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LEGISLATIVE ACTS AND OTHER INSTRUMENTS

Subject: Agreement between the European Union, of the one part, and Canada, of the other part, on the participation of Canada in Union programmes

AGREEMENT
BETWEEN THE EUROPEAN UNION, OF THE ONE PART,
AND CANADA, OF THE OTHER PART,
ON THE PARTICIPATION OF CANADA
IN UNION PROGRAMMES

The European Union (hereinafter referred to as "the Union"),

of the one part,

and

Canada,

of the other part,

hereinafter jointly referred to as "the Parties",

WISHING to establish a lasting framework for cooperation between the Parties with clear conditions for the participation of Canada in Union programmes or activities as well as a mechanism facilitating the establishment of such participation in individual Union programmes or activities;

CONSIDERING the common goals, values, and strong links of the Parties, established in the past through the Comprehensive Economic and Trade Agreement (CETA) between Canada, of the one part, and the European Union and its Member States, of the other part, done at Brussels on 30 October 2016, the Strategic Partnership Agreement between the European Union and its Member States, of the one part, and Canada, of the other part, done at Brussels on 30 October 2016, and the Agreement for Scientific and Technological Cooperation between the European Community and Canada, done at Halifax on 17 June 1995, as amended, and recognising the common desire of the Parties to further develop, strengthen, stimulate, and deepen their relations and cooperation therein;

RECOGNISING the key importance of the shared fundamental values and principles underpinning the international cooperation between the Parties in research and innovation, such as ethics and integrity in research, gender equality, and equal opportunities, and the shared objective of the Parties to foster and facilitate the cooperation between organisations in the field of research and innovation, including universities, and the exchange of best practices and attractive research careers, facilitate cross-border and inter-sectoral mobility of researchers, foster free movement of scientific knowledge and innovation, promote respect for academic freedom and freedom of scientific research, and support science education and communication activities;

ACKNOWLEDGING the intention of the Parties to mutually cooperate and contribute to research and innovation activities and the Union missions aimed at supporting and strengthening research capacities in order to face global challenges as well as to deepen their respective industrial competitiveness, and, in turn, to achieve a transformative and systemic impact for their societies in support of the United Nations (UN) Sustainable Development Goals, which are beneficial for both Parties;

CONSIDERING the Union's efforts to lead the response to global challenges by joining forces with its international partners to address the global challenges in line with the plan of action for people, planet and prosperity in the Resolution of the UN General Assembly A/RES/70/1 of 25 September 2015 entitled "Transforming our World: the 2030 Agenda for Sustainable Development", and acknowledging that research and innovation are key drivers and essential tools for innovation-led sustainable growth, for economic competitiveness and attractiveness;

WHEREAS Canada and the Union are strategic partners and choose to work in collaboration in the areas of science, research and innovation, with mutual respect for each other's deep commitment to research excellence, and finding innovative ways to address global challenges;

ACKNOWLEDGING the intention of the Parties to develop a framework that enhances cooperative activities while also respecting each other's domestic approach to developing and monitoring research and innovation programmes or activities, as well as to carrying out reviews, audits and investigations in line with the principles of proportionality, good faith and non-discrimination;

WHEREAS the Union programme Horizon Europe – the Framework Programme for Research and Innovation (2021-2027) (hereinafter referred to as "the Horizon Europe Programme") was established by Regulation (EU) 2021/695 of the European Parliament and of the Council¹;

RECOGNISING the general principles set out in Regulation (EU) 2021/695;

EMPHASISING the role of the European Partnerships envisaged in the Horizon Europe Programme in addressing some of Europe's most pressing challenges through concerted research and innovation initiatives contributing significantly to those Union priorities in the area of research and innovation that require critical mass and long-term vision, and emphasising the importance of associated countries' involvement in those Partnerships;

RECOGNISING that reciprocal participation in each other's research and innovation programmes should provide mutual benefits, while acknowledging that each Party reserves its right to limit or condition participation in their research and innovation programmes, including in particular for actions related to their strategic assets, interests, autonomy, or security,

HAVE AGREED AS FOLLOWS:

¹ Regulation (EU) 2021/695 of the European Parliament and of the Council of 28 April 2021 establishing Horizon Europe – the Framework Programme for Research and Innovation, laying down its rules for participation and dissemination, and repealing Regulations (EU) No 1290/2013 and (EU) No 1291/2013 (OJ EU L 170, 12.5.2021, p. 1).

ARTICLE 1

Subject matter

This Agreement establishes the terms and conditions applicable to the participation of Canada in any Union programme or activity that is covered by a Protocol to this Agreement.

ARTICLE 2

Definitions

For the purposes of this Agreement, the following definitions apply:

- (1) "basic act" means:
 - (i) a legal act of one or more Union institutions, other than a recommendation or an opinion, establishing a programme, which provides a legal basis for an action and for the implementation of the corresponding expenditure entered into the Union budget or of the budgetary guarantee or financial assistance backed by the Union budget, including any amendment and any relevant acts of a Union institution which supplement or implement that act, except those adopting work programmes; or
 - (ii) a legal act of one or more Union institutions, other than a recommendation or an opinion, establishing an activity financed from the Union budget other than programmes, including any amendment and any relevant acts of a Union institution which supplement or implement that act, except those adopting work programmes;

- (2) "funding agreement" means agreements relating to Union programmes or activities under Protocols to this Agreement, in which Canada participates, which implement Union funds, such as grant agreements, contribution agreements, financial framework partnership agreements, financing agreements and guarantee agreements;
- (3) "other rules pertaining to the implementation of the Union programme or activity" means rules laid down in Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council¹ (the "Financial Regulation") that apply to the general budget of the Union, and in the work programme or in the calls or other Union award procedures;
- (4) "Union award procedure" means a procedure for the award of Union funding launched by the Union or by persons or entities entrusted with the implementation of Union funds;
- (5) "Canadian entity" means any natural or legal person who resides or is established in Canada, or who is the Government of Canada or the government of a Canadian province or territory, and who participates in the activities of a Union programme or activity in accordance with the basic act;
- (6) "Open Science" means an approach to the scientific process based on cooperative work, tools and diffusing knowledge, with open access to scientific publications resulting from research funded under the Horizon Europe Programme. Open access is practiced with full respect for privacy, security, ethical considerations, and appropriate intellectual property protection, in accordance with the principle "as open as possible, as closed as necessary". Research data management is handled in accordance with the principles of "findability", "accessibility", "interoperability", and "reusability" (the "FAIR principles").

¹ Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012 (OJ EU L 193, 30.7.2018, p. 1).

ARTICLE 3

Establishment of the participation

1. Canada shall be allowed to participate in and contribute to the Union programmes or activities, or parts thereof, that are opened to the participation of Canada in accordance with the basic acts and as covered by Protocols to this Agreement.
2. The specific terms and conditions for the participation of Canada in any particular Union programme or activity shall be laid down in one or more Protocols to this Agreement, which may be adopted and amended by decision of the Joint Committee in accordance with Article 16.
3. The specific terms and conditions for the participation of Canada in the Horizon Europe Programme are laid down in the Protocol on the Association of Canada to Horizon Europe – the Framework Programme for Research and Innovation (2021-2027) (hereinafter referred to as "Protocol on the Association of Canada to Horizon Europe").
4. The Protocols to this Agreement shall:
 - (a) identify the Union programmes or activities, or parts thereof, in which Canada is to participate;
 - (b) lay down the duration of Canada's participation, which shall refer to the period of time during which Canada and Canadian entities may apply for Union funding or may be entrusted with the implementation of Union funds;

- (c) lay down specific conditions for the participation of Canada and Canadian entities, including specific modalities for the implementation of the financial conditions set out in Articles 6 and 7 of this Agreement, and, where applicable, specific modalities for the correction mechanism referred to in Article 8 of this Agreement, and conditions for participation in structures created for the purpose of implementing those Union programmes or activities; and
- (d) where applicable, lay down the amount of Canada's financial contribution to a Union programme implemented through a financial instrument or a budgetary guarantee.

