

### 3<sup>rd</sup> Joint Statement

*Canadian and European Union (EU) Domestic Advisory Groups (DAGs), established under the Trade and Sustainable Development (TSD) chapters of the EU-Canada Comprehensive Economic and Trade Agreement (CETA)*

## Introduction

1. We, the Domestic Advisory Groups of Canada and the European Union, having met on Thursday, February 3 2022; having participated in the Civil Society Forum hosted by Canada on Monday, February 7 and Tuesday, February 8; having met at a DAG workshop on Wednesday, February 9; and the DAGs' co-chairs having met on Thursday, February 10 with the EU Canada TSD Committee, all via transatlantic videoconference, jointly state that:
2. We are pleased to have this third joint meeting of the three CETA DAGs<sup>1</sup> and welcome the organization of the third Civil Society Forum hosted virtually by Canada on 7-8 February 2022. We shared an overview of the work of our respective DAGs since the 2020 joint meeting and look forward to continued fruitful cooperation on joint priorities.
3. Our discussions and exchanges focused on the effectiveness of the TSD chapters and general approaches to be taken in the future. They also featured more profound reflections on global supply chains, their resilience and role in global trade, going beyond the security of supply.
4. The DAGs reiterate their commitment to respect diversity of peoples, including the Indigenous Peoples, and perspectives within Canada and the EU, work together on common priorities, enhance knowledge about sustainable development provisions in CETA, and promote engagement from a wide range of civil society.
5. Reflecting on the DAGs' discussions over the past two years of the COVID-19 pandemic we note that its impact has been profound. There have been unprecedented damage to and disruption of the global economy and global supply chains, setbacks in efforts for more inclusive global trade, with increased isolationism and tension, immense human suffering, breakdowns in social cohesion, and growing inequality, with the harshest impact being felt by the most vulnerable in our societies. These effects were compounded by increasing impacts attributed to extreme weather events, with whole communities devastated by storms, heatwaves and forest fires. The pandemic and extreme climate events have highlighted the need to have resilient and sustainable social, economic and cultural systems that foster social cohesion and ensure the highest standards of public services, including health and education, safe workplaces, social rights, and environmental and animal protection.
6. To ensure a post-COVID-19 recovery with resilient supply chains, it is important to have effective mechanisms in trade agreements and trade policy to enforce sustainable development commitments. Global trade must be part of the solution. While trade agreements cannot solve all global challenges, they should not contribute to aggravating problems, and have an

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<sup>1</sup> Canadian Environment DAG (CEDAG), Canadian Labor DAG and the EU DAG

obligation to uphold and promote social and environmental standards. Trade agreements should be complemented by other adequate domestic flanking policies. The crisis has also underlined that there is a need for well-functioning and cohesive quality public services accessible to all, which is emphasized in the ILO Global Call to Action for a human-centred recovery. The EU and Canada should support quality public service principles<sup>2</sup> and standards in bilateral relations and at the global level.

7. The DAGs consider it particularly important that the CETA parties' efforts to reinvigorate their respective economies and trading relations be conducted in a manner that protects workers, the environment, animals, and biodiversity, and communities and upholds human rights and Indigenous Peoples' rights.
8. The DAGs believe that CETA constitutes a platform on which the EU and Canada can join efforts to mutually reinforce their sustainable economic recovery, align efforts to address the climate and biodiversity crises, and strengthen solidarity, multilateralism and cooperation at all levels.
9. We acknowledge that CETA has the potential to benefit the EU and Canadian economies in terms of inclusive trade, investment, and employment. CETA can provide opportunities to increase sustainable trade of environmental goods and technology for SMEs. The DAGs are particularly keen for trade flows under CETA to be consistent with sustainable development.
10. The DAGs acknowledge and are encouraged by the cooperative efforts of the CETA parties on important trade and sustainable development topics, including inclusive trade, Indigenous Peoples in trade, single use plastics and the circular economy, biodiversity, carbon pricing, carbon border adjustment mechanisms (like CBAM), forced and child labour, among others.
11. While understanding that the EU is currently reviewing its general policy approach of TSD chapters in FTAs, the TSD early review foreseen in the Joint Interpretative Instrument (JII) remains a priority for Canadian and EU DAGs. The DAGs are thus eager for the parties to make meaningful, transparent and swift progress towards their sustainable development and TSD review commitments, achieving "effective enforceability of CETA provisions on trade and labour and trade and environment" as indicated in article 10 of the JII.
12. The DAGs held a joint workshop on "New Innovative Ideas and Instruments on the Enforceability of Trade and Sustainable Development", with the objective:
  - To provide updates and perspectives on and explore new innovative ideas and instruments linked to enforceability of TSD chapters. This topic has been at the heart of the DAGs work and with recent developments, such as the arrival of a new generation of trade agreements like the Canada-United States-Mexico Agreement

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<sup>2</sup> Joint Interpretative Instrument on the Comprehensive Economic and Trade Agreement (CETA) between Canada & the European Union and its Member States:

<https://www.international.gc.ca/trade-commerce/trade-agreements-accords-commerciaux/agr-acc/ceta-aecg/jii-iic.aspx?lang=eng>

(CUSMA), and the ongoing EU TSD Review process, the impact of the pandemic on trade, new ideas have gained momentum.

To ensure alignment of CETA implementation plans with ongoing work related to enforceability of and international cooperation in environmental policy and with the accelerated implementation of the Paris Agreement following the adoption of the Glasgow Pact at UN Framework Convention on Climate Change (UNFCCC) COP26 Summit, and considering multilateral moments of interest for the two parties, in particular the UN Convention on Biological Diversity (UNCBD) COP15, and the 6th Assessment report of the Intergovernmental Panel on Climate Change (IPCC).

