CANADA–EUROPEAN UNION COMPREHENSIVE ECONOMIC AND TRADE AGREEMENT (CETA)

Elizabeth McNee

Nikkola Mikocki-Bleeker (ed.)

A report prepared for the EUATRAN Centre of Excellence, RMIT University

November 2025

Table of Contents

Executive Summary

The Comprehensive Economic and Trade Agreement (CETA) between the European Union (EU) and Canada provisionally entered into force on 21 September 2017, stemming from a long history of economic cooperation and shared values. For the EU, CETA was an opportunity to test its 2006 'global Europe' strategy, specifically procurement's inclusion in agreements (Hübner et al. 2016:11; Hübner et al., 2017:846). For Canada, CETA allowed it to diversify their economy away from the United States (US) (Hübner et al. 2016).

CETA is considered an extraordinary and deep agreement in the 'new generation' of negotiations, in which traditional liberalisation such as tariff reduction is accompanied by non-traditional liberalisation. In CETA's case this included: a shift to the Investment Court System (ICS) for investment disputes; the first unification of the Canadian provinces' public procurement obligations; stronger market access through regulatory cooperation; services liberalisation through the negative list approach; significant advancement in the mutual recognition of professional qualifications; intellectual property rights including geographic indications (GIs); as well as trade and sustainable development. This was alongside the elimination of an impressive 98% of all tariffs (European Union 2017).

CETA can be considered successful as it eliminated 98.6% of Canadian and 98.7% of EU tariffs (European Commission: Directorate-General for Trade and Economic Security et al. 2025:272), as well as added an annual €3.2 billion to EU GDP and annual €1.3 billion to Canadian GDP each year since application (European Commission: Directorate-General for Trade and Economic Security et al. 2025:104). It has also measurably expanded services trade, foreign direct investment and regulatory cooperation (European Commission: Directorate-General for Trade and Economic Security et al. 2025). Yet this does not mean the agreement comes without detractors. For example, the European Commission has identified that the weakest point of CETA is the limited scope of the ecommerce chapter (European Commission: Directorate-General for Trade and Economic Security et al. 2025:304).

Context of Negotiations

The relationship between the European Union and Canada prior to negotiations

Europe and Canada have a long history of connection dating back as far as the Middle Ages and the Vikings, continuing through English and French colonisation and remaining strong into the 21st century (The Government of Canada and the European Commission 2013). The relationship is significant for various reasons including the large share of global market and investment opportunity the two combined economies create, as well as the 1976 bilateral Framework Agreement for Commercial and Economic Cooperation signed between the two parties, which was the EU's first cooperation agreement with an industrialised country (The Government of Canada and the European Commission 2013). The two also shared various bilateral trade agreements specific to industries or sectors before signing CETA (The Government of Canada and the European Commission 2013), not only highlighting the strength of existing economic ties and liberalisation, but serving as proof of shared values integral to the development of a comprehensive agreement.

Prior to the commencement of CETA negotiations, the EU was Canada's second-most important partner for both trade and investment, while Canada was the EU's 11th most important goods trading partner and fourth most important investment partner (The Government of Canada and the European Commission 2013). Foreign direct investment (FDI) was also significant with the EU and Canada being the second-largest source of FDI for each other, which in 2010 totalled C$145.7 billion in the EU and C$148.7 billion in Canada (Merrifield, 2012:3). In 2010, Canadian exports of goods and services to the EU totalled C$49.1 billion, and EU exports of goods and services totalled C$55.2 billion (Merrifield 2012:2). That same year, Canada's top exports to the EU included rare earth minerals and aircraft, while the EU's top exports to Canada were pharmaceutical products, crude and light oil, motor vehicles and wine (Merrifield 2012:2).

Timeline at a glance

2007: Launch of a joint study between the EU and Canada to examine the costs and benefits of pursuing a closer economic partnership.

2009: Official launch of the negotiations.

2013: Canada and EU announce an agreement in principle.

2014: Conclusion of the negotiations.

2016: The agreement is signed during the EU–Canada Summit.

2016: The European Council ratifies the provisional application of CETA.

2017: The European Parliament approves CETA.

21 September 2017: CETA enters into force provisionally.

2018: The first Joint Committee under CETA is held in Montréal.

(Source: Directorate-General for Trade and Economic Security n.d.a)

Joint Study to assess costs and benefits of a closer economic partnership

In June 2007, the Canada–EU summit in Berlin launched serious discussion of a closer economic partnership. At this summit, the two states decided to conduct a joint study assessing the costs and benefits of this potential strengthening of relations (Hübner et al. 2017:846). This resulting study found that despite the already-significant economic ties and liberalisation through prior agreements and multilateral tariff reductions, a comprehensive agreement would still significantly benefit both parties (The Government of Canada and the European Commission 2013). Specifically, the study: analysed the existing relationship; simulated a removal of trade barriers; and proved the relationship's then-current limitations. This in turn greatly emphasised non-traditional forms of trade limitations which potentially contributed to CETA's subsequently innovative nature.

The two parties notably restricted FDI to varying degrees (The Government of Canada and the European Commission 2013), important to note as the statistics at the beginning of this

section show how critical an industry this was at the time. The study also discussed labour mobility, government procurement, intellectual property rights, telecommunications services and electronic commerce. The study framed these as additional factors related to trade, emphasising the opportunities missed at the time by lack of engagement with these sectors (The Government of Canada and the European Commission 2013). Crucially, the study consulted private sector views to ensure a comprehensive understanding of the costs and benefits for all relevant stakeholders. The resulting conclusion was that not only would improved cooperation be beneficial, but non-tariff barriers – particularly regulation – were the most significant restriction to their business (The Government of Canada and the European Commission 2013).

Key motivations for the EU and Canada to pursue CETA

While the study above showed the EU and Canada were not exploiting the full range of their joint economic potential, there are also some less prominent motivators from each side that are essential to understand CETA's conception.