5. The conditions referred to in paragraph 4(c) of this Article shall comply with this Agreement and the basic acts and acts of one or more Union institutions establishing those structures.

ARTICLE 4

Compliance with the rules of the Union programme or activity

1. Canada shall participate in the Union programmes or activities, or parts thereof, covered by Protocols to this Agreement under the terms and conditions established in this Agreement and the Protocols to this Agreement, in the basic acts and in the other rules pertaining to the implementation of the Union programme or activity.
2. The terms and conditions referred to in paragraph 1 of this Article shall include:
 - (a) the eligibility of the Canadian entities and any other eligibility conditions related to Canada, in particular to the origin, place of activity, or nationality; and
 - (b) the terms and conditions applicable to the submission, assessment and selection of applications and to the implementation of the actions by eligible Canadian entities.

3. The terms and conditions referred to in paragraph 2(b) of this Article shall be equivalent to those applicable to eligible entities of Member States of the Union, including respect for Union restrictive measures adopted under the Treaty on European Union or the Treaty on the Functioning of the European Union, unless otherwise provided for in the terms and conditions referred to in paragraph 1 of this Article.

ARTICLE 5

Participation of Canada in the governance of Union programmes or activities

1. Representatives or experts of Canada or experts designated by Canada shall be allowed to take part, as observers, in the committees, expert group meetings or other similar meetings in which representatives or experts of the Member States of the Union (hereinafter referred to as "Member States"), or experts designated by Member States take part and which assist the European Commission in the implementation and management of the Union programmes or activities, or parts thereof, in which Canada participates in accordance with Article 3 of this Agreement or are established by the European Commission in respect of the implementation of the Union law in relation to those Union programmes or activities, or parts thereof, unless those meetings concern points reserved only for Member States or in relation to a Union programme or activity, or parts thereof, in which Canada is not participating. The representatives or experts of Canada, or experts designated by Canada, shall not be present at the time of voting. Canada shall be informed of the result of the vote.
2. Where experts or evaluators are not appointed on the basis of nationality, nationality shall not be a reason to exclude Canadian nationals.

3. Subject to paragraph 1 of this Article, the participation of the Canadian representatives in the meetings referred to in paragraph 1, or in other meetings related to the implementation of Union programmes or activities, shall be governed by the same rules and procedures as those applicable to representatives of the Member States concerning speaking rights, receipt of information, and documentation unless it concerns points reserved only for Member States or in relation to a Union programme or activity, or parts thereof, in which Canada is not participating. Protocols to this Agreement may specify further modalities for the reimbursement of travel and subsistence costs.

4. Protocols to this Agreement may specify further modalities for the participation of experts, as well as the participation of Canada in governing boards and structures created for the purpose of implementing Union programmes or activities defined in the relevant Protocols.

ARTICLE 6

Financial conditions

1. Participation of Canada or Canadian entities in Union programmes or activities, or parts thereof, shall be subject to Canada contributing financially to the corresponding funding under the general budget of the Union (hereinafter referred to as the "Union budget").

2. For each Union programme or activity, or parts thereof, the financial contribution referred to in paragraph 1 of this Article shall take the form of the sum of:

- (a) an operational contribution; and
- (b) a participation fee.

3. The financial contribution shall take the form of an annual payment made in one or more instalments.
4. Without prejudice to paragraph 9 of this Article and Article 7, the participation fee shall be 4 % of the annual operational contribution and shall not be subject to retrospective adjustments. As of 2028, the level of the participation fee may be adjusted by the Joint Committee.
5. The operational contribution shall cover operational and support expenditure and be additional in both commitment and payment appropriations to the amounts entered into the Union budget definitively adopted for Union programmes or activities, or parts thereof, increased, where appropriate, by external assigned revenue that does not result from financial contributions to Union programmes or activities from other donors covered by the relevant Protocols to this Agreement.
6. The operational contribution shall be based on a contribution key defined as the ratio of the gross domestic product (GDP) of Canada at market prices to the GDP of the Union at market prices. The GDPs at market prices to be applied shall be determined by the dedicated services of the European Commission on the basis of the most recent statistical data available for budget calculations in the year prior to the year in which the annual payment is due. Adjustments to this contribution key may be laid down in the relevant Protocols to this Agreement. The adjustments may vary from year to year and may be expressed as a coefficient.
7. The operational contribution shall be based on the application of the contribution key to the initial commitment appropriations increased as described in paragraph 5 of this Article entered into the Union budget definitively adopted for the applicable year for financing the Union programmes or activities, or parts thereof, in which Canada participates.
8. By way of derogation from paragraphs 6 and 7, Canada's annual operational contribution to the Horizon Europe Programme for the years 2024 to 2027 shall be set in fixed amounts laid down in Annex I to the Protocol on the Association of Canada to Horizon Europe.

9. The participation fee referred to in paragraph 2(b) of this Article shall be determined with the following percentages for the years 2024 to 2027:

- 2024: 2 %;
- 2025: 2.5 %;
- 2026: 3 %;
- 2027: 4 %.

10. Upon request, the Union shall provide Canada with information in relation to its financial contribution as included in the information related to budgetary, accounting, performance, and evaluation provided to the Union budgetary and discharge authorities concerning the Union programmes or activities, or parts thereof, in which Canada participates. That information shall be provided having due regard to the law of each Party addressing confidentiality and data protection and is without prejudice to the information which Canada is entitled to receive under this Agreement.

11. All financial contributions of Canada or payments from the Union, and the calculation of amounts due or to be received, shall be made in euros.

12. Detailed provisions for the implementation of this Article are set out in the relevant Protocols to this Agreement.

ARTICLE 7

Union programmes or activities to which an adjustment mechanism of the operational contribution applies

1. If so provided in a Protocol to this Agreement, the operational contribution of a Union programme or activity, or parts thereof, for year N may be adjusted retrospectively in one or more subsequent years on the basis of the budgetary commitments made on the commitment appropriations of that year, their implementation through legal commitments, and their decommitment.
2. The first adjustment shall be made in year N+1 when the operational contribution shall be adjusted by the difference between the contribution and an adjusted contribution calculated by applying the contribution key of year N, adjusted via the application of a coefficient if the relevant Protocol to this Agreement so provides, to the sum of:
 - (a) the amount of budgetary commitments made on commitment appropriations authorised in year N under the Union budget adopted and on commitment appropriations corresponding to decommitments made available again; and
 - (b) any external assigned revenue appropriations that do not result from financial contributions to Union programmes or activities from other donors covered in relevant Protocols to this Agreement and that were available at the end of year N.

