



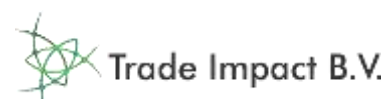
Study in support of an ex-post evaluation of the Comprehensive Economic and Trade Agreement (CETA) between the European Union and its Member States and Canada

MAIN REPORT

Draft Inception Report

4 April 2024

Prepared by consortium led by Trade Impact B.V.
March 2024



The views expressed in the report are those of the consultant,
and do not present an official view of the European Commission.



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between the European Union and its Member States and Canada

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Study in support of an ex-post evaluation of the Comprehensive Economic and Trade Agreement (CETA) between the European Union and its Member States and Canada

ABSTRACT

Since September 2017, the EU-Canada's Comprehensive Economic and Trade Agreement (CETA) has been provisionally applied (in part). In line with a well-established EU practice, the Commission has requested an ex-post evaluation to be conducted at least five years after the provisional application.

The study will be carried out in 2024 and 2025 by a team of independent experts led by Trade Impact B.V. It will analyse ex post economic, social, environmental, and human rights-related effects of the CETA, for the EU and its Member States on the one hand, and the Canada on the other. The general part of the analysis will be complemented by extensive engagement with stakeholders and case study work.

This draft inception report presents the intervention logic, analysis of existing studies and reports, methodological approach, draft stakeholder consultation strategy, website, description of the agreement and its context, finetuned approach to the case studies. This draft inception report will also contain an updated project timeline. As Annexes, this report contains the detailed evaluation framework, an analysis of existing studies and reports, the study work plan, outputs and timeline, the outline of the final report (draft), the consultation strategy and plan, the questionnaires for targeted stakeholder consultations (open public consultation and business/SME survey), the detailed description of the Agreement, the draft stakeholder list, and the used references.

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ACRONYMS

amb	Ambitious	ILO	International Labour Organisation
ASEAN	Association of Southeast Asian Nations	IP	Intellectual Property
AEO	Authorised Economic Operator	IPCC	Intergovernmental Panel Climate Change
BIT	Bilateral Investment Treaty	IPR	Intellectual Property Rights
CAN	Canada	ISDS	Investor-State Dispute Settlement
CAT		ITC	International Trade Centre
CBAM	Carbon Border Adjustment Mechanism	ITPDE	
CCA	Causal Chain Analysis	JC	Judgement Criteria
CE	Cambridge Econometrics	JCCS	Joint Customs Cooperation Committee
CEDAW		LDC	Least Developed Country
CETA	Comprehensive Economic and Trade Agreement	lim	limited
CGE	Computable General Equilibrium	LULUCF	Land use, land use change and forestry
CO	Carbon monoxide	MEA	Multilateral Environmental Agreement
CO ₂	Carbon dioxide	MFN	Most-Favoured Nation
CPI	Consumer Price Index	MSME	Micro-, Small and Medium-sized Enterprise
CPTPP	Comprehensive and Progressive Agreement for Trans-Pacific Partnership	NAFTA	North American Free Trade Agreement
CRD	Convention on the Rights of the Child	NGO	Non-Governmental Organisation
CSD	Civil Society Dialogue	NMVOC	Non-methane volatile organic compound
CSR	Corporate Social Responsibility	No	Number
DAG	Domestic Advisory Group	NTB	Non-Tariff Barrier
DG	Directorate-General	NTM	Non-Tariff Measure
EGS	Environmental Goods and Service	NZ	New Zealand
EP	European Parliament	OECD	Organisation for Economic Cooperation and Development
EU	European Union	OHCHR	Office of the United Nations High Commissioner for Human Rights
EU MS	EU Member States	OPC	Open Public Consultation
EQ	Evaluation Questions	OR	Outermost Region
FDI	Foreign Direct Investment	PM	Particulate Matter
FDIR	Foreign Direct Investments Restrictiveness Index	PUR	Preference Utilisation Rate
FRA	EU Agency for Fundamental Rights	RBC	Responsible Business Conduct
FTA	Free Trade Agreement	RCF	Regulatory Cooperation Forum
GATS	General Agreement on Trade in Services	RoO	Rules of Origin
GATT	General Agreement on Tariffs and Trade	SDG	Sustainable Development Goal
GDP	Gross Domestic Product	SIA	Sustainability Impact Assessment
GDPR	General Data Protection Regulation	SME	Small or Medium-sized Enterprise
GHG	Greenhouse Gas	SPS	Sanitary and Phyto-Sanitary
GI	Geographical Indication	STRI	Services Trade Restrictiveness Index
GPA	Government Procurement Agreement	TBT	Technical Barriers to Trade
GST	Goods and Services Tax	TI	Trade Impact BV
GTAP	Global Trade Analysis Project	ToR	Terms of Reference
HRIA	Human Rights Impact Assessment	TRIPS	Trade-Related Aspects of Intellectual Property Rights
HS	Harmonised System	TRQ	Tariff Rate Quota
ICERD	International Convention on Elimination of all forms of Racial Discrimination	TSD	Trade and Sustainable Development
ICESCR	International Covenant on Economic, Social and Cultural Rights	TSIA	Trade Sustainability Impact Assessment
ICMW	International Convention on the Protection of the Rights of all Migrant Workers and Members of their Families	UN	United Nations
ICPED	International Convention for the Protection of All Persons from Enforced Disappearance	UNCTAD	United Nations Conference on Trade and Development
ICRPD	International Convention on the Rights of Persons with Disabilities	UNECE	United Nations Economic Commission for Europe
ICS	Investment Court System	UPR	Universal Periodic Review
ICT	Information & Communication Technology	USMCA	United States – Mexico – Canada Agreement
IEEP	Institute for European Environmental Policy	WITS	World Integrated Trade Solution
		WTO	World Trade Organisation

EXECUTIVE SUMMARY

Introduction

Since September 2017, the European Union (EU) and Canada have provisionally applied the Comprehensive Economic and Trade Agreement (CETA) between them. The CETA (gradually) opens markets on both sides, increases the stability and predictability of the trade and investment environment, and aims at creating benefits for consumers and fostering sustainable development. The CETA is an ambitious EU “new generation” trade agreement, characterised by its comprehensive scope that covers, in addition to liberalisation of trade in goods and services, investment, public procurement, competition, intellectual property rights, and trade and sustainable development. This evaluation is undertaken with the objective of analysing the economic, social, environmental, and human rights effects of the implementation of the CETA and, ultimately, of determining whether the CETA is having the anticipated effects and where there may be a need to improve its implementation further. To support the European Commission’s own evaluation of the Agreement, the Directorate-General (DG) for Trade has awarded a contract for the “Study in support of an ex-post evaluation of the Comprehensive Economic and Trade Agreement (CETA) between the European Union and its Member States and Canada” to a consortium led by Trade Impact B.V. The evaluation is conducted by a team involving experts from Trade Impact, IEEP and Cambridge Econometrics.

Ex-post evaluation of the CETA

Pursuant to a well-established practice, once an EU Agreement has been (provisionally) applied or been in force for five years, the European Commission (DG Trade) commissions an independent evaluation, to examine the Agreement’s effects. An independent research team conducts the study. This ex-post evaluation which started in January 2024 and will continue until March 2025, is composed of the following interlinked parts:

- *A robust analysis* of the economic, social, environmental, and human rights-related effects of the CETA on the EU, EU Member States (EU MS), Canada, and selected third countries (e.g. Türkiye). The analysis will examine effects which have been the result of reductions in tariffs and Non-Tariff Measures (NTMs), as well as by provisions adopted in the Agreement. It will be based on results provided by the economic (CGE¹) model and other methodological tools like gravity analysis and the E2ME model, as well as other data and information sources. The analysis will help assess what the CETA has brought and identify key sustainability effects. These findings aim to improve the effects of the CETA going forward. In the final phase, the study team will formulate policy recommendations and proposals for flanking measures to further strengthen positive and mitigate any negative impacts of the Agreement.
- *A wide consultation/stakeholder engagement programme* aimed at gathering inputs from key stakeholders regarding the sustainability effects of the Agreement.

The study will also consider how the Agreement has contributed to EU strategic objectives (e.g. economic security, the Green Deal, and digital transformation).

The study will be divided into three phases, the inception, the interim, and the final phase.

- The inception phase, as discussed in this inception report, provides the background for the study, and defines its scope and objectives. It gives an opportunity to fine-tune the methodological approach and to finalise planning for the consultation process and further stages of work. In this phase, the study team will also prepare tools for stakeholder engagement (e.g. the website, e-mail account, X and LinkedIn accounts, and questionnaires for online consultations).
- The interim phase will compare the situation in the EU and Canada before the provisional application of the CETA (2012 – 2016) for the areas identified in the ToR, with the

¹ Computable General Equilibrium (CGE) model. For the ease of understanding, we will refer to it in our study as the economic model. The European Commission will provide the results of the modelling exercise.

situation after 2017, including an analysis of observed trends and influencing factors. For each of the four sustainability pillars a quantitative and qualitative analysis of witnessed effects will be carried out (including via case studies), while closely engaging with key stakeholders through an extensive consultation plan.

- The analysis will be completed in the final phase when conclusions and recommendations will be formulated. The final report will also include a chapter which will summarise findings from the analysis linked to EU strategic objectives.

The proposed methodology (general analysis)

The economic analysis will commence with a description of trade and investment relations between the EU and Canada since 2012. This will include the evolution of EU-Canada trade in goods and services, a review of existing research on the potential (2010-2026) and ex-post (2017 – now) effects of the CETA, and the analysis of current tariffs and NTMs between the EU and Canada. The analysis will also cover participation of SMEs in trade between the Parties, conditions for bilateral investment, participation of economic operators from the EU and Canada in public procurement procedures of the other Party, and customs operations. Compared to the pre-CETA baseline, the study will then follow with an evaluation of the economic effects of the reduction of tariffs and NTMs between the EU and Canada for trade in goods, services, and investments. This will include effects on trade creation and diversion, value chain diversification, SMEs, and other costs and benefits, including on GDP and overall welfare effects. The analysis will also estimate the impact at selected EU Member State levels and for selected third countries (e.g. Türkiye). It will finish with conclusions and recommendations to improve the operation of the CETA going forward. Throughout the study, diverse methodological tools and data sources will be used, including evidence provided by stakeholders.

The social analysis seeks to respond to the question of how a reduction of tariffs and NTMs between the Parties through the conclusion of the CETA has affected a range of social aspects in the EU and Canada. It also seeks to determine potential direct and indirect social impacts of other provisions of the Agreement (e.g. on Trade and Sustainable Development and on labour). Areas covered by the analysis include employment, gender equality, working conditions, labour standards, public policies and services, and welfare effects (e.g., wages, poverty, and inequality). For each of these social areas, the analysis starts with a consideration of the current situation in the EU and Canada, observed trends, and influencing factors. The study will then follow with a comprehensive evaluation analysis. The analysis will finish with conclusions and policy recommendations, as well as suggestions on how the operation of the CETA can be further improved. Throughout the study, desk research will be complemented by stakeholder engagement to test preliminary findings and receive additional evidence.

The environmental analysis considers what kind of effects the CETA has had on different environmental aspects through the reduction of tariffs and NTMs, and through other provisions (e.g. the chapter on Trade and Sustainable Development and the chapter on environment). It also looks at different channels through which effects have been generated, e.g. the scale effect, structural effects, and technology and product effects. In the first step, the analysis will describe the situation in the EU and Canada since 2012, observed trends and influencing factors in five impact areas (climate change, air quality, land use, ecosystems and biodiversity, and waste management and water quality). The evaluation will then follow with the analysis of observed effects in three thematic priority areas (identified in the preceding step), one of which will be examined in a case study on environmental goods and services. The analysis will finish with the formulation of conclusions and recommendations, and proposals for measures to further improve the working of the CETA.

The human rights analysis looks at how the CETA has affected the enjoyment of human rights and state responsibilities in this area. In the first step, international human rights obligations of the Parties are identified based on the ratification status of core international

human rights conventions. After this first step, a concise description of the situation in the EU and Canada will be presented regarding respect for human rights in the reference period, identifying trends and pre-existing vulnerabilities. This step will be followed by a screening and scoping exercise that looks at the effects of the Agreement on specific human rights. If a significant impact from the Agreement is identified, the affected human right will be analysed in detail. The evidence underpinning the analysis will include relevant human rights indicators, outcomes of the economic modelling, legal texts tabled in the negotiations, and stakeholder views. The analysis of human rights effects will be completed with conclusions and recommendations, as well as proposals for measures to enhance the working of the CETA.

We will cover all EU MS across the EU when statistics across the EU and its MS are available, including via the CGE modelling. If we find no meaningful effects from the CETA, we will not report further on an EU MS, but focus on where we see the CETA effects.

Case studies

We will conduct five case studies as specified in the ToR:

- Trade in key agricultural goods including SPS and IP (GI) protection aspects;
- Technical Barriers to Trade and Conformity Assessment and regulatory cooperation;
- Critical raw materials with a focus on critical minerals;
- Environmental goods and services;
- Public procurement.

While each case study will be tailored to the specified topic, all will follow a similar structure. They will start with a definition of the subject matter and the scope of the analysis and follow with a description of the background, i.e. the situation in the EU and/or Canada regarding the subject matter, the latest developments, and influencing factors. The case studies will then provide a quantitative and qualitative analysis of the effects of the CETA and main conclusions. Each case study will contain policy recommendations and proposals for flanking measures.

Consultations strategy

The wide-ranging consultations programme of the ex-post evaluation rests on five pillars including:

1. Pillar 1: Two meetings with EU civil society (civil society dialogue, CSD, meetings digitally);
2. Pillar 2: Stakeholder consultations in EU MS and Canada:
 - i. The online survey for businesses and SMEs in the EU and Canada;
 - ii. Seven online seminars for selected EU MS;
 - iii. One online seminar for Canada;
 - iv. SME stakeholder engagement in selected EU MS and Canada;
 - v. Customs survey in the EU, EU MS and Canada;
 - vi. Interviews and meetings with stakeholders in the EU and Canada;
3. Pillar 3: The Online Public Consultation (OPC);
4. Pillar 4: Meetings with EU institutions and other meetings;
5. Pillar 5: Digital engagement with stakeholders: website, a social media strategy, and other channels.

Stakeholder engagement will continue throughout all stages of the study and will have multiple aims. It will provide stakeholders with information about the evaluation, its objectives, timeline, and (draft) findings. As the analysis progresses, consultations will focus on sharing updates with the stakeholders and checking with them the outcomes for feedback. Moreover, the consultation process will help gather additional evidence for all parts of the analysis to underpin the findings, conclusions, and recommendations.

1 INTRODUCTION: EVALUATION CONTEXT, SCOPE, AND OBJECTIVES

On 9 February 2024, the EU and Canada held the fourth Joint Committee of CETA, 6,5 years since the Agreement has been provisionally applied. Since September 2017, the European Union (EU) and Canada have provisionally (and partially) implemented the CETA. The CETA opens markets on both sides, increases the stability and predictability of the trade and investment environment, and aims at creating benefits for consumers and fostering sustainable development. The market opening is gradually because some tariffs are liberalised instantly while in some sectors tariff liberalisation takes place in steps over a period of seven years. CETA is one of the most ambitious EU “new generation” trade agreements, characterised by its comprehensive scope that covers, in addition to liberalisation of trade in goods and services, investment, public procurement, competition, intellectual property rights, and trade and sustainable development.

After several years of provisional application, this evaluation is undertaken with the **objective** of analysing the economic, social, environmental, and human rights (including labour rights)² impact of the implementation of the CETA and, ultimately, of determining whether the CETA has had the anticipated effects and where there may be a need to improve its implementation further. To support the European Commission’s own evaluation of the Agreement, the Directorate-General (DG) for Trade has awarded a contract for the “*Study in support of an ex-post evaluation of the Comprehensive Economic and Trade Agreement (CETA) between the European Union and its Member States and Canada*” to a consortium led by Trade Impact B.V. The evaluation is conducted by a team involving experts from Trade Impact, IEEP and Cambridge Econometrics. The work started in January 2024 and will continue until March 2025.

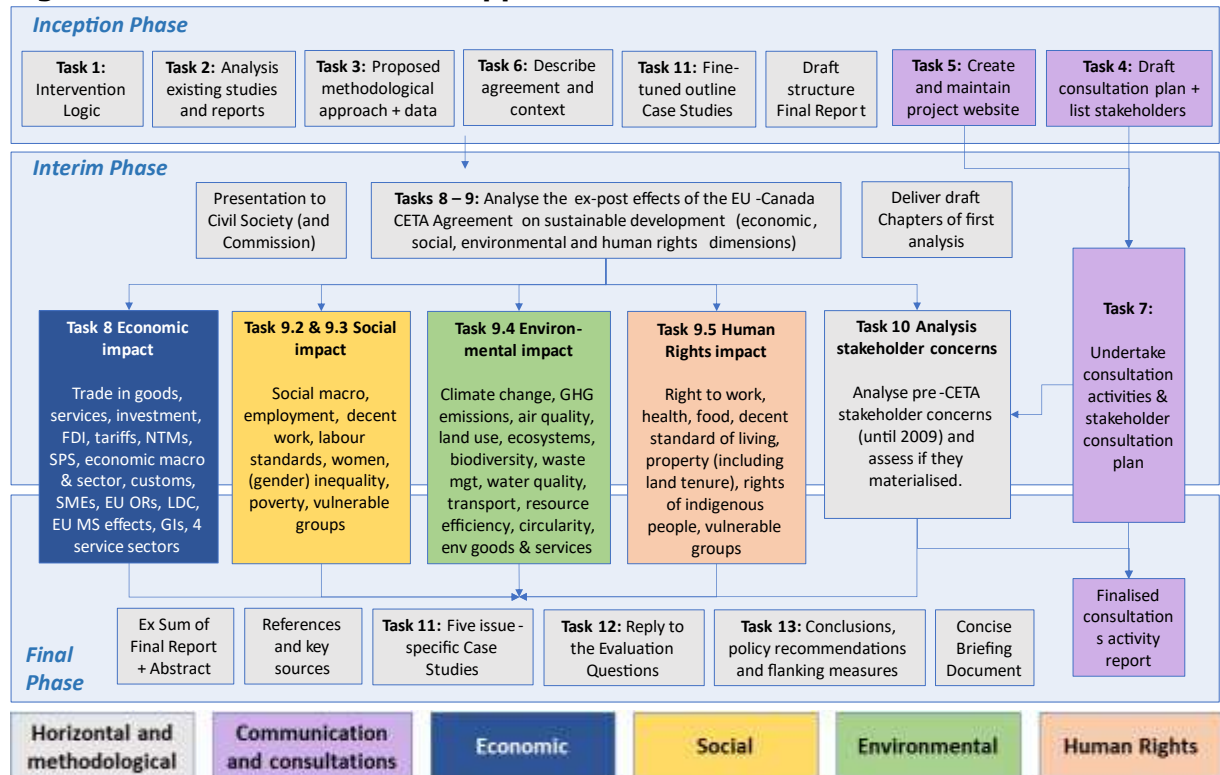
The **scope** of the evaluation can be delineated as follows: in terms of the *period covered*, it includes the whole implementation period of the CETA since the start of provisional application (in 2017) up to now, also comparing, where appropriate, with a five-year period preceding the entry into force of the Agreement (i.e. 2012-2016). *Geographically*, it covers the Parties to the Agreement, although some effects of the Agreement on selected third countries are also analysed (e.g. Türkiye). Moreover, some global effects (e.g. climate change) will also be covered. As *evaluation criteria*, the effectiveness, impact, efficiency, coherence, and relevance of the CETA will be considered. Finally, as already mentioned, in terms of *types of effects* considered, the evaluation will cover economic, social, environmental, and human rights (including labour rights) effects which the Agreement may have had either as a result of the changes in trade it has brought about, or through the implementation of the provisions of the Agreement itself, notably those of the Trade and Sustainable Development (TSD) chapters.

There are also several strategic aspects this evaluation will look at. First, the COVID-19 pandemic will have an impact on the study because the five years of provisional application of the CETA also contain the COVID-19 pandemic years. For this reason, isolating the CETA induced effects is important, and we will also look at the economic performance of the EU and Canada in relative terms to overcome the COVID-19 factor. Second, the impact on EU strategic resilience and diversification of supply chains (put in the context of not only the COVID-19 pandemic, but also the increasing geopolitical tensions, the War in Ukraine, Brexit, subsidy races, and an intensified focus on the transition to a net-zero economy) will be analysed.

² Whenever this report refers to human rights, this includes labour rights.

