

## EU - Canada Summit, Lisbon 26 June 2000

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### **1) Overview - Pre-Summit Press Briefing**

The EU and Canada are expected to agree on a work plan on e-commerce. At the last Summit in December a common declaration on e-commerce was published, outlining common views on such issues as privacy, consumer protection and security. Now both sides will move on to co-operative actions in these areas. This includes actions aimed at:

- ensuring the free flow of personal data between the EU and Canada on the basis of high data protection standards and the development of compatible standards to complement national frameworks for data protection;
- the establishment of support measures to promote consumer confidence in online markets, including consumer trustmarks and alternative dispute resolution mechanisms;
- the promotion of mutual recognition of certificates and certification procedures, the facilitation of cross-border recognition and of the use of electronic signatures.

Moreover, business partnerships in the e-commerce sector between SMEs in Canada and the EU will be promoted and best practices will be studied in the delivery and implementation of e-commerce services.

The implementation of the EU-Canada Trade Initiative (ECTI) will be reviewed: some issues have been addressed or will be revisited (i.a. plans for a wine and spirits agreement) and some new areas for co-operation will be added, including an extension of the MRA Agreement to professional services (architects and engineers) as well as plans to conclude a bilateral cultural agreement. The discussion on multilateral issues may result in a common declaration on relaunching a new global round of trade liberalisation. Attention may also be given to the

Canadian suggestion to promote cultural diversity by developing « a new instrument » offering appropriate treatment to trade and investment in cultural goods and services.

Both sides are expected to endorse plans to renew the Higher Education and Training Agreement, which runs out in December 2000. It has contributed significantly to reinforcing educational and academic links and has added a « people to people » dimension to co-operation.

Considering the global scale of human suffering caused by violent conflicts, the EU and Canada are planning to publish a joint declaration on Peace Building and Conflict Prevention. Based on their broad consensus on the major principles and approaches, the EU and Canada will undertake to cover together the full array of relevant activities, including natural resource management, economic reform programmes and humanitarian aid as well as the promotion of human rights, the rule of law, democratisation and good governance.

## **2) Statement on Human Security: Peace Building and Conflict Prevention**

The European Union and Canada agree to work together to prevent violent conflicts as a principal strategy for promoting human security. Considering the global scale of human suffering caused by violent conflicts, and the increasing human, material and financial resources necessary to cope with the effects of such conflicts, the EU and Canada affirm that peace-building and conflict prevention will continue to be accorded increasing priority in their external relations.

The EU and Canada confirm that they share internationally recognised principles concerning this issue, including respect for international law and treaties, and recognise the need to ensure that their own policies and policy-making mechanisms support their common objective of creating a coherent approach to maximise the effectiveness of their contribution to peace and democratic stability. Both recognise the importance of civilian and military as well as diplomatic, economic and development instruments in this regard. The EU and Canada will give particular attention to an effective division of labour between all relevant actors, to targeting root-causes and precipitating factors of violent conflicts, and to enhancing capacities for timely preventive action.

In this regard, the EU and Canada will also integrate peace-building and conflict prevention into their respective dialogues with their partner countries and in multilateral fora, including in the field of

human rights, the rule of law, democratisation and good governance, development cooperation, natural resource management, economic reform programmes and humanitarian aid.

Furthermore, the EU and Canada will cooperate to enhance the capacities of the UN, regional organisations such as the OSCE, sub-regional and national organisations and institutions as well as civil society organisations, to engage in peace-building and conflict prevention effectively. The EU and Canada also recognise the important potential of the private sector to contribute to peace and democratic stability.

In order to intensify their cooperation, the EU and Canada agree that within six months, experts of both sides will meet to examine possibilities for concrete co-operation on peace-building and conflict prevention in relevant countries and regions, in particular in Africa, as well as on relevant issues, including within the field of small arms and light weapons, competition over scarce natural resources, security sector reform, economic agendas in civil wars, corporate social responsibility, as well as the role of UN special representatives in proactive agenda-setting.