3. Each subsequent year, until all the budgetary commitments financed under commitment appropriations originating from year N have been paid or decommitted and at the latest three years after the end of the Union programme or after the end of the multiannual financial framework corresponding to year N, whichever is earlier, the Union shall calculate an adjustment of the contribution of year N by reducing the Canadian contribution by the amount obtained by applying the contribution key, adjusted if the relevant Protocol to this Agreement so provides, of year N to the decommitments made each year on commitments of year N financed under the Union budget or from decommitments made available again.

4. If external assigned revenue appropriations that do not result from financial contributions to Union programmes or activities from other donors covered by relevant Protocols to this Agreement are cancelled, the contribution of Canada to the relevant Union programme or activity, or parts thereof, shall be reduced by the amount obtained by applying the contribution key, adjusted if the relevant Protocol so provides, of year N to the amount cancelled.

ARTICLE 8

Union programmes or activities to which an automatic correction mechanism applies

1. An automatic correction mechanism shall apply in relation to those Union programmes or activities, or parts thereof, for which the application of an automatic correction mechanism is provided for in a Protocol to this Agreement. The application of that automatic correction mechanism may be limited to parts of the programme or activity specified in that Protocol to this Agreement which are implemented through grants for which competitive calls are organised. Detailed rules on the identification of the parts of the Union programme or activity to which the automatic correction mechanism does or does not apply may be established in the relevant Protocol to this Agreement.

2. The amount of the automatic correction for a Union programme or activity, or parts thereof, shall be the difference between the initial amounts of the legal commitments actually entered into with Canada or Canadian entities financed from commitment appropriations of the year in question and the corresponding operational contribution paid by Canada as adjusted pursuant to Article 7 if the relevant Protocol to this Agreement provides for such adjustment, excluding support expenditure, covering the same period.
3. Detailed rules on the establishment of the relevant amounts of the legal commitments referred to in paragraph 2 of this Article, including in the case of consortia, and on the calculation of the automatic correction may be laid down in the relevant Protocol to this Agreement.

ARTICLE 9

Reviews and audits

1. In accordance with the applicable acts of one or more Union institutions and to the extent provided in the relevant funding agreement and any other applicable contract, the Union may conduct technical, scientific, financial, or other types of reviews and audits on the premises of any Canadian entity that is a party to the relevant funding agreement, as well as any Canadian entity third party implementing the funding agreement. Such review and audit may be carried out by the Union officials, in particular officials of the European Commission and the European Court of Auditors, or by other persons mandated by the European Commission. When exercising their duties in the territory of Canada, the European Commission or other persons mandated by the European Commission shall act in a manner compatible with Canadian law.

2. When conducting a review or audit as referred to in paragraph 1 of this Article, Union officials, in particular officials of the European Commission and the European Court of Auditors, and the other persons mandated by the European Commission, may have appropriate access to sites, works, and documents (in electronic and paper versions), and all information required in order to carry out such audits, including the right to obtain a physical/electronic copy of, and extracts from, any document or the contents of any data medium held by the audited natural or legal person, or by the audited third party.
3. Canada shall not adopt measures in respect of entry into Canada or access to premises for the purpose of preventing or obstructing the reviews or audits referred to in paragraph 1 of this Article. This paragraph shall not be construed to prevent Canada from adopting or maintaining measures of general application, including general visa requirements. Those measures of general application shall not be regarded as nullifying or impairing the reviews or audits referred to in paragraph 1 of this Article.
4. The reviews and audits referred to in paragraph 1 of this Article may be carried out, after the suspension of application of a Protocol to this Agreement pursuant to paragraph 5 of Article 19 of this Agreement, the cessation of provisional application, or the termination of this Agreement, in relation to any legal commitment implementing the Union budget entered into by the Union before the date on which the suspension of application of the relevant Protocol, the cessation of provisional application, or the termination of this Agreement takes effect.

ARTICLE 10

Protection of the financial interests of the Union against irregularities

1. The European Commission and the European Anti-Fraud Office (OLAF) may carry out administrative investigations, including on-the-spot checks and inspections, on the territory of Canada of a Canadian entity that is party to a relevant funding agreement or a Canadian entity third party implementing the funding agreement under a contract, in accordance with, and to the extent provided in, the relevant funding agreement and other applicable contract. Those investigations shall be carried out in accordance with the terms and conditions established by applicable acts of one or more Union institutions. When exercising their duties in the territory of Canada, the European Commission and OLAF shall act in a manner compatible with Canadian law.
2. The designated Canadian contact point shall, as appropriate, inform the European Commission or OLAF within reasonable time of any fact or suspicion which has come to their notice relating to an irregularity, fraud, or other illegal activity related to a funding agreement or contract referred to in paragraph 1 of this Article affecting the financial interests of the Union.
3. When carrying out an administrative investigation referred to in paragraph 1 of this Article, on-the-spot checks and inspections may be carried out on the premises of the Canadian entity referred to in that paragraph, as well as of any other Canadian entity that consents.
4. On-the-spot checks and inspections shall be prepared and conducted by the European Commission or OLAF in close collaboration with the designated Canadian contact point. The designated contact point shall be notified within a reasonable time in advance of the object, purpose, and legal basis of the checks and inspections. Officials identified by the Canadian contact point may participate in the on-the-spot checks and inspections.

5. Upon request by the designated Canadian contact point, the on-the-spot checks and inspections may be carried out jointly with the European Commission or OLAF.
6. When carrying out an administrative investigation referred to in paragraph 1 of this Article, Union officials may have access to all the information and documentation, including computer data, on the operations concerned, which are required for the proper conduct of the on-the-spot checks and inspections. They may, in particular, copy relevant documents.
7. Where the Canadian entity referred to in paragraph 1 of this Article resists an on-the-spot check or inspection, the designated Canadian contact point, acting in accordance with Canadian law, shall provide information or documentation, as appropriate, to assist the European Commission or OLAF to fulfil their duty in carrying out an on-the-spot check or inspection. In this context, the designated Canadian contact point may also, as appropriate, facilitate informing Canadian competent authorities of a fact or suspicion which have come to the attention of the European Commission or OLAF relating to a criminal offence in Canada while conducting the on-the-spot check or inspection, for the purpose of safeguarding evidence for an investigation of a Canadian criminal offence.
8. The European Commission or OLAF shall inform the designated Canadian contact point of the result of such checks and inspections. In particular, the European Commission or OLAF shall report as soon as possible to the contact point any fact or suspicion relating to an irregularity which has come to their notice in the course of the on-the-spot check or inspection.
9. Without prejudice to the application of Canadian criminal law, the European Commission may impose administrative measures and penalties on Canadian entities referred to in paragraph 1 of this Article in accordance with Union legislation.

10. For the purposes of the proper implementation of this Article, the European Commission or OLAF and the designated contact point shall regularly exchange information and, at the request of one of the Parties, consult each other.

11. In order to facilitate effective cooperation and exchange of information with OLAF, Canada shall designate a contact point.

12. Information exchanged between the European Commission or OLAF and the designated contact point shall take place having due regard to the confidentiality requirements. Personal data included in the exchange of information shall be protected in accordance with applicable rules.

ARTICLE 11

Cooperation regarding criminal offenses affecting the financial interests of the Union

The Canadian authorities shall cooperate, in accordance with applicable international cooperation instruments, including those between Canada and Member States or the Union, or as otherwise permitted under Canada's domestic law, with the authorities of the Union or of the Member States competent for the investigation and prosecution of criminal offences affecting the financial interests of the Union, including bringing to judgment alleged perpetrators and accomplices of those criminal offences. Requests submitted to Canada pursuant to applicable international cooperation instruments may include as applicable requests made in relation to investigations or prosecutions of the European Public Prosecutor's Office.