This inception report is the first deliverable under the contract. It comprises seven tasks of the evaluation (as established in the Terms of Reference; see Figure 1.1), focusing on the presentation of the evaluation methodology, and is structured as follows: chapter 2 presents the evaluation framework with an intervention hypothesis (task 1). Chapter 3 covers a brief review of relevant studies on the Agreement (task 2), which will be work in progress. Chapter 4 outlines the proposed methodology responding to the evaluation questions (task 3), followed by chapter 5 where we present the consultation strategy, including the website, and activities (tasks 4 and 5). Chapter 6 provides a descriptive summary of the CETA and its implementation so far (task 6) that will further be elaborated upon during the interim phase when consultation inputs will be added. Finally, in chapter 7, we present the finetuned approach to the five case studies.

Figure 1.1: Overall evaluation approach



In the Annexes, we provide: the detailed evaluation framework (Annex I), a first analysis of existing studies and reports (Annex II), the detailed study work plan (Annex III), the draft outline of the final report (Annex IV), the detailed consultation strategy and plan (Annex V), the questionnaires for the surveys that are part of the stakeholder consultations (Annex VI), details of the description of the Agreement (Annex VII), the (non-exhaustive) stakeholder list (Annex VIII), and the used references (Annex IX).

2 EVALUATION FRAMEWORK

2.1 Intervention hypothesis of the Agreement (TASK 1)

An intervention hypothesis links the operational objectives of the CETA to specific and overall objectives set out in the Agreement and its Recitals. In line with task 1 of the evaluation ToR, we have created an intervention logic for the study, including:

- The gathering of all operational objectives from the Agreement.
- Considering the objectives in the context of short-term and medium-term outcomes, as well as long-term impact.
- Identifying and integrating underlying assumptions into the intervention hypothesis.
- Specifying the relationship between the evaluation questions (EQ) and the intervention hypothesis (see Annex I).

The intervention hypothesis is presented in Figure 2.1. The intervention hypothesis was also instrumental in developing the analytical framework of the evaluation, which brings together the evaluation questions of the ToR, the associated judgment criteria and indicators, the data sources, and the methodological tools with which we will collect data.

2.2 Evaluation Questions, Judgement Criteria, and Indicators

The evaluation framework has been based on the evaluation questions listed in the ToR for the study, which are as follows:

Effectiveness

- **EQ 1:** To what extent have the objectives of the Agreement been achieved?
- **EQ 2:** What are the factors influencing (either positively or negatively) the achievements of the objectives of the Agreement?
- **EQ 3:** Has implementation of the CETA had unintended (positive or negative) consequences, and if so, which ones?

Impact

- **EQ 4:** What has been the impact of implementation of the CETA?

Efficiency

- **EQ 5:** To what extent has implementation of the CETA been efficient with respect to achieving its objectives?
- **EQ 6:** To what extent are the costs associated with implementation of the CETA proportionate to the benefits it has generated? Is the distribution of both costs and benefits proportionate among different stakeholder groups and interests?
- **EQ 7:** Are there unnecessary regulatory costs (including administrative burden)? What is the potential for simplification?

Coherence

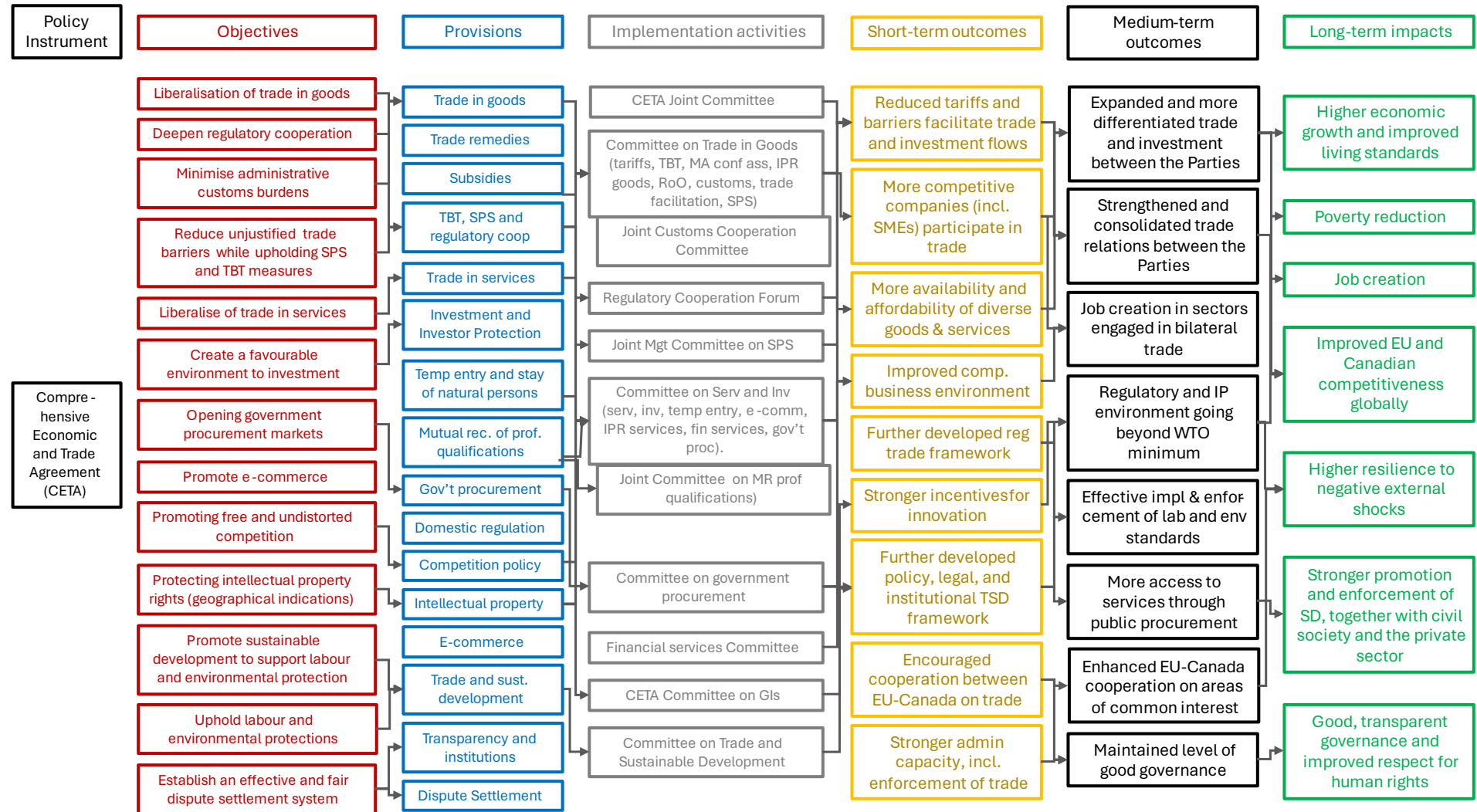
- **EQ 8:** To what extent has implementation of the CETA been coherent with the EU's trade policies – and in particular, with the EU's commitment to sustainable development in trade policies as a contribution towards attainment of the SDGs of the UN?

Relevance

- **EQ 9:** To what extent do the provisions of the CETA continue to be relevant in order to address the current trade needs of the EU and Canada?

The framework provides the evaluation questions, the judgement criteria for each of them, the analysis needed to substantiate findings and conclusions made in the evaluation report, and the sources through which data and information will be obtained. The evaluation framework also links evaluation questions and judgement criteria to the analytical tasks to be performed according to the ToR. In Annex I we present this framework in detail.

Figure 2.1: Intervention hypothesis of the CETA



3 REVIEW OF EXISTING STUDIES AND REPORTS ON CETA (TASK 2)

In this section we provide a literature review (work in progress) in support of the evaluation work and create an inventory of other studies done on the ex ante impact and ex post effects of the CETA. The work will include the following steps:

- The already identified studies will be reviewed and complemented by other studies that we find, both, for holistic impact assessments, as well as assessments of parts of the agreement (e.g., on agriculture, services, or other specific elements);
- The research will also include research work related to the sustainability pillars, if such is identified at any stage of this evaluation;
- The identified literature is summarised in Table II.1 in Annex II which will contain the following elements:
 - The definition of the scope of a study, e.g., focus on specific sectors,
 - List of other aspects (focus points) analysed,
 - A summary of the main results,
 - Information about the methodological tools used,
 - A comparison of the study outcomes.

This literature review will provide information to policy makers and interested stakeholders and help contextualise and cross-validate the results of this evaluation.

3.1 Methodological aspects

The **economic effects** of the CETA have been analysed ex ante by the Sustainability Impact Assessment (SIA) outsourced by the Commission (DG Trade) in 2011, before the launch of the negotiations (Development Solutions, 2011). This ex-ante evaluation combined quantitative and qualitative approaches: the first one based on the Computable General Equilibrium (CGE) and Causal Chain Analysis and the latter built on stakeholder interviews (Development Solutions, 2011). The CGE model underpins SIA and the literature produced on the likely economic impact of the agreement (Development Solutions, 2011; EU-Canada Joint Study (2008) by Copenhagen Economics; Canadian Government, 2017) and the bulk of these studies is based on the assumptions on the likely structure of the agreement, as the negotiations were not concluded yet, except for the Canadian Government (2017) study. The 2011 SIA also assessed the additional energy and environmental effects through the E3MG model and investment effects through applying a gravity analysis approach (Development Solution, 2011). The EU FTA implementation reports (Commission, 2017; 2018; 2019; 2020; 2021; 2022) use available Eurostat data to look at the evolution of trade in goods and services on an annual basis and cover specific outcomes of the Joint Committee meetings.

The main added value brought by this ex-post evaluation report consists of the CGE model, the E3ME model, the gravity model, and the application of these tools to updated CETA statistics, in order to isolate the strictly related economic implications of the CETA from other external factors influencing bilateral trade. This allows us to analyse and draw conclusions of the CETA effects only. The Commission (2024) modelling used for this ex-post evaluation, focuses only on tariff effects, NTM effects and reductions in barriers to trade in services. This work is complemented by gravity analysis, allowing this report to look holistically at the economic effects of the CETA.

Regarding assessment of **non-economic effects**, the methodology tends to forecast estimated general trends and usually does not make detailed projections. Predicting long-term socio-economic effects stemming from the CETA is more challenging than estimating short-term trade impacts. Regarding quantitative social and environmental variables, the models have used structured gravity approaches to estimate the effect of non-tariff measures (NTMs) (Development Solutions, 2011). The main methodological constraints to calculate (non-quantifiable) social, environmental and human rights effects from a quantitative perspective are the problem of attribution and the so-called counterfactual,

given that one cannot know what would have happened in case the agreement was not in place. While the tools are available for economic variables to isolate the effects of the CETA only, for social and environmental variables this is much more challenging and for human rights variables it is nearly impossible.

3.2 Substantive issues

In the 2011 SIA, the literature review concluded that the **potential economic impact** of the CETA was expected to be positive. GDP levels in the EU and Canada go up marginally, while trade is expected to go up more significantly. Also welfare and wages are predicted to increase. This is a conclusion that the vast majority of encompassing economic studies agrees on (Copenhagen Economics, 2008; European Parliament, 2011; Canadian Government, 2001). The Trade SIA predicted modest positive impacts, not only in agricultural goods, but also in manufacturing and services. Regarding NTMs, bilateral trade facilitation should be promoted and border-related barriers should be eased, simplified, and rationalised. The resulting decrease in trade costs would lead to economic gains across the EU, EU MS, and Canada.

Also for specific EU Member States that have conducted impact assessments, the effects were expected to be positive. This is the case, for example, for Finland (Tamminen et al, 2017), Slovakia (Doválová, 2018), Bulgaria (Marin and Paskaleva, 2020), and Portugal (Ventura, 2017). In these studies the positive impact for Canada is projected to be larger than for the EU in relative terms (which is related to the difference in relative sizes of the EU and Canadian economies). Also for the UK (then an EU MS) the effects were expected to be positive (House of Commons Committee Report, 2012; Ciuriak et al., 2018; CBP, 2019).

But not all studies have predicted positive effects of CETA ex ante. Kohler, P. and S. Storm (2017) argued, using the UN Global Policy Model, that CETA would cause unemployment, inequality and welfare losses. Also a Turkish study looked at the potential effects of CETA (Gullu et al., 2017), finding that it would worsen the customs union effect for Türkiye. We will cover these economic concerns about CETA extensively as part of Task 10 for this evaluation.

An increasing number of ex-post evaluation studies is being done on the CETA, measuring the **ex post economic impact** following its provisional application since September 2017. Ficarra and Millemaci (2024) find that in the agricultural, farming and food transformation sectors, there is strong evidence of a positive trade effect of the CETA. The Central Bureau of Statistics of The Netherlands (2020) has concluded that based on import and export data and use of preferences by Dutch firms in CETA, CETA is a small ray of light in a world that is increasingly protectionist. In its Report on the implementation of the EU-Canada CETA (2023), the rapporteur also informs the European Parliament of the positive effects of the CETA, gains beyond the mere economic effects (e.g. regarding economic security), overall positive views from stakeholders, good use of tariff-rate quotas, while some challenges regarding implementation of GIs and preference utilisation rates remain.

The **social impact** considerations were linked to the economic ones, since the CETA effects on trade would also influence wages and/or the levels of employment in affected sectors. The employment changes triggered by the CETA in the EU were expected to be negligible, owing to the relatively modest role played by Canada in the EU trade with the rest of the world. The Development Solutions (2011) Sustainability Impact Assessment, indeed finds small but positive wage effects in the EU and slightly larger positive wage effects for Canada. This conclusion is corroborated by the 2017 study of the Canadian Government. Some academics and civil society stakeholders have expressed serious concerns over the potential social impact of the CETA, for example on labour issues and rights (PowerShift, CCPA et al., 2016) and the right to regulate (PowerShift, CCPA et al., 2016; EPHA, 2016;

CIEL, 2017). We will cover these social concerns about CETA extensively as part of Task 10 for this evaluation.

On the **environmental aspects**, the literature contributions show a divide between proponents, who believe that the state-of-the-art Trade and Sustainable Development chapter and the chapters on labour and environment are a massive step forward in the right direction, and those who argue that the CETA will lead to more emissions and also weaker levels of environmental protections because EU standards are seen as higher (CIEL, 2017, on pesticides). Ultimately, the effectiveness of the TSD chapter will depend on the willingness of the involved Parties to implement the CETA provisions (EPRS 2018).

On the one hand, the SIA and some other studies flagged the likely harmful repercussions on greenhouse gas emissions (GHG) stemming from agriculture, fishing, trade, and transport activities resulting from the CETA application, having a limited impact on the EU share of CO2 emissions and a relatively more tangible effect for Canada. On the other hand, a share of the existing literature emphasised the opportunities for the CETA to increase its trade in environmental goods, collaborate within and outside the CETA in global forums to promote action against climate change and global warming. We will cover the raised environmental concerns about CETA extensively as part of Task 10 for this evaluation.

Finally, regarding **human rights**, the CETA effects through causal chain analysis are difficult to assess. The SIA only mentions that some civil society stakeholders have expressed concerns for human rights from the CETA. A strong legal assessment of human rights in CETA comes from Stephan Griller et al. (2017) with a chapter from Bartels (2017) highlighting the obligations of the parties, looking at the economic obligations and available exceptions to protect human rights obligations in the CETA.

From a right to health perspective, some civil society organisations have expressed concerns (EPHA, 2016; CIEL, 2017) related to the right to regulate, healthcare effects and the use of pesticides. We will cover the raised human rights concerns about CETA extensively as part of Task 10 for this evaluation.

As a final remark, the European Parliament Research Service (EPRS) has done a **stakeholder consultation exercise (2023)** to gather views of stakeholders on CETA several years after its implementation. The study concludes that while some challenges remain (e.g. lack of concrete progress in regulatory cooperation), *"stakeholders, including businesses and civil society, generally express satisfaction with CETA's implementation after the initial 5-year provisional application period, noting growth in bilateral trade, positive public procurement outcomes, and the absence of major concerns in protecting public service sectors"* (EPRS 2023, p. 28). Stakeholders have also raised concerns about the incomplete ratification of CETA. Swift ratification is essential to bolster and enhance the EU's trade policy credibility.

4 PROPOSED METHODOLOGICAL APPROACH (TASK 3)

This chapter outlines the proposed methodological approach for the general part of the analysis. Across all pillars of the analysis, data will be provided for 2012-2016 and 2017-2022 (or 2023 if available) to focus on general trends. The complementary qualitative analysis will cover the period since 2012 to the latest available, relevant information which includes 2022 and the beginning of 2023 insofar available.

We will cover all EU MS across the EU when statistics across the EU and its MS are available, including via the CGE modelling. If we find no meaningful effects from the CETA, we will not report further on an EU MS, but focus on where we see the CETA effects.

4.1 Analysis of economic effects

Our overall economic analysis consists of the following steps:

- **Step 1:** Developing the pre-CETA situation for the EU, EU MS, and Canada, including trends over the five years before the CETA was provisionally applied.
- **Step 2:** Analysing the post-CETA situation (2017 – 2023) for the EU, EU MS, and Canada and investigating whether there has been a change in the trend compared to the pre-CETA situation that can be attributed to the CETA;
- **Step 3:** Formulating conclusions and recommendations, focusing on the observed changes due to the CETA, areas where the CETA could be improved or used more/better; and what were/are the main obstacles to trade in goods and services, including what were the most surprising findings and key recommendations to make the CETA better going forward.

For the economic analysis, we envisage a multi-pronged approach to analyse the effects of the CETA, because we think that not one source should be the sole driver for a complex and diverse analysis like this one. For this reason, we will use a combination of:

- Quantitative tools like the CGE modelling results as well as – where complementary – gravity analysis for public procurement, and the E3ME model to deepen social and environmental quantitative analyses;
- Statistical analysis: using time series and cross-sectional data to complement the modelling results;
- Qualitative tools like stakeholder engagement, in-depth interviews, and questionnaires as well as qualitative desk research.

This allows us to cross-validate one source of information with other sources, strengthening the validity of our analyses and results.

4.1.1 Trade in goods

The CETA offers advantages in terms of market access for the EU and Canada. Some of the main elements of the Agreement regarding trade in goods from the EU to Canada (and vice versa) are:

- Liberalisation of 99 percent of all tariff lines, of which 98 percent were scrapped when the CETA was provisionally applied;
- Defence of EU geographical indications; and
- Improved access for EU companies to Canada's services market and vice versa.

CETA matters for EU trade, as Canada is the 6th most important trading partner in terms of trade with preferential partners (constituting 4.6 percent of EU trade). While the COVID-19 pandemic has hurt trade in 2020, the decline in trade with preferential trading partners like Canada was 9.1 percent, which is much less than the decline of 11.1 percent of EU trade with non-preferential trading partners.

Already in 2019 there seemed to be evidence of a positive impact of the Agreement on trade flows according to the Commission’s annual FTA implementation report³, “*In terms of total trade in goods (imports and exports), in 2019 Canada was the EU’s 12th largest trading partner, with trade flows worth 59 billion euros, or 1.5 percent of the EU’s total trade with third countries. The EU has a positive trade balance of 17.6 billion euros, this is a 1.9 billion euros improvement compared to 2018. In 2019, Canada was the country with the 7th largest positive trade balance for the EU.*”

In 2020, the EU was Canada’s third largest trading partner after the US and China, accounting for 8.2 percent of trade in goods, while Canada counted for 1.5 percent of the EU’s total trade in 2020.⁴ From 2010 until 2022, bilateral EU-Canada trade in goods rose from €48.6 bn to €77.1 bn. However, between 2010 and 2016, bilateral trade remained rather constant (€48.6 bn in 2010 and €51.1 bn), while trade in goods rose rapidly from €56.6 bn in 2017 to €77.1 bn in 2022, despite a significant dip in trade in 2020 because of the COVID-19 pandemic. This is first *prima facie* evidence that the CETA has been a factor in increasing bilateral EU-Canadian trade in goods between 2017 and 2023.

The main goods traded from Canada to the EU (except for precious metals) are oils, aeroplanes, and iron ores as shown in Table 4.1. Main exports from the EU to Canada are medicaments, petroleum oils and vehicles (automotive).