### **3) Statement on WTO**

The EU and Canada underscore the need for further trade liberalisation and the strengthening of multilateral rules in order to increase economic growth, strengthen the world economy and meet the challenges of globalisation. We reaffirm that a new round of WTO trade negotiations is a key to the trading system responding successfully to these challenges, and we shall work together to seek a consensus to launch negotiations as early as possible.

The EU and Canada consider that a new trade Round should be broad and inclusive in that it should reflect the interests of all WTO members in a balanced way, and should thus encompass four broad objectives. First, it should further liberalise and expand trade in order to promote equitable and sustainable economic growth. Second, it should lead to the improvement of multilateral rules and disciplines, and bring new areas under multilateral discipline, in order to increase transparency and predictability in trade relations, and ensure that the trading system responds to the rapidly integrating economic environment of the 21<sup>st</sup> century. Third, we will seek to facilitate the integration of developing countries into the WTO and the whole trading system through improved market access opportunities and enhanced capacity-building, with particular attention to the needs of the least developed

countries. And fourth, we will seek to ensure that the Round responds to the legitimate concerns of society as a whole about the trading system, through measures that support sustainable development, consumer health and safety and other broad social goals, and through preserving each Member's right to promote cultural diversity.

The EU and Canada also welcome the commitment by all Members to constructive negotiations under the built-in agenda, and will work together to seek progress in these negotiations.

The EU and Canada stress the importance of transparency inside and outside the WTO and the need for dialogue with individuals and organisations outside of government. We also see merit in improving further and revitalising the functioning of the WTO, including the functioning of the dispute settlement process, in order to ensure its efficient operation, the effective participation by developing countries, and the overall strengthening of the multilateral trading system. We agree on the need in this context to strengthen the policy coherence between the WTO, the World Bank, the IMF and specialised UN bodies. We also continue to support the establishment of a dialogue on trade, globalisation and social development issues so as to increase understanding of the issues between all interested parties.

Finally, the EU and Canada note with appreciation the efforts by WTO Director General Mike Moore in bringing forward a number of measures to rebuild confidence and restore momentum in the WTO, including the improvement of market access for least developed countries and the work on implementation. These will contribute to improving the climate for the launch of further negotiations. The EU and Canada invite other WTO Members to join their efforts for the launch of a new round and reiterate our desire to work with partners in designing an agenda that reflects all Members' interests.

#### **4) EU-Canada Trade Initiative Progress Report**

The overall progress of the EU-Canada Trade Initiative (ECTI) was reviewed during the Trade and Industry Sub-Committee meeting in Ottawa on 12 June 2000.

There has been good cooperation on multilateral issues in the post-Seattle context which both parties intend to continue and reinforce in the coming semester, with the aim of seeking a consensus to launch negotiations as early as possible. Our Joint Statement on the WTO reflects the common views of the EU and Canada on these issues.

The EC and Canada look forward to the entry into force of the Annex of the Mutual Recognition Agreement on Good Manufacturing Practices for pharmaceuticals which we expect will take place in July, 2000. We also agree to postpone the entry into force of the other Annexes until 31 January 2001. While such delays may at times be necessary, every effort will be made to avoid any further extension of the deadline. Implementation of the existing annexes remains the main priority; however, we are prepared to explore the possibility of adding additional sectors in due course. Both sides will encourage their respective professional service associations to explore the desirability of mutual recognition for professional services (architects and engineers). EC and Canadian officials will also hold a video conference to exchange information and explore the modalities for future work in this area. A further videoconference involving interested association representatives will be considered. Noteworthy progress has been made within the biotechnology dialogue and cooperation should continue according to the agreed work plan.

Regarding the "Joint Statement on Electronic Commerce in the Global Information Society" adopted at the December summit, a progress report has been presented separately to trade ministers at the summit and a work plan has been agreed to.