ARTICLE 12

Sharing of information

The Parties shall exchange information in relation to reviews, audits and other activities referred to in Articles 9 and 10 with due regard to each Party's confidentiality and data protection law.

ARTICLE 13

Recovery and enforcement

1. The European Commission may adopt a decision imposing a pecuniary obligation on a Canadian entity that is a party to a relevant funding agreement other than the State in relation to any claims stemming from the funding agreement. If, following the notification of that decision to the Canadian entity in accordance with Article 14, that entity does not pay within the prescribed period, the European Commission shall notify to the designated Canadian contact point of the decision. Canada shall pay to the European Commission the amount of the pecuniary obligation after being notified unless the European Commission has not completed its applicable standard procedures to enforce the decision. If Canada pays the amount of the pecuniary obligation, Canada may seek a refund of the amount from the Canadian entity on whom the pecuniary obligation is imposed and the European Commission shall provide relevant documentation on the payment made if requested by Canada.
2. Canada shall notify its designated Canadian contact point to the European Commission.

3. The Court of Justice of the European Union shall have jurisdiction to review the legality of the decisions of the European Commission referred to in paragraph 1 and to suspend their enforcement.

ARTICLE 14

Communication and exchange of information

The Union institutions and bodies involved in the implementation of or in control of Union programmes or activities, may communicate directly, including through electronic exchange systems, with any natural person residing in Canada or legal entity established in Canada receiving Union funding, as well as with any third party involved in the implementation of Union funding that resides or is established in Canada for a purpose relevant to a funding agreement and other applicable contract concluded to implement that Union programme or activity. Those persons, entities, and third parties may submit directly to the Union institutions and bodies, relevant information and documentation which they are required to submit on the basis of the relevant funding agreement and other applicable contracts concluded to implement that programme or activity, and in line with the Union legislation applicable to that programme or activity.

ARTICLE 15

The Joint Committee

1. The Parties hereby establish the Joint Committee. The Joint Committee shall be composed of representatives of the Union and Canada.

2. Except as may be otherwise provided in this Agreement, the Joint Committee shall act in accordance with the Rules of Procedure of the Joint Committee set out in Annex I to this Agreement.

3. Unless otherwise provided for in this Agreement, the tasks of the Joint Committee shall consist of:

- (a) assessing, evaluating, and reviewing the implementation of this Agreement and the Protocols to this Agreement, in particular:
 - (i) the participation and performance of Canadian legal entities in Union programmes and activities;
 - (ii) where relevant the level of mutual openness to the legal entities established in each Party to participate in programmes, projects, actions, or activities, or parts thereof, of the other Party;
 - (iii) the implementation of the financial contribution mechanism and where relevant the automatic correction mechanism applicable to Union programmes or activities covered by Protocols to this Agreement;
 - (iv) information exchange and where relevant examining any possible questions on the exploitation of results, including intellectual property rights; and
 - (v) discussing upon request of either Party the participation fee and adjustments to the level of the participation fee for the years after 2027;

- (b) discussing upon request of either Party restrictions applied or planned by one or both Parties on access to their respective research and innovation programmes, including in particular for actions related to their strategic assets, interests, autonomy, or security;
- (c) examining how to improve and develop cooperation;
- (d) discussing jointly the future orientations and priorities of policies related to programmes or activities covered by Protocols to this Agreement;
- (e) exchanging information that is relevant for the implementation of this Agreement and the Protocols to this Agreement, including, on new legislation, measures, or national programmes; and
- (f) developing, considering, or adopting new Protocols to this Agreement on specific terms and conditions of participation of Canada in Union programmes or activities, or parts thereof, amendments to the existing Protocols to this Agreement or to paragraph 4 of Article 6 or to Articles 9, 10 or 11 of this Agreement, or amendments to Annex I to this Agreement, in accordance with Article 16 and any applicable legal requirement or procedure of the Parties.

4. The Joint Committee may set up a working party or advisory body on an *ad hoc* basis at expert level that can assist in carrying out the implementation of this Agreement.

5. The Joint Committee shall meet at least once a year, and, whenever special circumstances so require, upon the request of a Party.

ARTICLE 16

Decisions of the Joint Committee

1. The Joint Committee shall take its decisions by consensus.
2. Where the representatives on the Joint Committee are duly authorised in advance if required according to their applicable legal procedures, the Joint Committee may develop and consider:
 - (a) new Protocols to this Agreement on specific terms and conditions of participation of Canada in Union programmes or activities, or parts thereof;
 - (b) amendments to existing Protocols to this Agreement;
 - (c) amendments to paragraph 4 of Article 6 of this Agreement;
 - (d) amendments to Articles 9, 10, or 11 of this Agreement in so far as those are required to take account of changes made to acts of one or more Union institutions; or
 - (e) amendments to Annex I to this Agreement.
3. Notwithstanding paragraph 13 of Article 19 of this Agreement, after the representatives on the Joint Committee are duly authorised in advance if required according to their applicable legal procedures, the Joint Committee may, by decision, adopt:
 - (a) new Protocols to this Agreement on specific terms and conditions of participation of Canada in Union programmes or activities, or parts thereof;

- (b) amendments to existing Protocols to this Agreement;
- (c) amendments to paragraph 4 of Article 6 of this Agreement;
- (d) amendments to Articles 9, 10, or 11 of this Agreement in so far as those are required to take account of changes made to acts of one or more Union institutions; or
- (e) amendments to Annex I to this Agreement,

as developed under paragraph 2 of this Article.

4. In any decision pursuant to paragraph 3 of this Article, the representatives on the Joint Committee shall specify that, where required by a Party's legal system, new Protocols to this Agreement or amendments to existing Protocols or to parts of this Agreement covered by paragraph 3 of this Article are to enter into force after the notification in writing of the completion of any outstanding legal requirement and procedures of the Parties, or at a later date as specified in the decision.

ARTICLE 17

Applicable law

Implementation of this Agreement shall be done in accordance with each Party's applicable law in their respective territories.

ARTICLE 18

Consultations

1. The Parties shall endeavour, in good faith, to resolve any matter between them arising from the interpretation or implementation of this Agreement amicably, through discussions at the Joint Committee.
2. If a matter arising from the interpretation or implementation of this Agreement cannot be resolved through discussions at the Joint Committee within two-months of being raised by either Party, a Party may request consultations with the other Party regarding the matter. The Parties will resolve any differences through negotiation.

ARTICLE 19

Final provisions

1. This Agreement shall enter into force on the date of the last notification by a Party to the other Party of the completion of its internal procedures necessary for that purpose. It shall apply retroactively from 1 January 2024.
2. The Parties may apply this Agreement provisionally pending its entry into force in accordance with their respective internal procedures and law. The provisional application shall begin on the later of the dates on which each Party has notified the other of the completion of their internal procedures necessary for that purpose.

