

## **Report to the Joint Cooperation Committee 2010**

### **Background**

The European Union-Canada Joint Co-operation Committee (JCC) meets annually under the auspices of the 1976 Framework Agreement for Commercial and Economic Co-operation between Canada and the EU (Article IV) in order to review co-operation over the previous year.

EU-Canada relations continue to grow across a wide range of activities. The 2010 EU-Canada Summit underlined the scope and importance of this co-operation for both the EU and Canada and leaders noted that informal discussions had begun on upgrading the framework of our relationship. This report provides a summary of major activities and co-operation which took place during 2010.

### **Summits and High Level Meetings**

Since the last Joint Cooperation Committee (JCC) meeting in Ottawa on November 5, 2009, EU-Canada relations have continued to develop. The EU-Canada Summit took place in Brussels on May 5, 2010. The EU was represented by Mr. Herman Van Rompuy, President of the European Council, and by Mr. José Manuel Barroso, President of the European Commission. Canada was represented by Prime Minister Stephen Harper. The High Representative for Foreign Affairs and Security Policy, Baroness Catherine Ashton, and the Canadian Minister of International Trade, Peter Van Loan, also attended the Summit. European and Canadian leaders held a business-like, friendly and productive meeting, at which they expressed their commitment to reinforce the long standing, strategic EU-Canada relationship.

Leaders discussed the EU-Canada bilateral relationship with a strong focus on the economic partnership. They took stock of the progress achieved during the current negotiations for an ambitious Comprehensive Economic and Trade Agreement that will give a new impetus to trade, investment, innovation and job creation. Leaders reaffirmed their commitment to resolve the remaining obstacles to achieving the common goal of visa-free travel to Canada for all EU citizens.

At the 2010 Summit, Leaders analysed the global economic situation. The importance of G20 actions in securing the global economic recovery, strengthening financial regulation and supervision and laying the foundation for strong, sustainable and balanced growth was stressed, as well as the role played by Canada as chair of the G8 and host of the G20 in June 2010. The EU expressed appreciation for the strong development focus and priorities of the Canadian G8 Presidency. Leaders stressed the need for a coordinated approach to ensure that the Millennium Development Goals are achieved by the 2015 target date. Other global challenges discussed included non-proliferation of nuclear weapons, and climate change.

Leaders expressed their commitment to deepen cooperation on crisis management activities with specific references to Afghanistan and Haiti.

## **Peace and Security**

Both Canada and the EU have made a significant commitment to Afghanistan. Both share a common objective to bring security and stability to the region and are firmly committed to helping the people of Afghanistan. Canada and the EU work together to support governance, capacity-building, elections, reconciliation, regional dialogue and human rights. For example, Canada participates in the EU Police Mission by deploying Canadian civilian police and Rule of Law advisors with the aim of building the capacity of the Ministry of Interior and training the Afghan National Police.

There is also an increasingly active Canada-EU relationship in the area of election observation. In 2010, Canadian observers participated in EU Election Observation Missions in Sudan, Ethiopia and Burundi.

EU-Canada collaboration on crisis management is now well established. Contact has continued between Canada's Stabilization and Reconstruction Task Force (START) in the Department of Foreign Affairs and International Trade (DFAIT), and representatives of the new European External Action Service (EEAS). In addition to the EU mission in Afghanistan, Canada also currently participates in the EU police missions in the Palestinian Territories and in Kosovo.

Within the context of G8 commitments for peace operations capacity building in Africa, Canada and the EU have established close cooperation between DFAIT's Global Peace and Security Fund (GPSF) and the office of the EU High Representative for the Common Foreign and Security Policy responsible for building capacity for peace operations within the African Union, and in African peacekeeping training centres of excellence.

## **EU-Canada Trade & Investment Sub-Committee (TISC)**

Canada and the EU continued to work together in the Trade & Investment Sub-Committee to discuss bilateral initiatives on trade and investment, and to work towards resolving specific trade irritants.

Two TISC meetings were held face-to face and by videoconference in 2010, the first on April 27 and the second on November 9. Each meeting provided for updates on existing bilateral agreements and initiatives, as well as for discussion of new and continuing issues. Action items were identified from each meeting for follow-up within an agreed time frame. Both Canada and the EU demonstrated commitment to maintaining established timelines for the TISC process throughout the year.