Despite strong support from EU members, it was Canadian businesses and policymakers that pushed hardest for negotiations to begin (D'Erman 2016:96). Fortunately, both parties favoured trade liberalisation throughout their governing bodies and civil groups. Yet there was also a significant imbalance of interest, likely due to the EU's more advantageous trade position which meant not only that the EU had more leverage over Canada, but that EU citizens were much less concerned about the progress of negotiations than Canadians, the latter of whom demanded more transparent negotiations throughout (D'Erman 2016:91).

The global context is also vital to understand what motivated both parties in negotiations. Globalisation euphoria was juxtaposed with the apparent demise of globalisation with the failed Doha Round of World Trade Organization (WTO) negotiations. This created urgency to foster international trade that was nonetheless somewhat independent (Hübner et al. 2016:7; Hübner et al. 2017:843). The 2008 Global Financial Crisis elevated this urgency, as Canada realised its need to diversify its economy away from dependence on the United States (US), while the EU realised reduced trade barriers would lead to desperately needed revenue (D'Erman 2016:92).

For the EU, an agreement with Canada was advantageous for further reasons. Firstly, a successful comprehensive agreement would allow the EU to test one pillar of their 2006 'global Europe' strategy: to include procurement in new trade agreements (Hübner et al. 2016:11; Hübner et al. 2017:846). Secondly, an agreement with another major industrialised economy – especially one in North America – could lead to something similar with the US (D'Erman 2016:96). Thirdly, this success could serve as a recovery from the failed Doha Round which the EU had championed (D'Erman 2016:96). Fourthly, stronger ties with Canada could protect against geopolitical and geoeconomic threats emerging from alternative powers such as China (Hübner et al. 2017:846). Finally, Canada was willing to work with the EU on one of their primary interests: services (Healy 2014:59).

For Canada meanwhile, a comprehensive agreement with the EU provided the opportunity to action their 2009 publication 'Seizing Global Advantages: A Global Commerce Strategy for Securing Canada's Growth and Prosperity', which stated Canada's intention to become more competitive in North America (Hübner et al., 2016).

The negotiation process

The concept of a larger bilateral agreement between the EU and Canada did not originate with CETA, but rather with the Trade and Investment Enhancement Agreement (TIEA) which was originally agreed upon in 2004, postponed due to Doha's failure in 2006, then eventually abandoned (D'Erman 2016:92). Despite the failure of TIEA, economic relations remained strong leading up to the Joint Study, the results of which were released on 16 October 2008 (Merrifield 2012:3). Given the EU's stronger bargaining power in the relationship, it made demands of the deal and negotiation process before discussion even began. EU Trade Commissioner Peter Mandelson, for example, famously said Canada should not even bother suggesting the EU–Canada trade discussion resume unless the latter's provinces were on board (D'Erman 2016:94; Hübner et al. 2016:16). Europe's insistence that Canadian provinces be involved was due to European sentiment that the provinces were to blame for the TIEA failure, as well as the fact that many European negotiating goals – government procurement; public services; labour mobility; and regulatory cooperation – were under provincial jurisdiction (D'Erman 2016:94; Hübner et al. 2016:27). This highlighted not

only Europe's strength but also its ability to export its own brand of governance and negotiation.

Prague's Canada–EU Summit on 6 May 2009 officially launched negotiations which would take close to five years to conclude (Hübner et al. 2016:25). Although negotiations were fast-paced according to Canadian negotiating representatives (Merrifield 2012:4), many barriers rose late in the process. One barrier comprised European scepticism towards the Transatlantic Trade and Investment Partnership (TTIP) for which negotiations between the EU and US began in July 2013. Among civil society, the TTIP and CETA were grouped which prompted negative European backlash the Canadians could not control (Hübner et al. 2016:31).

In October 2013, Canadian Prime Minister Stephen Harper and European Commission President José Manuel Barroso agreed in principle to the CETA negotiation package (D'Erman 2016:91). Yet on 13 August 2014, German TV show Tagesschau leaked a draft sparking further backlash among different civil society groups (Hübner et al. 2016:26). It would take over another year – on 29 February 2016 – for the legal scrubbing phase to finish and the final CETA text to be released (Hübner et al. 2016:26).

Public outrage continued as contradictory views regarding the legal nature of the agreement arose in the EU. Under Articles 3 and 216 of the Treaty of Lisbon, the EU can conclude international trade agreements if the agreement's content falls under exclusive competence, meaning member states' national governments have pre-authorised the EU's responsibility for it. On 29 June 2016, Commission President Junker stated CETA could be approved as such an EU-only agreement (D'Erman 2020:6). This was perceived by many in the EU as an attempt to inappropriately fast-track CETA in response to Brexit (D'Erman 2020:6). The backlash became so significant that the Commission along with the EU Trade Commissioner had to clarify only a week later that while they still believed the agreement fell under exclusive EU competence, they understood it had to be considered a mixed agreement (D'Erman 2020:6). This meant it needed approval from EU institutions and member states' national parliaments (D'Erman 2020:2), which led CETA to its largest point of contention during negotiations: the Wallonia crisis.

The Belgian region of Wallonia announced before CETA's planned signing that it would withhold its approval (Larik 2026). In response to Wallonia's demands, the Belgian federal government requested a Court of Justice of the European Union (CJEU) opinion regarding

CETA's Investment Court System (ICS) mechanism with EU law. The Belgian government was also required to address Wallonia's concerns regarding ICS reformation. Consequently, the Wallonia government allowed the Belgian government to sign CETA, with the EU and CETA officially signing on 30 October 2016. The European Parliament approved CETA in February 2017, despite the absence of the CJEU opinion (Larik 2026).

CETA was subsequently challenged in the German Federal Constitutional Court, the French Constitutional Council and the Irish Supreme Court. However, all found CETA to either be legally in accordance with national laws or amendable (Larik 2026), so on 21 September 2017 CETA was provisionally applied (D'Erman 2020:6). Canada meanwhile ratified CETA quickly, resulting in Royal Assent given in May 2017, whereas some EU member states have yet to ratify the agreement (Larik 2026). In July 2020, the Cypriot Parliament voted against CETA due to the perceived lack of protection for halloumi; in March 2024, the French Senate voted against CETA for being detrimental to French farmers (Larik 2026). While CETA is still being ratified and issues continue to arise, it has largely been applied and has subsequently been analysed to test its impact on the two economies.

