

THE EU & CANADA AS STRATEGIC PARTNERS

TOWARDS A NEW GENERATION RELATIONSHIP

(9 MAY 2016, OTTAWA)

Opening remarks

H.E. Marie-Anne Coninx, Ambassador of the European Union to Canada

Ms Coninx briefly introduced the conference's participants to its main theme, referring to the EU and Canada's long-standing and close relationship, and notably to the conference's two panels—(1) how the EU and Canada can together address the many global foreign policy challenges that they face, and how the new institutional framework of the EU-Canada Strategic Partnership Agreement (SPA) will provide the necessary tools to achieve this; and (2) global co-operation on the environment, climate change and energy.

Ms Alexandra Bugailiskis, Assistant Deputy Minister for Europe, the Middle East and the Maghreb and Chief Negotiator of the Canada-EU Strategic Partnership Agreement, Global Affairs Canada

Ms Bugailiskis began by describing the SPA as 'a very powerful tool for stimulating, updating and expanding our partnerships'. She then noted that both the SPA and the EU-Canada Comprehensive Economic and Trade Agreement (CETA) 'together represent a progressive XXIst-century agenda and approach to expanding trade and investment and [to] working together on international peace and security by promoting pluralism, democratic governance, environmental sustainability and sustainable development practices'.

After speaking of the EU and Canada's past and present bilateral and multilateral co-operation towards a variety of shared goals in many different areas—fighting major endemic disease, donor co-ordination, promoting responsible and sustainable resource management, human rights, maternal and newborn healthcare, early and forced marriage, international sanctions, nuclear disarmament, crisis management missions, climate change, renewable energy, promoting democracy and the rule of law, sustainable development, poverty, technology and scientific research, multilateralism, etc.—Ms Bugailiskis expressed her belief that the implementation of the SPA will have 'a direct impact on [the EU and Canada's] common prosperity and security'.

She concluded by noting that the signature of both the SPA and CETA later in 2016 will 'begin a new era' of EU-Canada relations, and will make available a set of 'powerful tools with which to pursue our common bilateral and multilateral interests'.

Keynote speech

Ms Edita Hrda, Managing Director, Americas, European External Action Service (EEAS)

Speaking at first of the SPA, Ms Hrda noted that 'it will significantly upgrade EU-Canadian foreign policy co-operation in many areas [and will] provide an ambitious framework for co-operation in various fields, from energy and climate change to [justice] and law enforcement, counter-terrorism, research and innovation, education, migration, the Arctic and [many other fields]'. After listing some of the EU and Canada's joint efforts to tackle shared challenges such as climate change, emissions reductions, energy efficiency and diplomacy, bilateral and multilateral counter-terrorism, Arctic policy, the UN and peacekeeping, international assistance, CSDP co-operation, etc., she opined that the SPA 'will take [EU-Canadian] relations to a higher level'.

Referring to the lasting imperative of achieving growth and creating jobs, Ms Hrda then described the CETA as 'a [very unique,] ground-breaking agreement which provides for an ambitious liberalization of trade and investment relations'. Quoting various figures to remind the conference of the significance of EU-Canadian trade, she described CETA as 'the most ambitious EU agreement ever negotiated with a third country'—notably in terms of services, market access and government procurement.

Noting that, despite numerous achievements, much remains to be done, Ms Hrda expressed her belief that once the SPA and the CETA are signed and once full use can be made of the opportunities they offer, EU-Canadian co-operation can be deepened 'across the board ... [making our strategic partnership] more effective at addressing global priorities for peace and prosperity, [benefiting] both sides of the Atlantic as we take on challenges and build on opportunities [together]'.

Panel 1: The EU and Canada—the SPA and global foreign policy challenges

Moderator:

Mr Morris Rosenberg, President and CEO of the Pierre Elliott Trudeau Foundation and Former Deputy Minister of Foreign Affairs

Panelists:

Ms Edita Hrda, Managing Director (Americas), EEAS

Mr Vincent Rigby, Assistant Deputy Minister, Strategic Policy, Global Affairs Canada

Mr Colin Robertson, Vice President and Senior Research Fellow, Canadian Global Affairs Institute (CGAI)

Prof. David Carment, Professor of International Affairs, Norman Paterson School of International Affairs and CGAI Fellow

Speaking of how the SPA could be ‘operationalized in order to give real effect to the issues [it addresses]’, Ms Hrda began the discussion by expressing her belief in the importance of the need for the EU and Canada to come together after the SPA is signed in order to identify the future strategy of their relationship. In terms of mechanisms within the SPA for the involvement of Canadian sub-national governments and EU member states in future discussions, she noted that member states will naturally be very much involved in matters of national competence, and that the SPA also provides space for bilateral co-operation between Canada and individual EU member states.