The European Commission and Canada agree that the TISC is informative and serves a constructive role. The EU and Canada agree on the need for effective follow up of TISC issues, and note with satisfaction the resolution of a number of issues and progress on others.

## **Wine and Spirits Agreement**

An Agreement on Trade in Wines and Spirit Drinks has been in place since 2004 to establish closer bilateral links in the wine and spirits sector and to create more favourable conditions for the development of trade in wine and spirit drinks. On September 14, 2010, the Joint Committee under the Agreement met for the fourth time. A full range of issues was discussed at that meeting,

including: the parties' respective systems for the protection of Geographical Indications (GIs), new GIs, new EU oenological practices, labelling terms, and the application of Cost of Service Differentials on imported wines and spirits by some of Canada's liquor control boards.

## **Agriculture**

On the basis of an exchange of letters in 2008 between the Canadian Department of Agriculture and Agrifood and the European Commission's Agriculture and Rural Development Directorate General, a European Commission-Canada Agricultural Dialogue was established to meet annually to provide a forum to discuss agriculture policy issues and to exchange information on issues that could potentially affect agricultural trade. On October 21, 2010, the third meeting under this Dialogue took place. The Parties had an exchange of views on each other's initiatives and policies related to "Innovation and Competitiveness in Agriculture". Both sides confirmed the conclusive progress made in the negotiations aiming at a settlement in the beef hormone dispute. Other issues discussed included Canadian measures in the dairy sector and their potential impact on EU exports of milk protein as well as the Commission's comments on Canada's WTO notification and stakeholder consultation on a recent proposal to regulate food imports.

## **Trade in Seal Products**

Canada and the EU continued consultations on the EU's 2009 Regulation on Trade in Seal Products and its implementing provisions. In 2010, Canada announced its intention to request a World Trade Organization dispute-settlement panel on the seals issue.

## **EU-Canada Comprehensive Economic and Trade Agreement (CETA)**

Negotiations toward an EU-Canada Comprehensive Economic and Trade Agreement (CETA) have been moving forward at a good pace. A successful fifth round of negotiations took place from October 18-22 with further rounds scheduled in 2011. Significant progress has been made in several key negotiating areas. Canadian Provinces and Territories continued to be closely engaged in the negotiations, contributing to the Canadian position, and attending negotiating sessions in areas that fall wholly or partially under their jurisdiction.

## **Regulatory Co-operation**

The present European Commission-Government of Canada Framework on Regulatory Cooperation and Transparency was agreed in 2004. It is a voluntary framework. Canada and the EU have continued to make progress on enhancing bilateral regulatory cooperation since the last meeting of the JCC.

Under the Framework, a roadmap has been drawn up detailing current cooperation activities or "projects". At present there are eleven projects under discussion. These are:

- Chemicals
- Electrical and electronic equipment and waste
- Equivalency of organic production methods and control
- Pharmaceuticals (including veterinary pharmaceuticals)

- Radiation emitting devices
- Chemical contaminants in food
- Food allergen labelling and incident prevention
- Automotive
- Forest products
- Tobacco
- Veterinary Natural Health Products (vNHP)

The Framework is overseen by the Regulatory Cooperation Committee which met in the margins of the 4<sup>th</sup> round of CETA negotiations on July 13, 2010. A stakeholder outreach event with the Canada Europe Round Table for Business (CERT) took place at the same time.

## **Competition Policy**

The European Commission Directorate General for Competition and Canada's Competition Bureau have had a cooperative relationship in competition enforcement since the signing of the 1999 Agreement between the Government of Canada and the European Communities Regarding the Application of their Competition Laws.

Discussions between the Directorate General Competition and the Competition Bureau cover both case-related issues in all areas of competition law and more general policy issues. Frequent contacts are established on merger investigations, cartel investigations and other cases of mutual interest. In the case of cartels, both authorities coordinate the use of their investigative tools.

While details of individual cases are confidential, nine notifications (seven by the EU and two by Canada) were made where one party informed the other of an investigation relevant to its interests, pursuant to the 1999 Agreement.