Key actors and stakes

For the EU, negotiations were led by DG Trade under the European Commission, however multiple branches of the EU's governance system liaise on Canada's interests and the interests of other European bodies (Hübner et al. 2016:25). Of EU member states, France, the UK and Germany were particularly interested in CETA's progress, likely due to their pre-existing strong economic ties (Hübner et al. 2016:21).

The Canadian government – led by Prime Minister Harper of the Progressive Conservative Party – was the head of Canadian negotiation representatives, however at Europe's insistence, provinces, particularly Quebec and Ontario, were heavily involved (Hübner et al. 2016:15). Quebec was particularly vocal about protecting its supply management for all dairy products; language relating to agriculture (Hübner et al. 2016:15); labour market problems; and recognition of professional qualifications (Hübner et al. 2016:17). Provincial and municipal governments criticised the Canadian federal government's perceived lack of transparency throughout negotiations, which drew significant media coverage throughout

(D'Erman 2016:91). Canadian civil society groups meanwhile mobilised relatively quickly to respond to updates on CETA negotiations. They were concerned the original ISDS provisions allowed multinational corporations to sue the partner country in private international tribunals at great cost to their rights (Hübner et al. 2016:28).

EU civil society, while reacting to CETA much later than its Canadian counterpart, was much more effective in forcing change to the agreement (Hübner et al. 2016:31). The original Investor-State Dispute Settlement (ISDS) provision in the leaked 2014 draft was seen as significantly different from provisions in other EU agreements and therefore somewhat threatening (Hübner et al. 2016:31). European civil society was also concerned about the negative listing approach taken to the services sector of CETA, largely condemning the change in typical negotiation and policy without first consulting civil groups (Hübner et al. 2016:32).

Business lobbies played a vital role in negotiations due to reverse lobbying wherein public authorities lobby business groups to lobby themselves (Hübner et al. 2016:18). Groups like the European Round Table of Industrialists (ERT), BusinessEurope and the European Services Forum (ESF) were particularly trusted by the EU, likely due to their previous work on policies like 'global Europe' (Hübner et al. 2016:23–24).

The European Trade Union Confederation (ETUC) and the Canadian Labour Congress (CLC) – central labour bodies of their respective parties – collaborated continuously throughout the negotiation process to ensure not only their priorities were represented, but that public information was more readily available (Healy 2014:64). Eventually they came to an agreement to adequately represent workers across both parties. The CLC compromised on industrial policy, intellectual property rights and labour mobility; the ETUC compromised on rules of origin (Healy 2014:65). The CLC also conceded to a monitoring mechanism and labour representation at negotiations; while the ETUC adopted a stronger stance on regulation, government procurement and public service delivery (Healy 2014:65).

Notable Features and Provisions of CETA

CETA is exceptional in bilateralism and economic cooperation for various reasons. It was one of the first new-generation, deep, free trade agreements – defined by removing traditional trade barriers like tariffs but also by focusing on non-traditional barriers like national regulations as well as exclusive areas like services and investment (D'Erman 2020:5; Leblond and Viju-Milijusevic 2022). In CETA's case this has included: reform of the ISDS system shifting to the ICS; unified public procurement obligations across Canada's provinces for the first time; regulatory cooperation leading to enhanced joint market access; services liberalisation that controversially applied the negative list approach; significant advancement in mutual recognition of professional qualifications; intellectual property rights including geographic indications and trade in sustainable development. All on top of eliminating 98% of tariffs, CETA's 30 chapters have arguably reimagined the way the developed world undertakes economic agreements.

Chapter 8 – Investment

The CETA investment chapter has been considered a blueprint for future trade and investment, largely due to its dispute settlement approach which was a point of contention during negotiation that resulted in a somewhat new system: the ICS. Prior to public concern surrounding the chapter, CETA followed a then-standard model of investment dispute resolution: ISDS. This model manages disputes through an ad hoc arbitral procedure where disputing parties appoint arbitrators (Directorate-General for Trade and Economic Security n.d.b). This model was criticised for lack of transparency, impossibility to appeal, pro-investor bias, as well as overly broad investor rights (Bungenberg and Reinisch 2021:471). The necessity for investment protection in an agreement between two highly developed parties was also questioned; however, hundreds of investment disputes against EU member states have inclined the EU to propound the system (Bungenberg and Reinisch 2021:453).

On the other hand, the ICS is a two-tier system with the 'Tribunal' and the 'Appellate (appeal) Tribunal'. The most obvious difference from the ISDS is that investors do not influence adjudicator appointment but are instead determined by the bilateral high-level CETA Joint Committee (Bungenberg and Reinisch 2021:473).

Article 8.27.2 ensures transparency and equality in arbitration, qualities perceived to be lacking in ISDS. The article states:

> The CETA Joint Committee shall, upon the entry into force of this Agreement, appoint fifteen Members of the Tribunal. Five of the Members of the Tribunal shall be nationals of a Member State of the European Union, five shall be nationals of Canada and five shall be nationals of third countries (European Union 2017:44).

The criteria for rigorous selection of this superior tribunal continues in **Article 8.27.4** – stipulating appointed members must be qualified and experienced, and **Article 8.27.5** – which outlines a five-year term as an adjudicator, renewable only once (European Union 2017:44–45).

Article 8.39 – referring to the Final Award, has been considered remarkably extensive compared to more traditional free trade agreements (FTAs) (Bungenberg and Reinisch 2021:476). This article states: 'Monetary damages shall not be greater than the loss suffered by the investor [...] [and t]he Tribunal shall not award punitive damages' (European Union 2017:51).

In some ways the investment chapter can be considered an attempt to recover the rules-based international order, while it has also been viewed as trying to allay fears of investor bias in ISDS by giving the states more reasonable say in the alternative ICS (Bungenberg and Reinisch 2021:477). Regardless, the chapter shows the negotiation process' priority of transparency, with the EU considering the ICS as the 'first step toward the establishment of a Multilateral Investment Court', planned to replace ICS when it enters into force (Directorate-General for Trade and Economic Security, n.d.b).