13. While acknowledging that the COVID-19 pandemic impacted and resulted in changes in trade in particular in terms of supply chain issues, the DAGs discussed new innovative ideas and instruments on the enforceability of trade and sustainable development as a top priority. Debating with experts, we raised the following issues in exploring these new approaches:

- a) Developments and new approaches have gained momentum with the arrival of a new generation of trade agreements, such as CUSMA with a new dispute settlement procedure involving all parties, the ongoing EU TSD Review process and the impact of the pandemic on trade.
- b) The recent developments in negotiated trade agreements such as the Rapid Response Labour Mechanism (RRM) acknowledge the need for effective enforcement of labour and commitments at the national and company level.
- c) First cases under the RRM illustrate the effectiveness of dialogue with civil society and coordination against the backdrop of sanctionable enforcement.
- d) Access to effective enforcement is an indispensable component of meaningful implementation and adherence to the labour and environment chapter in CETA and could be a model for fair and person-centred conflict resolution in international trade agreements. The regular involvement of the ILO and OECD as observers to DAG meetings could bring a consistent contribution to the framework of the TSD chapters.
- e) The pandemic necessitates a proactive approach supporting tougher enforcement. With stakeholders across the supply chain weakened, states have an even more important role to play, not just for advancement of labour and environment rights but for prevention of massive rollbacks of gains that have been made. We note with particular concern the adverse impact of the pandemic on women workers.
- f) We heard that achieving the goals of the Paris Agreement and Convention on Biodiversity requires trading partners like the EU and Canada to take cooperative action in this and other international economic fora to develop best practices and consensus approaches.

- g) International cooperation could help create a level playing field for trade in reduced carbon, sustainably produced goods; establish standards for greening government procurement to promote development of reduced carbon, develop consensus about what is appropriate green industrial policy; agree on how to reduce or eliminate inefficient fossil fuel subsidies;
- h) International cooperation could also help determine whether tariff reductions could be used as an incentive to promote greener low carbon production methods or higher animal welfare and environmental standards in food production, and how to improve access to environmental services.

## **Calls**

14. We call on the CETA parties to have a continuing and focused priority on ensuring the sustainability and resilience of supply and value chains including but not limited to issues of digitalisation and inclusiveness, Just Transition, due diligence, decent work, forced and child labour, freedom of association, collective bargaining, right of information and consultation, gender equality and equity, occupational health and safety, quality public services and transparency of environmental, animal, and labour and human rights impacts.
15. We call on the CETA parties to expedite and make firm progress on the TSD Early Review, to be ambitious in exploring a range of options to strengthen the enforceability of the TSD chapters, and to ensure the involvement and consultation of the EU and Canada DAGs and civil society during this process.
16. We urge the CETA parties to collaborate in ensuring their efforts to respond to the cross-cutting socio-economic fallout from COVID-19 pandemic by reinvigorating their respective economies and trading relations are conducted in a manner that accords with the highest standards of environmental, labour, human, Indigenous Peoples' and animal welfare rights, consistent with CETA's TSD chapters, and supports participation of SMEs in international trade.
17. We encourage CETA parties to further constructive dialogue on greater alignment between trade and respect for the rights of Indigenous Peoples in the work of CETA, building on direct and meaningful dialogue with their respective Indigenous Peoples. This could include learning from Canada's experience with the Indigenous Peoples Economic and Trade Cooperation Agreement (IPETCA) and Indigenous knowledge systems.
18. We urge CETA parties to use the approval of the Sixth Assessment Report of the IPCC to work together on joint efforts to ensure that, as they implement the trade agreement, parties analyse how climate, the global energy transition and other risks impact trade, labour and supply chains and to develop and learn from joint and inclusive practices that are informed or even led by civil society and Indigenous Peoples.

19. We urge the CETA parties to work together in this and other international economic fora to implement their environmental commitments and develop best practices and consensus approaches to carbon pricing so as to create a level playing field for trade in reduced carbon, sustainably produced goods.
20. We encourage the CETA parties to intensify the cooperation activities with social partners and civil society under the implementation of the fundamental ILO Conventions, the ILO Tripartite Declaration on MNEs and the OECD Guidelines for MNEs and commit ourselves to involve proactively the ILO and OECD in our own monitoring work.
21. We invite the CETA parties to arrange for a mid-term meeting with the DAGs in-between the annual Civil Society Fora, to evaluate progress made in the collaboration with the DAGs and to explore joint work programme priorities. To be able to continue to fulfil our role of effectively monitoring CETA implementation and providing regular advice to the parties, we call on the CETA parties to:
  - Continue to provide resources to facilitate regular joint DAG-to-DAG meetings;
  - Ensure full transparency about all their activities under CETA relevant to the sustainable development chapters;
  - Provide timely and equal access to relevant information and data, including on the progress of the TSD Early Review; and
  - Involve civil society more closely when discussing in any CETA implementation committees set by the parties.
22. The EU DAG and the European Economic and Social Committee thank the CEDAG, the Canadian Labour DAG and the Canadian government for facilitating the organization of these meetings. The three CETA DAGs remain committed to supporting and assisting the CETA parties in all efforts associated with responding to the impacts of the COVID-19 crisis and rebuilding more prosperous, just, sustainable and equitable economies and societies.

Dated March 7 2022

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