



Mr. Karel De Gucht
Commissioner for Trade
European Commission
200, rue de la Loi
B - 1049 Brussels
Belgium

The Honourable Peter Van Loan
Minister of International Trade
Foreign Affairs and International Trade
Canada
125 Sussex Drive
Ottawa, ON K1A 0G2
Canada

December 1, 2010

Re: The Canadian and EU business communities' call for a successful conclusion to the Comprehensive Economic and Trade Agreement (CETA)

Dear Commissioner De Gucht,
Dear Minister Van Loan,

BUSINESSEUROPE and the Canadian Chamber of Commerce (CCC) represent 20 million European and nearly 200 thousand Canadian businesses respectively, in all sectors and of every size, in every Member State of the European Union (EU) and in every province and territory of Canada. The Canada Europe Roundtable for Business (CERT) is supported by more than 100 chief executives of the largest Canadian and European companies that employ millions of

workers in the two territories. Together, we advocate policies that benefit businesses and the communities they sustain.

Canada and the EU should pursue all opportunities to assist their businesses to grow, innovate and expand their foreign trade and investment. The EU single market is the world's largest economy and counts some 500 million consumers, while Canada will be the fastest growing G7 economy this year. The EU is already Canada's second largest trade and investment partner after the United States, while Canada is the EU's 11th largest trade and fourth largest investment partner.

The full potential of the Canada-EU economic partnership should be maximised for the benefit of both sides by reaching an ambitious and successful conclusion to the Comprehensive Economic and Trade Agreement (CETA) negotiations in 2011. A high-quality CETA will generate nearly €30 billion in economic gains, open market access across goods and services sectors and enhance two-way investment. It will facilitate trade procedures for businesses, strengthen intellectual property protection and send a clear message of support for open, rules-based global trade and investment.

To conclude a high-quality agreement, it is imperative that all parties involved in the negotiations maintain a high level of ambition. There are several points on which Canadian and European business call for renewed ambition and resolve.

Full liberalisation of goods

The Canadian and European business communities support the rapid dismantling of tariffs for all industrial goods as part of an ambitious CETA package on market access. Also, access to raw materials and energy products under fair, non-discriminatory and market-based conditions is crucial for the competitiveness of the Canadian and EU economies.

Negative list approach for services and investment

The use of negative lists is consistent with high-quality free trade and investment agreements. Given the rapid pace of innovation in the economy, use of negative lists ensures that agreements remain comprehensive and relevant over time, as services sectors evolve. We call upon Canada and the EU to apply negative lists to the services and investment components of CETA. The Canadian and European business communities recognise that generally, countries that have removed barriers to foreign direct investment (FDI) benefitted from greater commitment and longer-term engagement by foreign investors as well as new management approaches, technology, and skills.

Agricultural market access

A successful trade deal between Canada and the EU must include an ambitious agriculture package including full access for key export sectors for both sides, resolution of the non-tariff

barriers impacting these sectors, and a satisfactory path forward on the bio-tech issues that have caused trade impediments without scientific foundation. Also, we look forward to reaching a mutually satisfactory agreement on fish and seafood.

Business-friendly Rules of Origin

We support full tariff liberalisation and call for the delivery of business-friendly Rules of Origin (ROOs) as part of the CETA. ROOs must take into account the increasingly interconnected nature of global value chains, where the production of many finished goods involves inputs, technologies, services and financing from different countries and jurisdictions. The CETA must achieve a compromise on ROOs that incorporates the integrated nature of the North American economy (NAFTA), as well as economic integration between the EU and neighbouring jurisdictions (e.g. Customs Union with Turkey), so as to deliver real benefits to both parties. Also, ROOs must be clear and easy-to-use by businesses, as complex rules consume business resources, generate unnecessary opportunity costs and hamper the efficiency of business operations. The origin defining criteria must be limited to the known criteria which is specific to each sector or other criteria that EU and Canadian sectors have commonly agreed.