Chapter 19 – Government Procurement

Government procurement represents a significant percentage of total public spending for both parties and is an important tool to create local public support and economic development (Spera 2018:7). As well as trialling one pillar of the EU's 2006 'global Europe' strategy (Hübner et al. 2016:11), including government procurement in CETA enhanced liberalisation by enhancing supplier competition, thereby improving the cost-benefit ratio for goods and

services, encouraging international innovation, as well as preventing corruption stemming from exclusively local procurement (Spera 2018; Collins 2015).

Chapter 19 of CETA was critical in achieving economic liberalisation but also showed the EU's ability to export their standards. It also led to increased Canadian legal integration since CETA was the first instance where all sub-federal levels of government in Canada were committed to opening procurement markets to EU bidders (Collins 2015:2). This was essential to CETA's application since each Canadian province and territory has its own public procurement rules (Spera 2018:8). However, the open market and anti-discrimination rules now limit local government ability to use public procurement as a tool for public economic growth and development (Collins 2015:11), excepting Ontario which negotiated a reservation to protect their Green Energy Act (Spera 2018:10–11).

The actual text of CETA's Chapter 19 appears to be based on the WTO Government Procurement Agreement (GPA) but with a narrower scope (Spera 2018:6; Corvaglia and Shingal 2025:139). Anti-discrimination rules are a key development, with **Article 19.4.1** stating:

> With respect to any measure regarding covered procurement, each Party, including its procuring entities, shall accord immediately and unconditionally to the goods and services of the other Party and to the suppliers of the other Party offering such goods or services, treatment no less favourable than the treatment the Party, including its procuring entities, accords to its own goods, services and suppliers (European Union 2017:97).

Article 19.4.2 consolidates the previous, stating:

> With respect to any measure regarding covered procurement, a Party, including its procuring entities, shall not:
>
> (a) treat a locally established supplier less favourably than another locally established supplier on the basis of the degree of foreign affiliation or ownership; or
>
> (b) discriminate against a locally established supplier on the basis that the goods or services offered by that supplier for a particular procurement are goods or services of the other Party (European Union 2017:97).

This anti-discrimination is further ensured through **Article 19.4.4**, which states:

> A procuring entity shall conduct covered procurement in a transparent and impartial manner that:
>
> (a) is consistent with this Chapter, using methods such as open tendering, selective tendering and limited tendering;
>
> (b) avoids conflicts of interest; and
>
> (c) prevents corrupt practices (European Union 2017:97).

It is important to note CETA's ISDS system – ICS – does not apply to CETA's government procurement chapter (Collins 2015:6).

Chapter 21 – Regulatory Cooperation

The Joint Study had shown that the private sector saw regulation as among the largest barriers against participation in the partner's market (The Government of Canada and the European Commission 2013). Chapter 21 of CETA aims to address regulatory cooperation and mutual acceptance, rather than good or best practices that had been favoured elsewhere (Deblock 2022:187). **Article 21.3** outlines the objectives of the Regulatory Cooperation chapter of CETA, including its goal to:

> contribute to the protection of human life, health or safety, animal or plant life or health and the environment, [...] build trust, deepen mutual understanding of regulatory governance and obtain from each other the benefit of expertise and perspectives, [...] facilitate bilateral trade and investment, [... and] contribute to the improvement of competitiveness and efficiency of industry (European Union 2017:132).

Notably, facilitating bilateral trade and investment is not the first objective of the regulatory cooperation chapter but the third. This could be seen as further proof that CETA's foundation is protection and promotion of ethics and values before trade and investment.

Article 21.5 states the voluntary nature of this chapter (European Union 2017:134), and **Annex 5-C** identifies contentious regulation issues as '[t]o be agreed at a later stage' (European Union 2017:229). Regulation shall be conducted through the Regulatory

Cooperation Forum who will report to the CETA Joint Committee (European Union 2017:135).

Chapter 9 – Cross-Border Trade in Services

At the time of negotiation, services trade was relatively new to European trade agreements and was therefore key to CETA's identification as a 'new-generation' agreement. Indeed, the 2008 Joint Study had identified services trade as a significant and underutilised economic subsection (The Government of Canada and the European Commission 2013). Deep liberalisation was a clear goal for both the EU and Canada, seen in the negative list approach (Pipidi Kalogirou 2017:15). This approach differs from otherwise-typical positive listing, in that anything not listed in an annex as *excluded* from the agreement is automatically liberalised, including services that do not yet exist (Pipidi Kalogirou 2017).

Article 9.3 emphasises this deep liberalisation by ensuring equal treatment for service providers:

> 1. Each Party shall accord to service suppliers and services of the other Party treatment no less favourable than that it accords, in like situations, to its own service suppliers and services.
>
> 2. For greater certainty, the treatment accorded by a Party pursuant to paragraph 1 means, with respect to a government in Canada other than at the federal level, or, with respect to a government of or in a Member State of the European Union, treatment no less favourable than the most favourable treatment accorded, in like situations, by that government to its own service suppliers and services (European Union 2017:56).

In the EU Schedule of **Annex I**, the EU has protected among others from liberalisation: publicly-funded research and development services that would benefit from EU funding (European Union 2017:701); ground-handling services of some aircraft (European Union 2017:703); and services for internal waterways transport (European Union 2017:704). Reservations can also be held by individual member states.

Similarly in the Canada Schedule of **Annex I**, Canada has protected among others from liberalisation and equal access: private education services (European Union 2017:579);

aircraft repair and maintenance services (European Union 2017:589); and water transport services (European Union 2017:590). Like EU member states, Canadian provinces can hold individual reservations.

Annex II acts in the same manner as Annex I but rather protects potential future services from liberalisation. Examples include: Canada 'reserv[ing] the right to adopt or maintain a measure with respect to the supply of public law enforcement and correctional services' (European Union 2017:850), and the EU 'reserv[ing] the right to adopt or maintain any measure with regard to the supply of all health services which receive public funding or State support in any form, and are therefore not considered to be privately funded' (European Union 2017:907).

Chapter 9 is both example of the EU and Canada's strong commitment to economic liberalisation and a model for deep and ongoing, or 'live', liberalisation through the negative list approach.