Finally, the Directorate General for Competition and the Competition Bureau continued to maintain an ongoing dialogue on general competition issues of common concern and their respective positions within international fora, including the International Competition Network and the Organisation for Economic Co-Operation and Development.

## **Veterinary Agreement**

Since 1998, the main vehicle for co-operation between the European Commission's Directorate General for Health and Consumers (SANCO) and the Canadian Food Inspection Agency (CFIA) has been the EU-Canada Veterinary Agreement. The Agreement facilitates the trade in live animals and animal products (including fish) with a view to achieving mutual recognition of the equivalence of our respective sanitary measures. Both parties have benefited from a close relationship, and the mutual commitment to make decisions based on science remains a key principle. The Agreement is administered by the Joint Management Committee (JMC), co-chaired by SANCO and the CFIA.

Positive work with Canada under the Veterinary Agreement has continued on the basis of the action list of the last JMC meeting, covering issues such as information sharing, certification procedures, and cooperation in the event of an emergency. Some issues still need resolution but this is managed under the normal work programme. The 2010 JMC took place in Ottawa on December 7-8.

## **Transport Issues**

Canada and the EU concluded negotiations on a comprehensive air transport agreement on November 30, 2008. On December 17, 2009, all 27 EU Member State Transport Ministers signed the agreement in Brussels, which was also signed by Canada's Minister of Transport the following day in Ottawa, allowing it to be applied on an administrative basis. The comprehensive air transport agreement now allows any number of air carriers from Canada and the EU member states to operate direct scheduled passenger and all-cargo air services to any cities between each partner's territory as frequently as desired. Air carriers will also be able to pick up traffic in each partner's territory and continue to a third country as part of a service to or from their home territory. The air transport agreement also provides a framework to benefit a broad range of stakeholders including airlines, airports, business and tourism sectors, communities, travellers and shippers. The EU-Canada comprehensive air transport agreement has been applied by both sides since December 2009, and is being implemented as envisaged in the agreement. Since signature, there has been one meeting of the preliminary Joint Committee, on April 29, 2010, where a number of procedural issues were dealt with, including establishing the rules of procedure for the Committee.

An Agreement between Canada and the European Community for reciprocal acceptance of the certification processes pertaining to aeronautical products was signed at the EU-Canada Summit on May 6, 2009, in Prague. The Agreement will formalize Canada's relationship with the European Commission in this field and will provide the ability to obtain a single European approval from the European Aviation Safety Agency. The single approval is automatically binding on all EU Member States. Furthermore, the non-Member States have signed Working Arrangements with Canada allowing the administrative application of the Canada/EU Treaty as an interim measure until formal Treaties can be negotiated.

## **Business-to-Business Contacts**

Active interchanges between the EU and Canadian business communities, and between business representatives and government representatives in both the EU and Canada, continued in 2010. In particular, private sector support for the CETA negotiations between Canada and the EU was clearly demonstrated in the margins of the negotiating rounds both in Brussels and Ottawa, where ad hoc meetings and debriefings have been organised by the EU-Canada Roundtable for business. Business leaders, notably the Canada-EU Roundtable for Business (CERT), the Canadian Council of Chief Executives, the Canadian Chamber of Commerce, and Business Europe, continue to strongly endorse negotiations.

In addition, the Canadian Chamber of Commerce organised a conference on CETA with participation of Canadian and EU business representatives in April in Ottawa after the third round of negotiations.

## **Fisheries and Maritime issues**

In 2010, the EU continued its initiatives to strengthen and modernize the governance of the Common Fisheries Policy and ensure sustainability of marine resources. Canada welcomed these moves and stated that it faces similar challenges. Canada also noted the new initiatives undertaken under the umbrella of the new EU Integrated Maritime Policy. The EU and Canada agreed to strengthen their cooperation on integrated maritime policy and to hold regular

dialogues to exchange best practices in this field.