Table 4.1. Main traded products between the EU and Canada (Top-20, HS6, 2022)

Main export products from Canada to the EU	Value (€ bn)	Main exports products from the EU to Canada	Value (€ mln)
Metals; gold, non-monetary	9.06	Medicaments	4.56
Oils; petroleum oil	2.86	Petroleum oils	3.20
Aeroplanes and other aircraft	1.93	Vehicles	2.14
Iron ores and concentrates (non-aggr)	1.35	Blood (human, animal, antisera)	1.42
Medicaments	1.23	Vehicles	1.35
Iron ores and concentrates (agglom)	1.16	Wine	1.02
Commodities not specified	1.06	Medicaments (not antibiotics)	1.01
Coals	0.99	Aircraft and spacecraft	0.91
Diamonds (non-industrial)	0.79	Commodities not specified	0.85
Nickel	0.77	Turbines	0.77
Uranium	0.76	Vaccines, toxins	0.68
Diamonds (worked)	0.63	Petroleum oils	0.53
Soya beans	0.61	Vehicles (electric)	0.53
Fertilizers	0.58	Metals (silver)	0.46
Cereals (maize, corn)	0.52	Vehicles (small)	0.40
Cereals (wheat, meslin, durum)	0.41	Toxins, cultures of micro-organisms	0.39
Waste and scrap of precious metals	0.36	Medicaments (with corticosteroids)	0.38
Cereals (wheat, meslin, other)	0.34	Machinery (parts)	0.36
Coppe ores and concentrates	0.32	Tractors	0.35
Medicaments (containing hormones)	0.27	Turbo-jets	0.33

Source: Eurostat.

These data are the starting point for a more thorough HS6-level analysis of bilateral trade flows. We will also look at how they have grown over time bilaterally and compared to third countries. The pandemic caused a global dip in trade in 2020 because of lockdowns and other measures. For this reason, with all trade going down, it is informative to look at how EU-Canada trade has declined relative to trade declines in third countries.

³ DG Trade (2019) Full 2019 Report on Implementation of EU FTAs (SWD) 3rd Report (2019): <https://ec.europa.eu/transparency/regdoc/rep/1/2019/EN/COM-2019-455-F1-EN-MAIN-PART-1.PDF>

⁴ DG Trade (2023). URL: https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/canada_en [accessed 10 September 2023]

Methodology Task 8.1. Specific analyses to be conducted under Task 8.1 have been summarised in Table 4.2. For each sub-task we present the specific analysis that needs to be conducted and main methodological approach we suggest as well as relevant sources. Some of these tasks have already been illustrated above (e.g. our NTM approach, our SME approach and our Tariff line analysis approach). For some of the sub-tasks in Task 8.1, there are links with other Tasks (e.g. a link to government procurement, or a link to the consultations strategy). In such case, we will use this Task 8.1 as the introduction to the issue, gather relevant data, and carry out a literature overview on the subject – and then use the other tasks to complement or dive deeper. This also helps us create a natural flow for the analysis, diving deeper into the issues as the study goes along.

Table 4.2: Main methodological approach and sources for Task 8.1

Specific analysis to be carried out	Main methodological approach and sources
1. Goods showing the largest increase in total and bilateral trade flows. Goods showing the largest decrease in total and bilateral trade flows.	This analysis will be conducted using COMEXT statistics at different levels of disaggregation: the analysis will start at a fairly high level of aggregation and will be disaggregated for sectors of interest in order to identify the best/worst performing products.
2. Put the trends under 1. Into comparison with trends in Canada's trade patterns with other trading partners.	This analysis will also be conducted using COMEXT, using third country statistics to put the trends at overall and product level into relative perspective vis-à-vis main trading partners. We will do this for the aggregate as well as more detailed levels.
3. Describe the underlying factors for trade patterns and the extent to which the latter can be contributed to the CETA	The best way to do this is to conduct a gravity analysis of the CETA in order to isolate the effects of the Agreement on trade flows and separate them from all other factors like the war in Ukraine, COVID-19, etc.
4. Description of top-20 import and export products at 6-digit level between the EU and Canada as a block, as well as for each individual EU MS, including providing of context if applicable.	We will identify the top-20 import and exports products at HS6 level for each EU MS, determine what share this is of the total trade, and identify if there are any specific links to industries, value chains or investments. In doing so, we will make use of the five-year anniversary work that was already done.
5. Import market share analysis of key/sensitive products exported by the EU to Canada at EU and EU MS level.	We will do a strategic analysis to look at how the CETA has affected EU exports of key/sensitive products to Canada and Canada's strategic dependence on these, also compared to third countries. This means we look at: 1) Import shares for the EU and EU MS to Canada and how they have changed; and 2) We propose – only for the EU as a whole – to also look at the trade shares of international (not only EU) suppliers and how they changed because of the CETA, using a Herfindahl-Hirschmann import supplier analysis.
6. Development of trade in goods for which tariffs were 0 under MFN versus the develops of goods for which tariffs were greater than 0.	We will do an analysis of the growth of EU exports to Canada, and EU imports from Canada, by preference margin. This shows the effect of tariff liberalisation (as 98 percent of all tariffs were liberalised upon the provisional application of the CETA) from 2017 to today. We will not only do this for aggregate trade, but also look at more disaggregated (HS4) levels.
7. Use and management of tariff rate quotas (and the reasons for their underutilisation).	Data up to 2022 is available in the Commission's annual implementation reports. These data will allow us to: 1) Determine the degree to which the different TRQs have been used; 2) Identify reasons for sub-optimal use of TRQs, making use of desk research and stakeholders consultations insofar data is lacking. Having done this exercise for the EU-Central America ex post evaluation, we will use our lessons learnt from that project also (i.e. focus on a small number of very engaged stakeholders regarding TRQs instead of approaching stakeholders in a blanket manner).

Specific analysis to be carried out	Main methodological approach and sources
8. Which products have performed below or above their potential for import/export after 2017 and which products of high demand are not yet imported/exported?	We will use the ITC Export potential map (ITC EPM) for this analysis as also suggested in the ToR. Essentially the ITC approach is a gravity approach (see our suggestion above under point 3) that would set the trade potential. This trade potential is then set against the actually observed trade flows, leading to indications of over- or underperformance.
9. Impact of the Agreement on NTMs, especially SPS measures, on trade flows. Look at quantitative impact on bilateral trade flows of barriers registered in Access2Markets, and provide a qualitative analysis using stakeholder consultations.	<ul style="list-style-type: none"> ▪ First, we will do an extensive literature review, including through Access2Markets, to produce the key NTMs between the EU and Canada. ▪ Second, the best way to quantify NTMs is to use gravity regression results. Any gravity work would show quantitatively the overall reductions in NTMs on the EU and Canadian sides at sector level. ▪ Third, these possible quantitative results would then serve as the basis for further identification, description, and analysis of specific NTMs affecting trade relations between the EU and Canada. For this we could use UNCTAD's NTM TRAINS database and classification.
10. Analysis of the evolution of share of imports originating from the EU in total imports of Canada and vice versa at HS4 level (if relevant at more detailed level)	<p>Much like our approach to point 5 above: COMEXT and COMTRADE data will be used to conduct this analysis. We will ensure that we specify the third countries in a clear way:</p> <ul style="list-style-type: none"> ▪ The EU and Canada – to measure the shares of each of these in each other's imports (compared to the total of third countries as specified below). ▪ The US, Mexico, China, Japan, South Korea – representing these individually, but also USMCA combined. ▪ Other countries (Rest of World) to allow us to calculate relative share changes. <p>We will look at the total import shares from 2012-2016 (five years before the CETA) and the import shares from 2017-2022 (six years after provisional application of the CETA). We will first analyse and assess the findings at the aggregate level, then do the same analysis at HS4 level and highlight the key results (product groups) that stand out positively or negatively, and finally analyse the results.</p>
11. Evolution of raw materials and critical raw materials pre- and post-CETA. Assess the degree to which the change in trade can be attributed to the CETA. Depict the most important critical raw materials at HS6 (CN8) levels and discuss values versus volumes (i.e. price effects) of those materials.	This is one of the most strategic questions in this ex-post evaluation in light of the strategic use of EU FTAs: encourage trade diversification, increase suppliers of especially critical raw materials for the EU's double transition. We will: 1) Define 'raw materials' and 'critical raw materials' in line with the European Critical Raw Materials Act; 2) Describe at HS6/CN8 level of detail their evolution from several years before the CETA until as recently as possible (i.e. five years after the CETA); 3) We will assess the degree to which the evolution of trade in critical raw materials can be attributed to the CETA (it is too early to see the effect of the Critical Raw Materials Act in the data); 4) We will look at values and volumes of trade in critical raw materials and discuss the impact of price volatility. We will also: 5) Look at how the CETA has impacted the EU's strategic resilience in terms of critical raw materials in terms of import share diversification (i.e. de-risk the critical raw materials supply chain). All this work will be done as a case study (see chapter 7).
12. Investigation of whether new enterprises started to export or whether enterprises already exporting started to export new products	We expect to undertake this analysis by relying on available firm-level data, customs data, and tariff revenue data, as well as specific questions for SMEs in the targeted business survey, the SME seminar, and other consultation activities directed towards SMEs. Additionally, for this sub-task, we will try to get access to national databases containing firm-level panel data based on highly disaggregated customs

Specific analysis to be carried out	Main methodological approach and sources
	information that include exports (imports) of products and their destinations.
13. Have there been any negative effects of trade liberalisation in Canada and EU MS?	We will use the CGE results to look at the quantitative effects at sector level for the EU and EU MS and complement these quantitative data with information from the stakeholder consultations, especially business stakeholders. We will – in particular – approach Chambers of Commerce to ask for their input for this sub-task.
14. Analysis of the degree to which implementation of the CETA has contributed to diversification of sources of supply of goods.	COMEXT and COMTRADE data will be used to conduct this analysis. The methodology is the same as the one we have proposed for critical raw materials: 1) We will look at the inputs shares for specific products in Canada from the EU and EU MS and vice versa and compare the development of these shares to the shares for the same products from international trade partners. 2) We use the Herfindahl-Hirschmann supplier concentration index to see if diversification has led to a decrease in EU, EU MS, and Canadian dependency on imports.

We do not aim to repeat any other analysis but will clearly indicate the source (e.g. the CETA@5 work, the economic assessments of CETA of 2008, 2011 and 2015) and focus on complementing this information. Based on findings from our analysis of the subtasks of Task 8.1, we will provide conclusions and recommendations for the future.

Small- and Medium Sized Enterprises (SME) analysis

Because SMEs have been a clear focal point of the CETA, with several provisions referring to SMEs and with a clear focus of the FTA to encourage SMEs to make use of the CETA and reduce barriers (especially NTMs) that are prohibitive or especially cumbersome for SMEs, we will carry out a special analysis on the effects of the CETA for SMEs (see Table 4.2, part 12).

SMEs are the backbone of the EU economy, representing 99 percent of all companies (23 million) and employing 83 million people.⁵ Following Eurobarometer’s SME survey of 2022 (fieldwork: November-December 2021), most of the EU’s SMEs are either working in retail (42 percent) or the service sectors (36 percent). About 8 percent are active in manufacturing, with a slightly larger proportion in the industry sector (14 percent). However, the distribution of SMEs across sectors varies significantly across EU Member States. MSMEs are also a key driver for the Canadian economy, generating jobs, innovation, exports, and growth. Canada also views SMEs as the backbone of its economy.

Overall, our assessment on SMEs we will look at how the CETA has affected SME NTMs, access to public procurement, the impact on rules of origin, custom procedures, technical barriers to trade, and barriers for SMEs to enter markets. The aim of the assessment is to establish how SMEs, which are being disproportionately affected or disadvantaged compared to large companies. To flank the analytical research, we will be active in engaging SMEs through stakeholder consultations (digital consultations, meetings targeting SME representatives, surveys) in order to provide inputs into the SME part of this ex-post evaluation. We also propose to complement the SME analysis in three further ways:

- With the Business/SME survey we aim to gather inputs on key remaining NTMs for SMEs, as well as on areas where CETA has made a positive difference;
- With the focused online SME seminar to discuss key remaining barriers and key opportunities foregone directly with SMEs.

⁵ EU Barometer ‘SMEs, resource efficiency and green markets’ study (2022): <https://europa.eu/eurobarometer/surveys/detail/2287>

- We will try to gather some concrete stories from SMEs in the EU (and EU MS) on the effect the CETA has had on them.

After the abovementioned analysis and based on its findings specific measures to mitigate any remaining negative impact of NTMs on SMEs will be put forward in our conclusions and recommendations section of the final report. If considered possible, these measures will be broken down by type of enterprise. The suggestions will be based on the guidelines presented in the Better Regulation toolbox.

4.1.2 Customs, trade facilitation and rules of origin

In the CETA between the EU and Canada, there are several provisions focused on customs, trade facilitation, rules of origin, and preference utilisation rates. For example:

- Article 2.4 on reduction and elimination of customs duties;
- Chapter 6 on customs and trade facilitation;
- Article 16.3 on customs on electronic deliveries (e-commerce); and
- Article 30.1 on preference utilisation;

These provisions cover tariff reductions, customs procedures and documentation (aimed at simplifying these procedures and streamlining customs documentation), rules of origin (ensuring only goods meeting certain criteria benefit from tariff reductions), trade facilitation and customs collaboration (combating fraud, enhancing security and improve the efficiency of customs procedures), and customs valuation (to ensure fair and transparent customs practices). The aims of these provisions are to:

- Reduce the costs of imports and exports, making trade more cost-effective for businesses;
- Minimise delays and administrative burdens for companies;
- Combat counterfeit products, enhance security, and increase efficiency of customs procedures.

The established Joint Customs Cooperation Committee (JCCC) under the CETA (Article 6.14) has met five times to discuss specific customs and trade facilitation related issues.

Methodology Task 8.2. The customs analysis will be based on four steps:

- **Step 1:** Create a **detailed overview of the provisions in the CETA** regarding customs and trade facilitation;
- **Step 2:** We then proceed to **collect information about how these customs related provisions have had an impact on business operations and volumes/values of trade** (e.g. administrative cooperation, management and use of preferences, rules of origin, duty drawback, management of TRQs, approved exporter status and direct transport provisions) in the transport and logistics chain (e.g. producers, exporters, imports, customs authorities). We will use the following means of data collection:
 - Conduct desk research to look for evidence of how customs related provisions have had an impact on volumes of trade and actors in the transport and logistics chain (e.g. producers, exporters, imports, customs authorities). For this we also use the NTM work done in the Tasks 8.1 (goods) and 8.4 (services). Based on first discussions with customs experts, we will also focus on the relationship between gains from customs simplification and the nature of the goods (i.e. the height of the tariffs and the type of goods).
 - Collect information by administering a customs-related survey in parallel to the business/SME survey. We aim to get information from key stakeholders on two parts. First on the logistics supply chain (e.g. producers, exporters, importers, customs authorities in Canada, and in EU Member States) about: 1) Their levels of awareness of the customs related provisions under the CETA; 2) What are the main customs related bottlenecks; and 3) To what extent the customs and trade facilitation related provisions in the CETA have simplified or complicated life. Second on Rules of Origin and Preference Utilisation (see below in Step 3).

We aim to get a clear picture of which customs-related provisions are particularly cumbersome and try to produce suggestions on how to improve the situation.

- We will also cover the RoO issue from the angle of SMEs, both in the EU and Canada, gathering information regarding their experience with RoO provisions, and assessing whether it is possible to streamline the RoO regime for them, making it less burdensome.
- **Step 3:** Look deeper into the issue of preference utilisation rates as one of the ways in which the update of the CETA can be measured:
 - **Gather all PUR information** on the EU (DG Trade) and Canadian (Global Affairs Canada) sides and **do a concise analysis to validate the information and data and analyse any differences in the data** (e.g. do EU and Canada use the same categorisations on preference schemes, are retrospective claims for preference utilisation included?).
 - **Use a new customs survey** (based in part on the questionnaires for importers and exporters drafted by the Commission for that purpose) **and reach out bilaterally to export promotion agencies in the EU, EU MS, and Canada** to get more insight into what companies indicate that their exporting challenges are, that could be used as one source of information on why PURs may be lower than expected. We will also contact the **EU exporters and EU trade associations** (e.g. ACEA) with the survey and for bilateral interviews, especially of the sectors that will be studied more in depth. We will also contact the **French authors of the PUR report on FTAs** – that included CETA answers to gather more data.
 - Use the collected data on PURs and foregone duty savings, and the data collected from stakeholders in Steps 1, 2 and 3, to **try to understand why the PURs are as high as they are**; and if they are lower/higher than expected **what the reasons** for this could be.
 - We will focus the PUR analysis on a **maximum of four sectors**, after having analysed the PUR data and determined where PUR are the lowest (see previous parts of Step 3). One could think of – but this is to be confirmed – sectors like textiles & clothing, automotives, transport equipment, or chemicals. The selection of the sectors will be finetuned based on the validated data.

4.1.3 Geographical indications

During the CETA negotiations, there were various points of contention between the EU and Canada regarding Geographical Indications (GIs):

- **Scope of protection:** the EU was aiming for a strong level of protection for a wide range of GIs (e.g. Champagne), while Canada was concerned about Canadian producers who were using certain generic names for their products.
- **Existing trademarks:** Canada had a significant number of trademarks for products that shared names with European GIs. The EU wanted these trademarks phased out to accommodate GI protection, raising concerns in Canada about potential loss of market share and brand name recognition.
- **Grandfathering:** the answer on how to manage existing Canadian trademarks that were similar to European GIs was – among others – to include a grandfathering clause to allow some existing trademarks that were in place prior to the negotiations to continue to apply, but with restrictions.
- **Market access:** the EU wanted better access for its agricultural products onto the Canadian market, and vice versa.
- **Reviews and Dispute Settlement:** provisions on how to review and settle disputes related to GIs were negotiated.

Upon inspection of the detailed provisions in the CETA, it was expected that the Agreement would result in an expanded protection for EU producers in Canada on a prospective basis, while preserving existing Canadian trademark rights and limiting the impact on current

users (BKP, 2015). It was also considered possible that the Agreement would constitute a competitive advantage for both grandfathered Canadian and protected EU suppliers, because of some relabelling that would have to take place. The BKP (2015) research expected that, over time, depending on company business decisions and consumer responses, protected EU brands would come to capture a greater share of the Canadian branded foodstuffs market and/or to capture a greater price premium (as a result of the quality signal GIs give to consumers, reducing their substitutability with generic brands). The literature on the effect of GIs suggests that they work more or less as expected on the basis of first economic principles: they seem to facilitate market access because of reputation of the products, and lead to higher prices for the same reason. But to look at the actual impact of GIs requires looking at multiple factors and GIs do not always increase market share. For example, the experience with the 2004 Wine and Spirits Agreement shows that the EU share of Canadian imports of spirits and wines did not go up, but rather fell from 62 percent in 2003 to 53 percent in 2014. Interestingly, GIs also seem to protect against erosion of markets from counterfeit production (Belletti et al., 2007).

Methodology Task 8.3. In our approach to address this Task, we will conduct the following steps:

- **Step 1:** Concisely summarise the pre-CETA agreement on GIs between the EU and Canada on trade in wines and spirit drinks (2004);
- **Step 2:** Review the CETA and the exact commitments regarding GIs that have been agreed upon between the EU and Canada. We will look through the legal texts and provide a short summary of what has been agreed in:
 - The CETA, including in Annex 20A Parts A and B; in
 - The EU-Canada 2004 agreement on trade in wines and spirit drinks, notably Annexes III and IV; and in
 - The amendment on Annexes III and IV as per 4 April 2024.
- **Step 3:** We will review to what extent Canada has ensured protection of GIs in its national law, including with what enforcement modalities and by administrative action.
 - Evaluate legal framework;
 - Use ITC statistics and the CETA committee implementation reports⁶ to try to find out what has happened to trade in GI protected products between the EU and Canada before and after the provisional application of the CETA, including regarding the issue of IP enforcement;
 - Whether, based on stakeholder inputs and interviews, over the past five years, any action has deemed to have been necessary to enforce the agreements on GIs in the CETA, and whether any action has been taken by the Canadian authorities in response.

Based on findings from our analysis of this Task, we will provide conclusions and recommendations for the future.

4.1.4 Trade in services and investment liberalisation

Trade in Services

With the exception of 2015, trade in services between the EU and Canada has seen an upward trend in the decade leading up to the COVID-19 pandemic. Canada-EU services trade has been in the EU's favour since 2012, though the magnitude of the EU's surplus has declined during the COVID-19 years. On average, over 2010-2019, the value of Canada's services exports to the EU (\$9.8 billion) was lower than that of its bilateral imports (\$11.2 billion) and Canada's services trade deficit was especially high during 2017-2019 (averaging \$3.2 billion).

⁶ https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/canada/eu-canada-agreement/committees-and-dialogues_en

Splitting the 2010-2021 time period between short and long pre- and post-CETA sub-periods, one observes that both Canada-EU services exports and imports were higher in value in the post-CETA period, with EU bilateral services exporters again being the major beneficiaries. This provides *prima facie* evidence for the trade creation effect of the CETA.