Both parties will continue exploratory talks with a view to initiate negotiations of a cultural and audiovisual cooperation agreement. Concluding an agreement is an objective which will require the formal adoption of a legal instrument in the Community. In particular, exploratory talks between officials will be held this autumn in order to define more clearly the scope of such an agreement. Also, the EC and Canada will enhance ongoing cooperation in promoting recognition of the importance of cultural diversity and meeting the challenges posed to it by globalisation and the impact of new technologies.

The EC and Canada undertake to reflect on the various issues concerning trade in wines and spirits raised by each party. In the light of these reflections, EC and Canadian officials should make every effort to resolve their differences in this area.

Finally, the EU and Canada agree that good progress has been achieved under ECTI. Looking forward, it may now be time to review and update its scope and agenda, but also explore the possibility of using modern communication tools such as videoconferences to improve follow-up and monitoring. Suggestions to this end may be presented at the occasion of next summit together with a further progress report.

## **5) Progress Report on Cooperation in the Area of Electronic Commerce**

At their last Summit (16 December 1999), the European Union and Canada released a Joint Statement entitled "Electronic Commerce in the Global Information Society". The EU-Canada Joint Statement articulates a common approach to the development of the global information society and the future growth of electronic commerce. Building on their longstanding history of cooperation on telecommunications issues, as further cemented in the Joint Statement, the European Union and Canada will work together to promote the development of a supportive global framework for electronic commerce through organisations such as the WTO, OECD, ITU and ICANN. This commitment to a bilateral and multilateral action agenda will also help promote electronic trade between Europe and Canada, and develop a global environment for electronic commerce.

### **Relevant developments in Canada**

- On 13 April 2000, the Parliament of Canada passed the Personal Information Protection and Electronic Documents Act. The Act will protect the personal information of individuals when it is used in the course of commercial activity in Canada. It will help to build trust in electronic commerce with its assurance of protection for personal information in digital form.
- Canada formally transmitted its legislation for the protection of personal information to the Commission in a letter from the Deputy Minister of Industry, V. Peter Harder, to John Mogg (DG Internal Market) dated 5 June 2000.
- In January 2000, Canada's E-Business Opportunities Roundtable, representing more than 30 business and academic leaders, issued its report, *Fast Forward*, assessing the status and importance of e-commerce in Canada and outlining priority areas for action by the private sector.
- Canada, in collaboration with the Hague Conference on Private International Law, hosted a meeting of experts in e-com and private international law in March 2000 in Ottawa. The purpose of the meeting was to discuss the provisions of a draft convention on jurisdiction, as well as recognition and enforcement of foreign judgements in relation to e-com to determine how or if the draft convention can be adapted to apply to e-com.

- In the Canadian Federal Budget, the Minister of Finance announced a series of changes to Canada's tax rules designed to favour the creation and growth of e-commerce start-up companies.

### **Relevant developments in the European Union**

- On 8 December 1999, the Commission launched the "eEurope - An Information society for all" initiative, which aims to bring the benefits of the Information Society to all Europeans. It focuses on ten priority areas including education, transport, healthcare and access for the disabled as well as accelerating e-commerce, availability of fast Internet for researchers and students and ensuring Internet access and training for young people. The European Council held in Lisbon on 23-24 March 2000 endorsed the objectives of the eEurope initiative, and highlighted the potential for the shift to a digital, knowledge-based economy for increased growth, competitiveness and job creation. In particular, it emphasised the importance for Europe's businesses and citizens of access to an inexpensive, world-class communications infrastructure and a wide range of services. An eEurope Action Plan was endorsed by EU leaders at the Feira European Council on 19-20 June 2000.
- On 4 May 2000, the Directive on Electronic Commerce was formally adopted. The Directive addresses certain legal aspects of Information Society services in the Internal Market. Member States will have 18 months to implement the directive into national laws as from the date of the publication of the Directive in the Official Journal. The Directive covers Information society services and addresses the supervision of Information society services operators in the Member State where they are established. It sets up transparency measures for commercial communications and electronic contracting, and will ensure recognition of the legal validity of such contracts. It exempts from liability intermediaries in cases of information transport, caching and hosting in some conditions and encourages codes of conduct to be developed as well as cooperation between Member States and the resolution of litigation through on-line dispute settlement mechanisms.
- The EU is envisaging financing, within the IST Programme, trans-border projects on alternative dispute resolution mechanisms, as well as encouraging a dialogue between

different initiatives in the EU and Canada through an on-line forum ("E-Confidence Forum").