Fisheries are another example of successful collaboration between the EU and Canada. Learning from the challenges faced in recent years, the relationship on illegal, unreported and unregulated fishing has been transformed positively. There has been EU-Canada cooperation and collaboration within the Northwest Atlantic Fisheries Organization (NAFO), with NAFO adopting unprecedented precautionary measures for the conservation of stocks under its purview. The EU and Canada have worked closely together on many issues, including the development of a new management procedure on the main NAFO stock, Greenland Halibut and on ensuring better compliance which is to the benefit of fish stocks. The increasingly good condition of two fish stocks for which the fishery was reopened at the beginning of 2010, Flemish Cap cod (3M) and Grand Banks redfish (3LN), shows that the painful management decisions taken in the past have been successful. Efforts by NAFO Contracting Parties are effectively ensuring the long-term sustainability of all fish stocks and preserving the economic opportunities on which coastal communities depend.

Regarding Eastern Atlantic and Mediterranean bluefin tuna, in 2010, as in previous years, both the EU and Canada underlined that the responsible management of highly migratory fish stocks, in particular tuna, is a priority. Canada and the EU are of the opinion that Regional Fisheries Management Organizations are the appropriate fora for the management of these stocks and agreed to work together to prepare the 3<sup>rd</sup> Joint Tuna RFMOs meeting (Kobe III), due to take place in July 2011 in the US.

## **Energy Issues**

At the 2008 and 2009 EU-Canada Summits, the EU and Canada agreed to continue cooperation in the context of the High Level Energy Dialogue, particularly in key areas such as increased energy efficiency, market transparency and the implementation of the latest scientific and technological developments. More specifically, commitments were made to facilitate the deployment of carbon capture and storage (CCS) technology, cooperate on the sustainable development of bioenergy, promote renewable energies, implement the International Partnership for Cooperation in Energy Efficiency and move forward on the process of reviewing the Euratom-Canada Nuclear Cooperation Agreement (NCA).

Initial progress on energy science and technology cooperation was made in 2009 and continued through 2010. Discussions have been taking place between Natural Resources Canada's Office of Energy Research and Development and the European Commission's Directorate General for Research, most recently through bilateral discussions in Brussels in September 2010 as part of the annual Joint Science and Technology Cooperation Committee (JSTCC) meetings. Discussions on potential collaborative activities in the areas of CCS, bioenergy, and distributed generation and smart electricity have been fruitful, leading to a joint workshop on science and technology and carbon capture and storage site visits held in Canada in May 2010. Finally, the process to start negotiations to update the Euratom-Canada cooperation agreement was launched.

## **Nuclear Cooperation**

Both the European Commission and Canada agreed during talks in 2008 that nuclear cooperation could be improved by revising and consolidating the Euratom-Canada peaceful Nuclear Cooperation Agreement (NCA) and the amendments to this Agreement that came into effect since it originally entered into force in 1959.

The European Commission accordingly requested and received a mandate from the Council in September 2009 to officially engage in negotiations to amend and consolidate the Euratom NCA with Canada. Canadian officials requested a similar negotiating mandate.

Both sides agreed not to wait for the finalization of a mandate for Canadian officials in order to start exploratory discussions with regard to the issues that will be addressed during negotiations. Two rounds of preliminary discussions via videoconference took place.

Technology sharing, the disposal of tritium, the retransfer of Canadian obligated nuclear material, and the effect of the so-called "contamination" principle in determining which items in nuclear facilities will become Canadian obligated, are key issues for Canada. The EU's concerns primarily include the desire to incorporate Canada's existing bilateral NCAs with individual EU Member States into an all-encompassing Euratom-Canada NCA.

The annual steering committee meeting of the Joint Science and Technology Cooperation Committee (JSTCC) between the European Atomic Energy Community (Euratom) and Canada, chaired by the Joint Research Centre, was held on September 15-16, 2010 at the JRC Institute for Reference Materials and Measurements (IRMM) in Geel, Belgium. During this meeting the progress of several joint projects was reviewed, and new topics of collaboration were proposed, in the field of nuclear fission research.

## **Science and Technology**

An Agreement for Scientific and Technological Cooperation between the European Union and Canada has been in place since 1996. It provides for collaborative activity in areas of mutual interest on a self-funded basis. Progress under the agreement is reviewed by the Joint Science and Technology Cooperation Committee (JSTCC) which meets annually at the senior officials level. The last meeting took place in Brussels on September 16-17, 2010.