Government procurement

Access to government procurement should be non-discriminatory and address technical barriers and local content restrictions. It is essential that government procurement opportunities be committed at all public entity levels (EU, federal and national, Canadian provincial and territorial, EU Member State sub-national, as well as municipal and other local) on a pan-European and pan-Canadian basis. The two sides should tackle all issues that restrict procurement opportunities including non-tariff barriers, local content restrictions, tax preferences and restrictions on the movement of skilled personnel working on procurement contracts.

Strengthening of IP protection and enforcement

The Canadian and European business communities strongly believe that robust protection and enforcement of intellectual property (IP) rights in both markets is crucial to fostering knowledge-based economic activity. The Joint Report on the EU-Canada Scoping Exercise addresses these priorities by calling for the establishment and maintenance, through a bilateral agreement, of “very high standards of protection and enforcement of IP rights.” To make progress on specifically identified IP proposals for various sectors, it is important for both sides to re-double their efforts and to remain faithful to their stated objectives. The proposals in question are representative of the strong links that exist already between the two markets, notably in the life sciences sector: (a) ensuring that innovative pharmaceutical companies operating in Canada have access to fair and equitable legal procedures under the *Patented Medicines (Notice of Compliance) Regulations*, including a meaningful and effective right of appeal; (b) strong and harmonised Canadian and EU protections for the clinical trial data that is

generated through significant company investments; and (c) harmonising the availability in both Canada and the EU of measures to restore portions of patent terms that have been eroded during product approval by government/regulatory authorities. Also, the CETA must include robust enforcement of IP rights, including the targeting, seizing and destroying of counterfeit imports and exports, and defining counterfeiting per se as a criminal offense. We urge both sides to strive towards making meaningful progress here.

Copyright reform

Copyright reform represents an outstanding opportunity for Canada-EU cooperation. The Canadian government has introduced legislation intended to bring Canada in line with its international treaty obligations. Canada must follow through on its stated intentions to ratify the World Intellectual Property Organisation (WIPO) Copyright Treaty and Performance and Phonograms Treaty and to improve its protection of copyright industries, emphasising their importance to the economies of Europe and North America. While the Canadian government was clear in its policy direction when Bill C-32 was introduced, some features will require amendment in order to fully comply with international norms. The measures Canada has been asked to take by its international counterparts, with the broad support of the Canadian business community, have already been implemented successfully in Europe. As a result, business innovation has flourished in the EU, delivering greater choice for consumers and reviving cultural industries. There is strong consensus in Canada that similar reforms are urgently required.

Regulatory cooperation

Regulatory cooperation covering goods, services and investment is an important component of the CETA. In the past, the lack of regulatory cooperation has generated problems for Canadian and EU businesses. The CETA must therefore ensure that the introduction of new regulations in Canada and the EU be transparent (at all levels: EU, federal and national, Canadian provincial and territorial, EU Member State sub-national, as well as local) and delivered through a process that provides for advance comment on potential impacts on trade and investment. The two parties to the agreement should also commit to ensure regulatory cooperation and transparency in international organisations such as the World Trade Organisation (WTO). While we recognise differences in regulatory approaches between the two sides, it is imperative that the CETA negotiators achieve mutual recognition of regulatory standards, licensing and certification procedures where possible, particularly where conformity assessment bodies and certification are concerned. This will greatly facilitate two-way trade, remove non-tariff barriers and avoid adding unnecessary procedural and financial burdens for EU and Canadian businesses. The agreement must also ensure improved labour mobility, including mutual recognition of professional certification, as well as the use of permits and streamlined procedures to admit people under temporary entry conditions on longer-term assignments.

It is our sincere hope that the European Commission and EU Member State governments, and the Canadian federal, provincial and territorial governments, take these views into account and continue to make progress toward the conclusion of a high-quality CETA in 2011.

Sincerely,



The Hon. Perrin Beatty
President & CEO
The Canadian Chamber of Commerce



Mr. Philippe de Buck
Director General
BUSINESSEUROPE



The Hon. Roy MacLaren
Canadian Chair
Canada Europe Roundtable for Business



Mr. William Emmott
European Chair
Canada Europe Roundtable for Business

Cc: Mr. Mauro Petriccione, CETA Chief Negotiator - European Commission
Mr. Steve Verheul, CETA Chief Negotiator, Foreign Affairs and International Trade Canada