



## **MEETING WITH EUROPEAN UNION DELEGATION OTTAWA - JUNE 15, 2011**

I am pleased to be with you today to discuss issues of mutual concern. I chair a large Canadian social and environmental justice movement called the Council of Canadians. The foundation of our work is the education and empowerment of people to fight for the values and policies we believe in. Our members, supporters and network of over 70 activist chapters create a powerful voice for social and environmental justice. We work to hold governments accountable and challenge the unbalanced power of corporations, promoting positive social change in Canada and the world.

It will come as no surprise to you to know that we, along with many other labour, environmental, social justice and civil society groups here and in Europe oppose the Canada–EU Comprehensive Economic and Trade Agreement, or CETA. I want to share with you our reasons, but first let me assure you I am not opposed to trade or to trade agreements per se. I eat bananas and I doubt we will be growing them in Canada any time soon.

My concern is with what free trade agreements like NAFTA and CETA have become and their tendency to promote deregulation of environmental, health and safety rules and the privatization of essential public services, to further reduce the space in which domestic elected officials can effect policy, and to grant more power to transnational corporations that, in my opinion, hold too much power over nation-state and international economic and social policy now.

The world is running out of raw resources. From fish in the sea and old growth forests to minerals, conventional energy and freshwater, ours is a planet needing great care. Half the tropical forests in the world – the lungs of our ecosystems – are gone; by 2030, at current rate of harvest, only 10 per cent will be left standing. Half the world’s wetlands – the kidneys of our ecosystems – were destroyed in the 20<sup>th</sup> century. A recent World Bank report says that by 2030, our global demand for freshwater will outstrip supplies by 40 per cent. Species extinction is taking place at a rate one thousand times greater than before humans existed. Ninety per cent of the big fish in the sea are gone, victim to wanton predatory fishing practices. Says a prominent scientist studying their demise “there is no blue frontier left.” According to a Smithsonian scientist, we are headed toward a “biodiversity deficit” in which species and ecosystems will be destroyed at a rate faster than Nature can create new ones.

While scientists and environmentalists warn us that we have to preserve and protect the natural world with more local, sustainable food and industrial production and more local, alternative energy sources, most of our governments are pursuing free trade agreements like

CETA that promote faster and bigger transportation grids, carve up more wilderness for exploitation, increase the volume of sheer “stuff” coming from ever-farther away places, and tear through declining energy and water supplies.

In a trade sustainability impact assessment commissioned by the European Commission itself, Canadians were warned that CETA would have negative effects on our environment. If it contains an investor-state provision, CETA will lead to increased European investment in the Alberta tar sands and thus to increased greenhouse gases, says the report. It is no secret that the Harper government opposes any European restriction on tar sands oil, even going so far as to threaten to abandon CETA if any dirty oil labels are put on these products. It is not acceptable in my view to have the Canadian government use a trade deal to negatively influence Europe’s environmental policy, especially since, under this government, Canada is the only country that ratified and then abandoned the Kyoto Accord.

The report also warned Canadians that CETA would open the door to private European water utilities like France’s giant transnationals, Suez and Veolia. Canada needs upwards of \$30 billion in water infrastructure investments in the near future and under CETA, these companies could openly bid for the procurement contracts, giving them a huge foot in the door and a tool to privatize Canada’s public water services. This could work both ways. I believe the Canadian government is prepared to offer up drinking water and this would give the water companies an extra tool in Europe too where there are still many municipalities that strongly favour their public water services.

The EC report singles out a likely negative impact on northern and First Nations’ communities as the deal opens up vast spaces to massive new industrial, mining, forestry, fish and energy development. The authors said this could lead to “water, air and soil contamination.”

I am deeply worried that an investor-state dispute process, which is touted for inclusion in CETA by both sides, would seal, in perpetuity, access by big European corporations to Canada’s raw resources and water supplies. NAFTA turned Canada’s energy resources into North American energy resources under strict new corporate-friendly rules. If there is a NAFTA type proportional sharing agreement in CETA, any deal that gives a European company access to Canadian resources could be seen as inviolate and permanent.

A NAFTA-type enforcement mechanism will also give European corporations the same right that American corporations now have to sue the Canadian government if any level of government in Canada introduces new rules to protect these resources for the community or the environment. In fact, the Canadian government recently set a dangerous precedent when it paid Abitibi Bowater – an American pulp and paper company that had operated for years in Newfoundland but abandoned its operations there – \$130 million in compensation for the “water and timber rights” it left behind. Now any American energy, pulp and paper, agribusiness or mining company operating in Canada can claim rights to the water it uses for its production. CETA will give the same rights to big European corporations such as Royal Dutch Shell, Monsanto, Suez and Veolia.

Gus Van Harten of Osgoode Hall Law School and David Schneiderman of the University of Toronto's Faculty of Law warn that this type of enforcement mechanism emphasizes investor protection over government policy in environmental protection and provides a powerful new tool for large corporations to frustrate regulatory initiatives without a comparable mechanism to regulate these same companies for failing to comply with domestic or international law. Recently, several countries, including Australia and Ecuador, have announced they will not include any investor-state deal in any future trade agreements. I well remember how important the issue of investor-state was in the successful fight against the Multilateral Agreement on Investment (MAI) in the 1990s, where social movements around the world argued so hard against its inclusion, the governments of France and then Germany actually pulled out of the talks.

And don't believe that Canada won't use this tool against European regulations and concerns. Canada is aggressively lobbying and challenging at the WTO, countries that get in the way of the interests of its energy and mining industries. Watch for a Canadian or EU-based seed company using CETA to challenge the EU's GMO policy, or its seal ban, or France's asbestos ban. Corporations use trade agreements like CETA to knock down higher standards wherever they exist.