The EU and Canada enjoy strong and increasing scientific cooperation, as demonstrated by Canadian levels of participation in the 7<sup>th</sup> Framework Programme for Research and Technology Development and Demonstration (FP7). Canada ranks seventh among international partners (non-EU and non-FP7 Associated Countries) and second after the US amongst industrialized nations. Within the Cooperation Programme of FP7, Canada is currently strongest in the thematic areas of Food, Agriculture and Biotechnology (18 instances of participation); Health (17 instances); and Environment (14 instances). There have been significant increases in collaboration in these areas, with a near doubling of cooperation in the Health theme between the 2009 and 2010 JSTCC meetings.

Increased participation is due in part to the establishment of "National Contact Points" (NCPs) for Canada under FP7. Canada currently has four thematic NCPs in the following areas: Food, Agriculture and Fisheries and Biotechnology; Information and Communication Technology (ICT); Research Infrastructures; and Health. The roles of the NCP Coordinator and NCP for International Cooperation are filled jointly by the European Research Area-Canada (ERA-Can)

office (an international cooperation project funded by the European Union and Canada) and the Mission of Canada to the EU. At the 2010 JSTCC meeting, Canada expressed interest in the creation of NCPs in the areas of energy, space, mobility, security and aeronautics.

The second phase of the ERA-Can initiative (ERA-Can II) began in September 2010, to continue promoting S&T collaboration between Europeans and Canadians via information and assistance to Canadians. A complementary international cooperation project funded by the EU, Access2Canada, has operated since September 2009 to strengthen and increase EU-Canada S&T cooperation by supporting access for EU researchers to Canadian research and innovation programmes. Both the ERA-Can II and Access2Canada projects include actions to address areas identified in the EU-Canada joint study report to further develop collaboration such as "improving mutual knowledge of our respective research systems".

While Canada does not have an overall dedicated source of funds to foster science, technology and innovation (STI) collaboration with the EU, the EU and Canada have paved the way to facilitate collaboration through more flexible approaches to international scientific cooperation, recognizing the differences in our STI systems, notably in the form of "twinning" of projects. The European Commission (Directorate General for Research) and Agriculture and Agri-Food Canada have paved the way in these activities, which is spreading to other research themes and with other countries. Project twinning is currently being explored in the area of energy research (carbon capture and storage) with Natural Resources Canada.

## **Environmental Issues**

Canada and the EU have been holding high-level meetings on the environment since 1983. These meetings represent an opportunity for strategic discussions on topical environmental issues of a bilateral or multilateral nature, as well as for exchanging views on respective approaches and identifying possible areas for future cooperation.

This dialogue currently takes place roughly every twelve to eighteen months, rotating between Brussels, Belgium and Gatineau, Canada, and held at the level of the Deputy Minister (or alternate) of Environment Canada and the Director General (or alternate) for Environment at the European Commission.

The European Commission and Canada also meet regularly in the context of international environmental meetings, both bilaterally and in wider formats such as EU-JUSCANZ (Japan, United States, Canada, Australia and New Zealand).

With regard to the EU's proposed implementing measures for the Fuel Quality Directive, Canada provided in December 2010 suggested principles for an EU comparative study of GHG emissions from fossil fuels in advance of the development of such implementing measures. During the 9 November EU-Canada Trade & Investment Sub-Committee (TISC) meeting, there were further discussions on this issue.

## **Arctic Issues**

The EU is continuing the process of developing its Arctic policy, based on the 2008 Commission Communication on "the EU and the Arctic Region" and the 2009 EU Council Conclusions on Arctic issues. The European Parliament has discussed the text of a Report on "a sustainable EU policy for the High North" which is expected to be adopted in early 2011, therefore completing



the first phase of the EU Arctic policy. The European Commission will be issuing a Progress Report on the EU's Arctic policy in June 2011 as requested by the Council.

Canada participates actively as an observer in the Northern Dimension policy of the EU, Russia, Norway and Iceland.

The European Union continued to contribute substantially to international Arctic research through its Seventh Research Framework programme, building upon the Arctic projects in the Fifth and Sixth Framework Programmes. The European Union, in its aim of promoting the international cooperation on Arctic research and the Arctic monitoring and observation, looks forward to the Conference "From Knowledge to Action" to be held in Montreal in 2012 which will analyze the complete results of the International Polar Year 2007-2008 and its legacy.