- On 19 January 2000, the Directive on a common framework for electronic signatures entered into force. This Directive aims at facilitating the use of electronic signatures and their legal recognition through an harmonised legal framework. No prior authorisation for the provision of certification services is allowed but the Member States can set up voluntary accreditation schemes. Common requirements for certificates and certification services providers are established, as well as liability rules. Cooperation mechanisms are foreseen with third countries.
- A Political Agreement was reached on 11 June 2000 on the Draft Copyright Directive which implements the WIPO treaties of December 1996 on copyright and performances and phonograms. The draft directive harmonises certain aspects of copyright and related rights in the Information Society. It harmonises the protection granted to the right of reproduction, the right of communication to the public and the right of distribution and provides legal protection against the circumvention of technological measures designed to protect copyright or related rights.
- The Commission adopted on 11 April 2000 a Communication on the Organisation and Management of the Internet which set out several recommendations to improve the future running of the Internet and has conducted a public consultation on the creation of a .EU Top Level Domain.
- In November 1999, a public hearing was held in relation to a proposal for a regulation on jurisdiction and the recognition and enforcement of judgements in civil and commercial matters which updates the 1968 Brussels Convention. The European Parliament should provide its opinion on the draft regulation before the summer.
- A proposal for the amendment of the 6<sup>th</sup> VAT Directive (Directive 77/388/EEC), which focuses on some tax arrangements applicable to certain services supplied by electronic means, was adopted by the Commission on 7 June 2000, which aims at ensuring that services supplied by electronic means, which include cultural, artistic, sporting, scientific entertainment services, as well as software and computer services, are taxed in the place of consumption. When these services are supplied for consumption within the European Union, they are subject to EU

VAT. When supplying such services to non-taxable persons in the EU over the threshold of EUR 100,000, non-EU operators would be required to register for VAT purposes in a single Member State in which they supply services. The immediate objective of the proposal is to remove the discrimination against EU content providers, which results from the failure of the current tax measures to take account of the development of on-line e-commerce.

- The Commission adopted on 26 April 2000 a Communication setting out the results of its public consultation on the review of the EU regulatory framework for communications services initiated in November 1999. The Communication also sets out the main orientations for the forthcoming Commission proposals for the new regulatory framework for electronic communications. Five Directives will be proposed by the Commission: on framework provisions; on access and interconnection; on authorisations for provision of services and networks; and on processing of personal data and protection of privacy. The Commission will also propose introducing the requirement for the unbundling of the local loop into Community legislation. The legislative proposals are expected to be issued before the Summer break.
- The new Directive on processing of personal data and protection of privacy mentioned in the above paragraph will update Directive 97/66/EC of 15 December 1997 to new and foreseeable developments in electronic communications services and technologies, so that a high-level of protection for personal data and privacy will continue to be guaranteed for all electronic communications services regardless of the technology used.

### **Cooperation in multilateral organisations**

- Within the OECD, collaboration continues between the European Union and Canada on the analysis of the social impact of information technologies and the digital divide, implementation of consumer protection guidelines for e-commerce and methods for effective measurement of components of the information society, including development of a set of cross-national statistical indicators for e-commerce.
- The European Union and Canada, in conjunction with the private sector, are working within ICANN (Internet) and the ITU (International Telecommunications Union) to promote the

orderly growth of the Internet as the primary electronic platform for the information society.