Another major concern is the assault we see coming on public services here in Canada and in Europe with corporations on both sides using CETA to shrink the definition of what can be considered public, as well as to challenge provincial and municipal procurement funding exclusively for public services and local fair trade bylaws, economic development policies, bottled water bans and preferential treatment for locally grown food, to name just a few of the initiatives governments can now undertake to reflect the values of their citizens.

The European Union is very aggressive on procurement because it can see that through procurement agreements at the WTO or in bilateral deals like CETA, it can open new opportunities for its large service and construction firms. Procurement agreements claim to create a competitive market for municipal and subnational contracts, which those in favour of them say brings down costs. But these procurement rules leave no space for governments at any level to seek other forms of value from public spending. Ethical purchasing policies or local food procurement strategies become things governments are told to avoid as possible trade barriers – instead of as creative ways to meet local needs while helping to create a more equal, prosperous and ecologically sensitive society.

We note how few countries outside the EU have actually signed the WTO's Agreement on Government Procurement, or agreed to procurement chapters in bilateral free trade deals with the EU and ask: Why should Canadian cities go down this path that has been rejected by governments all over the world? Again here, the EU's sustainability impact assessment is informative because it says Canadian firms have much less to gain from a procurement agreement than EU firms do in Canada. Contrary to what our government tells us, there are winners and losers in these trade-offs.

In Europe, procurement agreements have openly been used to give private service companies access to the public contracts that were closed to them in the past and opened the door to a dramatic increase in public-private partnerships in energy, transit and water services, just to name three. The European Services Forum is clear in its stated demands for CETA: it calls for “significant access to Canadian public procurement at all levels,” meaning the public spending of not just the provinces, but municipalities, schools, hospitals, airports, transit systems, and more.

Economic globalization and unregulated market capitalism have divided the world – and Canada – into rich and poor as at no time in living history. Decades of market-based, corporate-friendly policies have stripped working people of their rights, undermined universal social security, and placed the demands of big business over the rights of people. It is my deep belief that public services need to be strengthened, not weakened in the face of the recent financial crisis that has left so many behind, and continued the assault on working people, the public sector and labour rights.

This is also the view of the European Parliament, which voted this month on a CETA resolution that demanded public services be protected from trade agreements. Canada has insisted in CETA that EU member states use a negative list approach for excluding rather than committing service sectors to the terms of CETA’s investment conditions. Canada’s provinces must use the same approach, but it is a risky one. Under a negative list, member states must exclude any service they want to protect instead of listing those they want to expose to binding investment rules. This is a very serious demand and one that puts all social and public services in jeopardy. It is very easy to forget or overlook key provisions of public services. If CETA does go ahead, member states should be demanding very broad but explicit exclusions for any service delivered in the public interest, and protections for the expansion of public services such as health care and child care.

These new service rules with their potential to weaken the definition of what is considered public, combined with the procurement chapter in CETA, would create enormous pressures on Canada and the EU to privatize public services. In this time of great economic uncertainty, it is in my view, just wrong to jeopardize universal, not for profit public services when they may be the only thing between joblessness and utter poverty. Under trade deals like CETA, governments – all governments – will be left with fewer and fewer options to deal with the multiple crises we are facing. Governments are elected to lead, not to be constrained by trade agreements that limit their options forever.

There are other concerns with CETA. The price of drugs will rise in Canada as we come into compliance with tougher EU-style laws to protect the patents and profits of brand name pharmaceutical companies. Already, the single most important cause of rising health care costs in this country are rising drug costs. A recent report commissioned by Canada’s generic drug sector shows in many ways Canada’s intellectual property protections are stronger than in the EU. We reject outright the idea that drug innovation in Canada will suffer if we don’t sign CETA. The brand name industry making those claims spends almost nothing on research and development compared to marketing costs.

We are also worried that despite the Harper government's promise to protect Canada's supply management system, it will also end up on the chopping block at the end of the day. We share the concerns of the National Farmers Union that other parts of CETA will dramatically limit farmers' ability to save, reuse and exchange seed, while giving European agribusiness companies like Monsanto the ability to obtain judicial seizure of a farmer's assets – including land, equipment and bank accounts – for alleged violations of intellectual property rights contained in CETA.

And then there is the negotiating process. Since CETA is not a regular trade agreement, it should not be discussed behind closed doors. If this is such a good deal for everyone, why is there so little consultation and transparency? You should know that Canada's entire labour movement is now solidly against CETA. As part of this movement, we represent the interests of more than 4 million workers in Canada and Quebec and countless others in the student, environmental and indigenous movements who reject this economic model of unregulated trade, privatization of our public services and unlimited growth, which we believe is killing the planet.

It is important to note that we have serious allies in Europe who also oppose this same assault on their public services. Paris recently municipalized its water services for the first time in over 100 years. Italy passed a law several years ago, requiring that all municipal drinking water services be managed by either private companies or public-private partnerships. The country claimed that it was bound to do this to keep it in line with European competition law. But in a June 13 referendum, Italian voters overwhelmingly overturned this law and rejected water privatization in favour of public delivery.

European Union trade policy states that Europe should use trade deals to encourage better behaviour in all trading partners, especially around the environment, sustainable development and labour. It is my firm belief that CETA is not an agreement that lives up to this commitment. We would love to see our governments forge a new partnership agreement that puts social and economic justice, environmental stewardship and conservation, poverty reduction and food security as leading goals alongside economic prosperity for all. We, in fact, do not think prosperity is sustainable in the long term in the absence of the greater framework of social and environmental justice. Let's keep trying to get it right.

*Maude Barlow*  
*National Chairperson*  
*The Council of Canadians*