The EU underlined its continuous support for the application of the European Commission to become a permanent observer of the Arctic Council, in the perspective of the May 2011 Nuuk Ministerial meeting.

### **Police and Justice Cooperation**

EU-Canada police cooperation continues to be productive within the framework of the Europol-Canada Cooperation Agreement, which includes contact mechanisms such as staff liaison personnel. Judicial cooperation also continues to be facilitated. The Canadian Mission to the EU maintains a Counsellor for International Criminal Operations as the Canadian contact person to Eurojust as well as a liaison with the EU in terms of development of criminal justice policy between Canada and the EU. The Counsellor is able to assist Canada in making informed decisions in international fora taking into consideration EU policies in the criminal law area.

Justice and security issues play an important part in EU-Canada relations at both the EU and the Member State level. A key challenge of concluding formal agreements between Canada and the European Commission and other European bodies is information sharing, including questions of privacy and the protection of personal information. However, all parties wish to find ways to cooperate further within the bounds of their relevant legislation. For example, the Royal Canadian Mounted Police Interpol Ottawa personnel and Europol officials reviewed data protection/confidentiality with a view to establishing a Table of Equivalency for information exchanges.

Canada's participation in the EU Police mission in Afghanistan adds an additional layer to Canada-EU police cooperation.

### **Security**

The EU and Canada continue to maintain an ongoing dialogue on the issue of advance passenger information and passenger name record data, in order to address threats to security and data protection concerns.

The Commission engaged in discussions with the Council which were expected to result in it being mandated to negotiate a new EU-Canada PNR Agreement in 2012.

## **Customs Co-operation**

The European Commission's Directorate-General for Taxation and Customs Union (Directorate General TAXUD) and the Canada Border Services Agency (CBSA) are in the process of negotiating an extension of the existing customs co-operation agreement. In line with the draft scope document, CBSA and the EU should aim at strengthening bilateral cooperation in the field of supply chain security that endeavours both to enhance security and facilitate legitimate trade. The two sides planned to begin negotiations on extending the agreement once Canada obtained the necessary negotiating mandate. Canada and the EU have now obtained negotiating mandates and talks are underway. Canada has also offered to host the next Joint Customs Cooperation Committee (JCCC) meeting in the fall of 2011.

Expanding the 1997 Agreement on Customs Cooperation and Mutual Administrative Assistance is both timely and mutually beneficial given the global challenges that customs authorities are increasingly faced with. Mutual Recognition of security standards and Trade Partnership Programmes will be particularly useful tools to this end.

## **Migration Issues - Joint Consultations on Migration and Asylum; Visas**

A meeting between Citizenship and Immigration Canada (CIC) and DG HOME Senior Officials took place on October 6-7, 2010. Both Parties agreed to continue contacts between experts on both general policy issues of mutual concern and specific questions such as visas. Both the EU and Canada are committed to the free and secure movement of people between the EU and Canada, and to resolving the remaining obstacles to achieving the common goal of extending visa-free travel to Canada to the citizens of all Member States as soon as possible. Canada acknowledges the importance of the European Commission's regular visa reports. It continues to work cooperatively with the Commission and individual Member States, and particularly with the Czech Republic following its re-introduction of the visa requirement for their nationals.

## **People-to-People Relations**

Under the Agreement Establishing a Framework for Cooperation in Higher Education, Training and Youth, the EU and Canada cooperate to foster synergies between lifelong learning and the international marketplace. Giving young people the basis for the best possible start in life and adults the opportunity for further personal development and fulfilling careers is an essential response to the challenges of globalisation and rapid technological change.

Cooperation in this area is complementary to that which exists between individual EU Member States and Canada 192 institutions have partnerships, over 2,100 students and learners have benefitted, and more than 880 teachers have had exchanges since the renewal of the Agreement in 2006. An alumni association (OCEANS) of transatlantic ambassadors was established in 2010 which will benefit the overall bilateral relationship between the EU and Canada. The first joint youth roundtable on "Skills development and youth access to the labour market" was a success, allowing for an exchange of best practices concerning access to skills development and youth engagement.