



**Berlin, 18 September 2018**

**Press Release**

**German Federal Ministry for Economic Affairs and Energy Experts Advise Bundestag to Ratify CETA**

The German Federal Ministry for Economic Affairs and Energy's Board of Academic Advisors has advised the Bundestag to ratify the EU free trade agreement with Canada (CETA). "CETA should be ratified as soon as possible," writes the Council in a recent report coordinated by Gabriel Felbermayr (ifo). Board Chairman and co-author of the report Hans Gersbach, ETH Zurich, notes that, "Germany can send an important signal by ratifying the report, namely that it wishes to further develop a rule-based international trade system."

The agreement represents a major step forward compared to the rules existing to date between some EU states and Canada. CETA will also lead to positive income effects in the EU and Canada. Moreover, there is no reason to fear that the agreement puts foreign investors in a legally stronger position than their domestic counterparts. The Council does criticise some elements of the contract text, including its excessively broad definition of investments and its underdeveloped system for settling conflict. The benefits of the contract, however, far outweigh such drawbacks.

At the same time, the Council recommends limiting future investment protection agreements for direct investments made on a business basis, and not for purely financial purposes. It needs to be established whether a minimum equity requirement for foreign investors (such as 10 percent, for example); or proof of entrepreneurial control, perhaps via a seat on the supervisory board, would be the best way to impose such limits. More sophisticated systems for settling conflicts also need to be introduced.

The paper (in German) is here:

<https://www.bmwi.de/Navigation/DE/Ministerium/Beiraete/Veroeffentlichungen-Wissenschaftlicher-Beirat/veroeffentlichungen-wissenschaftlicher-beirat.html>

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