Chapter 11 – Mutual Recognition of Professional Qualifications

During negotiations, Quebec had identified professional qualification recognition as a trade barrier since qualified persons could not work in the other jurisdiction using their 'home' qualification, significantly limiting market access and innovation (Hübner et al. 2016:17). CETA's Chapter 11 therefore provided a framework for mutual recognition (European Union 2017:65). This model was and remains superior to the alternative proposed alignment of qualifications, being quicker and creating less disturbance to qualification providers.

Article 11.3.1 recommends a Joint Committee on Mutual Recognition of Professional Qualifications be established, followed by **Article 11.5** detailing its role, including:

> facilitat[ion of] the exchange of information regarding laws, regulations, policies and practices concerning standards or criteria for the authorisation, licensing or certification of regulated professions; [and] mak[ing] publicly available information regarding the negotiation and implementation of MRAs (European Union 2017:66).

Notable here is the 'live' quality of liberalisation rather than a static list of liberalised areas or professions. Additionally, emphasis on public accessible information again reflects the EU

and Canada's shared commitment to innovation and transparency through citizen understanding.

Chapter 20 – Intellectual Property

Chapter 20 of CETA aims to facilitate innovation and creative production while ensuring intellectual property rights (European Union 2017:112). This chapter was important since it obliged parties to comply with established standards from various other international agreements and significantly expanded Canada's geographical indication (GI) protection of EU products to include 22 product categories of applicable agricultural products and foodstuffs (Starkman Danzig 2021).

Sub-section C of Chapter 20 deals with GIs, defined as 'an indication which identifies an agricultural product or foodstuff as originating in the territory of a Party, or a region or locality in that territory, where a given quality, reputation or other characteristic of the product is essentially attributable to its geographical origin' (European Union 2017:117). **Article 20.19** protects these products by preventing their indication unless authentic and goes on to specify in **Article 20.19.3** the protection of GIs 'accompanied by expressions such as "kind", "type", "style", "imitation" or the like' (European Union 2017:118).

Notably, **Part A** of **Annex 20-A** identifies that the EU has protected 171 GIs in CETA whereas **Part B**, protecting Canada's GIs, remains blank with no GIs protected (European Union 2017:414–422). This represents a clear imbalance in GI prioritisation and/or bargaining power between the two states.

GIs have been a priority in EU trade negotiations for some time since they represent the EU's living cultural heritage, which the EU is obliged to protect in international negotiations under the 1992 Treaty of Maastricht (O'Connor 2015:9). Prior to CETA, Canadian GIs were protected under Canada's Trade-Marks Act, which needed to be amended to: increase the number of GIs eligible for protection (previously only including some alcohols); strengthen mechanisms for protecting those GIs; and create a mechanism for opposing and cancelling GIs (Wilson 2017).

Chapters 22, 23 and 24 – Trade and Sustainable Development chapters

Sustainable development has been a relatively consistent theme in EU trade policy; however, the 2010 EU–South Korea FTA was the first EU agreement with an explicit trade and sustainable development (TSD) chapter (Puccio and Binder 2017:2). CETA continues this tradition through Chapters 22, 23 and 24. The aims of Chapters 23 (Trade and Labour) and 24 (Trade and Environment) are outlined in **Article 22.1.3**:

> (a) promote sustainable development through the enhanced coordination and integration of their respective labour, environmental and trade policies and measures;
>
> (b) promote dialogue and cooperation between the Parties with a view to developing their trade and economic relations in a manner that supports their respective labour and environmental protection measures and standards, and to upholding their environmental and labour protection objectives in a context of trade relations that are free, open and transparent;
>
> (c) enhance enforcement of their respective labour and environmental law and respect for labour and environmental international agreements;
>
> (d) promote the full use of instruments, such as impact assessment and stakeholder consultations, in the regulation of trade, labour and environmental issues and encourage businesses, civil society organisations and citizens to develop and implement practices that contribute to the achievement of sustainable development goals; and
>
> (e) promote public consultation and participation in the discussion of sustainable development issues that arise under this Agreement and in the development of relevant law and policies (European Union 2017:137).

Like many other chapters in CETA, Chapters 22, 23 and 24 are live agreements, facilitated by establishment under **Article 26.2.1(g)** of the Committee on Trade and Sustainable Development. Under **Article 22.4.1**:

> The Committee on Trade and Sustainable Development shall oversee the implementation of those Chapters, including cooperative activities and the review of the impact of this Agreement on sustainable development, and address in an integrated manner any matter of common interest to the Parties in relation to the interface between economic development, social development and environmental protection. With regard to Chapters Twenty-Three (Trade and Labour) and Twenty-Four (Trade and Environment), the Committee on Trade and Sustainable Development can also carry out its duties through dedicated sessions comprising

> participants responsible for any matter covered, respectively, under these Chapters (European Union 2017:138).

The TSD chapters of CETA, while perhaps not legally binding as more inflexible chapters for their use of enforceable terminology, do emphasise shared values and ethics systems between the parties; recognise the place of TSD in international economics systems; acknowledge the privilege of two parties able to enforce economics that support TSD; and legally commit parties to working in an ethics-based economy.

It is important to mention that while CETA is considered a 'new-generation' agreement given its extensive TSD inclusions, de Mestral (2016) has pointed out that there may be a paradox in the treaty's concurrent extensive use of exceptions provisions both in Chapter 28 and in various Annexes. While these exceptions can be considered vast compared to other FTAs of the time, they do not wholly override the progressiveness of the TSD inclusions.

Trade and Economics After CETA

While CETA is still yet to be ratified by 10 of the 27 EU member states (Directorate-General for Trade and Economic Security, n.d.a), Canada fully ratified the agreement in May 2017 (Larik 2026) and the agreement was provisionally applied by both parties on 21 September 2017 (D'Erman 2020:6). The period since CETA's provisional application has seen unprecedented trade geopolitical tensions alongside a global pandemic and momentum in issues of climate and social change. This incredible crucible has forged market volatility as well as new economic risks and opportunities. As the most recent and relevant document addressing the results of CETA's application at the time of writing, the European Commission's June 2025 report will be used as the standard measure of CETA's successes and failures.