- The European Union and Canada continue to support the 1998 WTO Ministerial Declaration and intend to work together within the WTO to advance discussions on the treatment of electronic commerce at the WTO, both in the work programme and through the services negotiations.
- In order to develop transatlantic solutions to cyber-crime problems, Canada and Member States of the European Union have been cooperating constructively in the negotiations on a draft Convention on Cyber-crime that is being negotiated within the Council of Europe.

### **Formal bilateral cooperation**

- The European Union and Canada have prepared the attached detailed work plan outlining specific objectives of co-operation and concrete actions to be undertaken in areas mentioned in the Joint Statement, with a particular emphasis on the trust agenda: privacy; consumer protection; and security.

## **6) Electronic Commerce in the Global Information Society, Work Plan 2000/2001**

### **a) Privacy, Security & Consumer Protection**

The Joint Statement on Electronic Commerce affirms the EU's and Canada's commitment to collaborate closely in bilateral and multilateral fora to develop a consistent and coordinated international framework for electronic commerce, which will stimulate its use and development by consumers and business. The EU and Canada are also committed to working with the private sector and civil society to maximise the social and economic benefits of the global information society.

Bilateral and multilateral cooperation over the next year will focus on building trust in the digital marketplace. The Joint Statement outlines three main priorities for action within the trust agenda: privacy; consumer protection; and security.

The EU and Canada agree on the following EU-Canada Work Plan:

### **b) Cooperation in the area of privacy**

#### **1) Objectives**

- Ensure the free flow of personal data between the EU and Canada on the basis of high data protection standards.
- Promote the development of compatible standards to complement national frameworks for the protection of personal data.

## **2) Actions**

- The EU will initiate an internal process under which the Commission will examine the privacy protection provisions of Canada's legislation, The Personal Information Protection and Electronic Documents Act, in light of the provisions of its Data Protection Directive, with a view to achieving a positive orientation for the next summit.
- Promotion of a compatible standards-based approach to complement national frameworks. The voluntary code developed by the Canadian Standards Association (CSA) can be used as a starting point for discussion. The European Committee for Standardisation (CEN) could usefully continue its work to promote standards as an added value instrument to complement national and European frameworks.

## **c) Cooperation in the area of consumer protection**

### **1) Objectives**

- Support measures to promote consumer confidence in on-line markets, including consumer trustmarks and related extrajudicial dispute resolution mechanisms.

### **2) Actions**

- Formal discussions with consumer affairs' representatives on practical means to enhance consumer confidence and protection in on-line markets.
- Cooperation on promotion and implementation of the OECD guidelines on consumer protection in global electronic commerce.
- Promotion of mutual recognition of both: 1) national seal programmes for consumer protection developed on the basis of stakeholder collaboration (business, consumer groups, experts); and 2) related extrajudicial dispute resolution mechanisms, such as the EU project "ECODIR" (European Consumer Dispute

Resolution) based on the Canadian system Cybertribunal.org or other similar initiatives, such as Webdispute.com, Cybersettle, Oneaccordinc and Square Trade.

#### **d) Cooperation in the area of security**

##### **1) Objectives**

- Promote mutual recognition of certificates and certification authorities' procedures;
- Facilitate cross-border recognition and use of electronic signatures.

##### **2) Actions**

- Canada will provide a working document for discussion by an Experts Group as a possible means of carrying out the work.
- European and Canadian Experts would meet to:
  - identify the key elements for establishing trust in certification processes;
  - map the existing schemes against these key elements; and
  - identify potential obstacles to cross-border authentication.

#### **e) Other areas of cooperation**

- **Business partnerships**

A series of seminars/workshops is proposed to start in Spring 2001. This initiative is to be part of a major three-year multi-sectoral EU-Canada cooperation programme.

In addition to the workshops, a conference is foreseen, focusing on best practices in the delivery and implementation of e-commerce services aimed at the information and communication technologies industry sector.