3. If either Party notifies the other Party that it will not complete its internal procedures necessary for the entry into force of this Agreement, this Agreement shall cease to apply provisionally on the date of receipt of this notification by the other Party, which shall also constitute the cessation date for the purposes of this Agreement. The decisions of the Joint Committee shall cease to apply on the same date.
4. The application of a relevant Protocol to this Agreement may be suspended by the Union in the event of partial or full non-payment of the financial contribution due by Canada under the relevant Union programme or activity.
5. As set out in paragraph 4 of this Article, in the event of non-payment which may significantly jeopardise the implementation and management of the relevant Union programme or activity, the European Commission shall send a formal letter of reminder. Where no payment is made within 20 working days after the formal letter of reminder, suspension of the application of the relevant Protocol to this Agreement shall be notified by the European Commission to Canada by a formal letter of notification which shall take effect 15 days following the receipt of this notification by Canada.
6. In the event that the application of a Protocol to this Agreement is suspended under paragraph 5 of this Article, Canadian entities shall not be eligible to participate in Union award procedures that are not yet completed when the suspension takes effect. A Union award procedure shall be considered completed when legal commitments have been entered into as a result of that procedure.
7. A suspension under paragraph 5 of this Article does not affect the legal commitments entered into with Canadian entities under the relevant Union programme or activity before the suspension took effect. The relevant Protocol to this Agreement shall continue to apply to such legal commitments.

8. The Union shall immediately notify Canada once the entire amount of the financial contribution due has been received by the Union. A suspension under paragraph 5 of this Article shall cease to have effect on the date of this notification.
9. Canadian entities shall be eligible in Union award procedures under the relevant Union programme or activity launched after the date on which suspension pursuant to paragraph 5 of this Article ceases to have effect, and any other award procedures launched before this date, for which deadlines for submission of applications have not expired.
10. Either Party may terminate this Agreement at any time by a written notification informing the other Party of the intent to terminate it. The termination shall take effect three calendar months after the date on which the other Party receives such notification. The date on which the termination takes effect shall constitute the termination date for the purposes of this Agreement.
11. Where this Agreement ceases to apply provisionally in accordance with paragraph 3 of this Article or is terminated in accordance with paragraph 10 of this Article, the Parties agree that:
- (a) Projects, actions, or activities, or parts thereof, in respect of which legal commitments have been entered into during the provisional application, or after the entry into force of this Agreement, and before this Agreement ceases to apply provisionally or is terminated, shall continue until their completion under the conditions laid down in this Agreement and the Protocols to this Agreement.

- (b) The annual financial contribution to the relevant Union programme or activity of the year N during which this Agreement ceases to apply provisionally or is terminated shall be paid entirely in accordance with Article 6 of this Agreement and any relevant rules in the relevant Protocols to this Agreement. Where the adjustment mechanism applies, the operational contribution to the relevant Union programme or activity of the year N shall be adjusted in accordance with Article 7 of this Agreement. For programmes or activities where both the adjustment mechanism and the automatic correction mechanism apply, the relevant operational contribution of the year N shall be adjusted in accordance with Article 7 of this Agreement and corrected in accordance with Article 8 of this Agreement. For Union programmes or activities, where only the correction mechanism applies, the relevant operational contribution of the year N shall be corrected in accordance with Article 8 of this Agreement. The participation fee paid for the year N as part of the financial contribution to the relevant Union programme or activity shall not be adjusted or corrected.
- (c) Where the adjustment mechanism applies, following the year during which this Agreement ceases to apply provisionally or is terminated, the operational contributions to the relevant Union programme or activity paid for the years during which this Agreement applied shall be adjusted in accordance with Article 7 of this Agreement. For Union programmes or activities where both the adjustment mechanism and the automatic correction mechanism apply, those operational contributions shall be adjusted in accordance with Article 7 of this Agreement and automatically corrected in accordance with Article 8 of this Agreement. For Union programmes or activities where only the automatic correction mechanism applies, the relevant operational contributions shall be automatically corrected in accordance with Article 8 of this Agreement.

12. The Parties shall settle by mutual consent any other consequences of the cessation of provisional application or the termination of this Agreement.

13. Except as otherwise provided for in Article 16, this Agreement may only be amended in writing by mutual consent of the Parties. The entry into force of the amendments under this paragraph will follow the same procedure as that applicable for the entry into force of this Agreement as provided in paragraph 1 of this Article.

14. Unless otherwise agreed to by the Parties, Protocols and Annexes to this Agreement shall constitute an integral part thereof.

15. This Agreement shall be drawn up in duplicate in the Bulgarian, Croatian, Czech, Danish, Dutch, English, Estonian, Finnish, French, German, Greek, Hungarian, Irish, Italian, Latvian, Lithuanian, Maltese, Polish, Portuguese, Romanian, Slovak, Slovenian, Spanish and Swedish languages, each text being equally authentic.

Done at ..., this day of in the year

For the European Union,

For Canada,

RULES OF PROCEDURE OF THE JOINT COMMITTEE

RULE 1

Tasks

The Joint Committee established by Article 15 of this Agreement shall perform the tasks and duties set out in Article 15 and 16 of this Agreement.

RULE 2

Composition and Chair

1. The Joint Committee shall be composed of representatives of the Union and Canada.
2. The Joint Committee shall be co-chaired by senior officials or their designees acting as representatives of the Union and Canada, respectively.
3. The Union and Canada shall notify each other of the name, position, and contact details of the officials who are the co-chairs of the Joint Committee for the Union and Canada, respectively. Those officials shall be deemed to continue acting as the co-chair for the Union or Canada, respectively, until the date on which either the Union or Canada has notified the other Party of a new co-chair.

4. A co-chair shall be deemed to have the authorisation to represent, respectively, the Union or Canada until the date a new co-chair has been notified to the other Party.

RULE 3

Secretariat

1. The Secretariat of the Joint Committee (hereinafter referred to as the "Secretariat") shall be composed of an official of the Union and an official of Canada. The Secretariat shall perform the tasks conferred on it by these Rules of Procedure.
2. The Union and Canada shall notify each other of the name, position, and contact details of the officials who are the members of the Secretariat for the Union and Canada, respectively. Those officials shall be deemed to continue acting as a member of the Secretariat for the Union or Canada, respectively, until the date on which either the Union or Canada has notified a new official to the other Party.

RULE 4

Meetings

1. The Joint Committee shall meet, in principle, alternately in Brussels and in Canada unless the co-chairs decide otherwise. Meetings may also be held by videoconference or teleconference, if so decided by the co-chairs.

2. In between its meetings, the Joint Committee shall conduct its work and exchange information relevant to this Agreement and the Protocols to this Agreement on an ongoing basis by any means of communication available, in particular through exchange of emails.

RULE 5

Participation in meetings

1. Within a reasonable amount of time in advance of each meeting, the Union and Canada shall inform each other through the Secretariat of the intended composition of their respective delegations and shall specify the name and function of each member of the delegation serving as a representative of each Party.
2. Where appropriate and by mutual decision, the co-chairs may invite experts such as non-government officials to attend meetings of the Joint Committee in order to provide information on a specific subject and for the parts of the meeting where such specific subjects are discussed.
3. The representative of the Party organising and hosting the meeting, after having obtained approval of the other Party, fixes the date and the place of the meeting.

RULE 6

Documents

Written documents on which the deliberations of the Joint Committee are based shall be numbered and circulated to the Union and Canada by the Secretariat.