Methodology Task 8.4 – Trade in services. Although the effects of trade agreements on EU services trade with third countries are not easily quantifiable⁷, we will seek to use available WTO, OECD, and – if available – Eurostat data to demonstrate the impact of the EU-Canada CETA on the EU’s services exports and imports, by *inter alia*, accounting for the role of other confounding influences such as the COVID-19 pandemic and geo-economic fragmentation. Trends and patterns in EU-Canada services trade will be compared with trends in Canada’s services trade patterns with other major trading partners. We will also assess whether the Agreement has led to an improvement or worsening of the structural imbalance between the parties. We will also examine the likely effects of the CETA on EU-Canada bilateral services trade at the sector-level and for individual EU MS. The analysis will include an assessment of regulatory barriers to services trade in the EU and Canada based on OECD data on services trade restrictiveness (STRI) and conduct an examination of the likely impact emanating from the removal of these barriers by estimating a structural gravity model. The quantitative analysis will be supplemented by qualitative analysis based on existing literature, stakeholder consultations, and sector-specific studies, especially in services, where the two partners have undertaken significant commitments under the CETA.

Specific analyses to be carried out under Task 8.4 have been summarised in Table 4.3. For each sub-task we present the specific analysis that needs to be conducted and main methodological approach, as well as relevant data and literature sources.

Table 4.3: Methodological approach and sources for trade in services (Task 8.4)

Specific analysis to be carried out	Main methodological approach and sources
1. Analyse and compare overall cross-border trade in services between the EU and Canada, comparing to other trade partners and – if possible – dissect by mode of supply.	We will look at time-series changes in services trade between the EU and Canada and will expand this analysis to also look at third countries. Where possible, we will look at whether we can dissect services trade by mode of supply.
2. Services showing largest increase / decrease in total and bilateral trade flows between Canada and the EU.	We will identify sectors showing the biggest increase in total trade in services flows and in bilateral trade flows / sectors having performed worst in bilateral trade flows. This analysis will be conducted using time series trade statistics at different levels of disaggregation (from Eurostat, OECD and WTO): the analysis will start at a fairly high level of aggregation and will be disaggregated for sectors of interest in order to identify the best/worst performing sub-sectors. Reasons for good or bad performance will be identified by a combination of sources including literature review and targeted consultations.
3. Comparison of the development of trade in services between EU-Canada and a suitable reference group of countries.	The comparison of the development of bilateral trade in services between the EU and Canada with the development of trade in services for the EU and its Member States and for a suitable reference group of countries will provide further evidence on the actual impact of the agreement of trade in services flows. As is the case for trade in goods (Task 8.1), the reference group of countries is likely to include the US and China.

⁷ European Commission, 2019 Report on Implementation of EU Free Trade Agreements (covering the period 1 January 2018 - 31 December 2018), 2019: https://trade.ec.europa.eu/doclib/docs/2019/october/tradoc_158387.pdf.

Specific analysis to be carried out	Main methodological approach and sources
<p>4. Analysis of regulatory barriers to EU-Canada services trade and an assessment of the likely impact of their removal.</p>	<p>We will examine regulatory barriers to services trade in the EU and Canada based on OECD data on services trade restrictiveness (STRI) and conduct an examination of the likely impact emanating from the removal of these barriers by estimating a structural gravity model (this will allow us to include an EU MS dimension into the analysis). The quantitative analysis will be supplemented by qualitative analysis based on existing literature, stakeholder consultations and sector-specific studies especially in services where the two partners have undertaken significant commitments under the CETA, e.g. transport and professional services. Given that regulation is often undertaken for legitimate reasons, we will also evaluate whether the liberalization of regulatory barriers to EU-Canada services trade may be associated with any adverse effects.</p>
<p>5. Detailed analysis of transport, dredging, professional and ICT services.</p>	<p>We will first compare services trade data in these sectors in the pre- and post-CETA periods to provide a benchmark. We will then provide quantitative estimates of the impact of the CETA on services trade in transport, other business and ICT services if the Commission runs a structural gravity model to estimate trade cost changes as input for the CGE analysis. Finally, we will supplement the quantitative analysis by stakeholder consultations with business associations and anecdotal evidence of EU operators expanding operations in Canada in the identified services sectors via case studies esp. in e-commerce (renamed: digital trade) and professional services. This would also include OECD/WTO/IMF work on digital trade. For transport, we will also look at the characteristics of intermodal transport, trade volumes, and port trade structures.</p>
<p>6. Assessment of Mode 4 provisions in the CETA.</p>	<p>We will undertake a qualitative analysis of the use of Annex 10-F provisions in the CETA as applicable to spouses of intra-corporate transferees via stakeholder consultations and anecdotal evidence and also identify barriers restricting Mode 4 trade.</p>
<p>Data source suggestions:</p>	
<ul style="list-style-type: none"> ▪ The OECD's Services Trade Restrictiveness Index. ▪ The GATS Trade Restrictiveness Index ▪ International Trade and Production Database for Estimation (ITPDE) ▪ WTO Services Trade Database ▪ OECD International Trade in Services Statistics 	

Based on findings from our analysis of Task 8.4, we will provide conclusions and recommendations for the future.

Foreign Direct Investment and investment liberalisation

Although the effects of trade agreements on Foreign Direct Investment (FDI) with third countries are not easily quantifiable⁸, we will seek to use available data to demonstrate the impact of the CETA on FDI. At a general level, this task will entail to assess what impact the CETA has had on the bilateral FDI flows and on the level of FDI liberalisation, even if some of the investment related provisions in the CETA have not been provisionally applied. The FDI flows between the EU and Canada are significant. In 2021, the EU inward FDI stocks were 267 billion EUR, while the EU outward FDI stocks were 270 billion EUR.⁹ Regarding the EU market, Canada is the second-largest partner for two-way direct

⁸ European Commission, 2019 Report on Implementation of EU Free Trade Agreements (covering the period 1 January 2018 - 31 December 2018), 2019. https://trade.ec.europa.eu/doclib/docs/2019/october/tradoc_158387.pdf.

⁹ https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/canada_en

investments, after the United States. In 2022, the stock of Canadian direct investment in the EU was valued at \$248.8 billion, representing 12.5 percent of Canada's total foreign direct investment (FDI) outward stock. In 2022, known stocks of EU FDI in Canada were valued at \$180.9 billion, representing 14.3 percent of global FDI in Canada (measured by Ultimate Investing Country basis).¹⁰

It should be noted that due to the fact that the investment protection and investor-State dispute settlement provisions of the CETA are not yet provisionally applied, the potential impact of the CETA on the bilateral FDI flows and level of investment liberalisation cannot be comprehensively assessed.

Methodology Task 8.4 – Investment. Specific analyses to be conducted under Task 8.4 have been summarised in Table 4.4 below. For each sub-task we present the specific analysis that needs to be carried out and main methodological approach we suggest as well as relevant data and literature sources. The additional challenge for this Task is the fact that the CGE model is less applicable.

Table 4.4: Methodological approach and sources FDI/investment (Task 8.4)

Specific analysis to be carried out	Main methodological approach and sources
1. Descriptive analysis of bilateral FDI flows: largest increases / decreases in FDI flows between EU MS, EU as a whole and Canada	We will conduct for a descriptive analysis of the investment flows based on a simple comparison, i.e. a comparison of the latest year available and the pre-CETA data in 2016 and five or six years average comparison following the provisional application of the CETA for the EU, EU MS, and Canada. The descriptive statistics – if available – will focus on the sectors that have seen the greatest increases and decreases in total FDI stocks/flows between the EU as well as its MS and Canada. This analysis will be conducted using the ITC investment map data, UNCTAD investment data, and ISDB data from Eurostat BOP statistics. Data limitations are expected to be significant for this subtask. Reasons for good or bad performance will be identified by a combination of sources including literature review and targeted consultations. To the extent possible and depending upon data availability, we will provide a comparison of the development of FDI stocks/flows between the EU as well as its MS and Canada with: (i) the development of EU's global FDI stocks/flows; and (ii) the development of each EU MS FDI stocks/flows; and (iii) with Canada with a suitable reference group of third countries, such as China and the United States.
2. Assessment of overall economic integration between the EU and Canada, including major bilateral investments and attractiveness to investment.	We will provide examples of recent major EU investments in Canada and vice versa and investigate if there are any direct relations between the provisional application of the CETA and EU investments in the EU MS and Canada and vice versa. To the extent possible, we will provide an analysis of the investment climate and of the attractiveness to invest in Canada, for EU, taking also into consideration the possible impact of the existence of bilateral investment treaties or double-taxation treaties. We propose to review <i>inter alia</i> the evolution of the following indexes: OECD's Foreign Direct Investment Restrictiveness (FDIR) index, Various FDI attractiveness and FDI confidence indexes – e.g., by A.T. Kearny and Ernst & Young, Global Investment Competitiveness Report (World Bank, 2022), World Bank 'Doing Business Indicators', ISDB data from Eurostat BOP statistics, www.investmentmap.org from the ITC.
3. Right to regulate and public services	As regards services and investment, we will also address the key concerns raised in the public debates regarding the CETA and the dispute settlement provisions, notably regarding public services and the right to regulate. When addressing such concerns and depending

¹⁰ https://www.international.gc.ca/world-monde/international_relations-relations_internationales/eu-ue/index.aspx?lang=eng.

Specific analysis to be carried out	Main methodological approach and sources
	on the data availability, we will also cover the question whether there have been any negative effects of trade liberalisation in Canada and EU MS in the area of (public) services and investment.
4. Distinguishing the effects of the CETA from other factors, in particular the implementation of other trade and investment agreements	When conducting the evaluation, we will aim – to the extent possible - to distinguish the effects of the implementation of the CETA from other factors affecting trade between the EU and Canada. For this, a gravity regression would be the optimal tool that we suggest the Commission could use also as input for a true ex-post evaluation CGE run. Otherwise, it will be difficult – through qualitative analysis – to separate the effects from the COVID-19 pandemic, the increasing geopolitical tensions, Russia’s war against Ukraine, Brexit, subsidy races, volatility of commodity prices, and the implementation of trade and investment agreements concluded between Canada and other trade partners, such as China. The China-Canada BIT entered into force in 2014; the member countries of the CPTPP which entered into force in 2018; the US and Mexico as members of USMCA/NAFTA which was revised in 2018.
5. Investment protection and ICS provisions and their current non-application	Given the fact that the investment protection and ICS provisions are currently not yet applied because they are still awaiting ratification by several EU MS, we will not focus on this part of the analysis.
6. Stakeholder interviews and survey	For the qualitative data gathering and analysis, we will conduct interviews and a survey with stakeholders on the impact of the CETA and main challenges related to trade and investment between the EU and Canada.

Based on findings from our analysis of Task 8.4, we will provide conclusions and recommendations for the future.

4.1.5 Implementation of other areas

While this will not be the core focus of our analysis given the limited resources available, we will look at the issues of subsidies, competition, state enterprises, and protection of intellectual property rights (IPR) – the latter without GIs as our approach for their analysis is already covered separately in the Case studies. We will also analyse the functioning of the institutional set-up.

Competition, subsidies, state enterprises and IPR

The methodological approach foreseen to analyse these other areas of the agreement will be in line with our methodological approach for other issues above. The starting point of the analysis will be the review of recent and ongoing work of the Committees on relevant issues, which will be complemented by:

- **Statistical analysis:** Whenever possible, an effort will be made to compile statistical descriptive analysis on each issue prior and after entry into force of the agreement. For instance, in the case of IPRs, any statistics on what has happened to the prices for medicines and the introduction of new medicines in Canada would be useful.
- **Literature review:** For other areas of the agreement where data are scarce, we will conduct a concise literature review. For example, in the areas of competition, state enterprises and subsidies a more qualitative approach is more appropriate. For example, for subsidies, we will try to look at this in conjunction with Task 10 (analysis of inputs/concerns raised by stakeholders) regarding distortions of ‘the level playing field’.

Functioning of the CETA setup

In this Task, we will analyse provisions of the Agreement referring to institutions, as well as their operation in practice. We will do so in conjunction with the work on Task 6. We will

also analyse other aspects related to operation of those bodies, e.g. frequency of meetings in practice, whether all Sub-committee and Working Group meetings in a given year took place before the Joint Committee meeting (enabling reporting and escalation).

Identify issues for improvement of the CETA

The ToR (p. 56) asks to identify issues in areas of the CETA which may prevent exploiting the full potential/benefits of the Agreement. We believe this is a particularly important question and task, and as such propose to analyse this in detail, but also to report this (as is suggested by the Conclusions the ToR is asking for (p. 65, bullets 4, 5, 6 and 9)) more centrally than only as part of this Task. The approach we will take is the following:

- For each of the analytical sections (economics, social, environmental, and human rights analyses), we will ask the team to focus on whether they see any untapped potential of the CETA and – if found – what we would suggest in order to capture that potential;
- In the Open Public Consultation as well as in the Business/SME survey, we will ensure that the questions regarding areas where more benefits from the CETA would be possible (and if so, what would need to be changed) are included;
- We will report these analytical and consultation findings together in the conclusions of the study and hope that these lead to new, innovative insights that will lead to an improvement of the CETA for the EU, EU MS, Canada and their stakeholders.

4.1.6 Modelling results

This task analysis will rely on the computable general equilibrium (CGE) modelling undertaken by DG Trade. The CGE model is the quantitative cornerstone/foundation of the ex-post evaluation.

Important variables of interest for the economic analysis will be those which are standard for a CGE analysis such as GDP and trade flows (total, bilateral and by sector) and sectoral output (whereas other results of the CGE such as consumer prices, employment and wages, and CO₂ emissions will be used primarily for the social and environmental analyses).

From our side, two issues matter:

- **First**, that the CGE model is properly specified in that it answers the ex-post evaluation's research question: what was the economic effect of the CETA for selected partners and for selected sectors (see appropriate sector disaggregation, including a focus on services because of the nature of the EU-Canada relationship).
- **Second**, that the appropriate variables are part of the model output to really be able to go deep into the economics pillar (first) and to use the CGE results as the start for the causal chain analysis – insofar possible – for the other three sustainability pillars. For example: it is important to have the tariff revenue effects of the CETA as a model output to look at budgetary effects. It also matters to have clear data on wages, employment (at sector level) and CO₂ and other GHG emissions to use in the various sustainability pillars. Any ways to increase the relevance of the CGE work by adding 'satellite account' data is welcomed. We have much appreciated the work the Chief Economist Unit at DG Trade has done to add environmental (air quality) variables to the CGE work and kindly ask whether this can again be done. It would highly benefit the usefulness of the CGE work for this study.

We will carefully assess the CGE results, once received, and use them as the basis for our further analysis. We will report the CGE results, both the macro-level results and sector-level ones, as specified in the ToR.

4.2 Social analysis

The analysis regarding social impacts of the EU-Canada CETA will be based on the following three steps, unless otherwise indicated in any of the thematic sections or required by ToR:

- 1) Analysis of the real-life situation in the EU and Canada since 2012 (i.e., five years before the start of the CETA application) until 2022 (or latest available information), trends in the relevant indicators, and factors influencing the situation. This will help distinguish later effects generated by the CETA from influence of other factors.
- 2) Quantitative and qualitative impact analysis of the EU-Canada CETA. This will include the analysis building on the economic modelling results and the analysis of impacts which may have resulted from certain provisions of the agreement and decisions taken by the Parties within its framework, including within the CETA institutions.
- 3) Conclusions and recommendations.

In each step, relevant information, and data sources, and analytical tools will be used. As required by the ToR, the analysis will be conducted for EU27 and individual Member States (for the latter, when there are substantial differences in indicator values between individual Member States and EU average and to the extent data is available). Data for Canada will be provided for the federal level, while data for provinces will be added when available and necessary for the analysis. Desk research will be complemented by stakeholder engagement, as discussed in the approach to consultations (see chapter 5). Details of approach to each task have been outlined below. In each of them, the analysis will seek to establish to what extent the CETA implementation has contributed to the attainment of the relevant SDGs. Findings from this part of the analysis will also contribute to the response to the evaluation questions.

4.2.1 Task 9.1 CGE model

For a better flow and presentation of the analysis, this task has been divided into three parts, focusing on, respectively, (a) effects for employment, (b) effects related to income (wages), and poverty levels and (c) effects for consumers.

Task 9.1 (a) – Impacts related to employment¹¹

The analysis in this part will seek to determine which employment effects across the EU Member States and Canada, sectors and worker groups may have been created by the reduction of tariffs and non-tariff barriers and the resulting changes in sectoral output and trade and investment flows between the EU and Canada. It will also seek to establish whether the observed changes may have contributed to the attainment of SDG No. 1 (no poverty) and No. 10 (reduced inequality).

In the first step, we will analyse trends since 2012 in the EU and Canadian labour markets, including employment and unemployment levels overall and across sectors, and identifying growing and declining sectors in each of the Parties. We will also analyse characteristics of the labour force, such as education levels, and their impact on the employment situation of certain groups (e.g. low-skilled and skilled workers) in the labour market. We will also analyse shares of individual sectors in the total employment and any changes in those to determine their importance for the economy and for the labour force. The analysis will also provide a brief overview of the main factors playing a role in employment trends in the EU and Canada to later distinguish their influence from effects created by the CETA. *In the second step*, the analysis will be focused on assessing quantitative impacts of the CETA on employment, building on results of the economic modelling. In that part, we will also provide a short description of the model's assumptions related to employment in the economy and what they mean for interpretation of the results. For example, the model may assume a fixed employment, and therefore no changes in the overall employment

¹¹ In this task, the analysis will cover all workers, while an in-depth analysis of the situation of chosen groups, such as women, youth, persons with disabilities, migrants, Indigenous Peoples, and others, who may face challenges or be discriminated in the labour market, will be conducted under Tasks 9.2 and 9.3.

level can be simulated by its use.¹² Hence, any job creation in the growing sectors will need to be compensated by a corresponding move of workers away from other sectors (and the employment reduction there), while in the reality, the total number of jobs and workers in the labour market may change as well (e.g. new graduates, persons previously inactive or immigrants may enter the labour market, while some elder workers may retire). The model also assumes a smooth move of workers between sectors which in the reality may take more time or be more complex, e.g. if additional training is needed.

This part will also include a more detailed analysis of the employment situation and trends in sectors identified by the model as those most affected by the agreement (positively or negatively). This will help to interpret the modelling results in a more nuanced way. The choice of sectors for this analysis will be supported by the analysis of trade statistics if the most relevant sectors are narrower than those in the economic model (e.g. wine in the beverages and tobacco sector). For each of them, we will establish a short sector profile, with its size in terms of the number of jobs and changes over time (and what a modelled change may mean for it), categories of workers employed (by gender, the level of skills, etc.), the location in the EU and Canada and other basic characteristics, to be able to cover a wider range of impacts. This analysis will also rely on stakeholder engagement, including with sectoral business associations and trade unions, to better understand the reality of the analysed sectors and impacts of the CETA. Building on those findings from the real-life sector profiles and modelling results for CETA-induced sectoral employment changes in the EU and Canada, we will formulate conclusions from the analysis and recommendations.

Task 9.1 (b) – Impacts related to income (wages) and poverty

This part of the analysis will focus on effects created by the CETA, as far as income is concerned, including impacts for GDP, wages, and the situation of vulnerable groups in the society like persons living in poverty or being at risk of poverty and social exclusion. It should be read jointly with the preceding section (employment effects), given that changes in job availability in individual sectors and regions or for certain groups of workers (e.g. low-skilled workers or women) have a direct impact on income of affected workers or local inhabitants. In the same way, this analysis will be linked to the analysis of impacts for working conditions in Task 9.2 including the analysis of wages and other benefits in sectors identified as the most affected by the CETA. Its findings should help answer the question whether the agreement has contributed to the attainment of SDG No. 1 (no poverty) and No. 10 (reduced inequality).

In the first step, we will analyse the situation in the EU and Canada since 2012, in relation to poverty levels, wages and other income (e.g. pensions or social benefits), groups in the society being at risk of poverty and social exclusion, and factors influencing the situation. *In the second step*, we will use the E3ME model, depending on data availability, to estimate distributional effects of the CETA – in percentage and absolute terms – for different social strata of the population (i.e. the population split into deciles and quintiles based on incomes per capita). For this we need access to data that we have previously used for studies for DG ENER and DG CLIMA – micro-data that show us changes in consumer prices for specific sectors, and detailed household final consumption expenditures. *In the third step*, we will use outcomes of the economic modelling to estimate income-related impacts of the CETA, such as changes in GDP, welfare and wages modelled for low-skilled and skilled workers, at the aggregated (macro) level. Additionally, we will conduct a more granular analysis in terms of employment changes and working conditions for sectors identified as the most affected by the agreement (either positively or negatively). Based on this, we will seek to determine the income-related effects generated by the CETA, e.g. for which worker categories (low-skilled or skilled) jobs have been created and which may have witnessed job losses (if any), whether the agreement has contributed to changes in wage levels in the affected sectors, and whether wages in the affected sectors are high or low compared

¹² Instead, the model simulates overall changes in the labour market through effects on wages.

to the rest of the economy, whether there is anything specific regarding location of the affected sectors in the EU and Canada, etc. and whether one can identify any cumulation of positive or negative job- and income-related effects there. As in each part, we will finish the analysis with conclusions and recommendations.

