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An overview of the bilateral, plurilateral and multilateral trade negotiations

Charles Akande, Editor

European Parliament Approves CETA

As expected, the European Union (EU) Parliament gathered on February 15th in Strasbourg to vote on CETA. The deal was ratified with 408 MEP voting for versus 254 against. By approving the accord, the EU Parliament concluded the ratification process of the deal at the EU level.

The deal will now be submitted to 38 Member states' national and regional parliaments for their own ratification. This process, which would give the green light for the full implementation of the deal, could take years to complete.

The agreement represents an opportunity for both countries "to shape globalization together and influence the setting of global trade rules," EU President Jean-Claude Juncker said, citing as an example the EU-Canada joint proposal to establish multilateral rules to deal with investment issues.

In the meantime, the February 15th vote by the EU allows the provisional entry into force of the agreement when Canada's Parliament completes its ratification process, which is expected to take place in the coming months.

"Once the Canadian Parliament has ratified this agreement, the next step is to put it provisionally in place, which I hope can be done swiftly and effectively," Juncker declared. EU officials, who expected the provisional implementation to start as early as this March, are now saying it could be done in April. However, Prime Minister Justin Trudeau, who travelled to Strasbourg for the event, said on February 16th that Canada should ratify the accord before this autumn, at which point both countries' workers and businesses should start reaping the benefits of the agreement.

In other words, the provisional implementation of the accord, which concerns almost 90% of the deal including slashing tariffs and opening the Canadian market to European companies, according to EU sources, is not expected before the second half of 2017.

In reference to the new U.S. administration trade policy, EU Trade Commissioner Cecilia Malmström believes today's vote sends a strong signal to the world. "By building bridges rather than walls, we can face the challenges that confront our societies together," she stressed.

If successful, CETA will de facto become the template for any future ambitious trade negotiations, Trudeau believes, stressing that at the same time, that the accord could be the last of its kind if it fails.

Brexit?

In a working document circulated earlier this month concerning the potential impact of the Brexit on the EU trade agenda, the European Parliament International Trade Commission stressed that the U.K.'s exit from the EU should not impact the provisional implementation of the accord, nor its full ratification by Member states.

However, the report mentioned that trade volumes with Canada will probably be affected by the UK's exit, after which it would become necessary to redistribute the commitments based on an agreement with Member-states.

All international trade negotiations, particularly bilateral ones currently underway, would have to take into account the departure of the U.K. from the EU, which means in concrete terms that not only

what will be offered by the EU will be affected, but also the results of these FTAs will be impacted. The report also noted that Brexit will affect upcoming negotiations with Australia and New Zealand, two partners that have immediately asked for a free trade negotiation with the U.K. after Brexit.

Parallel consultations with these countries will complicate further the negotiations the committee stressed.