

CETA is a bad deal for municipalities!

CETA and Water: Turning a public good into private profits



There is a water crisis in Canada. First Nations communities across the country remain on permanent boil water advisories while Indigenous communities in Manitoba suffer Third World-like conditions.

Canadian municipalities have been asking for billions of dollars for badly needed water system upgrades. The Harper government is not listening to these concerns. Instead, it is pushing privatization and public-private partnerships onto communities that cannot afford to fix water problems on their own. The government is also hoping its trade deal with the European Union will encourage more privatization of water and other social services in Canada.

According to Canadian trade negotiators, the EU has asked Canadian provinces to include drinking water and sanitation services in the Canada-EU Comprehensive Economic and Trade Agreement (CETA). It would be the first time that Canada has allowed our drinking water to be fully covered under a trade treaty, and the first instance that a trade agreement has covered municipal procurement of water services. The services and procurement commitments proposed in CETA would be protected by strong investor rights.

The effect of these new rights in CETA would be to lock-in existing private water contracts, restrict how local governments regulate the activity and investment of private water companies, and to encourage and facilitate the privatization of Canada's largely public water delivery and treatment systems. Our provincial governments cannot be allowed to sacrifice public water so large private EU water firms such as Veolia Environment and Suez can increase their profits.

Experiments with water privatization have failed all over the world to the point that there is now a growing trend in Europe, the United States and Latin America is to remunicipalize both private and public-private partnerships (P3) water projects. Water privatization fails because accountability disappears, water rates go up, workers are laid off, and service levels decline. There are no economic or social gains from agreeing to the EU requests as they relate to water services. There are only unnecessary and costly risks to Canada's municipalities and First Nations.

WHAT CAN WE DO?

Provincial and municipal governments must take immediate action to protect Canada's public water systems from decay and privatization. We need to let as many local, provincial and federal decision makers as possible know about the risks of including water in CETA. For more information and a sample letter you can send to your elected representatives, visit www.canadians.org/CETA.

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CETA and Local Governments: Cities have no place in trade agreements



Canadians want their communities governed in the public interest. Municipal action supporting local jobs and community businesses is crucial, especially in tough economic times. Yet Canadian municipalities are rapidly losing their ability to build local economies. The federal government is pursuing international and interprovincial trade deals that target municipal powers and services, without meaningfully consulting local governments.

The Canada-European Union Comprehensive Economic and Trade Agreement (CETA) will undermine the ability of municipalities, as well as school boards, hospitals, provincial agencies and Crown corporations, to promote community economic development by purchasing local goods and services and hiring local workers. CETA will compromise policies promoting social objectives such as ethical procurement, and any deal will make it difficult to ensure services such as wastewater treatment are provided publicly and locally.

According to a legal opinion of CETA for the Centre for Civic Governance, if the EU gets what it wants in the proposed procurement chapter, CETA will:

- Prohibit municipalities from applying buy local or buy Canadian preferences to contracts, or requiring that bidders use some proportion of local or Canadian goods, services or labour. This would end the ability of municipalities to use procurement as a local economic or social development tool.
- Prohibit municipalities from deciding who and where they get things from. For example, municipalities would not be able to create or support a market for innovative goods and services, including green technologies, if the effect would favour Canadian producers or attract investment to Canada.
- Prohibit municipalities from prioritizing purchases that support sustainability such as buy local food policies like the one Toronto passed to reduce emissions from food miles.

WHAT CAN WE DO?

Several municipalities, school boards and municipal associations have raised concerns about CETA's procurement chapter. They want to see the municipal sector excluded entirely from the deal. They recognize that communities often gain when they look beyond the bottom line when spending public money. "Buy Canadian" or "Buy Local" policies matter. We need you to convince your own municipality or school board to request to be kept of CETA too. Go to <http://www.canadians.org/action/2011/CETA-schools.html> for a draft resolution and talking points for your meeting with school and municipal officials.

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CETA and Democracy: Why can't we see what the provinces are offering?



There have been seven very quiet rounds of Canada-European Union trade negotiations toward a Comprehensive Economic and Trade Agreement (CETA). Until now, negotiators from each country have been working on the text of the agreement. But we're at a critical moment in the talks when the provinces will have to put offers on the table. These offers will include agreements to be restricted in how provinces deliver services (including public services), how local governments spend public money, and how investment is regulated.

Once the Canadian and provincial offers are made and these public policies are put on the negotiating table, it will be almost impossible to take them back. You would think our governments would be consulting publicly about what their offers should look like. But yet there is nothing but silence from our elected officials. Meanwhile, the offers were put together with close cooperation with powerful big business lobby groups that have a vested interest in restricting public policies that affect their profits.

Based on leaked copies of the CETA text and discussions with some Canadian trade negotiators, we know the types of policies being offered by the provinces and territories could include:

- **Public drinking water and sanitation:** The EU wants Canada to commit to trade rules that would encourage the privatization of Canada's public water systems. It's up to the provinces to decide how far the privatization goes.
- **Public health care:** While Canada and the EU say they would like to exempt public health care from CETA, some provinces may accidentally or willfully commit health services in their offers to the EU. Health insurance will almost certainly be part of their offers, which will make Canada's public health insurance system vulnerable to trade and investment challenges.
- **Public transit and energy:** European multinational companies, which have successfully dismantled publicly delivered transit and energy systems across the EU, now want to privatize Canada's remaining public systems. EU negotiators will be looking for commitments in these areas.
- **Sustainable, ethical and local purchasing strategies:** The EU wants the provinces to ban municipal governments, school boards, Crown corporations and most other public agencies from favouring locally sourced products and services when spending public money. EU trade negotiators think contracts should go to

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CETA and Investment: Removing environmental rules that restrict profits



One of the most controversial parts of the Canada-European Union Comprehensive Economic and Trade Agreement (CETA) in Canada and in the EU is the rights it will give multinational corporations to sue governments when public health, environmental or other policies interfere with profits.