Task 9.1 (c) – Impacts related to consumer rights

According to the literature (e.g. Cernat et al, 2018), consumers usually benefit from global trade and preferential trade agreements due to lower prices of purchased goods and services (resulting from reduction of tariffs and non-tariff barriers), a wider variety of available goods and services traded between the Parties, the related satisfaction of diversified needs and preferences, and a higher quality of available goods and services.

Taking the theory as the starting point, the analysis in this part will be intricately linked to the preceding sections and the estimated effects on jobs and wages (purchasing power). Complementing them, it will focus on the availability, accessibility and safety of goods and services for consumers, and the promotion, respect for and the protection of consumer rights in the CETA provisions (e.g. on the digital trade) and the operation of the CETA institutions (e.g. the RCF). In assessing the availability, the analysis will build on findings from the economic part, as regards changes in trade in goods and services influenced by the CETA, as well as its effects in other areas, like public procurement, which may also have direct or indirect impacts on satisfying consumer needs (e.g. through contracts for public transport). Safety of goods will be analysed based on reports from the CETA institutions (e.g. the Committee on Sanitary and Phytosanitary Measures) and records of the dedicated systems in the EU (RAPEX for unsafe non-food products and RASFF for food) and a corresponding Canadian database (to check if the start of the CETA application influenced the number of reported unsafe products compared to the preceding period).

Finally, the analysis will seek a response to the evaluation question about CETA's coherence with the latest EU consumer policy, the recent approach to consumer rights adopted in trade agreements, and expectations expressed by consumer organisations. Moreover, the analysis will seek to determine if the CETA has contributed to the attainment of SDGs, notably No. 1 (no poverty), No. 3 (good health and well-being), No. 10 (reduced inequality) and No. 12 (responsible consumption and production).

4.2.2 Task 9.2 Qualitative and quantitative assessment

For a better flow and presentation of the analysis, this task has been divided into two parts, i.e. (a) effects for working conditions, social protection, and enforcement of labour legislation (labour inspection), and (b) effects for labour standards as enshrined in the ten ILO fundamental Conventions (this part will be further divided into five thematic sections, each covering two ILO fundamental Conventions). Moreover, in addition to CETA's impacts, the analysis will assess the extent to which the CETA has contributed to the attainment of SDGs, notably SDG No. 8 (decent work and economic growth).

Task 9.2 (a) effects for working conditions, social security, and labour inspection

In the first step, the analysis will focus on developments in the EU and Canada since 2012 concerning working conditions and social protection. This will include job quality indicators, such as the type and duration of contracts (i.e. permanent and temporary contracts, full-time and part-time work, and other types), the average number of working hours per person per week, the number or rate of fatal and non-fatal accidents at work, wage levels, including the minimum wage, and the duration, type and frequency of training provided or paid by the employer. We will also identify factors influencing those indicators, including actions taken by governments and the private sector, as well as global trends.

In the second step, we will analyse outcomes of the economic modelling to identify sectors that have been affected by the agreement in the EU and Canada. We will also conduct a more detailed analysis of working conditions in those sectors and trends over time before

checking (through stakeholder engagement and literature review) if any of those trends can be fully or partly attributed to the CETA implementation or if other factors played a role. We will also compare those findings with wider trends identified in the preceding step to conclude about the role of the agreement in shaping job quality in the EU and Canada.

While the above analysis will look at the CETA as a whole, and trade and investment flows triggered by the agreement, an additional part of the analysis will seek to determine the effects which CETA's provisions related to job quality and labour inspection have created and what was said and done by the Parties in this context, either individually or jointly. This part of the analysis will include a review of the commitments in the Trade and Labour Chapter, and reports from meetings of the Trade and Sustainable Development Committee and the Civil Society Forum. It will finish with conclusions and recommendations.

Task 9.2 (b) effects related to labour standards

In the first step, we will analyse the situation in the EU and Canada in the ratification and implementation of the ILO fundamental Conventions, trends in the related indicators, factors that have influenced the situation and actions taken by the Parties in that context. In a break-down by labour standard, the analysis will include (but will not be limited to):

- **Non-discrimination:** identification of groups of workers facing particular challenges in the labour market and/or discrimination; their labour force activity rates, employment, and unemployment rates, levels of completed education, sectors of employment and other characteristics.
- **Freedom of association and the right to collective bargaining:** the share of trade union members among workers; coverage by collective bargaining and the engagement of social partners into design and implementation of policies and legislation.
- **Occupational safety and health:** progress in the ratification and implementation of the two new ILO fundamental Conventions (data related to fatal and non-fatal accidents at work will be provided in the preceding section on working conditions).
- **Forced labour:** progress in the ratification of the 2014 Protocol to Convention No. 29; evidence related to human trafficking, the number of victims (if available) and purposes of human trafficking, including sectors where labour exploitation has been identified; and actions taken to eliminate forced labour in general and from supply chains.
- **Child labour and poverty:** poverty levels among children / families with children and actions taken to reduce it; actions taken to eliminate child labour from supply chains.

In the second step, based on results of the economic modelling, we will identify sectors most affected (positively or negatively) by the CETA and using the analysis done in step one, as well as additional research into the situation in the affected sectors, will seek to determine if changes in trade and investment flows between the EU and Canada in these sectors may have had an impact on the implementation of labour standards, including on trends observed in the related indicators. Moreover, we will seek to determine if the provisions of the Trade and Labour Chapter and the Trade and Sustainable Development Chapter had any impact on actions taken by the Parties in relation to the ILO fundamental Conventions and what a role has been played in this context by the CETA institutions, such as the Committee on Trade and Sustainable Development, the civil society Domestic Advisory Groups or the Civil Society Forum. We will also check (based on meeting reports and stakeholder engagement) if the EU-Canada dialogue and cooperation had any impact on implementation of labour standards in third countries. As in each part, the analysis will finish with conclusions and recommendations.

4.2.3 Task 9.3 – Gender equality

In this part, the analysis will seek to determine the CETA impacts for women as workers, entrepreneurs, traders, and consumers. It will be linked to and build on findings related to effects for jobs, income, consumers, labour standards and working conditions. It will also seek to establish, to what extent the agreement has contributed to the attainment of the relevant SDGs, notably No. 5 (gender equality), No. 1 (no poverty) and No. 8 (decent work

and economic growth). The structure of the analysis and the choice of focus areas will be guided by the well-established methodology, such as UNCTAD's Trade and Gender Toolbox (UNCTAD, 2017), complemented by elements of the approach of the European Institute for Gender Equality (2016) and more recent publications, like UNCTAD et al. (2020) assessing the early effects of CETA for women and listing areas for analysis, or studies by OECD, ITC, and the World Bank on trade and gender.

In the first step, the analysis will focus on developments in the EU and Canada since 2012 regarding the situation of women in each of the analysed roles. For women as workers, we will review their situation in the labour market, comparing it with the situation of men. This will include the labour market participation rate, the employment and unemployment rates and trends in those, sectors having large shares in female employment, the share of women in growing and declining sectors, the share of women among part-time workers, and other characteristics and factors influencing the situation. In a similar way, we will also analyse women's economic activity as entrepreneurs and traders, with a consideration of their share among entrepreneurs, sectors where they operate, the size of women-led enterprises, challenges they face, etc. Given the limited data availability, in this part, we will need to rely on one-off studies and partial surveys rather than comprehensive statistics comparable with those for labour market. Finally, for women as consumers, we will look at the level and type of income received and being at their disposal, and a gender-based pay gap.

In the second step, we will compare the above findings with outcomes of the economic modelling (notably the collection of sectors affected by the agreement and welfare related impacts) to determine impacts of the CETA for women. That step will also require carrying out a more detailed gender analysis for sectors affected by the agreement to draw more precise conclusions (if data in a break-down by gender is available).

- For **women as workers**, we will compare the list of sectors with a large share in female employment with sectors identified as affected by the CETA to determine the likelihood of job creation or reduction in those sectors and impacts this may have for women. New job opportunities for women in other sectors will also be assessed. We will also consider CETA impacts on welfare, GDP, and public revenues to draw conclusions regarding its effects for individual households and the provision and quality of public services (the latter considered as sectors employing women, but also facilitating women's economic activity and reducing a need for women's unpaid care work).
- For **women as entrepreneurs**, if data is available, we will compare sectors of their economic activity with outcomes of the economic modelling to determine if the CETA had an impact on output in these sectors and, therefore, on the position and income of women as entrepreneurs.
- For **women as traders**, if data is available, we will compare sectors of their trade activity and a list of countries-trading partners with CETA's impacts on trade in individual sectors to say if female traders have been likely to use CETA's provisions and what an impact CETA may have had on their activity.
- For **women as consumers**, we will use outcomes of the economic modelling related to wages and welfare, as well as the availability and accessibility of goods and services.

The analysis will also include the evaluation of the Joint Recommendation on Trade and Gender and its implementation. It will finish with conclusions and recommendations.

4.3 Environmental analysis

The key objective of the environmental analysis is to assess the environmental effects of the CETA (in line with the requirement of Task 9.4 of the ToR). The main challenge is to isolate the effects of the CETA on environmental performance from developments which are not induced by the Agreement. This is particularly challenging as the counterfactual environmental outcomes are unobservable for most of the environmental impact areas (as

is the case also for social and human rights effects). The analysis will inform the Commission as well as other stakeholders on the most significant environmental and climate impacts of the CETA, being either neutral, positive, or negative.

4.3.1 Overall approach for the environmental evaluation

Our approach starts by making use of earlier work in this field, including the Joint EU-Canada Study Assessing the costs and benefits of a close EU-Canada Economic Partnership (2008), and the Trade Sustainability Impact Assessment by Development Solutions (2011).

We first highlight four crucial concepts for our environmental effect approach:

- **FTA elements** – Based on recent experience on researching the dynamics through which FTAs may create environmental impacts, we conclude that the CETA: (1) contains measures easing market access for the signees and (2) contains several rules-based measures¹³, mostly by means of the provisions in the ambitious TSD Chapter, that may have resulted in environmental impacts in the EU and Canada.
- **Impact channels** – Any FTA is, by definition, expected to create **direct** environmental impacts through the expected expansion of economic activity, which may lead to higher pollution and GHG emissions, and which can put a strain on bio-resources and may put pressure on vulnerable ecosystems as higher levels of output require more inputs (some being pollution intensive some being non-pollution intensive) and policies can affect this input mix.¹⁴ Trade agreements also create **indirect** environmental impacts, through structural adjustments in the structure of economies and so could specific rules-based trade measures, including the provisions in the TSD Chapter.
- **Impact areas** – Ultimately, the CETA may have created impacts in various dimensions of the environment, through the different impact channels. The areas of the environment that were affected by the CETA are defined as the *impact areas*. Based on studying the information in the documentation on the environmental aspects of the CETA and our first screening to avoid missing any environmental impact that may have occurred (see below), we focus on evaluating impacts on the selected impact areas: (1) **natural resources & biodiversity** (including forestry, wildlife and fisheries); **key environmental parameters (e.g. (2) soil, (3) water, (4) waste, (5) chemicals management); (6) climate change and air quality.** Regarding climate change, we should focus on impact of increased trade on CO₂ and other GHG emissions, air pollution changes, including the carbon footprint of exported goods and services; and (7) **emissions from shipping**. Emissions from shipping we will calculate using the E3ME model. For selected impacts and impact areas (per country/region), baselines will be prepared which will summarise the current state of affairs and recent developments (i.e. trends), both in terms of **governance** and **performance** (as measured by appropriate indicators).

We will use an impact screening matrix to assess which impact areas should be prioritised by means of an additional in-depth analysis because that is where the CETA effects have occurred. We will look at three of the identified six impact areas in-depth.

4.3.2 Detailed approach for the environmental evaluation

The analysis regarding environmental impacts of the EU-Canada CETA will be based on the following tasks:

- **Step 1:** Impact screening
- **Step 2:** Baseline analysis for the six impact areas

¹³ Relating to common ambitions in the areas of biological diversity, forestry, climate change and fisheries

¹⁴ Copeland and Taylor (2004) "Trade, Growth and the Environment". *Journal of Economic Literature* 42.1: 7-71

- **Step 3:** Quantitative evaluation of impacts (GHG emissions and air pollution, and energy demand, and – if possible – land use change)
- **Step 4:** Qualitative evaluation of impacts (with a focus on three impact areas depending on the impact screening)
- **Step 5:** Conclusions and answer to the evaluation questions.

Step 1: Impact screening

The objective of this step is to finetune the methodology, which is deemed crucial for the success and efficiency of the environmental evaluation. The focus of the evaluation will be informed by a first round of impact screening of possible ex-post effects based on the CGE results and baseline analysis. The environmental analysis, focuses on both Canada and the EU. However, within defining the geographical scope of this analysis, one needs to differentiate *local* and *global* environmental effects. As climate change is a global environmental threat affected by global GHG emissions, limiting the evaluation to the EU and Canada does not allow to evaluate the CETA’s impact on climate change. For that reason, the geographical scope is extended to include the rest of the world in the GHG analysis, in line with the ToR. For this the CGE results, especially when extended through satellite work on CO2 and GHG emissions is extremely useful for the analysis. Additionally, we will use the E3ME emissions results by EU MS and for Canada. The EU’s environmental effects will be evaluated whenever relevant (based on impact screening), but we expect that the evaluation will be focused relatively more on Canada because in Canada the relative economic impact of CETA is larger and thus also the impact on the environment (following the causal chain approach of the ex post evaluation)..

Impact screening and scoping is a methodological tool to identify the issues which should be prioritised in the evaluation. In essence, the prioritisation is based on (i) screening the most prevailing existing environmental threats and (ii) screening the expected impacts caused by the CETA (at a sector level). The main advantage of impact screening is that it ensures a systematic and transparent approach and allows us to prioritise parts of the analysis. We stress that impact screening & scoping addresses the risk of overlooking certain impacts. At the very start, *any* potential impact is considered. Only after a transparent impact & screening exercise, the most significant issues are prioritised, and our analysis is narrowed down. The screening will be undertaken against the criteria stipulated in the Handbook for Trade SIAs (2016):

- The **current environmental performance** in the EU and in Canada (to identify the most prevailing environmental threats in the countries/regions); and
- The **details of the FTA** (to identify the environmental areas which are likely to be most affected by the CETA):
 - The characteristics and specific provisions within the TSD Chapter of the CETA;
 - CGE results prepared for this ex-post evaluation for changed economic activity by sector due to the CETA, and where possible compare these with other economic modelling ex-ante findings for the CETA; and
 - The *nature* of these impacts, the geographical scope and duration, as well as their potential *cumulative* effect.

Table 4.5: Overview of potential impact areas

Impact area
(1) Natural resources and biodiversity (forestry, wildlife, fisheries)
(2) Soil quality
(3) Water quality
(4) Waste management
(5) Chemicals management
(6) Climate change & air quality

Step 2. Developing the baseline for prioritised areas

The aim of the step is to gain a brief understanding of the EU’s and Canada’s status quo regarding their environmental **governance** and environmental **performance** (e.g. trends)

for those environmental impact areas that have been identified as priority impact areas in our screening exercise. The output will be a section in the evaluation with a short description per prioritised impact area, describing the governance, the performance and exploring main developments.

Each baseline assessment will cover the following two sections for the period 2012-2022 (so five years prior to the CETA and five years including the CETA):

1. An overview of the environmental **governance** framework: What legislation is in place across the relevant environmental impact areas, and what public authority is responsible for environmental policy making?
2. An overview of the **performance**: What data can be retrieved and does data quality/quantity allow for the identification of trends? What do independent reports/evaluations say about the countries' performance in each of the priority impact areas? How effective is the policy framework put in place? In which impact areas is environmental performance particularly weak/strong? In case quantitative performance indicators are available (e.g. emissions), we will compare the EU and Canada.

Three consecutive sub-steps will be performed to operationalise the establishment of the baselines:

1. **Literature review and data analysis** to establish the draft baselines;
2. **Interviews with stakeholders** to obtain additional input, validate work, and fine-tune results;
3. **Triangulation of information** (literature, data and interviews) to establish final baselines.

Our approach is designed to complement the previous work related to the CETA. As such, we will avoid duplication of the work already done in the Trade SIA and use these (and other more recent) reports as a starting point. Our analysis aims to complement the information provided in the Trade SIA by exploring the developments in each environmental impact area since the completion of the SIA (2011) and the provisional entry into force of the CETA in 2017.

The 2012-2022 work is the starting point ("baseline") of our analysis, since we know that the CETA has been provisionally applied since September 2017. Naturally, the evaluation of environmental effects that have occurred since the CETA application is the main focus – looking at whether the 2012-2016 period differs from the 2017-2022 period. In steps 3 and 4, we will show subsequent trends in various environmental indicators for the period after the implementation of the Agreement with the ultimate objective to assess the causal relationship between the CETA and environmental performance in the EU and Canada, if data allows.

Step 3. Quantitative evaluation of impacts

The aim of this step is to assess the quantitative estimates on the impacts of the CETA on GHG emissions and air pollution, and – potentially – on trade in environmental goods & services and land use change. As such, the desired result is the reporting of the quantitative estimates of the impacts of the Agreement on GHG emissions and air quality, in the EU and Canada, depending on data availability. Ultimately, it is global GHG emissions that contribute to global warming. For this reason, we propose to estimate the *global* change in GHG emissions resulting from the CETA. This way, we can also consider the difference in climate change impacts from trade creation and trade diversion. The impacts on GHG emissions and air pollutants will be decomposed in the most relevant key drivers, where possible.

The quantitative environmental analysis focuses on the environmental impact areas for which the CGE modelling results can be used to quantify the change in certain environmental impact areas. This is essentially the only method to isolate the environmental impacts induced by the CETA from the overall change in environmental

performance since the implementation of the Agreement (i.e. the causal relation). Therefore, we propose to:

- **Estimate the impact of the CETA on energy demand** – for all EU Member States and for Canada resulting from changes in output. For this we use the energy-intensity output (by different fuels) from E3ME, and apply these to the output changes by sector from the CGE model.
- **Estimate the impact of the CETA on GHG emissions (CO₂, CH₄ and N₂O)** resulting from the economic changes induced by the Agreement. In case CGE modelling results already include the Agreement's effect on CO₂ emissions, we will focus on the non-CO₂ GHGs as economies also contribute to climate change via methane (CH₄) and nitrous oxide (N₂O) emissions. In fact, the *global warming potential* of these non-CO₂ GHGs is much higher than the global warming potential of CO₂ (factors 25 and 298, respectively¹⁵). For this quantitative analysis, the environmental impact of the CETA through its impact on shipping, which is particularly relevant for this Agreement, will be conducted, using the E3ME model of Cambridge Econometrics. We will look at this effect both as an isolated CETA impact and then also within the broader context of the shipping industry investing in larger vessels and new – more environmentally-friendly – fuel types (e.g. moving from HFO to VLSFO/LNG and ultimately to new types of fuels like Hydrogen or Ammonia in the upcoming years).
- **Estimate the impacts of the CETA on a number of air pollutants:**
 - Primary particulates: PM10 and PM2.5 (important drivers of air quality)
 - Acidifying gases: NH₃, NO_x and SO₂,
 - Ozone precursor gases: Carbon Monoxide (CO), Nitrogen Oxides (NO_x), Non-Methane Volatile Organic Compounds (NMVOC)

With regards to climate change, we will take the difference between **local** and **global environmental effects** into account. The relevance to assess GHG emissions is to evaluate the CETA's impact on global warming. As climate change is a global issue, it is important to assess the Agreement's effect on global emissions. Our analysis takes this into account by assessing the GHG emissions in the EU, Canada, and the rest of the world (provided that the CGE modelling results produce economic outcomes for the latter category).

Step 4. Qualitative evaluation of impacts

The aim of this step is to qualitatively evaluate the impacts of the Agreement on the selected environmental impact areas, focussing on those impact areas which are not assessed in the quantitative analysis. By combining the existing environmental drivers and pressures, the CGE results and TSD provisions, we naturally also include potential *unintended* and *unforeseen* effects.