RULE 7

Correspondence

1. The Union and Canada shall send their correspondence addressed to the Joint Committee via the Secretariat. Such correspondence may be sent by any means of written communication available, including through emails.
2. The Secretariat shall ensure that the correspondence addressed to the Joint Committee is delivered to the co-chairs and is circulated, where appropriate, in accordance with Rule 6.
3. All correspondence from, or addressed directly to, the co-chairs shall be forwarded to the Secretariat and shall be circulated, where appropriate, in accordance with Rule 6.

RULE 8

Agenda

1. For each meeting, a draft provisional agenda shall be drawn up by the Secretariat. To that end, at least four weeks before the date of the meeting, the first draft of a provisional agenda together with the documents related to each item appearing thereon shall be prepared by the official acting as the member of the Secretariat of the Party hosting the meeting and transmitted for comments to the member of the Secretariat of the other Party. Once prepared by the Secretariat, the draft provisional agenda, together with any relevant documents, shall be transmitted to the co-chairs for approval no later than 10 days before the date of the meeting.
2. The provisional agenda shall include items that have been requested by the Parties, including any matter to be raised under Article 18 of this Agreement. Any request to add an item to the provisional agenda, together with any relevant documents, shall be submitted to the Secretariat no later than 15 days before the beginning of the meeting.
3. In exceptional cases, the co-chairs may jointly decide to reduce the periods provided for in paragraphs 1 and 2 of this Rule.
4. The Joint Committee shall adopt its agenda at the beginning of each meeting.
5. Points that do not appear on the draft agenda may be added, and other points of the draft agenda may be deleted, deferred, or amended at the meeting, provided that the two co-chairs so jointly decide.

RULE 9

Transparency and access to documents

1. The meetings of the Joint Committee shall not be public, unless otherwise jointly decided by the co-chairs.
2. Each Party may decide on the publication of the decisions of the Joint Committee in its respective official journal or online, after prior consultation with the other Party. Decisions adopting new Protocols or amendments to existing Protocols, to paragraph 4 of Article 6, to Articles 9, 10, or 11 of this Agreement or to this Annex shall only be published when they enter into force in accordance with paragraph 4 of Article 16 of this Agreement.
3. If the Union or Canada submits to the Joint Committee information that is confidential or protected from disclosure under its applicable law, the other Party shall treat that information received as confidential.
4. Each Party shall handle requests for access to the Joint Committee documents in accordance with its applicable law.
5. If the European Commission submits to the Joint Committee information that is confidential or protected from disclosure under its relevant information security rules, Canada shall ensure a comparable level of confidentiality and protection for the information received. If Canada submits to the Joint Committee information that is confidential or protected from disclosure under its applicable law, the European Commission shall treat the information received as confidential.

RULE 10

Minutes

1. Minutes shall be taken of all meetings of the Joint Committee.
2. Draft minutes of each meeting shall be drawn up by the official acting as the member of the Secretariat of the Party hosting the meeting, within 15 days from the end of the meeting, unless otherwise jointly decided by the co-chairs. The draft minutes shall be transmitted for comments to the member of the Secretariat of the other Party. The latter may submit comments within 30 days from the date of receipt of the draft minutes.
3. The minutes shall summarise each item on the agenda, specifying where applicable:
 - (a) the documents submitted to the Joint Committee;
 - (b) any statement that a Party requested be entered into the minutes; and
 - (c) the decisions adopted, statements decided upon, and operational conclusions adopted on specific items.

The minutes shall include an attendance list with names, titles, and capacity of all participants to the meeting.

4. The minutes shall be approved and signed by the co-chairs within two months following the meeting or by any other date decided by the co-chairs. The co-chairs may jointly decide that signing and exchanging electronic copies satisfies the latter requirement. The authentic version of the minutes shall be preserved in the files of each Party.
5. Within two working days following the Joint Committee meeting, the Secretariat of the Joint Committee shall also prepare a summary of the minutes for approval by the co-chairs as soon as practicable. Once the co-chairs of the Joint Committee have approved the text of the summary, the Parties may make public the summary of the minutes.

RULE 11

Decisions

1. As provided under Article 16 of this Agreement, the Joint Committee shall take decisions by consensus. The Secretariat shall record any decision under a serial number and with a reference to the date of its adoption.
2. The Joint Committee shall take decisions in writing and through an exchange of notes between the co-chairs, unless the Parties jointly decide otherwise with regard to a given decision.
3. The text of a draft decision shall be presented in writing by one co-chair to the other co-chair, duly authorised to do so in advance in accordance with any applicable domestic legal procedures, if required.

4. If the other Party does not express its agreement, the proposed decision shall be discussed and may be adopted at a future meeting of the Joint Committee.
5. The draft decision shall be deemed to be adopted once the other Party expresses its agreement in writing, unless the draft decision is in respect of a decision developed or considered under paragraph 2 of Article 16, in which case it shall be adopted pursuant to paragraph 3 of Article 16.
6. The decisions taken between Joint Committee meetings shall be recorded in the minutes of the next meeting of the Joint Committee.
7. Without prejudice to paragraph 4 of Article 16 of this Agreement, each decision shall be signed by the co-chairs of the Joint Committee, including where duly authorised in advance in accordance with any applicable legal procedures, if required.
8. Subject to paragraph 4 of Article 16 of this Agreement, decisions adopted by the Joint Committee shall specify the date on which they take effect.

RULE 12

Protection of personal data

The publication of documents referred to in Rules 9, 10, and 11 shall be made in compliance with both Parties' applicable data protection rules, including the protection of personal data.

RULE 13

Working parties and advisory bodies

1. In accordance with paragraph 4 of Article 15 of this Agreement, the Joint Committee may decide to establish or dissolve a working party and advisory body at expert level. The Joint Committee shall determine the composition and duties of each working party or advisory body and may amend them as needed.
2. A working party and advisory body shall contribute to the work of the Joint Committee and assist it in the performance of its tasks, including – if so tasked by the Joint Committee – by preparing reports or draft decisions for the approval of the Joint Committee. Draft decisions pursuant to this paragraph shall be considered and developed in accordance with paragraph 2 of Article 16 of this Agreement.
3. A working party and advisory body shall meet as necessary for the performance of its tasks and shall report to the Joint Committee.
4. The establishment and functioning of a working party and advisory body shall not prevent the Parties from bringing any matter directly to the Joint Committee.
5. The Rules of Procedure of the Joint Committee shall apply *mutatis mutandis* to a working party and advisory body established by the Joint Committee.

RULE 14

Languages

The working language of the Joint Committee shall be English.

RULE 15

Expenses

1. Each Party shall cover the expenses it incurs for the participation in the meetings of the Joint Committee and the established working parties and advisory bodies.
2. Expenses in relation to the organisation of meetings shall be borne by the Party that hosts the meeting.

PROTOCOL
ON THE ASSOCIATION OF CANADA
TO HORIZON EUROPE – THE FRAMEWORK PROGRAMME
FOR RESEARCH AND INNOVATION (2021-2027)

ARTICLE 1

Scope of the association

Canada shall participate as associated country in and contribute to Pillar II "Global Challenges and European Industrial Competitiveness" of the Horizon Europe Programme - the Framework Programme for Research and Innovation (hereinafter referred to as "the Horizon Europe Programme") referred to in paragraph 1(b) of Article 4 of Regulation (EU) 2021/695 of the European Parliament and of the Council¹, and implemented through the specific programme established by Council Decision (EU) 2021/764², in their most up-to-date versions.