The inclusion of an investor-to-state dispute settlement process in CETA is, in fact, one of Canada's only requests in the negotiations! There is no reason why two developed countries with strong legal systems should give extra rights to foreign corporations while curtailing what publicly elected governments can do to protect human health, water, ecosystems and the planet.

An investor-to-state dispute process allows foreign investors to bypass the legal system and bring disputes it has with government policy to unelected trade panels. These panels, made up of corporate lawyers for the most part, hold hearings behind closed doors in boardrooms in Washington, Geneva or London. Their decisions are binding, and they can result in multi-million dollar fines against governments. This process is not only unreasonably expensive, it also fundamentally undermines public policy and puts environmental protection at risk.

A recent investment case against Canada helps explain what is at stake. In 2008, pulp and papermaker AbitibiBowater claimed the Newfoundland government had broken NAFTA rules by unfairly expropriating the company's assets, as well as timber and water rights. Under Canada's constitution, companies cannot own natural resources such as water, timber or oil. For better or worse they are the property of the provinces, to be managed as a public trust.

When Stephen Harper settled with AbitibiBowater last summer for \$130 million—the largest NAFTA settlement in Canada's history – he created a trade precedent that essentially privatizes Canada's water resources. National Treatment clauses in NAFTA and CETA could force our federal and provincial governments to recognize a "right to water" for other corporations that rely on our most precious resource to produce goods. Take the Alberta tar sands for example, which use at least three barrels of water to extract each barrel of bitumen. Efforts to reduce water use in tar sands production could lead to investment challenges under CETA by EU-based oil and gas firms increasing their presence in Canada. At the same time, Canada will be able to use these investment protections to sue the EU for its progressive climate or environmental policies that limit the Harper government's ambitions to make Canada an "energy superpower."

the lowest bidder regardless of the environmental and job-creating benefits that come from spending money close to home.

These aren't trade policies. They are domestic public policies that should be developed locally in an open, democratic way. It should not be up to provincial and federal trade negotiators, with help from large corporations, to trade these policies away without consulting the public, or discussing the issue in the legislature.

WHAT YOU CAN DO

We need to demand transparency from the provinces. We need to see the offers before trade negotiators put our public services and policies on the table to be lost forever. It's not right that corporations are given front-row seats while the public is left out of the CETA negotiations. You can send a letter to your provincial government demanding to see the offers by using an Action Alert on the Council of Canadians' website at <http://canadians.org/action/2011/democracy-CETA.html>

The investor-state dispute process is not just a threat to Canadian policy. It is used extensively by companies to challenge environmental decisions in the developing world. Canadian mining companies in particular push to include investment protections in trade agreements so they can bully Latin American, Asian and African countries into allowing them to extract oil, gas and minerals with as few restrictions as possible.

WHAT CAN WE DO?

Investment protections in trade agreements are unnecessary and dangerous. The Australian government recently acknowledged this in a newly released trade policy document that rejects investor-to-state disputes processes as posing too great a threat to public policy while offering no provable benefits to Australian firms operating abroad. We must demand that the provincial and federal governments in Canada take the same position. Our governments must not include an investor-to-state dispute settlement process in CETA. Then the government must remove it from existing agreements, including NAFTA.

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CETA and Health Care: Higher drug costs and more privatization



The Canada-European Union Comprehensive Economic and Trade Agreement (CETA) will affect health care in two ways. The first is through EU demands for Canada to change its drug patent system to give more intellectual property rights to large, EU and U.S.-based brand-name pharmaceutical companies. The second is through investment commitments that will give private health insurance companies and private clinics tools to challenge Canada's public health care system. The result of CETA will be to increase the cost of health care and encourage privatization.

A recent report estimates that CETA's proposed intellectual property (IP) chapter would increase the price of drugs in Canada by almost \$3 billion. The EU is asking Canada to increase patent terms on drugs from 20 to 25 years. They want us to give more protection to the data brand name firms use to produce drugs, and then to offer those companies more power to challenge the introduction of cheaper generics in Canada.

Consumers, and businesses that offer drug plans, will be hit hard. There are already many Canadians who cannot afford to pay for drugs. And about half of the \$3 billion in added costs would be taken on by provincial, publicly funded drug plans just as the provinces and territories that are scrambling to cover health care costs, including rising drug prices.

The health costs in CETA go beyond drugs. Trade deals are designed to protect and encourage the private delivery of services, including public services such as health care and water. Europe is home to many private health providers and insurers that would benefit from any watering down of already weak protections in NAFTA for public health care. Any new investment protections for these companies in Canada would automatically be extended to U.S. private health firms as well. It would be a convenient way for the federal government to use trade commitments to force open Canada's public health care system to private care and expensive private insurance.

WHAT WE CAN DO

The provinces need to reject the services and investment provisions in CETA designed to privatize health and other social services. They also need to reject the intellectual property requests, which are guaranteed to increase drug costs and reduce the availability of cheaper generic drugs in Canada. But our provincial governments won't do this on their own. We need to put pressure on local, provincial and national decision makers to strengthen Canada's health care system, not undermine it through trade deals. For a sample letter you can send, visit <http://pharmacarenow.ca/ceta>.