The overall approach for the qualitative impact assessment is based on two steps:

- For all impact areas, a **broad assessment** is done based on desk research. In this broad assessment, we will explore major developments in environmental performance since the implementation of the CETA, and we will discuss the (effectiveness of the) implementation of provisions announced in the TSD Chapter in the Agreement, per selected impact area.
Whenever possible, we will comment on the potential causal relation between the Agreement and the developments.
- The in-depth analysis for up to three impact areas (including one via the case study) will focus on assessing the environmental impacts of the CETA on certain areas. We envisage to combine two qualitative research methods by using **causal chain analysis (CCA)**¹⁶ and drawing from the **ecosystem accounting** principles. One case study will do the same and cover already one area: trade in environmental goods and services.

¹⁵ Available at: <https://unfccc.int/news/new-methane-signs-underline-urgency-to-reverse-emissions>

¹⁶ See: https://trade.ec.europa.eu/doclib/docs/2016/april/tradoc_154464.PDF

Where data allows, we strive to find causal-effect links between the CETA and environmental impact. To do so, we aim to explore links between changes in production patterns – resulting from the CGE model – and changes in environmental performance. Our analysis will find trends, developments and should explore the causal relation between the trends and the CETA, whenever feasible.

In doing so, we are aware of the broader trade policy context that is relevant for this analysis. For example, the EU's CBAM and Canada's 'Approach to Pricing Carbon Pollution' are two policies that matter for our analysis.

In depth assessment

We propose 2-3 impact areas for consideration where the effects of the CETA have been most pronounced. As indicated in step 1, the screening of the impact matrix is an iterative process which means that any valuable inputs from interviews, literature review and outcomes of step 2, 3 and the broad assessment will be included in updated versions of the impact screening matrix. In case 'climate change' or 'air quality' are chosen as focal impact areas, we will focus mainly on the quantitative analysis, flanking by a concise qualitative assessment. In case another impact area is selected, we will focus mainly on a detailed qualitative assessment. We will conduct a concise analysis of two impact areas to assess the positive, negative, or neutral impacts from the CETA in more detail.

Step 5 – Evaluation questions and concluding remarks

The overall environmental analysis will finalise with conclusions regarding the effect of the CETA on the performance as well as the legislative framework (and effective implementation) in each environmental impact area. We will only discuss the potential causal relation between the CETA and environmental performance for those environmental impact areas which are prioritised based the impact screening exercise and which are assessed in more detail (either in the quantitative or qualitative analysis).

4.4 Human rights analysis

The human rights analysis, as per task 9.5 of the ToR, seeks to respond to the question of how particular measures of the Agreement may have affected the enjoyment of specific human and labour rights in the EU and Canada. Next to that, we will look at how effective the EU-Canada fora, DAG meetings, and civil society meetings have been in invigorating and advancing human rights leadership and addressing relevant human rights issues (e.g. labour rights and gender equality). In line with the requirements under the ToR, the human rights analysis will not provide a broad and detailed analysis of the impact but rather present a focused analysis relevant for trade relations between the EU and Canada.

4.4.1 Methodological approach

The analysis will be based on the international human rights normative framework, including the core UN human rights treaties and conventions,¹⁷ the Charter of Fundamental Rights of the European Union, the European Convention on Human Rights, core ILO Conventions,¹⁸ and, where relevant, customary international law. Relying on the

¹⁷ Core UN human rights treaties include: International Convention on the Elimination of All Forms of Racial Discrimination (ICERD), International Covenant on Civil and Political Rights (ICCPR), International Covenant on Economic, Social, and Cultural Rights (ICESCR), Convention on the Elimination of All Forms of Discrimination against Women (CEDAW), Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment (CAT), Convention on the Rights of the Child (CRC), International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families (ICMW), International Convention for the Protection of All Persons from Enforced Disappearance (ICPED), International Convention on the Rights of Persons with Disabilities (ICRPD), and their Optional Protocols.

¹⁸ Core ILO Conventions include: Forced Labour Convention, 1930 (No. 29) (including its 2014 Protocol), Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87), Right to Organise

recognised methodology (United Nations, 2011; European Commission, 2015), the approach to the human rights analysis will entail several steps and focus on the specific human and labour rights/issues that may have been affected by particular measures included in the Agreement and on the ability of the state parties to fulfil or progressively realise their human rights obligations:

- **Step 1.** Short overview of the pre-existing human rights situation in Canada and the EU (baseline analysis), including the ratification status of core international human rights treaties and ILO fundamental conventions by all Parties to the Agreement;
- **Step 2.** Screening and scoping exercises to identify specific human and labour rights/issues that are most likely to have been affected by the Agreement and clarify their scope and content;
- **Step 3.** Focused analysis of the selected human rights (in case of significant impact – possibly at sector level), both qualitative and quantitative in nature;
- **Step 4.** Draft policy recommendations related to human and labour rights.

Stakeholder consultations will be used throughout all the stages of the analysis to ensure continuous communication and active engagement of relevant stakeholders who can reflect their experiences, priorities, and concerns with respect to the impact of the Agreement on human rights situations in Canada and in the EU. All steps of the analysis will be adjusted based on the feedback received during interviews with various stakeholders.

The causal chain analysis will start from the pre-existing legal situation and key pre-existing vulnerabilities regarding human rights determined in **step 1** of the analysis. Then, in **step 2**, relying on specific measures included in the Agreement and vulnerabilities determined in step 1 of the analysis, various sources of information (literature review, economic analysis results, stakeholder and local expert inputs, statistical information, human rights indicators) will be used to identify what specific rights may have been affected by the Agreement. At this stage, economic model results that already disentangle the potential impact of the Agreement, will be used, together with other relevant economic data from the economic analysis. In case of possible significant impact on specific human rights is identified during step 2, at **step 3** a focused analysis of those rights will be carried out. This analysis will rely both on qualitative and quantitative sources. In **step 4**, conclusions of the analysis will be provided, together with policy recommendations, also taking into account recommendations provided by various stakeholders. Along all the steps of the analysis (horizontally), we will focus (to the degree possible) on how the Agreement may have affected specific vulnerable population groups (e.g. indigenous peoples, women, migrant workers, persons with disabilities, ethnic minorities, persons with low income and unskilled workers or workers in informal sectors).

Step 1. Short overview of the pre-existing human rights situation

The aim of this step is to gain a brief understanding of the EU's and Canada's status quo regarding international human rights obligations and their implementation, and to identify key pre-existing vulnerabilities. The findings from this step will aid the impact assessment in Steps 2 and 3. The output for this task will be the short human rights profiles for the EU and for Canada (one pagers) and two tables that present an overview of the ratification of core international human rights treaties and fundamental ILO Conventions. At this step, attention will be given to the human rights situation before the Agreement has come into place – pre-existing legal situation in the EU and in Canada and pre-existing conditions of stress or vulnerability. Also at this stage, we will also gather information regarding key concerns and expectations of various stakeholders from the Agreement at the moment of its negotiation.

and Collective Bargaining Convention, 1949 (No. 98), Equal Remuneration Convention, 1951 (No. 100), Abolition of Forced Labour Convention, 1957 (No. 105), Discrimination (Employment and Occupation) Convention, 1958 (No. 111), Minimum Age Convention, 1973 (No. 138), Occupational Safety and Health Convention, 1981 (No. 155), Promotional Framework for Occupational Safety and Health Convention, 2006 (No. 187), Worst Forms of Child Labour Convention, 1989 (No. 182).

Step 2. Screening and scoping

The aim of this step is to establish impact areas and identify specific human rights that are most likely to have been affected by the Agreement using triangulation of various methods (analysis of the legal text of the Agreement, CGE modelling results, literature review, statistical information, and human rights indicators). The output for this task will be a concise table with key information on the specific rights likely to have been affected by the Agreement and the degree of the likely impact and a separate explanatory note on the scope of the impact. The focus of the analysis will be on the human rights issues that are most likely to have been affected by specific measures under the Agreement, also in the context of pre-existing vulnerabilities. To identify specific human rights, we will rely on the findings from Step 1 on pre-existing vulnerabilities and triangulation of various methods. The analysis will be based on (1) the screening of the legal text of the Agreement for specific measures that are likely to have led to a significant impact on the enjoyment of human rights in Canada and the EU; (2) screening of literature review for specific studies related to the impact of the Agreement on human rights; (3) screening of economic analysis results (results of the econometric analysis and additional economic analysis) for specific sectors/areas that can be related to human rights; (3) stakeholder inputs related to specific impacts on specific human rights as a result of the Agreement; (4) screening of statistical information that may indicate areas where impact on human rights could have been possible, and (5) screening of human rights indicators that (upon availability) indicate possible link to the impact from the Agreement. Possible impact on each human right will be explained, noting its scope and possible degree.

Step 3. Focused analysis of selected human rights

In case screening and scoping exercise reveals a significant impact on specific human rights (also at sector level), a focused quantitative and qualitative impact assessment of one selected human right will be carried out. The output for this task will be the reporting of quantitative results (upon availability with respect to the specific right) and qualitative findings of the impact on the selected rights. Given overall strong legal frameworks regarding human rights in both parties, we will focus only on issues closely related to the Agreement. Quantitative analysis will be based on the results of the econometric analysis prepared by the Commission (that will be used to the extent possible). When relevant, we will also use statistical information and human rights indicators related to those specific rights (OHCHR, 2012). Qualitative analysis will be based on the sources specified above as well as stakeholder consultations.

Step 4. Policy recommendations

The aim of this step is to provide policy recommendations and accompanying measures related to human rights. The output for this task will be the list of policy recommendations. Based on all the stages of the analysis, including stakeholders' consultations, we will develop proposals for policy responses that aim to strengthen positive and to mitigate negative impacts of the Agreement on human and labour rights, with a particular focus on the rights of the most vulnerable groups. At this stage we will strive to provide proposals for actions and measures to address the identified needs in an effective way. Recommendations will concern both the trade policies with respect to their effects on human and labour rights and non-trade-related (accompanying) measures.

5 DRAFT STAKEHOLDER CONSULTATION STRATEGY (TASK 4)

The stakeholder engagement element is a key deliverable for this ex-post evaluation, the more so because of the critical attitude of many stakeholders towards CETA during the negotiations and ratification processes. In this chapter, we present our stakeholder consultation strategy. A more detailed description is provided in Annex V.

The following sections provide more details about the elements of the consultation strategy:

1. Consultation objectives and scope (Section 5.1);
2. Identification and mapping of stakeholders (Section 5.2);
3. Targeted Consultation methods and tools (Section 5.3):
 - a) Pillar 1: Two meetings with EU civil society (civil society dialogue (CSD) meetings virtually);
 - b) Pillar 2: Stakeholder consultations in EU MS and Canada:
 - i. Online survey for businesses and SMEs in the EU and Canada;
 - ii. Seven online seminars for selected EU MS;
 - iii. One online seminar for Canada;
 - iv. SME stakeholder engagement in selected EU MS and Canada;
 - v. Customs survey to collect, analyse and use information from the EU, EU MS, and Canada;
 - vi. Interviews and meetings with stakeholders in the EU and Canada;
 - c) Pillar 3: Online Public Consultation;
 - d) Pillar 4: Meetings with EU and Canadian institutions;
 - e) Pillar 5: Digital engagement with stakeholders: website, a social media strategy. and other channels.

5.1 Consultation objectives and scope

The consultation process is an important element of the evaluation because it contributes significantly to the transparency and participatory nature of the evaluation. This requires that stakeholders be provided with information, and consulted at each stage of the analysis, thereby strengthening the legitimacy of the study and its findings and recommendations.

Objectives

The objectives of the stakeholder consultations are (in line with the requirements of the ToR):

- To contribute to the identification of sectors and groups which have benefited or have been negatively affected as a result of the implementation of the CETA;
- To collect evidence to support analysis of the reasons for such effects;
- To contribute to the conduct of the case studies;
- To gather inputs from stakeholders about areas of the CETA which should be prioritised and where more evidence and research is needed.

Scope

To achieve these objectives, the scope of the consultations has to be broad:

- In terms of the timing: the consultation process will take place during the entire duration of the study, with different activities at different pre-planned times, considering holiday periods, to maximise engagement and stakeholder input.
- In terms of the stakeholders to be consulted: the consultations will be non-exclusive, i.e. in principle anyone can provide their views (e.g. in the online public consultation). Nevertheless, the input from key stakeholders, i.e. those affected by, interested in, or in any way related to the negotiation, implementation and/or monitoring of the CETA, irrespective of their access opportunities to the consultations, will be particularly

important, and accordingly these stakeholders will be pro-actively approached, as is explained in more detail below, including in Figure 5.1).

- In terms of geography, again the scope is non-exclusive (e.g. any stakeholder from the EU, EU MS, Canada or any third country will be able to provide inputs), but targeted consultations will focus on the EU, some EU MS, and Canada.

The scope of the stakeholder consultations is defined in two dimensions: 1) Planned activities; 2) The depth of the outreach (e.g. number of stakeholders targeted for the different activities; duration of the outreach).

Deliverables

In the end, the consultations strategy will contribute to the overall outputs of the report by engaging stakeholders where necessary. In particular, the activities organised will focus on:

- State of implementation of the Agreement by all parties;
- Awareness and knowledge about the Agreement;
- Experience with the use of the Agreement by economic operators (including perceived hindrances and bottlenecks, length of customs and other CETA-related administrative procedures);
- Inclusion of stakeholders in the areas of social, environmental and human rights.
- Effectiveness and impact of the cooperation;
- Impact of the Agreement on economic, social, environmental, and human rights aspects in the EU, EU MS, and Canada.

5.2 Identification and mapping of stakeholders

Key groups of stakeholders have been mentioned in the ToR both for the EU, EU MS, and Canada. The first step in the consultations is to identify the actual stakeholders in these different stakeholders.

Stakeholder identification

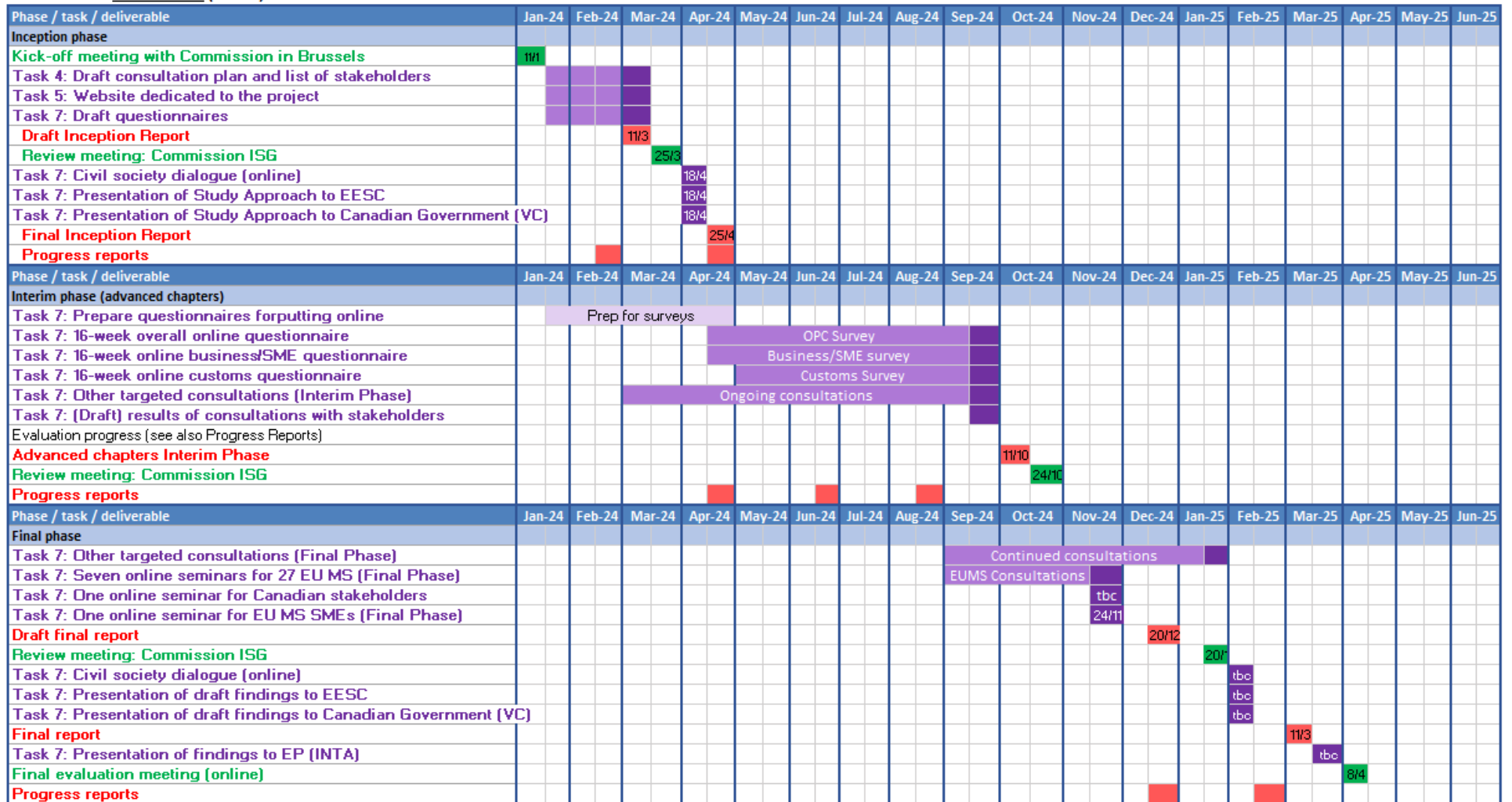
An initial list of potential stakeholders has been compiled as part of this inception report and is provided in Annex VIII. This list is especially focused on NGOs and business representations in both the EU and Canada. We have not yet delved deeper into the EU MS stakeholder lists, because the CGE results should first help us pinpoint where the major effects of the CETA have occurred at EU MS level, but all stakeholders across any of the EU MS are more than welcome to engage.

Stakeholder mapping

Stakeholder mapping, especially in Canada, is important to increase the effectiveness of stakeholder consultations by understanding how certain weaknesses and imbalances may affect civil society inputs (and take corrective measures in response), and by realising where we need to put extra efforts to obtain views and inputs that are important for the study.

Figure 5.1: GANTT chart overview of consultation activities throughout the project

Time schedule Consultations (GANTT)



* We propose a 16-week consultations period for the surveys, because it helps engagement as they fall in part in the holiday period in Europe & Canada, the project timeline allows for it.

5.3 Targeted Consultation methods and tools

5.3.1 Pillar 1: Civil Society Dialogue meetings

Meetings with EU civil society centres around presenting ongoing work and discussing the work with civil society, as part of DG Trade's CSD, a system of regular meetings where civil society and the Commission discuss about the EU's trade policy. We propose to hold two CSD meetings to present and discuss the main reports to be produced as part of this evaluation.

Meetings with civil society (CSD)

The ToR clearly specifies the stages at which meetings with the CSD are foreseen. For each of the meetings, we will:

- Provide relevant materials in advance of the meeting so that participants can read the materials and prepare;
- Prepare a draft meeting agenda;
- Make a clear and concise presentation (supported by slides – maximum duration 30 minutes) of the work (including *inter alia* progress reports, modelling results, civil society inputs) and the way forward;
- Engage in discussion with the stakeholders on the progress made and results obtained;
- Summarise the discussions and prepare meeting minutes.

5.3.2 Pillar 2: Stakeholder consultations in EU, EU MS, and Canada

As part of our stakeholder consultation outreach in the EU, EU MS and Canada, we propose three activities: 1) An online survey focused on businesses (especially SMEs) in the EU, EU MS and Canada; 2) Seven online seminars covering all EU MS to present the draft final results; 3) One online seminar for Canada; 4) Interviews and 1-1 meetings with stakeholders in the EU and Canada.

Online Business/SME survey

In addition to the online public consultation (see section 5.3.3), which targets the general public, an online survey of the Agreement's impact on business issues, and particularly SMEs, will also be provided. The process for designing and implementing the survey will follow the Online Public Consultation guidelines. In terms of developing questions, the starting point will be recent business/SME surveys which the consortium has worked on as part of earlier ex-ante and ex-post work, but the survey includes questions that are necessary to respond to specific questions under this evaluation.

Seven national and regional seminars for EU MS

For the first time in an ex-post evaluation, the ToR requires EU MS level analysis. This multiplies the scope of the work by 27. In order to still cover the EU MS dimension in a way that is feasible, we propose to organise eight national or regional seminars across the EU, targeting some EU MS specifically and grouping the other EU MS into four regions. This prioritisation allows us to offer an equivalent to what the ToR is requesting while doable given the available resources.

We have applied two criteria to allocate the seminars across the EU MS: 1) Which EU MSs trade most with Canada and where the CETA had the largest impact; 2) Which EU MS have ratified the CETA and which ones have not. In Table 5.1 we show the CETA ratification status per EU MS as of 2023.