GDP and economic growth

By GDP growth, CETA has been successful. It has added an annual €3.2 billion to EU GDP and an annual €1.3 billion to Canadian GDP since application (European Commission: Directorate-General for Trade and Economic Security et al. 2025:104). EU exports in goods to Canada have increased by 14.0% and imports by 16.4%; while services exports to Canada have increased by 15.4% and imports by 11.6% (European Commission: Directorate-General for Trade and Economic Security et al. 2025:104).

Tariff reduction

CETA eliminated 98.6% of Canadian and 98.7% of EU tariffs (European Commission: Directorate-General for Trade and Economic Security et al. 2025:272). For some sensitive products that largely fall under agriculture and foodstuffs, quotas were introduced or expanded and the tariff reduced to zero (European Commission: Directorate-General for Trade and Economic Security et al. 2025:28). Trade between Canada and the EU, relatively stable in the five years before CETA, has increased by 65% between 2016 and 2023 (European Commission: Directorate-General for Trade and Economic Security et al.

2025:34). Through tariff-rate quotas (TRQs) Canada has opened 17,700 tonnes of quota for EU cheese, while the EU has agreed to TRQs to open: 35,000 tonnes for beef and veal; 3,000 tonnes for bison; 15,000 tonnes for frozen beef; 80,000 tonnes for pigmeat; 8,000 tonnes for sweetcorn; 30,000 tonnes for high sugar content products; 10,000 for sugar confectionery; 35,000 for preparations of cereals; and 60,000 tonnes for dog or cat food (European Commission: Directorate-General for Trade and Economic Security et al. 2025:35).

Services

By services, EU–Canada bilateral trade was 44.4% higher on average each year post-CETA than pre-CETA, with EU services exports to Canada rising by 46.5% and EU imports from Canada increasing by 43.0% (European Commission: Directorate-General for Trade and Economic Security et al. 2025:63). Transport, business and telecommunications services have all grown notably (European Commission: Directorate-General for Trade and Economic Security et al. 2025:63).

FDI, regulatory measures, SMEs and procurement

FDI grew significantly in both economies post-CETA, but these increases were modest compared to international FDI growth. This was likely due to some investment provisions yet to be applied as well as potentially restrictive regulatory measures (European Commission: Directorate-General for Trade and Economic Security et al. 2025:92). Regulatory cooperation from CETA can be considered a success with concrete information-sharing, as well as the release of two Mutual Recognition Agreements (MRAs) on Good Manufacturing Practice and on professional qualifications for architects. The latter was also significant as the first MRA for professional qualifications concluded by the EU since hitherto existing MRAs had only covered trade in goods, not services (Directorate-General for Trade and Economic Security 2024). Stakeholders have identified increased burden on regulators and strong influence of corporate lobbyists (European Commission: Directorate-General for Trade and Economic Security et al. 2025:113). The number of EU small and medium enterprises (SMEs) exporting to Canada increased by 20.3%, while Canadian SMEs exporting to the EU grew by 6.4%, debunking concerns that CETA would disproportionately benefit large firms

(European Commission: Directorate-General for Trade and Economic Security et al. 2025:123–124). CETA is responsible for an 8.4% increase in procurement between Canada and the EU, yet sub-federal data is difficult to access (European Commission: Directorate-General for Trade and Economic Security et al. 2025:273).

Social and environmental outcomes

CETA has contributed to higher employment in key sectors of both the EU and Canada by roughly 1% (European Commission: Directorate-General for Trade and Economic Security et al. 2025:175). However, the agreement has only had limited impact on labour standards (European Commission: Directorate-General for Trade and Economic Security et al. 2025:190) as well as worker gender parity (European Commission: Directorate-General for Trade and Economic Security et al. 2025:199). CO2 emissions per capita have meanwhile decreased marginally in both parties due to CETA's implementation: 0.9% in Canada and 0.2% in the EU (European Commission: Directorate-General for Trade and Economic Security et al. 2025:209).

Conclusion

Overall, CETA has had a measurable and positive impact on the two economies involved, especially in GDP growth, tariff reduction and services liberalisation. The most notable failure of CETA has been the limited scope of the ecommerce chapter, which fails to meet the standards set by more recent EU FTAs (European Commission: Directorate-General for Trade and Economic Security et al. 2025:304).

Ramifications for Australia

CETA's creation and implementation is highly relevant to Australia in its bid to arrive at a similar agreement with the EU. CETA acts as a clear example of how the EU conducts trade on its own terms, as demonstrated by the inclusion of Canadian provinces. The EU's focus on the terms of its own citizens is similarly demonstrated by the Wallonia crisis. Inclusion of stakeholders relevant to any part of an agreement is also critical in the EU's process of ensuring agreements are not merely surface-level formalities, but genuinely liberalising as well as founded in ethics, values and high standards.

GIs and agriculture are a key point of contention between Australia and the EU during trade negotiations. Considering the CETA model, it is plausible that reservations on some GIs may be possible, however this is unlikely due to their protection on the EU side being legitimised by the Treaty of Maastricht.

While CETA can still be considered a recent development of EU trade policy in some ways, global events and tensions have dramatically changed since its application. US tariff wars under President Donald Trump, supply chain disruption from the COVID-19 pandemic, the rise of Eastern economies and the demise of the post-1945 liberal international order, have all contributed to the precarious global position in which the EU and Australia find themselves. As with Canada, an agreement with the EU remains essential for Australia in diversifying away from economic and political dependence on the US. Closer economic ties with the EU are also important for Australia to use trade as a tool and strengthen the acceptance of standards and values Australia believes the world should be governed by, standards and values Australia largely shares with the EU.