Mr Rigby, answering a question on possible confluences between the new Canadian government’s strategic priorities and those of the SPA, noted that it was striking how natural the affinity between the two is—citing multilateralism, climate change, pluralism, inclusive governance, democracy, human rights, prosperity, trade and investment, security, conflict prevention, peace-building, and international development assistance. He saw many opportunities for joint efforts with the EU—‘the only place to go is up’.

In terms of conflict prevention and fragile states (with reference to Article 7 of the SPA), Prof. Carment opined that both the EU and Canada had the historical experience to share important lessons on resilience, rule of law, justice, etc. with fragile and failed states, and that they should focus their efforts on countries caught in a ‘fragility trap’ (e.g. Afghanistan, Ukraine) to help them achieve not only economic development but also greater overall resilience. As far as the SPA’s possible institutional benefit as a mechanism which helps short-term governments achieve long-term development assistance goals, Prof. Carment felt that as far as conflict prevention was concerned, Canada could learn from the EU’s experience.

Does the SPA provide an opportunity for joint Canada-EU efforts to promote diversity (‘peaceful pluralism’)? Mr Robertson cited the example of Canada’s mid-1990s ‘Metropolis Project’, which ‘looked at’ the practical aspects of healthcare, education and diversity (pluralism), before mentioning education—and notably the EU’s Erasmus Programme, which he suggested should be expanded to provide for greater exchanges between the EU and Canada.

Moving the discussion to the current challenge of mass migration and the integration of migrants, Mr Rosenberg wondered if there was something the Canada and the EU can do or should be doing to address this common, long-term need?

Prof. Carment, who saw this as a ‘crucial area’ for collaboration, pointed to the importance of diversity in terms of efforts to help diasporas foster economic and other forms of

development in their home countries, noting that it is absolutely essential that Canada and the EU ‘ultimately not take] in more people, but rather [ensure] that the places they come from are [sufficiently resilient] and have the capacity to retain their populations’.

Mr Rigby, beyond long-term resilience, pointed to the strength which Canada holds from its diversity, and thought that both it and the EU have much to share in terms of how immigrants are absorbed and economically integrated.

Mr Robertson underlined the importance of the need for Europe and Canada, given the prevalence of cell phones among migrants, to catch up and find ways of employing modern telecommunications as an effective tool of diplomacy and government.

As far as Central Asia is concerned (as an example of a region of the world Canada and the EU could focus upon through the SPA), Mr Robertson—who notably pointed to Kazakhstan’s uranium as a potential joint interest—noted that the challenge was not finding matters of mutual interest but rather finding long-term financial resources and political commitment.

Will there be an opportunity to identify specific SPA priorities? Is there a geographic focus which promises real added value for specifically EU-Canadian co-operation? Ms Hrda, who noted that the EU and Canada are already co-operating very successfully in many regions of the world, once again underlined the importance of the two coming together after the SPA is signed in order to work out future strategies and priorities. She also noted the importance of pursuing joint work within international organizations—notably the UN.

Prof. Carment thought clean technology a priority for Canada, and said he would like to see his country benefit through the CETA from European investment and research in the field. He then went on to underline the fact that small island states stand to bear the brunt of climate change, citing the examples of Malta and Greenland as priorities Canada should perhaps be focusing upon.

Mr Rigby felt that Brussels and Ottawa should focus their joint efforts upon fragile states around the world—particularly in Africa—putting together packages of SPA measures for security, development, human rights, diversity and humanitarian assistance in order to foster long-term development and resilience.

Mr Robertson pointed to the need to secure strong domestic backing (e.g. of interest groups), both in Canada and in Europe, for these efforts in order to overcome the short-term nature of political commitment and to ensure that programmes endure.

Mr Rosenberg felt that Canadian civil society needs to be revitalized in its role of ‘infrastructure of democracy’ and as an external source of legitimacy vital for the sustainability of government efforts.