Table 5.1: CETA ratification status by EU MS (2023)

EU MS that ratified the CETA	EU MS that did not ratify the CETA
Czechia, Denmark, Germany, Estonia, Spain, Croatia, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Austria, Portugal, Romania, Slovakia, Finland, Sweden	Belgium, Bulgaria, Ireland, Greece, France, Italy, Cyprus, Hungary, Poland, Slovenia

Source: European Council, no date: [Agreement - Consilium \(europa.eu\)](https://ec.europa.eu/agreements/signatures/signatures_en)

Based on these criteria, we will divide the online seminars as follows across the EU MS:

- Seminar 1: Germany (ratified the CETA)
- Seminar 2: Italy (did not ratify the CETA)
- Seminar 3: France (did not ratify the CETA)
- Seminar 4: Belgium (did not ratify the CETA)
- Seminar 5: Netherlands (ratified the CETA)
- Regional Seminar 6: Ireland (not ratified), Denmark, Austria, Finland, Sweden, Spain, Portugal, Luxembourg, Malta, Cyprus (not ratified), Greece (not ratified)
- Regional Seminar 7: Croatia, Romania, Slovakia, Bulgaria (not ratified), Hungary (not ratified), Poland (not ratified), Slovenia (not ratified), Czechia, Estonia, Latvia, Lithuania

These seminars will be excellent opportunities to present draft findings to a wide range of stakeholders across all EU MS and get feedback from them. We aim for a balanced representation from across the stakeholder spectrum. In terms of timing, we propose to organise the workshops at the moment we have sufficient results but before the study report is finalised, as that would allow us to present meaningful findings while being early enough in the process to adequately reflect and include stakeholder contributions made at the seminars during the subsequent analysis.

One online seminar for Canada

We will organise, with organisational support from the Commission, including the EU Delegation in Ottawa, one online seminar for Canadian Stakeholders.

This online seminar will be focused on getting inputs from a wide range of stakeholders in Canada to validate the first findings and get inputs and concrete feedback. We aim for a balanced representation from across the stakeholder spectrum. In terms of timing, we propose to organise this seminar when we have sufficient results but before the study report is finalised, as that would allow us to present meaningful findings while being early enough in the process to adequately reflect and include stakeholder contributions made at the seminars during the subsequent analysis.

SME stakeholder engagement in EU, EU MS, and Canada

The ToR focuses especially on requirements for SMEs during the consultations. SMEs can benefit either directly or indirectly from increased economic activity as a result of the CETA:

- Directly through becoming an exporter as barriers to trade (tariff and non-tariff) are reduced or even removed;
- Indirectly through delivering goods and/or services to larger companies who grow because they export more as a result of lower barriers to trade.

The SME-related activities we will deploy during this study are the following:

- We will organise an online EU-wide SME seminar focused on SMEs, inviting both SME representative organisations from the EU and EU MS and individual SMEs from EU MS;
- We will conduct a business/SME survey to gather business and SME responses on parts of the CETA, as well as use data from a customs survey that is also applicable to SMEs (see below);
- Short tailor-made SME-focused questions (next to the business/SME survey) will be developed for the online seminars and the 1-1 interviews.

Customs survey data from the EU, EU MS, and Canada

One of the elements we want to focus on in the consultation strategy is the use of customs survey data as a meaningful way to analyse customs and trade facilitation (Task 8.2). For this reason, we will conduct a separate customs survey that combines: 1) Questions on the key bottlenecks to customs in general; 2) Questions – based on the Commission questionnaires for exporters and importers on Rules of Origin and Preference Utilisation. We will complement this information with desk research and PUR data.

In this way, we can shed light on the Preference Utilisation Rate (PUR) underutilisation issue, while taking the significant variance in PURs across the EU MS into account. Those inputs would help us complement the quantitative analysis on customs with appropriate stakeholder inputs. Where necessary interviews can enrich this survey.

Interviews and one-to-one meetings

Engagement with key stakeholders via interviews and meetings is important to obtain more in-depth information and perceptions on specific issues. Because we have team members with ample experience in consultations with civil society and other key stakeholders, and the various tools of engagement to use (e.g. seminar organisation, in-depth interviews, small surveys, focus groups, etc.).

We plan to conduct a number of interviews and one-to-one meetings with private sector and civil society organisations and other key stakeholders. They will be conducted both in the EU, EU MS and Canada and because they will be conducted digitally, we are not bound by combining them or planning them around other events. We will be able to focus them on speaking to the right stakeholders at the right time, both in the EU and Canada.

Written responses will also be welcomed, as experience has shown that particularly membership-based organisations often prefer to consult with their members and then provide an internally agreed-upon and calibrated response.

Our plan is to conduct (digital) interviews and one-to-one meetings at the following moments:

- With EU stakeholders starting during the inception phase, but mainly during the Phase when we are drafting the Advanced Chapters (for inputs and information), and during the Final Phase (for feedback on draft work and validation of our results, including our policy recommendations).
- With Canadian stakeholders starting during the inception phase to get additional information about the productive sectors, or existing sensitivities that the study should be focused on or aware of. During the Final Phase we will use interviews and digital meetings to get feedback on draft work and validation of our results, mainly the policy recommendations.
- During the middle part of the study, we will run the two questionnaires (the Open Public Consultation and the Business/SME survey) for both EU and Canadian (and other third country) stakeholders.

5.3.3 Pillar 3: Open Public Consultation

The parameters of the online public consultations are specified in the ToR. Given that this consultation is aimed at a wide audience (the general public) but at the same time needs to cover all evaluation criteria and impact dimensions, a particular challenge will be to balance the desire for obtaining as much information as possible and the limited willingness of respondents to fill in long and complex questionnaires (and open questions). We propose to address this by reducing the number of questions as much as possible, avoiding open questions to the extent possible, and designing “smart” surveys, where responses provided to certain questions influence the selection of follow up questions.

The evaluation team will:

- Prepare draft questionnaires for the survey and test them (see Annex VI to this inception report). The draft questionnaires have been developed in English but will be translated into French and German (and possible other languages) (only of the final approved questionnaire) by the Commission.
- Disseminate information about the public consultation among stakeholders.
- Provide all original responses from the surveys transparently (in English).
- Analyse the responses to the consultation and incorporate the results in the quantitative and qualitative analyses.

5.3.4 Pillar 4: Consultations with EU and Canadian institutions

Engaging closely with the European institutions is an important part of the consultation process. This pillar contains both consultations with EU and Canadian institutions, in particular the Commission's Interservice Steering Committee, the EESC, the European Parliament's INTA Committee, and the Canadian government.

Meetings with European Commission ISG

The ToR clearly specifies the stages at which meetings with the ISG are foreseen. For each of the meetings, we will:

- Provide relevant materials in advance of the meeting so that participants can read the materials and prepare;
- Prepare a draft meeting agenda;
- Make a clear and concise presentation (supported by slides – maximum duration 30 minutes) of the work (including *inter alia* progress reports, modelling results, civil society inputs) and the way forward;
- Engage in discussion with the Commission on the progress made and results obtained;
- Summarise the discussions and prepare meeting minutes.

Meetings with other European/Canadian stakeholders

Next to the project-internal meetings with the ISG, we will organise:

- A meeting with the European Economic and Social Committee (EESC);
- A meeting with the European Parliament's INTA Committee; and
- Two meetings with the Canadian government (one envisaged for the inception phase and one for the (draft) Final Report to discuss and exchange views on the methodology/approach for the study (inception phase) and to present draft results for feedback (draft final report).

5.3.5 Pillar 5: Website and other electronic communication

The website and electronic communication approach will form the basis for subsequent consultations activities. In addition to the website, we propose to use strong social media support for the activities via X, (formerly known as Twitter), LinkedIn and electronic Newsletters. This is to keep stakeholders better informed about the evaluation process and its (draft) findings.

Website

The website has been prepared during the inception phase and can be accessed via this link: www.ceta-evaluation.eu. It constitutes one of the key elements of the consultation strategy. Its main aim is to provide relevant information about the evaluation – both in terms of process and outputs – to stakeholders, while also providing the platform opportunity to stakeholders to easily contact the study team and engage via providing inputs. The website is the platform for all information regarding the study, including the various outreach tools (from information provided to survey links, and social media). It also links to the DG Trade website and the central point for all ex-ante and ex-post studies DG Trade is conducting. The website will remain active until at least two years after the completion of the study to serve as information source, file storage and back-up facility for those who – at a later stage – want to get access to the project details, including its outputs.

One parallel initiative, rooted in the 'better regulation' initiative is the opportunity for stakeholders to provide feedback on the CETA. Stakeholders are invited to provide feedback to the following link: https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/13821-EU-Canada-Comprehensive-Economic-and-Trade-Agreement-CETA-evaluation_en. These inputs will also be taken into account by the evaluation team.

X (formerly known as Twitter) - @CETAevaluation

We intend to use X for:

- Presenting the (draft) findings at specific moments in the study – getting broad coverage and visibility;

- Presenting interesting, related work/articles;
- Highlighting relevant quotes from the report to keep the audience tuned in;
- Presenting the various outreach activities organised in the context of the study (e.g. country visits or the CSD events as well as the five regional (online) seminars that will be organised in selected EU MS).

Once the list of key stakeholders is defined in the inception phase, we will approach each of them directly to inform them of the X activities, inviting them to sign up and follow them. In order to further optimise the visibility of our outreach, we do count on a range of stakeholders to support our efforts by retweeting. For our list of stakeholders, please see Annex VIII.

LinkedIn (www.linkedin.com/in/ceta-evaluation-5691352a9)

In addition, we intend to use LinkedIn to complement X for longer message outreach:

- Presenting the (draft) findings at specific moments in the study – getting broad coverage and visibility with small summary pieces from the (draft) findings;
- Presenting interesting, related work to highlight the fact we are currently conducting the study and create a platform for exchange that the research team can benefit from;
- At regular intervals highlighting relevant parts of the (draft) findings to keep the audience tuned in and be transparent and open – building resilience against those who want to challenge the work for lack of transparency;
- Presenting the various outreach activities organised in the context of the study (e.g. CSD events as well as online seminars that will be organised in selected EU MS).

Email and electronic newsletter

Email is a useful complementary tool to reach specific stakeholders throughout the study. We can inform them of the events taking place, send questions, receive feedback, and make appointments for in-depth 1-1 interviews. Using email to distribute bulk-information has, however, become outdated and replaced by social media in combination with a document repository, i.e. the website.

Nevertheless, for keeping identified stakeholder – i.e. those in the stakeholder database – informed, email Newsletters are a useful tool which we have used in other studies for DG Trade. Newsletters will be used to promote the different elements of our consultation plan at the start of the study, inviting stakeholders to follow X and LinkedIn messaging as well as to visit the website.

6 DESCRIPTION OF THE AGREEMENT (TASK 6)

Under this Task, we look at the description of the Agreement and its context, including its institutional structures, decisions taken, analysis of the user friendliness of the Agreement, and a description of economic, social, and political context. This task will be work in progress as it can only be finetuned further after consultations with civil society and as this evaluation progresses. We aim to combine this analysis with Task 8.5 on the analysis of the operation of the institutional structures established under the CETA and their contribution to the implementation of the Agreement and attainment of its objectives.

6.1 Concise description of the Agreement

This section provides a high-level description of the Agreement and its structure. An overview of the chapter structure (including which one is provisionally applied), and a short summary of the objectives and scope of each of the chapters of the Agreement is presented in Annex VII. Since September 2017 most, but not all, parts of the CETA have been provisionally applied while the ratification of the Agreement has been ongoing.

Chapter 1 and 30 deal with definitions and final provisions. Trade in goods is covered in chapter 2, trade in services in chapter 9, and investments in chapter 8. Chapter 3 to 7 deal with trade remedies, TBT, SPS, customs and trade facilitation, and subsidies. Chapters 10 and 11 focus on temporary entry and stay of natural persons for business purposes and mutual recognition of professional qualifications, respectively. Especially the latter chapter is innovative for EU FTAs. While chapter 12 deals with domestic regulation, chapter 13 to 16 deal with specific sectors (financial services, maritime transport services, telecommunications) and e-commerce. Horizontal issues are covered in chapters 17 to 20 (competition policy, state enterprises, government procurement, and intellectual property). Especially the government procurement and intellectual property chapters contain novel provisions for EU FTAs. Chapter 21 singles out regulatory cooperation and is linked to TBT and SPS provisions of chapters 4 and 5. Chapters 21 – 23 cover the Trade and Sustainable Development, labour, and environmental chapters. These chapters were the most advanced sustainable development chapters in EU FTAs until 2017. Chapters 25 and 26 focus on bilateral dialogues and cooperation, and administrative and institutional provisions – specifying the different committees and dialogues that are set up under the CETA. And finally, chapter 27 covers the transparency provisions, chapter 28 - the exceptions and chapter 29 - dispute settlement.

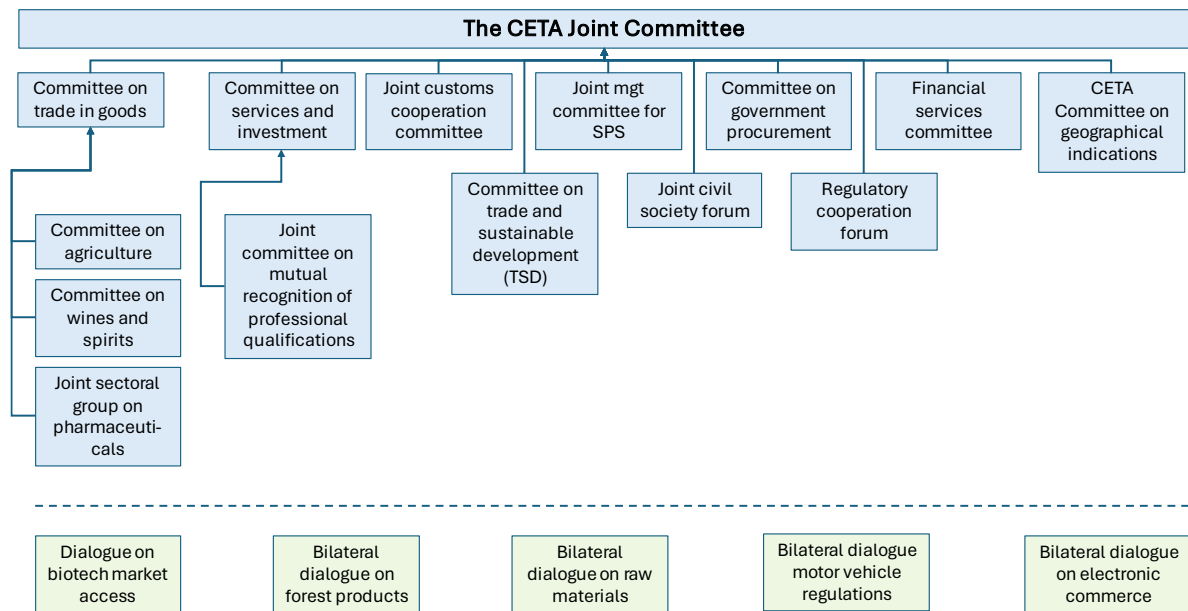
As also shown in Annex VII, not all of the CETA has been provisionally applied. In particular chapters 8, 13, 20, 27 and 28 are only partially applied.

6.2 Overview of implementation mechanisms and activities

6.2.1 Implementation mechanisms

CETA has a governance structure with nineteen dedicated committees and dialogues which report to the Joint Committee. Article 26 of the Agreement establishes the CETA Joint Committee and several specialised committees to oversee the implementation of the Agreement. This structure is summarised in Figure 6.1, and in Annex VII we provide a short description of each of the committees, forums, and dialogues.

Figure 6.1: The CETA committee and dialogue structure



The CETA Joint Committee is responsible for all questions concerning trade and investment between the Parties and the implementation and application of the Agreement. All other committees report into the CETA Joint Committee. The chosen committees, forums, and dialogues illustrate the focus areas where the EU and Canada, under the CETA, have chosen to engage in regular dialogues: trade in goods, trade in services and investment, agriculture, wines and spirits, pharmaceuticals, mutual recognition of professional qualifications, customs cooperation, trade and sustainable development, SPS, government procurement, regulatory cooperation, financial services, geographical indications and civil society. The CETA dialogues focus on biotech market access, forestry products, raw materials, motor vehicle regulations, and electronic commerce.

6.2.2 Committee activities

The CETA Joint Committee was established in accordance with Article 25.1 of the CETA and has met four times since the provisional application of the Agreement, most recently on 9 February 2024. Annex VII provides an overview of the meetings held by the committees since 2017.

6.3 Assessment of decisions taken by the CETA Joint Committee

Table 6.1 shows the main issues discussed and decisions taken by the CETA Joint Committee during its four meetings since 2018.

Table 6.1: CETA Joint Committee issues

Date of meeting	Main issues discussed
26 Sep 2018	<ul style="list-style-type: none"> - Review of the work of specialised committees (progress, 13 meetings). - Progress regarding the establishment of the DAGs. - First CETA Civil Society Forum took place. - Specific issues raised (management of cheese TRQ, access to the Canadian wine and spirits market, implementation of CETA provisions on GI, EU COOL measures, administration of beef and pork TRQ). - Adopted three recommendations (on Trade and SMEs, on Climate Change and the Paris Agreement, and on Trade and Gender).
25 Mar 2021	<ul style="list-style-type: none"> - Steady progress noted despite the COVID-19 pandemic.

Date of meeting	Main issues discussed
	<ul style="list-style-type: none"> - Review of work of specialised committees (launch of negotiations towards the conclusion of the first Mutual Recognition Agreement in the field of professional qualifications (architects)). - Progress on new Canada-EU Strategic Partnership on Raw Materials. - Extensive exchanges on Trade and Sustainable Development. - Third CETA Civil Society Forum took place in December 2020. - Concrete initiatives are taken on three recommendations: conference, workshops, CETA SME Action Plan for 2020-2021). - Conformity Assessment Protocol and non-discriminatory treatment of wines and spirits. - Progress in the framework of the Regulatory Cooperation Forum. - Adoption of four decisions on CETA Investment Court System: (1) rules setting out the functioning of the Appellate Tribunal, (2) the code of conduct for Members of the Tribunal, Members of the Appellate Tribunal and mediators, (3) the rules for mediation, (4) the procedure for issuing binding interpretations to be adopted by the CETA Joint Committee.
2 Dec 2022	<ul style="list-style-type: none"> - Review of the five-year trade performance: progress in bilateral trade, cooperation, in addressing climate change, increased participation of SMEs, significant tariff savings for both Parties. - Review of the work of specialised committees. - Joint progress review on wines and spirits (Annex 30-C). - Update on the implementation of the TSD Chapter and the Joint Committee Recommendations on Climate, Gender and SMEs.
9 Feb 2024	<ul style="list-style-type: none"> - Agreement on an 'Interpretation on Investment' – esp. on fair and equitable treatment, indirect expropriation, and investment and climate change. It clarifies Parties' right to regulate on climate, energy, and health policies. - Conclusion of negotiations at technical level on facilitating access for SMEs to investment dispute resolution. - Progress made towards adoption of a CETA Mutual Recognition Agreement (MRA) for professional qualifications or architects. - Progress on the extension of the operational scope of the CETA protocol on the mutual recognition of the compliance and enforcement programme regarding good manufacturing practices for pharmaceutical products (the GMP protocol).

6.4 Analysis of user friendliness, access, and transparency for stakeholders

This task requires inputs from stakeholders and will be conducted during the interim phase.

6.5 Description of economic, social, and political context of CETA negotiations

The CETA negotiations took place against the backdrop of complex economic, social, and political dynamics both within the European Union and Canada.

- Economically, the negotiations occurred at a time when both the EU and Canada were seeking to bolster their economic competitiveness and stimulate growth. The aftermath of the global financial crisis and subsequent economic challenges prompted policymakers on both sides to explore opportunities for expanding trade and investment. Additionally, there was a growing recognition of the importance of trade agreements in fostering economic integration and facilitating access to new markets for goods, services, and investments.
- Socially, CETA negotiations unfolded amid heightened public awareness and scrutiny regarding the potential impacts of trade agreements on various societal issues, including labour rights, environmental protection, consumer safety, and public services. Civil Society organisations, labour unions, environmental groups, and other

stakeholders actively engaged in the negotiation process, advocating for greater transparency, accountability, and social responsibility in the Agreement.

- Politically, the negotiations were influenced by a range of domestic and international factors. In the EU, the negotiation process involved navigating the complex decision-making structures of the European Commission, the European Parliament, and EU Member States, each with their own priorities and interests. Similarly, in Canada, the federal government, provincial governments, and various stakeholders played important roles in shaping the negotiation positions and outcomes. Furthermore, the negotiations occurred against the background of broader political developments, including shifts in global economic power and more pronounced challenges to multilateral trade negotiations under the World Trade Organization (WTO).

