connection with the Atlantic Ocean, the access to the EU hinterland, and the fact that Belgium is a small country (too small to only grow internally).

Voka sees several opportunities in the EU trade strategy in terms of regulatory cooperation (administrative simplification), services (services represent 55% of the private economy), implementation, SMEs (trade agreements are not just intended for multinationals) and mitigation mechanisms (how to help the losers of a trade agreement). Voka not only sees opportunities, but also has concerns. The EU trade strategy was written prior to the Brexit decision. Reciprocity is important: we are not the only ones who should open our markets. An anti-trade climate currently prevails, although trade is of vital importance: becoming self-sufficient again is not the solution, and a focus on sustainable development in trade policy is essential. The demand for transparency does not outweigh the final outcome of the trade agreement: the EU's negotiating position must not be undermined. The EU trade strategy does not mention the further development of the single market, although this is important as well.

As for the negotiating fora, Voka agrees with the order set out in the EU strategy (first multilateral, secondly plurilateral, thirdly bilateral). Since the Doha Round is stalling, the EU must make progress at the bilateral and plurilateral level.

Gilles Suply ends his presentation by referring to the priorities in the EU trade policy, viz. the finalisation of CETA & TTIP, the ratification of negotiated treaties and the conclusion of treaties under negotiation.

## 8.4 POSITION OF AWDC BY MICHAËL GEELHAND DE MERXEM

Trade is crucial for the diamond sector: each day, 220 million dollar's worth of diamonds are traded.

As far as the AWDC is concerned, the basics in trade agreements are what matters most, i.e. the import duties. The margins in the diamond sector are very low, which causes import duties to have a great impact. Eliminating administrative burdens continues to be another major aspect (customs clearance takes 1 day in Belgium and 4 to 5 days in India, for instance).

The scope of trade agreements has been widened: the diamond sector probably does not fully exploit the opportunities created by trade agreements (e.g. labour mobility). At the same time we must safeguard our European competitive position: Flanders, Belgium and Europe want to be the best pupil in the class, whereas some of their competitors do not. He argues in favour of creating a level playing field.

He welcomes the outreach of the Flemish government and believes the government and civil society organisations have a pivotal role to play in making trade policy comprehensible to businesses. For businesses, the choice for multilateral, plurilateral or bilateral negotiating fora is secondary to the outcome.

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## 9 QUESTIONS AND REMARKS DURING THE DEBATE

- Kitty Snieders (Greenpeace – Stop CETA coalition): points out that regulatory cooperation extends beyond administrative simplification. It intervenes in the democratic process. Gilles Suply indicates that the precautionary principle is not abandoned in environmental standards. Should decisions on highly technical matters be democratic as well? Canada also has high standards.
- Marc Maes (11.11.11.): does not agree with the so-called ‘anti-trade’ attitude. It is not about being against trade, but about being opposed to the fact that the trade strategy completely overlooks climate change (cf. presentation WWF). The protest against CETA and TTIP has to do with the fact that non-tariff trade barriers will be tackled: the trade policy affects social measures, etc. As for transparency, he questions whether the negotiating mandate comes about in a democratic way. Very few governments consult civil society about this negotiating mandate. Given the wide scope of trade agreements, it is impermissible that they have no co-decision right. Why can chapters not be made public? In the end it is all about technical matters: what can be done technically to facilitate trade. Gilles Suply agrees that the European Parliament should play a more significant role in the democratic control. However, amendments from all national parliaments to a negotiated text would make trade agreements impossible.
- Thomas Julien (VBO): SMEs also have access to ICS. The liberalisation of services implies 2 things: market access and non-discrimination. States can still draw up legislation relating to services, as long as it is not discriminating. Compensation claims through the ICS scheme are only allowed in 2 cases: in case of expropriation and discrimination. According to Marc Maes, this is an oversimplification of the complex trade story.
- Dirk Temmerman (Ghent City Council): remarks that the 2 opposing views among the attendees are persistent. He is in favour of organising another meeting to resolve this matter. It is difficult for local governments to decide who is right.
- Benoit Simpelaere (DBB Law): only multinationals have actual access to ISDS (due to the high cost price). How much do SMEs have to pay to appear before the ICS tribunal? Freddy Evens indicates that the aspect of arbitration (proceedings, cost price, etc.) will probably be further discussed during the follow-up meeting. Kevin Verbelen remarks that, within the Trade Policy Committee, Flanders has always defended access for SMEs. However, not all facets of the new ICS system have been clarified yet.

## 10 CONCLUSION BY KOEN VERLAECKT

*Koen Verlaeckt is Secretary-General of the Flanders Department of Foreign Affairs.*

Mr Verlaeckt thanks everyone for their attendance and contribution. He stresses that the Flemish government is an advocate of transparency and that it is a good thing that a social debate is held on the trade policy. Today's input, as well as the trade survey results, will help provide direction to the EU Trade Working Group which is composed of representatives from various administrations involved and from the offices of the Government of Flanders Ministers. The Flanders Department of Foreign Affairs commits itself to organising a third information session following the publication of the Belgian impact study on TTIP.