Prof. Carment cited EU-Canadian efforts in the Balkans as a clear example of very successful co-operation, arguing that it makes much more sense to learn from past successes than to try to develop a wholly new approach. He saw the provision of development assistance—notably to sub-Saharan Africa, the Middle East and Central Asia—as an

investment in the acquisition of future trading partners and in future growth, particularly considering developed countries' low rates of growth and ageing populations.

Mr Rosenberg then asked Ms Hrda how, in her experience, the EU manages to bring many different institutions and national governments together into a co-ordinated, holistic approach? She felt that the co-ordination of policies was one of the strengths of the EU, and that the system by which many different actors are involved at different levels in the decision-making process 'works very well ... it's not easy, but it works—apparently'.

With regard to Title II of the SPA ('Human Rights, Fundamental Freedoms, Democracy and the Rule of Law'), what should Canada and the EU privilege in terms of areas of the world or specific measures? Prof. Carment felt that the challenge lies in the fact that countries with poor human rights records are often not in need of development assistance, and that Canada and the EU need to bring other influences to bear.

Mr Robertson argued that both the EU and Canada have many very effective organizations involved in promoting democracy and good governance, and that the strategic partnership should base its efforts on these organizations rather than trying to create something new.

Panel 1: Questions and Answers

Can more be done within the strategic partnership to enable academic and scientific research to enjoy the international collaboration and funding mechanisms it requires?

Prof. Carment argued that enabling Canadian researchers to access European research grants should be a priority.

In terms of bringing about positive change, how well did the EU and Canada do in the Middle East, for example? Was the focus on building the rule of law and civil society that democracy in the region needs? Or was it on simply bringing about electoral democracy ('one man, one vote' meaning one often only votes once)?

Mr Robertson agreed that, in order to build long-term, sustainable democratic institutions, the emphasis should be on ensuring a free press, the rule of law, a sound judiciary and good government rather than simply giving people the vote.

Prof. Carment argued that the resilience of fragile states requires immunization in the form of teaching good leadership, and that both the EU and Canada should consider investing in such training in order to enable leaders to make responsible decisions with the welfare of their citizens in mind.

Mr Rosenberg, while recognizing the importance of leadership, felt that helping fragile states build basic safety and security is a greater priority and an absolute prerequisite for all other subsequent efforts.

What could be done to encourage more Canadian students to study overseas?

Mr Robertson noted that, besides the question of money, some technical barriers remained (e.g. differences in the mutual recognition of academic credits) which could very simply be removed.

Prof. Carment suggested that Canada reinstate the ‘Canadian Studies Abroad’ programme, particularly as students are ‘the best ambassadors abroad’.

How are Canada’s interests as an Asia-Pacific nation represented within the SPA?

Mr Rigby noted that Canada is very focused on the Asia-Pacific region within both the G7 (currently under Japan’s presidency) and the G20 (currently under China’s presidency).

Ms Hrda explained that the SPA does not mean that Canada and the EU are forgetting their Asian partners, noting that one joint working group is responsible for relations with Asia and is tasked with identifying common approaches to the region.

Panel 2: The EU-Canada Relationship—Global co-operation on the environment, climate change and energy

Moderator:

Mr Campbell Clark, Chief Political Writer, Globe and Mail

Panelists:

H.E. Nicolas Chapuis, Ambassador of France to Canada

The Hon. Ed Fast, MP – Former Trade Minister, currently Conservative Critic for Environment

Mr Jonathan Wilkinson, MP – Parliamentary Secretary to the Minister of the Environment and Climate Change

Mr Jean-Arnold Vinois, Energy Adviser, Jacques Delors Institute

Mr Wilkinson, speaking of how EU-Canadian co-operation on the environment, climate change and energy could be broadened and deepened, noted that there are a number of activities and critical policies which offer opportunities to do so: CETA contains substantial environmental commitments. The SPA also recognizes the importance of the need for environmental conservation and protection and to share best practices in the fight against climate change. Closer collaboration will also be extremely important for the effective implementation of the Paris Agreement. Best practices and experiences could also be shared in areas such as energy strategy, carbon pricing, clean technology development, helping developing countries achieve environmentally sustainable growth, and Arctic policy.

As for what the EU could teach Canada in terms of implementing its environmental commitments, Ambassador Chapuis felt that the question is really how Canada and its constituent parts will manage to reach a consensus on these commitments before the end of

the year. He also noted that the COP22 conference in Marrakech ‘will be on Africa’—clean electricity, linking the sustainable development goals with the fight against climate change—and that the EU and France are looking forward to working with Canada to support developing countries.