6.6 Description of economic and political context since CETA's provisional application

Since the provisional application of the Comprehensive Economic and Trade Agreement (CETA) in 2017, the economic and political context has been characterised by a mix of opportunities and challenges for the whole world, including for EU, EU Member States, and Canada.

- Economically, countries faced uneven growth as some states continued to experience robust economic expansion while others saw rising debt levels and economic disparities. Trade tensions, geopolitical conflicts, and the COVID-19 pandemic have introduced new risks and vulnerabilities to the global economy, which was reflected in increased volatility in fiscal markets. Furthermore, subsidy races have started (e.g. the US Inflation Reduction Act), the push for a net-zero economy have intensified, and new opportunities related to technology as well as challenges related to climate change and social issues have raised concerns about job displacement and data privacy.
- Politically, the period since 2017 has witnessed shifts in domestic and international politics, driven by increased nationalism and geopolitical tensions. Cost of living crisis in Europe has led to economic inequality and rise in nationalist movements in some countries. Geopolitical tensions have escalated in Eastern Europe (with the War in Ukraine), and the Middle East (with the conflict in Gaza), which contributed to instability and uncertainty in global affairs. More concretely it has led to the EU and others imposing sanctions on Russia (and Belarus) and the EU officially aiming to decouple itself from Russia's economy. Moreover, Brexit has been implemented.
- The CETA has facilitated not only increased trade and investment flows between the EU and Canada, providing businesses with greater market access and opportunities for growth. It has also paved the way for deeper EU-Canadian collaboration on raw materials: the EU-Canada strategic partnership on raw materials, directly supporting the EU's economic security objectives through its 'Open Strategic Autonomy' policy.
- Politically, the implementation of CETA has demonstrated the EU's commitment to pursuing ambitious trade agreements and fostering closer ties with strategic partners. It has also helped the EU to strengthen its position as an advocate for progressive, inclusive and sustainable trade policies.

7 FINETUNED CASE STUDY APPROACH (TASK 11)

7.1 Overall approach

The ToR specifies that five case studies will have to be conducted as part of the evaluation: trade in key agricultural goods including SPS and IP (GI) protection aspects; technical Barriers to Trade and Conformity Assessment and regulatory cooperation; critical raw materials with a focus on critical minerals; environmental goods and services; and public procurement.

The case studies have to:

- Provide clarity and insights into the opportunities/challenges for trade and investment;
- Analyse barriers to trade, particular to the sector in question, opportunities, and constraints with regard to exporting to the EU and importing to Canada (with a focus on non-tariff measures and behind-the-border measures);
- Analyse any positive or negative impact that may have arisen from the CETA;
- Capture the impact for the economic, social, and environmental sustainability pillars and to SMEs; and
- Be accompanied by a Factsheet for communication purposes.

Overall approach to the case studies

- We will use a clear structure for each of the case studies that increases readability and consistency across, and that covers all aspects requested;
- We understand that the ToR asks for around 15 pages for each case study. For some case studies this may be the case, but for others this may be significantly less. We will let content and not length of a case study lead;
- Within a conceptual methodological approach, each of the case studies will include some of the following horizontal aspects:
 - A concise summary of the pre-CETA and CETA state of the issue;
 - Barriers to trade in goods and services (especially non-tariff measures and behind-the-border measures);
 - Opportunities the CETA has provided and constraints that remain, especially for SMEs;
 - Impact for the economic, social and environmental sustainability pillars;
 - Stakeholder consultation inputs.
- The case study – depending on the topic – will contain statistics and data, if available, and may even include modelling, in addition to the qualitative analysis.

Case study structure (tentative)

We propose to structure each of the case studies – in principle (as small deviations may be necessary depending on the topic) – in the following way:

- 1) **Introduction** (short sketch of the context and structure of the case study);
- 2) **Baseline situation** (what was the pre-CETA situation regarding the case study topic);
- 3) **Provisions in the CETA** (short description of the provisions (e.g. tariff reductions or non-tariff related provisions) in the CETA related to the case study topic);
- 4) **Economic effects of the CETA** (description of the quantitative economic effects of the CETA for trade, production structure and other key economic variables, complementary qualitative analysis and use of stakeholder inputs) – including a write-up of non-tariff measures, the impact for SMEs and opportunities the CETA has provided and constraints that remain);
- 5) **Social effects of the CETA** (description of the quantitative social effects of the CETA following from the economic effects (causal chain));
- 6) **Environmental effects of the CETA** (description of the quantitative environmental effects of the CETA following from the economic effects (causal chain) and additional satellite account work on emissions);
- 7) **Conclusions and policy recommendations** (to summarise the key findings and to make recommendations on how to further improve the CETA (e.g. what remaining

barriers to remove to allow SMEs to benefit more; or what flanking measures to add to mitigate any remaining negative environmental effect).

Case study Factsheets

The ToR asks for Factsheets that accompany and summarise the case studies. We will provide two Factsheets per case study: one in English and one in French, but with the same content. The approach we take for these Factsheets is based on the idea behind the Factsheets created by the Commission as part of the "CETA@5: Support and Promote CETA implementation, 5 years anniversary and beyond" (2023). We do this to allow for the creation of a more consistent outreach and engagement image around the CETA and make sure our study work 'blends in' with the larger work done on the CETA also elsewhere.

7.2 Case study 1: Trade in key agricultural goods, including SPS and IP (GI)

The main Canadian agricultural export products to the EU are wheat and barley (used in the EU for producing bread, pasta and beer); canola oil (used for cooking and food processing); pulses like lentils, chickpeas and dry peas; meat products (Canadian beef and pork, subject to specific agreements and regulations, including TRQs); fish and seafood (like Atlantic salmon, lobster and snow crab); and processed foods (e.g. fruit juices, and maple syrup). Some of these exports and negotiations about market access for these products have been contentious at the time.

The main EU agricultural export products to Canada are: wine and wine-based products, confectionery and chocolate, cereal preparations and milling products, beer, cider & other beverages, and spirits and liqueurs.¹⁹

During the negotiations of the CETA, there were several points of contention regarding specific elements related to geographical indications:

- **Scope of protection:** the EU was aiming for a strong level of protection for a wide range of GIs (e.g. Champagne), while Canada was concerned about Canadian producers who were using certain generic names for their products.
- **Existing trademarks:** Canada had a significant number of trademarks for products that shared names with European GIs. The EU wanted these trademarks phased out to accommodate GI protection, raising concerns in Canada about potential loss of market share and brand name recognition.
- **Grandfathering:** the answer on how to handle existing Canadian trademarks that were similar to European GIs was – among others – to include a grandfathering clause to allow some existing trademarks that were in place prior to the negotiations to continue to apply, but with restrictions.
- **Market access:** the EU wanted better access for its agricultural products onto the Canadian market, and vice versa.
- **Reviews and Dispute Settlement:** provisions on how to review and settle disputes related to GIs were negotiated.

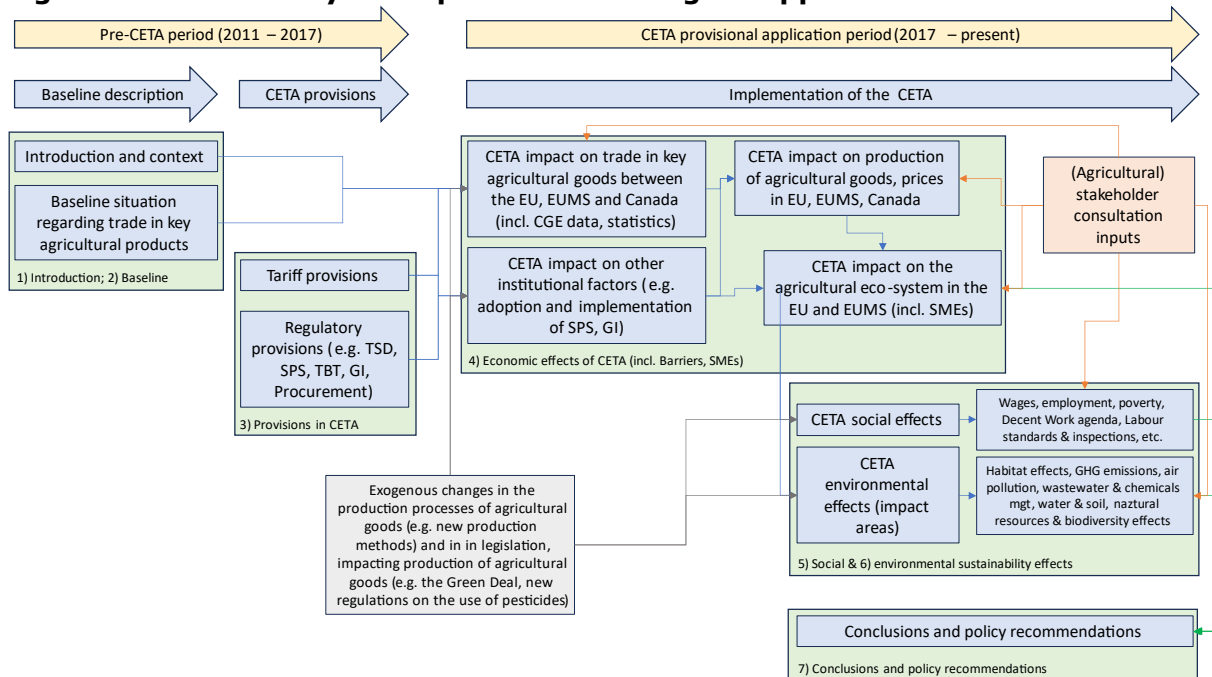
In this case study, we use the conceptual methodological approach shown in Figure 7.1 to structurally address the issues raised by the ToR. This includes:

- A baseline description of trade in key agricultural products before the CETA;
- A short write-up of the tariff and non-tariff related provisions agreed upon in the CETA;
- Analyse the trends and diversification of bilateral trade in the agricultural goods and processed food sector;
- We selected two key product categories (cheese and beef) to analyse the relevant aspects including tariff treatment, IP protection (geographical indications), and NTMs (e.g. SPS measures) to assess the impact of the CETA on lowering trade barriers and promoting bilateral trade. In doing so, we will pay particular attention to the controversy issues during the negotiations;

¹⁹ DG Agriculture (2023) Factsheet EU-Canada agricultural trade. URL: https://agriculture.ec.europa.eu/system/files/2023-05/agrifood-canada_en.pdf

- We will draft policy recommendations – depending on our findings – on how to further improve the positive impact of the CETA, and address elements that did not materialise as envisaged before.

Figure 7.1: Case study conceptual methodological approach



7.3 Case study 2: TBT and conformity assessment and regulatory cooperation

Between any two economies, and even within economies, technical barriers to trade exist. Important TBTs between the EU and Canada related to divergent regulatory standards, conformity assessment procedures, labelling and packaging regulations, customs and documentation requirements, product certification, product labelling and safety requirements, and sector-specific requirements. In this case study, we will look at these issues in a concise manner, with a focus on conformity assessments, including an investigation of what regulatory cooperation initiatives (including via the CETA) have taken place and with what results.

From previous research (BKP, 2015; Development Solutions, 2011) we know that provisions for mutual recognition of conformity assessment bodies could potentially reduce the cost of doing business between the EU and Canada. Berden et al. (2013) and Schmidt and Steingress (2019) show that non-tariff measures that include conformity assessment differences lead to an increase in trade costs from 2.1 to 6.5 percent; indicating the potential for a part of these costs to be reduced (ECIPE, 2024). The CETA Article 4.2(e) states that Article 6 of the TBT Agreement on Conformity Assessment is incorporated in the Agreement. It encourages cooperation and exchange of information on conformity assessments. The separate “Protocol on the Mutual Acceptance of the Results of Conformity Assessment” improves the recognition of conformity assessment between the EU and Canada. It provides for a mechanism by which EU certification bodies will be allowed, according to the rules applicable in Canada, to certify for the Canadian market, according to Canadian technical regulations, and vice-versa. The expectation before 2017 was that this would have an impact on the reduction of costs (particularly for avoiding double-testing on both sides), especially for small and medium-sized enterprises (SMEs).

In this case study, we address the issues raised by the ToR as follows:

- A baseline description of key TBTs and conformity assessments before the CETA;

- A short write-up of the TBT and conformity assessment related provisions agreed upon in the CETA, as well as an overview of the regulatory cooperation initiatives to address the regulatory divergences, including through the appropriate committees and dialogues;
- An analysis on compliance with quality requirements, standards, labelling, testing, and conformity assessment procedures;
- Analyse the functioning and effectiveness of the Regulatory Cooperation Forum (RCF) set up under the CETA (and how the RCF was perceived);
- Analyse the degree of implementation of the CETA Protocol on Conformity Assessments and the impact it has had and can bring for businesses, including SMEs;
- Analyse why EU operators have not used the Protocol under the CETA and provide recommendations on how to change this;
- Analyse the potential gains from extending the scope of the Protocol to sectors beyond those listed in Annex 1 of the Protocol;
- We will draft policy recommendations on how to further improve the positive impact of the CETA via addressing TBT and conformity assessment aspects in the CETA.

7.4 Case study 3: Critical raw materials with a focus on critical minerals

Canada is a significant supplier of many raw materials, including critical raw materials and minerals (e.g. cobalt). While Canadian exports – due to the weight-value ratio (in 2022, 21 percent of all cobalt exports were exported to the EU) – are mainly regionally traded, Canada is an increasingly important trading partner for the EU because of two reasons. First, the rapid increase in EU demand for critical raw materials needed for the energy transition and Green Deal. Second, the increasingly fragmented global trading environment make Canada (as opposed to for example China) a strong and reliable source of critical raw minerals. Canadian critical raw materials needed for the energy transition include cobalt (used in rechargeable batteries, hard metals, magnet production); niobium (used in steel and superalloys); rare earth materials (used in electronics, green technologies); graphite (for lithium-ion batteries); platinum group metals (for catalytic converters, electronics); tungsten (for electronics, aerospace, and armament); nickel (for stainless steel, magnets, coinage and rechargeable batteries); uranium (for nuclear reactors); gold (for electronics), and diamonds (for industrial applications).

The CETA includes an annual bilateral dialogue on raw materials as part of the 'living Agreement' elements of the Free Trade Agreement. In June 2021, the EU-Canada Summit established an 'EU-Canada Strategic Partnership on Raw Materials' alongside the raw materials dialogue under the CETA. In March 2023, the EU issued a communication on "A secure and sustainable supply of critical raw materials in support of the twin transition" and put forward the 'Critical Raw Materials Act'. The regulation embeds critical and strategic raw materials in EU law and sets benchmarks for domestic capacities along the supply chain to diversify EU supply by 2030. The relationship with Canada plays an important role here.

In this case study, we will address the issues raised by the ToR. This includes:

- A baseline description of the trade in (critical and strategic) raw materials between the EU and Canada before the CETA;
- An analysis of how trade and investments in (critical and strategic) raw materials have evolved since the provisional application of the CETA and – if data are available – since the signing of the EU-Canada Strategic Partnership on Raw Materials in June 2021;
- We will verify whether the CETA and the Partnership agreement have indeed resulted in EU investments in Canada in the areas of cathode active materials and offtakes for lithium, nickel and cobalt for batteries, and Canadian CRM-related investments in the EU; and, in general, whether the CETA has facilitated a deeper EU-Canada relationship regarding (critical and strategic) raw materials;
- If possible, we will give concrete examples of investments, and new or improved trade relationships at product level;

- We will also analyse whether the CETA has supported diversification regarding sources of supply vis-à-vis third countries through a two-dimensional approach:
 - How have EU/Canadian import shares changes vis-à-vis third countries?
 - How has the degree of supplier concentration changed? (measured through the Herfindahl-Hirschmann index approach).
- We will draft conclusions and recommendations on how the CETA and Raw Materials Partnership can further support both countries in their green/digital transitions.

7.5 Case study 4: Environmental goods and services

International trade can contribute to the preservation of the environment by disseminating goods and services that have a smaller environmental footprint, and by propagating the technologies needed to move towards more environmentally friendly production processes and a greener economy. The products that are essential for environmental protection or resource management are known as environmental goods and services, such as those used for measuring, preventing, limiting, minimizing, or correcting environmental damage to water, air and soil, and for solving problems related to waste, noise and ecosystems.²⁰

In the past decade, Canada's share in the global trade of environmental goods has fluctuated as a response to bilateral trade agreements (the CETA, CPTPP) and because of domestic policies. In terms of goods, Canada has been an exporter of environmental goods like renewable energy equipment, air and water purification devices and waste management technologies. Canada has imported green technologies, energy-efficient equipment, and pollution control devices. In terms of services, Canada has a well-developed environmental services sector, including consulting services related to environmental impact assessments, sustainability planning and waste management. Canada may have imported environmental services to access specialised expertise and technologies, including renewable energy project development and water resource management expertise. Since 2017 trade has remained stable, with COVID-19 causing a dent in trade flows and a recovery in 2021 (that continued in 2022).

To illustrate the impact of trade in environmental goods and services in Canada in the last years, a complete list with relevant environmental goods is included in the EU Final Report of the Trade SIA on Environmental Goods and more recently Annex 19 in the EU-New Zealand FTA contains an indicative list of Green Goods and Services. We propose to use this publicly available list from the EU-New Zealand FTA for consistency reasons.

In this case study, we will address the issues raised by the ToR: provide an in-depth analysis on environmental goods and services. This includes:

- A baseline description of pre-CETA trade in environmental goods and services, or – if data are lacking – anecdotal evidence of company activities in this sector in Canada;
- A concise description of the provisions in the CETA related to environmental goods and services;
- As a basis the indicative list included in Annex 19 on Green goods and services of the EU-NZ FTA will be used in order to look statistically at pre-CETA trade patterns and changes in trade since the provisional application of the CETA;
- We will look at:
 - How EU-Canadian trade has evolved overall (comparing the 2012-2016 and 2017-2022 periods);
 - How trade in environmental goods and services has evolved from 2012 – 2016 and then since 2017, including in relative terms vis-à-vis third countries and – through causal chain analysis – what this may have meant for environmental impact areas in particular.

²⁰ Eurostat https://ec.europa.eu/eurostat/cache/metadata/en/env_egs_esms.htm

- We aim to see if environmental goods and services trade has increased more between the EU and Canada than between third countries; and whether environmental goods and services trade has increased relative more or less than overall EU-Canada trade.
- If possible, we use quantitative data, but if not, we will use anecdotal evidence (e.g. on pollution abatement efforts, onshore and offshore wind power projects or environmental dredging);
- We will draft conclusions and policy recommendations – depending on our findings – on: 1) To what extent the CETA has been relevant to the net-zero transition; and 2) How to further encourage EU-Canadian collaboration and trade regarding environmental goods and services.

For this Case Study, we will also add a qualitative narrative around how the CETA could help green production and the greening of the EU and Canadian economies. This narrative would focus on our understanding of the non-linear nature of technology deployment and uptake, and the types of drivers which accelerate such take-up, based on the E3ME-FTT framework of Cambridge Econometrics.

7.6 Case study 5: Public Procurement

The CETA significantly liberalises government procurement regulations for EU companies in Canada, expanding the range of Canadian procurement that is formally open to EU-based bidders on a non-discriminatory basis. But we also observe, with public procurement, that while formally open to international bidders, there is still a strong home bias. Even within the EU, where there is free and open procurement on a cross-border basis, at least 94 percent of all procurement is done through local establishments (Kutlinova-Dimitrova and Lakatos, 2014). Still, the CETA has put provisions in place that aim to encourage the amount of government procurement that can be done across borders.

In this case study, we address the issues raised by the ToR on public procurement:

- A baseline description of the pre-CETA situation regarding public procurement relations between the EU and Canada;
- A concise description of the provisions in the CETA related to public procurement, in particular the expansion of its coverage to sub-central level of provinces and territories (MASH – municipality, academia, schools, health) and utility sectors. This also includes coverage of the discussions about public procurement in the specialised committee;
- We will use stakeholder consultations and available statistics to estimate the degree to which this increased access to public procurement markets has been successfully picked up by tenderers in the partner country;
- We will aim to look at the share and value of cross border contracts won by EU firms in Canada and vice versa (also at sub-federal and EU MS level). We will make use of the CEPS policy brief of Cernat and Kutlina-Dimitrova (2020);
- We will conduct a gravity analysis to show quantitatively the impact of the CETA on public procurement, estimating the overall value of the Agreement;
- Through stakeholder consultations (including with the Canadian government) we will aim to shed light on the extent to which the Canada Buys website has contributed to access to public procurement and winning contracts; and whether the CETA is protecting EU companies against 'Buy Canada' provisions;
- We will draft conclusions and policy recommendations.

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