Appendices

Appendix 1 – Acronyms

CETA – Comprehensive Economic and Trade Agreement

CJEU – Court of Justice of the European Union

CLC – Canadian Labour Congress

ERT – European Round Table of Industrialists

ESF – European Services Forum

ETUC – European Trade Union Confederation

EU – European Union

FDI – Foreign Direct Investment

GI – Geographical Indication

GPA – Government Procurement Agreement

ICS – Investment Court System

ISDS – Investor-State Dispute Settlement

MRA – Mutual Recognition Agreement

TIEA – Trade and Investment Enhancement Agreement

TTIP – Transatlantic Trade and Investment Partnership

WTO – World Trade Organization

Appendix 2 – Examples of EU and Canadian Tariff Barriers

Table 2.2 Examples of EU and Canadian Tariff Barriers

AFFECTING EU MARKET ACCESS INTO CANADA	
Agricultural Products	Canada maintains tariff quotas with high over-quota duties on imports of dairy, poultry, egg, beef, wheat, barley and margarine products, averaging 159.1%.
Electrical Products	Canada maintains applied tariffs on household electrical products such as coffee makers, kettles, ovens, fryers, oil-filled radiators, fan heaters, dehumidifiers, air purifiers and blenders, averaging 3.4%.
Textiles, Apparel and Footwear	Canada maintains applied tariffs on textiles, apparel and footwear, averaging 6.2%, 16.3% and 13.5% respectively.
Shipbuilding	Canada maintains applied tariffs on ships, shipbuilding and recreational boats, averaging 12.5%.
Automobiles	Canada maintains applied tariffs on automobiles of 6.1% and auto parts, averaging 3.2%.
AFFECTING CANADIAN MARKET ACCESS INTO THE EU	
Agricultural Products	The EU maintains tariff quotas, and sometimes multiple quotas with varied tariff line coverage and in-quota duties for a single product, with high overquota duties on beef, pork, wheat and oats (averaging 37.5% for pork and as high as 407.8% for beef). The EU maintains applied tariffs on fruits/vegetables (averaging 31.8%), and operates an entry price system for 15 products where tariffs are determined by import season and a product's minimum import price.
Processed Foods	The EU maintains applied tariffs on processed foods, which are determined using a matrix calculated based on the specific content of dairy, wheat and sugar ingredients.
Fish and Seafood	The EU maintains applied tariffs on a number of fish and seafood products averaging 12.5%.
Wood Products	EU maintains applied tariffs on softwood plywood (7-10%), particleboard/ OSB and fibreboard (7%), and manufactured buildings (2.7%).
Aluminium Products	The EU maintains applied tariffs on semi-fabricated and fabricated aluminium (7.5%) and raw aluminium (3%).
Textiles, Apparel and Footwear	The EU maintains applied tariffs on textiles, apparel and footwear averaging 9.4%.
Automobiles	The EU maintains applied tariffs on automobiles and auto parts of 10%.

(Source: The Government of Canada and the European Commission 2013)

Appendix 3 – Examples of EU and Canadian Services Issues

Table 2.5 Examples of EU and Canadian Services Issues

AFFECTING EU MARKET ACCESS INTO CANADA	
Sectoral Issues	
Telecommunications Services	Canada is one of the few remaining OECD countries to have foreign ownership restrictions for telecommunications operators (firms must be Canadian-owned and controlled corporations). EU presence in the sector is thereby limited to involvement in the resale of telecommunication services and the provision of satellite services.
Financial Services and Securities Trading	Various restrictions apply limiting the ability of EU financial services companies from further development in the Canadian market. Securities trading is affected by the lack of a single securities regulator (each province and territory has its own regulator), resulting in inefficiencies
Cross-cutting Issues	
Labour Mobility (Including Intraprovincial Labour Mobility)	Administrative procedures (delays in obtaining work permits) are cited by the EU private sector an important issue affecting trade in services with Canada. Labour mobility barriers within Canada (between provinces) negatively affect services trade in a number of sectors, including financial services.
AFFECTING CANADIAN MARKET ACCESS INTO THE EU	
Sectoral Issues	
Architectural, Engineering & Integrated Engineering Services	The EU represents a very large market for architectural and engineering services and Canada is seeking further liberalisation from EU Member States without bound Mode 1 commitments.
Environmental Services	While several EU Member States have open regimes for environmental services, many are still hesitant to provide full market access for the cross-border trade of these services. Given that the Canadian industry is comprised of many smalland medium-sized enterprises, which often do not establish commercial presence in the territory where they are exporting, barriers to cross-border trade can be a significant impediment.
Cross-cutting Issues	
Labour Mobility	Stakeholders in both Canada and the EU have cited barriers to labour mobility that have direct consequences for trade in services. These barriers include impediments to entry such as administrative procedures and lack of transparency and harmonisation between EU Member States. More information is provided in the labour mobility section of the study.

(Source: The Government of Canada and the European Commission 2013)

References

Allee T, Elsig M and Lugg A (2017) 'Is the European Union Trade Deal with Canada New or Recycled? A Text-as-data Approach', *Global Policy,* 8(2):246–252, doi:10.1111/1758-5899.12420

Bungenberg M and Reinisch A (2021) 'A Paradigm Change: The CETA Investment Chapter', Zeitschrift fur Europarechtliche Studien, 3(2021):437–484, doi:10.5771/1435-439X-2021-3-437

Collins DA (2015) 'Globalized Localism: Canada's Government Procurement Commitments under CETA', *Journal of Transnational Dispute Management*, 2016(2):1–11

Corvaglia MA and Shingal A (2025) 'Government Procurement in Twenty-First Century PTAs' in Claussen K, Elsig M and Polanco R (eds) *The Concept Design of a 21st Century Preferential Trade Agreement: Trends and Future Innovations,* Cambridge University Press, doi:10.1017/9781009484640

Deblock C (2022) 'Canada and International Regulatory Cooperation: A Comparison of USMCA, CETA and CPTPP', in Gagné G and Rioux M (eds) *NAFTA 2.0: From the first NAFTA to the United States-Mexico-Canada Agreement,* Palgrave Macmillan, doi:10.1007/978-3-030-81694-0

de Mestral AC (2016) *Exceptions Clauses in the Comprehensive Economic and Trade Agreement (CETA) Between the EU and Canada: A Model for Future 'Mega-Regional' Agreements?,* McGill University website, accessed 21 October 2025. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2765820

D'Erman VJ (2016) 'Comparative Intergovernmental Politics: CETA Negotiations between Canada and the EU', *Politics and Governance,* 4(3):90–99, doi:10.17645/pag.v4i3.565

