



Our Ref: 210830/TAN

19/1 April 2021

Miriam Reilly
Meetings Administrator
South Dublin County Council
County Hall,
Tallaght,
Dublin 24
D24 YNN5

Dear Ms. Reilly,

I have been asked by the Tánaiste and Minister for Enterprise, Trade and Employment, Mr. Leo Varadkar T.D., to reply to your recent correspondence in relation to the motion agreed by South Dublin County Council on 8th February pertaining to the Comprehensive Economic and Trade Agreement between the EU and Canada, commonly referred to as CETA.

CETA is one of the EU's new generation of progressive free trade agreements and is designed to benefit EU and Canadian companies through improved trade flows in support of increased employment for our citizens. The elimination of tariffs, reduced trade barriers and simplified customs procedures that flow from CETA all make it easier and cheaper for Irish companies of all sizes to export to Canada and vice versa. Outside of Europe, the US and China, Canada is our largest indigenous export market with more than 400 Enterprise Ireland clients doing business in the Canadian market employing over 6,000 people.

Diversifying trade is an important part of the Government's Brexit response and it will be an important factor in our recovery post-pandemic. To this end, the best way to achieve export growth and market diversification is by improving market access and reducing costs of entering those markets which is what CETA is designed to achieve. Given our historic ties with Canada, Ireland's enterprises are particularly well placed to benefit from CETA. Indeed, as CETA has provisionally applied since 21st September 2017, we have already seen many of its benefits

take effect resulting in increased exports of Irish goods and services, in support of quality, well-paid, jobs.

The benefits and opportunities to business in the agreement will be especially valuable for SMEs, given that trade barriers tend to disproportionately burden smaller firms, which have fewer resources to overcome them than larger firms. Indeed, CETA contains an entire chapter exclusively dedicated to SMEs aimed at addressing those specific constraints that might otherwise limit SMEs taking full advantage of the improved EU-Canada trade agreement market access.

Among the main benefits for Ireland in this Agreement include:

- the opening up of public procurement markets in the Canadian provinces giving Irish firms increased access to Canadian public sector purchasing;
- unlimited tariff-free access for most of our important food exports;
- the recognition of product standards and certification, saving on ‘double testing’ on both sides of the Atlantic – a particular benefit for SMEs;
- trade facilitation provisions that reduce processing times at the border;
- a framework for the EU and Canada to recognise each other's qualifications in regulated professions;
- agreement that products are only able to be imported to, and sold in the EU, if they fully respect EU regulations; and
- consumers potentially enjoying lower prices and a wider choice of products and services once the Canadian import satisfies all EU product rules including social and environmental standards, as well as people's health and safety and consumer rights.

Furthermore, exports of Irish goods and services to Canada totalled approximately €3.9 billion in 2019, a 35% increase compared to 2016, the last full year, prior to the provisional application of CETA. So, CETA is delivering “on the ground” for Irish citizens and the Department of Enterprise, Trade and Employment and the enterprise agencies will continue to promote the benefits of CETA for Irish-based enterprise. This increased trade along with our wider strong trade performance helps underpin the creation of quality, well-paid, jobs.

Importantly, CETA contains a dedicated chapter on Trade and the Environment, recognising both Parties' commitment to co-operate on trade-related environmental issues of common

interest including trade-related aspects of domestic climate-change policies and programmes, with both parties being signatories to the Paris Agreement. It includes commitments to promote the sustainable use and trade of natural resources and promotes practices supporting sustainable development objectives as well as substantive commitments to the International Labour Organisation core labour standards and the ratification and implementation of the fundamental ILO conventions.

The full coming into force of the Agreement once ratified across all Member States, will see the implementation of the Investment Chapter of the Agreement including the resolution of disputes between investors and states – the Investment Court System (ICS) – should they arise. The EU's new approach to investment protection is contained in CETA and replaces the old Investor-State Dispute Settlement or ISDS mechanism. ISDS has been included in more than 2,000 international investment treaties but is now regarded as outdated by the European Commission. In this regard, the Irish Government believes that the European Commission was right to seek to address legitimate concerns raised by non-governmental organisations and civil society regarding ISDS. The Tánaiste firmly believes that the European Commission's response – the Investment Court System (ICS) – addresses earlier concerns on transparency, legitimacy and public interest.


Significantly, CETA introduces a precise and specific standard of "fair and equitable treatment" of investors and investment. Therefore, an investor may only have recourse to the ICS in very specific limited grounds such as in the case of the denial of justice, or a fundamental breach of due process, or through targeted discrimination. None of these measures give the Government any concern that Ireland would be subject to ICS proceedings. An investor cannot be given compensation just because they have lost profits or suffered economic loss or costs. CETA also reaffirms the EU and Canada's right to regulate to achieve legitimate policy objectives, such as the protection of public health, the environment or consumer protection meaning measures relating to plain packaging on cigarettes, or minimum alcohol pricing can continue to be introduced. Under CETA Canadian service suppliers and firms are placed on an equal footing with their EU competitors. This means that Canadian companies must comply with all EU and national legislation in the countries where they operate, including Ireland, in the same way that EU companies must. Moreover, it is important to note that under the ICS a State can never be forced to change its legislation, only to pay fair compensation in cases where the investor is deemed to have been treated unfairly under the specific grounds detailed.

The global economy is changing in ways that are making trade more important than ever before. As a small, open economy, Ireland has benefitted immensely from our export orientated enterprises trading across the globe and, therefore, the Government is fully supportive of balanced international trade and the suite of EU Free Trade Agreements that seek to underpin this. Equally, Ireland has been an attractive destination for Foreign Direct Investment (FDI) for many decades and participating in EU-Third Country Agreements that address Investment Protection continues to assist marketing Ireland as a competitive FDI-friendly jurisdiction for multinational enterprises to make their investments with the attendant jobs and prosperity that that entails.

The Tánaiste looks forward to further discussing and debating this important Agreement and having the opportunity, to highlight in detail the benefits that CETA provides for businesses and citizens alike, including at Oireachtas Committee level, such as the Committee on European Union Affairs. Following this, the Tánaiste looks forward to the opportunity to bring the relevant motion forward to Dáil Éireann seeking the approval of the terms of CETA and to have a full, comprehensive and informed debate on this important free trade agreement.

I trust this is of assistance to you.

Yours sincerely,



Eamonn McCormack
Private Secretary