Mr Clark, after noting that Canada had neither a national energy strategy nor climate change plan, asked Mr Vinois if there was some European pattern Canada could adopt? The latter began by explaining that Europe’s efforts only began as recently as 2007—notably with the dismantling of national barriers across the EU’s gas network and electrical grid, which blended all sources of gas and enabled generators of renewable energy to access an EU-wide grid. He noted that European systems of energy governance were perhaps especially relevant to Canada, particularly the ability of each EU member state to work out a long-term energy strategy while at the same time contributing to a consensus among member states on the best way to proceed at the European level. He opined that Canada would experience similar challenges as the EU (citing the example of energy mixes, which remain a sovereign decision), and noted the importance of including all actors and stakeholders in energy discussions—including consumers and the other new players who have emerged as a result of the energy market’s transformation.

Could Canada and the EU, as a form of co-operation, perhaps link their energy markets through trade, technology or environmental goods? Mr Fast felt that CETA offers a huge opportunity to increase trade flows, including the trade of environmental goods, referring notably to current negotiations over the Environmental Goods Agreement with the EU and other countries which will eliminate trade barriers. He then went on to say that Canada and its provinces and territories can learn from the EU’s experience of the deployment of environmental legislation—citing the example of carbon pricing trading regimes.

Mr Clark noted that Europe had promised its citizens that the climate change transition would be ‘good for the economy and good for jobs’, yet he wondered whether some Canadian jurisdictions might not want free trade and might instead introduce protectionist measures. Was this something which the Canadian government foresaw as a difficulty? Mr Wilkinson thought not, but in terms of environmental legislation he predicted that the government would introduce incentives and disincentives and that it would be looking for mechanisms to accelerate the development of a Canadian clean technology industry as a driver of growth.

As for the SPA’s provision that the EU and Canada will exchange best practices ‘in terms of changing our industry [and] our energy’, Mr Vinois noted a shared interest in Europe’s desire to diversify its sources of energy and Canada’s desire to diversify its customer base. He also believed there was great potential for co-operation in the fields of renewable energy, energy efficiency (empowering consumers), the promotion of balanced energy strategies capable of ‘ensuring the energy transition’ and avoiding or attenuating socio-economic consequences such as the financial difficulties of large utility companies, energy decentralization, etc. Mr Vinois also believed there was much the EU and Canada could share in terms of ‘balancing’ the interests of their constituent parts and fostering a sense of solidarity among them during the drafting and adoption of common energy policies, as well as in terms of innovation—citing carbon capture and storage, carbon taxation, emission trading schemes, etc.

Considering Europe's difficulties with carbon capping and emissions trading systems, will there eventually have to be mechanisms for common co-operation over carbon pricing? Ambassador Chapuis underlined the importance of the need for such a system to make sense economically and to make sense to businesses. He said there was a need for governments to discuss carbon pricing and 'show their hand' to banks and businesses in order to enable global, international competition. Ambassador Chapuis also thought that the European and Canadian governments would do well to work together on encouraging the growth of the renewable energy or energy efficient sector by granting it access to public markets, noting in this regard the attendant importance of supporting joint research and innovation by Canadian and European laboratories and research institutes.

'But how much of that is businesses and universities working together of their own accord, and how much is policy?' asked Mr Clark. Mr Fast argued that there already is a lot of co-operation relating to technology and the environment between Canadian institutes and universities. Returning to Ambassador Chapuis' remark 'about companies having to understand the role they have to play in providing their own leadership', he explained that although many businesses in Canada support a revenue-neutral carbon trading, 'their fear is that the government will over-reach' and will introduce a unfair, politicized, tax-grab-like carbon pricing model. In this respect, Mr Fast also underlined the importance of public support and trust.