D'Erman VJ (2020) 'Mixed competences and 'second generation' trade agreements: a consideration of EU disintegration', *Political Research Exchange,* 2(1): 1–18, doi:10.1080/2474736X.2020.1806003

Directorate-General for Trade and Economic Security (2024) *EU adopts first ever Mutual Recognition Agreement for professional qualifications,* European Commission website, accessed 21 October 2025. https://policy.trade.ec.europa.eu/news/eu-adopts-first-ever-mutual-recognition-agreement-professional-qualifications-2024-10-10_en

Directorate-General for Trade and Economic Security (n.d.a) *EU-Canada Comprehensive Economic and Trade Agreement (CETA),* European Commission Trade and Economic Security website, accessed 21 October 2025. https://policy.trade.ec.europa.eu/index_en

Directorate-General for Trade and Economic Security (n.d.b) *The Investment Court System,* European Commission website, accessed 21 October 2025. https://trade.ec.europa.eu/access-to-markets/en/content/investment-court-system

European Commission: Directorate-General for Trade and Economic Security, Cambridge Econometrics, Institute for European Environmental Policy (IEEP) and Trade Impact BV

(2025) *Study in support of an ex-post evaluation of the Comprehensive Economic and Trade Agreement (CETA) between the EU and its Member States and Canada,* European Union website, accessed 21 October 2025. https://op.europa.eu/en/publication-detail/-/publication/0fdebc86-6389-11f0-bf4e-01aa75ed71a1/language-en

European Union (2017) *COMPREHENSIVE ECONOMIC AND TRADE AGREEMENT (CETA) between Canada, of the one part, and the European Union and its Member States, of the other part*, European Union website, accessed 21 October 2025. https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:22017A0114(01)

Export Development Canada (2020) *CETA trade deal: Three years on,* Export Development Canada website, accessed 21 October 2025. https://www.edc.ca/en/article/ceta-trade-in-eu.html

Government of Canada (2024) *Decision No 1/2024 of the Joint Committee on Mutual Recognition of Professional Qualifications of 10 October 2024 setting out an agreement on the mutual recognition of professional qualifications for architects,* Government of Canada website, accessed 21 October 2025. https://www.international.gc.ca/trade-commerce/trade-agreements-accords-commerciaux/agr-acc/ceta-aecg/2024-10-10-decision-mutual-recognition-reconnaissance-mutuelle.aspx?lang=eng

Healy T (2014) 'Canadian and European Unions and the Canada—EU CETA Negotiations', *Globalisations,* 11(1):59–70, doi:10.1080/14747731.2014.860798

Hübner K, Balik T and Deman AS (2016) *CETA: the Making of the Comprehensive Economic and Trade Agreement Between Canada and the EU,* ifri website, accessed 21 October 2025. https://www.ifri.org/en/papers/ceta-making-comprehensive-economic-and-trade-agreement-between-canada-and-eu

Hübner K, Deman AS and Balik T (2017) 'EU and trade policy-making: the contentious case of CETA', *Journal of European Integration,* 39(7):843–857, doi:10.1080/07036337.2017.1371708

Larik J (2026) 'The many meanings of the "Canada model": CETA as 'gold standard', like-mindedness, cautionary tale, and autonomy', in Neuwahl N and Verdun A (eds) *The Canada Model and Post-Brexit EU Trade Relations: Insights from the 'Other' Transatlantic Partner*, Taylor & Francis, doi:10.4324/9781003298588

Leblond P and Viju-Milijusevic C (2022) 'CETA as the EU's First Third-Generation Trade Agreement: Does It Act Like One?', *Journal of Political Science,* Special Issue 2022:106–120, doi:10.21814/perspectivas.4496

Merrifield R (2012) *Negotiations Toward a Comprehensive Economic and Trade Agreement (CETA) Between Canada and The European Union: Report of the Standing Committee on International Trade,* House of Commons Canada, Government of Canada website, accessed 21 October 2025. https://www.ourcommons.ca/Content/Committee/411/CIIT/Reports/RP5431905/CIITrp01/ciitrp01-e.pdf

O'Brien R (2016) *Moving Regulation out of Democratic Reach: Regulatory Cooperation in CETA and its Implications,* AK EUROPA website, accessed 21 October 2025. https://www.akeuropa.eu/sites/default/files/main_report_en_422.pdf

O'Connor B (2015) *Geographical Indications in CETA, the Comprehensive Economic and Trade Agreement between Canada and the EU,* Origin GI website, accessed 21 October 2025. https://www.origin-gi.com/wp-content/uploads/2015/02/14.11.24_GIs_in_the_CETA_English_copy.pdf

Pipidi Kalogirou K (2017) *Services Liberalization within the CETA,* German University for Administrative Sciences Speyer website, accessed 21 October 2025. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2995947

Puccio L and Binder K (2017) *Trade and sustainable development chapters in CETA,* European Union website, accessed 21 October 2025. https://www.europarl.europa.eu/RegData/etudes/BRIE/2017/595894/EPRS_BRI(2017)595894_EN.pdf

Spera F (2018) *Public procurement and Free Trade Agreements (FTAs),* Maastricht University website, accessed 21 October 2025. https://www.academia.edu/36864306/Public_procurement_and_Free_Trade_Agreements_FTAs

Starkman Danzig G (2021) *CETA AND CANADIAN INTELLECTUAL PROPERTY RIGHTS,* European Union website, accessed 21 October 2025. https://op.europa.eu/webpub/trade/ceta-and-canadian-ipr/en/#chapter9

The Government of Canada and the European Commission (2013) *Assessing the costs and benefits of a closer EU-Canada economic partnership,* Global Affairs Canada website, accessed 21 October 2025. https://www.international.gc.ca/trade-agreements-accords-commerciaux/agr-acc/eu-ue/study-etude.aspx?lang=eng

Wilson C (2017) *Say "cheese"…but not "Taleggio cheese": CETA's impact on geographical indications in Canada,* Norton Rose Fulbright website, accessed 21 October 2025. https://www.nortonrosefulbright.com/en/knowledge/publications/51e8cb44/say-cheesebut-not-taleggio-cheese-cetas-impact-on-geographical-indications-in-canada