

Statement to Parliament: Opening statement for CETA ratification debate

I beg to move that this House has considered the draft European Union (Definition of Treaties) (Canada Trade Agreement) Order 2018.

Mr Speaker, I am delighted that we have the opportunity once again to debate the Comprehensive Economic and Trade Agreement between the EU and Canada, known as CETA, and that it is taking place on the floor of this House. This follows on from the thorough and constructive debate last year, and the overwhelming support shown by the full House in a subsequent deferred division of this House.

I note that a majority of those on the Labour opposition benches who voted in that division, chose rightly, to vote in favour of the agreement. I hope they will continue to do so. A vote for greater trade liberalisation, increased prosperity and closer relations with our Canadian friends and allies.

This debate comes at a crucial point in world trade with the potentially destructive rise in protectionist tendencies. Free trade is the means by which we have taken millions of people out of abject poverty. We must not put that progress into reverse.

We should also realise that trade is not an end in itself but a means to widen shared prosperity. That prosperity underpins social cohesion and in turn political stability. That political stability in turn provides the building blocks of our collective security.

We have an opportunity today to reaffirm Britain's commitment to the principles of free trade and the application of an international rules based system.

This government is clear that CETA is a good deal for Europe and a good deal for the UK. Our total trade with Canada already stood at £16.5 billion last year, up 6.4% on the previous year, with a services surplus of £1.9 billion.

And CETA is an agreement that will improve on this already strong economic partnership. It is an agreement that will potentially boost our GDP by hundreds of millions of pounds a year. It will bring down trade costs, boost trade and investment, promote jobs and growth, and increase our ability to access Canadian goods, services, and procurement markets, benefiting a wide range of UK businesses and consumers.

CETA is a comprehensive and ambitious agreement, the most comprehensive agreement that has so far come into force between the EU and an advanced partner economy.

Canada is an important strategic partner too. As one of the Five-Eyes grouping, a member of NATO, the Commonwealth, the G7 and G20, we have bonds that go far beyond just our trading relationship.

As this House will know, CETA was provisionally applied in September last year, removing 98% of the tariffs previously faced by UK businesses at the Canadian border. And already UK firms are benefiting.

We have seen drinks exporters such as Dorset's Black Cow Vodka and Kent based sparkling wine producer Hush Heath Estate improving their market access and profitability with the reductions in tariff and non-tariff barriers.

Also we are seeing new UK exporters to Canada. These include Seedlip Drinks, the world's first distilled non-alcoholic spirit. Under CETA they do not pay the 11% pre-CETA tariffs on their products.

And Moordale Foods who entered the Canadian market in March 2017 with assistance from DIT. Moordale were helped by CETA duty elimination. Pre-CETA their range would have been subject to duties of up to 12.5%. Their prices in Canada are now closer than ever to their (currency adjusted) domestic UK price. Moordale are in key places in Canadian gourmet food outlets, including the flagship Saks Fifth Avenue foodhall in Toronto.

In parallel, investment into the UK from Canada continues to grow. In 2016 Canada had £18.6 billion invested in the UK and we had £21.1 billion invested in Canada.

Ratifying CETA is also an important step towards our future trading relationship with Canada as we prepare to take advantage of the opportunities offered by our exit from the EU.

During the Prime Minister's visit to Canada in September last year, both she and Prime Minister Trudeau reiterated their intention to seek to swiftly and seamlessly transition CETA into a UK-Canada deal once the UK has left the EU. To ensure as seamless transition as possible they formally announced a Working Group to take this forward.

Officials from our 2 countries have already begun to meet to discuss transitioning CETA. It is important, as a first step, that we prevent a 'cliff edge' for British and Canadians businesses.

But of course, whilst we remain in the EU we continue to support the EU's ambitious trade agenda. Free trade is not a zero-sum game, but rather a win-win. Ratifying CETA will send a strong message about our determination to champion the cause of free trade, seek global trade liberalisation wherever we can, and to support the rules-based international trading system to deliver mutually beneficial outcomes.

This is a key part of the government's vision of delivering a prosperous and truly Global Britain as we leave the EU.

It is important to the UK that CETA is ratified successfully by all EU member states.

Because ratification by all EU member states is required for the treaty to enter fully into force. This will give greater certainty for Canadian and EU businesses that the agreement will continue on into the future.

Those areas that were not provisionally applied include a large part of the chapter on investment, including the new Investment Court System, on which there has been extensive discussion in Parliament and in wider civil society.

The UK supports the principle of investment protection and looks forward to engaging further with the Commission on the technical detail of the Investment Court System. We support the objectives of obtaining fair outcomes of claims, high ethical standards for arbitrators and increased transparency of tribunal hearings.

And I also want to be clear – investment protection provisions protect investors from discriminatory or unfair treatment by a state. This includes protection of UK institutional investors, for example pension funds, where we have a duty to ensure that individual investments are protected. We have over 90 such agreements in place with other countries and there has never been a successful investor-state dispute settlement claim brought against the UK, nor has the threat of potential claims affected the government's legislative programme.

It is also important to note that the customary international right to regulate has been re-emphasised in this agreement.

Moreover, the agreement provides that member states should not reduce their labour and environmental standards to encourage trade and investment – ensuring our high standards are not affected by this agreement.

And let me also say this, nothing in CETA prevents the UK from regulating in the pursuit of legitimate public policy objectives.

This includes the NHS. The government has been absolutely clear that protecting the NHS is of the utmost importance for the UK. The delivery of public health services is safeguarded in the trade in services aspects of all EU free trade agreements (FTAs), including CETA.

Neither will anything in CETA prevent future governments from taking back into public ownership any services currently run by the private sector – the legal text makes this clear if honourable members opposite would like to read it.

In fact, robust protections in CETA are covered across a number of related articles and reservations in the text. A key article is Chapter 9, Article 9.2 (Cross Border Trade in Services) which excludes services supplied in the exercise of governmental authority from measures affecting trade in services.

In addition, in Annex II (Reservations Applicable in the European Union), the UK has gone beyond the EU-wide reservations and included additional national reservations for doctors, privately funded ambulances and residential health facilities and the majority of privately funded social services.

The UK government will continue to ensure that decisions about public services are made by the UK, and not our trade partners. This is a fundamental principle of our current and future trade policy.

Let me also say something on scrutiny. We have committed, through our White Paper published last year, that we will ensure appropriate Parliamentary scrutiny of trade agreements as we move ahead with our independent trade policy. The government can guarantee that Parliament will have a crucial role to play in the scrutiny and ratification of the UK's future trade agreements and we will bring forward proposals in due course.

And now I would like to provide further reassurance to this House of the government's ongoing commitment to openness and transparency. Indeed, we have scheduled a debate on the floor of the House of Commons on the EU-Japan EPA, which my Rt Hon Friend, the Minister for Trade Policy will be leading straight after this debate. This is already over and above the engagement required for EU-only trade agreements.

Mr Speaker, I welcome the opportunity to make the case for CETA to Parliament, and to give the opportunity for full scrutiny of this important agreement, as the government has done for previous EU Free Trade Agreements.

During the implementation period, the United Kingdom will retain access to EU free trade agreements. But we will also be able to negotiate, sign and ratify new UK-only free trade agreements for the first time in more than 40 years. In doing so, we will safeguard the benefits achieved in CETA for UK businesses and consumers and lay a foundation for an even stronger relationship in the future.

Canada is a progressive, dependable and honest trading partner, committed – as we are – to the WTO and the international rules based system. This is an important time to show our commitment to a free trading Commonwealth, G7 and NATO ally.

Mr Speaker, I commend the order to the House.