ARTICLE 2

Additional conditions of participation in the Horizon Europe Programme

1. Before deciding on whether Canadian entities are eligible to participate in an action related to Union strategic assets, interests, autonomy or security under paragraph 5 of Article 22 of Regulation (EU) 2021/695, the European Commission may request specific information or assurances, such as:
 - (a) information on whether reciprocal access has been or will be granted to Union entities to existing and planned programmes, projects, or activities, or parts thereof, of Canada equivalent to the Horizon Europe Programme action concerned;

¹ Regulation (EU) 2021/695 of the European Parliament and of the Council of 28 April 2021 establishing Horizon Europe – the Framework Programme for Research and Innovation, laying down its rules for participation and dissemination, and repealing Regulations (EU) No 1290/2013 and (EU) No 1291/2013 (OJ EU L 170, 12.5.2021, p. 1).

² Council Decision (EU) 2021/764 of 10 May 2021 establishing the Specific Programme implementing Horizon Europe – the Framework Programme for Research and Innovation, and repealing Decision 2013/743/EU (OJ EU L 167I, 12.5.2021, p. 1).

- (b) information on whether Canada has in place a national investment screening mechanism and assurances that Canadian authorities will report on and consult the European Commission on any possible cases where in the application of such a mechanism they have become aware of planned foreign investment or takeover by an entity established or controlled from outside Canada of a Canadian entity which has received Horizon Europe Programme funding in actions related to Union strategic assets, interests, autonomy or security, provided that the European Commission provides Canada with the list of the relevant Canadian entities following the signature of grant agreements with these entities; and
 - (c) assurances that none of the results, technologies, services and products developed under the actions concerned by the Canadian entities shall be subject to restrictions on their export to Member States of the Union during the action and for four years after the end of the action. Canada will share an up-to-date list of subjects of national export restrictions on an annual basis, during the action and for four years after the end of the action.
2. Canadian entities may participate in the activities of the Joint Research Centre (JRC) under terms and conditions equivalent to those applicable to Union entities unless limitations are necessary to ensure consistency with the scope of participation stemming from the implementation of paragraph 1 of this Article.
3. If the Union implements the Horizon Europe Programme through the application of Articles 185 and 187 of the Treaty on the Functioning of the European Union, Canada and Canadian entities may participate in the legal structures created under those provisions, in conformity with the Union legal acts that have been or will be adopted for the establishment of those legal structures.

4. Canada shall be kept regularly informed of JRC activities relating to Canada's participation in the Horizon Europe Programme, in particular of JRC multi annual work programmes. A representative from Canada may be invited as observer to meetings of the JRC Board of Governors in relation to a point that concerns Canada's participation in the Horizon Europe Programme.

5. In view of Canada's participation in Pillar II of the Horizon Europe Programme, representatives of Canada shall have the right to participate as observers in the committee referred to in Article 14 of Decision (EU) 2021/764, without voting rights and for points which concern Canada when the committee discusses issues pertaining to implementation of Pillar II of the Horizon Europe Programme. Such participation shall be in accordance with Article 5 of this Agreement. Travel costs of the representatives of Canada to the meetings of the committee shall be reimbursed in economy class. For all other matters, the reimbursement of travel costs and subsistence expenses shall be governed by the same rules as applicable to representatives from Member States of the Union.

6. Each Party shall, in accordance with its legislation and regulations, seek to facilitate the entry and temporary stay of persons participating in the activities covered by this Protocol, including for visits and the conduct of research, as well as the cross-border movement of goods and services intended for use in such activities.

7. Equipment provided by the sending Party for carrying out joint activities covered by this Protocol shall be considered to be scientific and not to have a commercial character, and the receiving Party shall work toward obtaining duty-free entry for such equipment in accordance with its international obligations and domestic law.

ARTICLE 3

Reciprocity

1. Legal entities established in the Union may participate in programmes, projects and activities of Canada equivalent to those under Pillar II of Horizon Europe Programme, in accordance with the Canadian law and measures.
2. The non-exhaustive list of the equivalent programmes, projects and activities of Canada which are reciprocally open to legal entities established in the Union is set out in Annex II to this Protocol.
3. Funding of legal entities established in the Union by Canada shall be subject to Canadian law and measures governing the operation of research and innovation programmes, projects, and activities. Where funding is not provided, legal entities established in the Union may participate with their own means.

ARTICLE 4

Open Science

The Parties shall mutually promote and encourage Open Science practices in their programmes, projects, and activities in accordance with the rules of the Horizon Europe Programme and relevant Canadian measures.

ARTICLE 5

Detailed rules on financial contribution, adjustment mechanism and automatic correction mechanism

1. Rules governing the financial contribution of Canada to Pillar II of the Horizon Europe Programme are set out in Annex I to this Protocol.
2. An automatic correction mechanism shall apply in relation to the operational contribution of Canada to the Horizon Europe Programme. The adjustment mechanism provided for under Article 7 of this Agreement shall not apply in relation to the operational contribution of Canada to the Horizon Europe Programme.
3. The automatic correction mechanism shall be based on the performance of Canada and Canadian entities in the parts of Pillar II of the Horizon Europe Programme which are implemented through competitive grants.
4. Detailed rules for application of the automatic correction mechanism are laid down in Annex I to this Protocol.

ARTICLE 6

Suspension by mutual consent

1. If the amount calculated by the European Commission upon a request from Canada in year N+2, in accordance with the method set out in Article 8 of this Agreement, is higher than 20 % of the corresponding operational contribution in year N, Canada may request that the application of this Protocol to this Agreement be suspended for the financial year following the year in which the request is made.

2. If a request for suspension is made by Canada pursuant to paragraph 1 of this Article, the Union shall send a written response within 30 days following receipt of the request. If the Union confirms its acceptance of Canada's request, the suspension of this Protocol shall take effect on the first day of January of the year following the receipt of the request for suspension.
3. Without prejudice to Article 22 of Regulation (EU) 2021/695 and the exceptions referred to in paragraph 2 of Article 23 of that Regulation, in the event that this Protocol is suspended pursuant to paragraph 2 of this Article, Canadian entities shall not be eligible to participate in award procedures financed from commitment appropriations of the financial year for which this Protocol is suspended.
4. For the year during which this Protocol is suspended pursuant to paragraph 2 of this Article and for which Canada would have paid a participation fee if not suspended, Canada shall not pay the operational contribution. However, Canada shall pay an annual participation fee for the suspended year corresponding to the participation fee of the year before the suspension took effect increased by 1.0 percentage point.
5. Canada may request at any time that the suspension pursuant to paragraph 2 of this Article cease. The Union shall send a written response within 30 days following receipt of this request. Upon the Union accepting Canada's request, the suspension shall cease to have effect on the first day of the following year or, retroactively, as of the first day of the ongoing year if jointly decided by the Parties. If the suspension ceases retroactively, the full financial contribution for the corresponding year shall be due by Canada. Any annual participation fee already paid by Canada for the respective year shall be offset against the participation fee calculated in accordance with the method set out in Article 6 of this Agreement.

6. Canadian entities shall be eligible in award procedures financed from commitment appropriations of the relevant financial year as from the date on which the suspension ceases to have effect pursuant to paragraph 5 of this Article provided that the deadlines for submission of applications have not expired.