Mr Clark then asked whether the problems Europe encountered with its emissions trading system have affected the level of confidence in emissions trading and the whole idea of carbon pricing? Mr Vinois acknowledged that criticism was widespread and that prices never reached the level required to incentivise investment in new, clean technologies, but noted that efforts were under way—notably within the European Parliament—to ensure that prices will steadily rise after 2020. He then pointed to the problem of subsidizing the industry without in the end subsidizing the Chinese, but noted that investments, although excessive, had succeeded in firmly establishing renewable energy (e.g. wind and solar power) on the market. Mr Vinois also underlined the difficulty of the challenge of properly managing a transition to a rebalanced energy market which includes renewable sources of energy, as well as the problem of costly capacity remuneration mechanisms. He concluded by noting that, for Canada, the 'elephant in the room' is the need to 'de-carbonize' its massive fossil fuel resources, and explained that the decision of the European Investment Bank (and subsequently other commercial banks) to refuse loans to power generation projects involving the production of more than 550 gCO₂eq/kWh 'is becoming a kind of price of carbon which is now in the financial system'.

Referring to Europe's concerns regarding the security and diversity of its energy supply and the political difficulties with its main energy supplier, Russia, Mr Clark wondered whether Canada really has a role to play in terms of energy co-operation with the EU? 'Can we get the energy off the continent and to the EU?' Mr Wilkinson thought that there are many ways in which Canada can contribute to Europe's energy security and areas in which the two could collaborate—clean technology, carbon capture and storage, discussions concerning liquid natural gas, Canadian research into new forms of energy generation, etc.

Finally, Mr Clark wondered if, given the new Canadian government's stated commitments, there were now more opportunities for EU-Canadian international co-operation with

developing countries? Ambassador Chapuis noted that Europe looks forward to engaging with Canada on how the two can link their climate change strategies, their energy policies and their investment in new technologies with international development assistance—especially in places where donors have been less visible, e.g. the Sahel. As far as funding for mitigation in developing countries is concerned, Mr Wilkinson felt that the EU and Canada share common perspectives in terms of the need to help developing countries around the world adapt and achieve low carbon development, and that they both recognize the significant economic opportunities which lie in helping these countries develop their energy networks and infrastructure.

Panel 2: Questions and Answers

i) Could carbon tax adjustments consistent with WTO be useful? ii) How could a standard global price for carbon be reached? (Is this something Canada and the EU could do together to show leadership?) iii) Is carbon capture and storage a viable option?

Mr Fast pointed out that all environmental policies must comply with WTO and other trade obligations, and that the real challenge of implementing a carbon tax is to treat trade-sensitive and carbon-intensive industries fairly. Carbon pricing regimes must be designed in a very broad context—international, bilateral, domestic, etc.

Ambassador Chapuis, answering the second question, pointed out that international discussions are already under way as part of preparatory work for the upcoming COP 22 meeting in Marrakech, but underlined the complexity of these and future discussions as well as the difficulty of creating a system which unequivocally signals to financial institutions and large companies that the time has come for them to begin decarbonizing their portfolios and invest in the new economy.

Regarding carbon capture and storage (CCS), Mr Wilkinson felt that the real challenge lies in designing cost-effective schemes which offer a viable cost per tonne. He also noted the promising research into other carbon-capture technologies.

In terms of mitigation, what could the EU and Canada do to deal with the droughts which are destabilizing countries and contributing to conflict?

Ambassador Chapuis argued that efforts to limit severe climatic events required maintaining ‘the momentum of Paris’ to slow global warming, setting concrete projects in motion at COP 22 in Marrakech to address the problem of drought in Africa (Sahel and the Horn) and of access to water, and setting up ‘a kind of climate task force’ which would notably focus upon the problem of climate migration.

What role could nuclear power play in reducing greenhouse gases and slowing climate change?

Mr Vinois explained that nuclear energy is very unpopular in most EU member states and indeed around the world, that debates tend to focus upon nuclear decommissioning and

waste management, and that public opinion tends to only consider energy efficiency and renewable energy as realistic policies to achieve decarbonization.

Closing remarks

Ms Celina Caesar-Chavannes, MP – Parliamentary Secretary to Prime Minister Trudeau

After celebrating the achievements of EU-Canadian relations over the past 40 years, Ms Caesar-Chavannes noted that, in a changing world, the international community needs more co-operation along the lines of the EU-Canada relationship. She argued that, regarding climate change, the time for ‘burying our heads in the sand is long past’: ‘meaningful progress in this fight requires collaboration on a global scale’. Ms Caesar-Chavannes went on to recognize that Canada has much to learn from the EU in terms of sustainability, environmental stewardship and protection, and argued that the SPA ‘provides a crucial roadmap for two-way knowledge transfer and co-operative efforts’.