7. The suspension in paragraph 2 of this Article does not affect the legal commitments entered into with Canadian entities under this Protocol before the suspension took effect. The terms of this Protocol shall continue to apply to such legal commitments.

ARTICLE 7

Final provisions

1. This Protocol shall remain in force for as long as is necessary for all the Union projects, actions, or activities, or parts thereof, financed from Pillar II of the Horizon Europe Programme, all the actions necessary to protect the financial interests of the Union and all the financial obligations stemming from the implementation of this Protocol between the Parties to be completed.

2. The Annexes to this Protocol shall form an integral part thereof.

Annex I: Rules governing the financial contribution of Canada to the Horizon Europe Programme (2021–2027)

Annex II: List of the equivalent programmes, projects, and activities of Canada reciprocally open to Union entities

Rules governing the financial contribution of Canada to the Horizon Europe Programme
(2021–2027)

I. Calculation of Canada's financial contribution

1. The financial contribution of Canada to Pillar II of the Horizon Europe Programme shall be established on a yearly basis in accordance with Article 6 of this Agreement.
2. The participation fee of Canada shall be established and phased in according to Article 6 of this Agreement.
3. The operational contribution of Canada to Pillar II of the Horizon Europe Programme for the years 2024 to 2027 shall be as follows:
 - 2024 – €16.1 million;
 - 2025 – €21.4 million;
 - 2026 – €26.8 million;
 - 2027 – €32.1 million.

II. Automatic correction of Canada's operational contribution

1. For the calculation of the automatic correction as referred to in Article 8 of this Agreement and Article 5 of this Protocol, the following modalities shall apply:
 - (a) "Competitive grants" means grants awarded through calls for proposals launched under Pillar II of the Horizon Europe Programme where the final beneficiaries can be identified at the time of the calculation of the automatic correction. Financial support to third parties as defined in Article 204 of the Financial Regulation is excluded.
 - (b) Where a legal commitment is signed with a consortium, the amounts used to establish the initial amounts of the legal commitment shall be the cumulative amounts allocated to beneficiaries that are Canadian entities in accordance with the indicative budget breakdown of the grant agreement.
 - (c) All amounts of legal commitments corresponding to competitive grants shall be established using the European Commission electronic system eCorda and be extracted on the second Wednesday of February of year N+3.
 - (d) "Non-intervention costs" means costs of the Programme other than competitive grants, including support expenditure, programme-specific administration, other actions¹.

¹ Other actions include in particular procurement, prizes, financial instruments, direct actions of the JRC, subscriptions (the Organisation for Economic Co-operation and Development (OECD), the European Research Coordination Agency (Eureka), the International Partnership for Energy Efficiency Cooperation (IPEEC), the International Energy Agency (IEA), etc.), and experts (evaluators, monitoring of projects).

- (e) Amounts allocated to international organisations as legal entities being the final beneficiary¹ shall be considered to be non-intervention costs.

2. The automatic correction mechanism shall be applied as follows:

- (a) Automatic corrections for year N in relation to the execution of commitment appropriations for year N, increased in accordance with paragraph 5 of Article 6 of this Agreement, shall be applied on the basis of data on year N, year N+1, and year N+2 from e-Corda referred to in paragraph 1(c) of section II of this Annex in year N+3. The amount considered will be the amount of competitive grants under Pillar II of the Horizon Europe Programme for which data are available, at the time of the calculation of the correction.
- (b) Starting in N+3 and up until 2030, the amount of the automatic correction shall be calculated for year N by taking the difference between:
 - (i) the total amount of the competitive grants apportioned to Canada or Canadian legal entities under Pillar II of the Horizon Europe Programme as commitments made on budget appropriations of year N; and

¹ International organisations would be considered to be non-intervention costs only if they are final beneficiaries. This will not apply where an international organisation is a coordinator of a project (distributing funds to other coordinators).

(ii) the amount of Canada's operational contribution for year N multiplied by the ratio between:

- A. the amount of competitive grants made on commitment appropriations of year N under Pillar II of the Horizon Europe Programme, increased in accordance with paragraph 5 of Article 6 of this Agreement; and
- B. the total of all the authorised budgetary commitment appropriations of year N under Pillar II of the Horizon Europe Programme, including non-intervention costs.

III. Payment of Canada's financial contribution and payment of the automatic correction applicable to the Canada's operational contribution

1. The European Commission shall communicate to Canada, as soon as possible and at the latest when issuing the first call for funds of the financial year, the following information:

- (a) the amount of the operational contribution referred to in paragraph 3 of section I of this Annex;
- (b) the amount of the participation fee referred to in paragraph 9 of Article 6 of this Agreement;

(c) from year N+3 for the part of the Horizon Europe Programme where such information is necessary to calculate the automatic correction, the level of commitments entered into in favour of Canadian legal entities under Pillar II of Horizon Europe Programme broken down according to the corresponding year of budgetary appropriations and the related total level of commitments.

2. The European Commission shall issue, at the latest in June of each financial year, a call for funds to Canada corresponding to its contribution under this Protocol. The call for funds shall provide for the payment of Canada's contribution not later than 45 days after the call for funds is issued. If this Agreement is signed after 1 June, for the first year of implementation of this Protocol, the European Commission shall issue a single call for funds, within 60 days of the signature of this Agreement. Each year, starting in 2027, the call for funds shall also reflect the amount of the automatic correction applicable to the operational contribution paid for year N-3. For each of the financial years 2028, 2029, and 2030, the amount resulting from the automatic correction applied to the operational contributions paid in 2025, 2026, and 2027 by Canada will be due to or from Canada. Canada shall pay its financial contribution under this Protocol in accordance with section III of this Annex. In the absence of payment by Canada by the due date, the Commission shall send a formal letter of reminder. The interest rate for amounts receivable not paid on the due date shall be the rate applied by the European Central Bank to its principal refinancing operations, as published in the C series of *the Official Journal of the European Union*, in force on the first calendar day of the month in which the due date falls, increased by 3.5 percentage points.

3. Provided that Canada does not associate to the next Framework Programme for Research and Innovation, when the amount resulting from the automatic correction will be due from Canada, the European Commission shall issue, at the latest in June of each of the financial years 2028, 2029, and 2030, a call for funds to Canada, which shall issue a payment in favour of the European Commission within a period of 6 months from the date of issuing the call for funds. Should the amount resulting from the automatic correction be due by the European Commission to Canada, Canada shall submit a request for payment to the European Commission, which shall issue a payment in favour of Canada within a period of 6 months from the date of issuing the request for payment. Any delay in the payment of the amounts referred to in paragraph 2 of section III, shall give rise to the payment of interest on the outstanding amount by Canada or to Canada as of the due date for payment. The interest rate on the amounts receivable not paid on the due date shall be the rate referred to in paragraph 2 of section III.
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List of the equivalent programmes, projects, and activities of Canada
reciprocally open to Union entities

The following non-exhaustive list shall be regarded as Canada's, programmes, projects, and activities equivalent to Pillar II of Horizon Europe Programme:

- Canada Research Coordinating Committee (CRCC) – New Frontiers in Research Fund (NFRF): Exploration, International, Transformation, Special Calls;
- Natural Sciences and Engineering Research Council (NSERC): Alliance grants, Alliance International grants, Alliance International Quantum grants; Collaborative Research and Training Experience (CREATE) Quantum Call;
- Social Science and Humanities Research Council of Canada (SSHRC): Partnership Grants.
