

TRADE WITH EUROPE... BUT NOT AT ANY COST

Support for the Canada-European Union Comprehensive Economic and Trade Agreement (CETA) drops when people find out what's in the deal



Public opinion polls consistently show high support (between 70 and 80 per cent) for the idea of a Canada-European Union free trade agreement. And really, who wouldn't support more trade with a large and relatively prosperous economy such as Europe? The problem with these polls is that they don't ask the deeper questions about the type of trade agreement Canada is signing.

TRADE WITH EUROPE... BUT NOT AT ANY COST

In November 2013, the Council of Canadians commissioned an Environics poll to figure out how people feel about some of the more controversial parts of the proposed Canada-European Union Comprehensive Economic and Trade Agreement (CETA). These include new prohibitions on municipal “buy local” policies, changes to Canada’s pharmaceutical policy and the length of drug patents, and an increasingly controversial investor-to-state dispute process that gives corporations the ability to sue governments outside the regular court system for policies that affect their profits. What we found is that the Canadian public is favourable, in principle, to more trade with Europe – but not at any cost.

We buy into “buy local”



CETA will stop Canadian cities and towns from giving preference to Canadian or local companies when spending public money on goods, services, new buildings or public infrastructure projects.

77 per cent of people surveyed believe that municipalities should have the right to prefer Canadian or local bids.

We don’t want to pay more for medication



CETA will also lengthen patents on brand name prescription drugs with higher costs – which could surpass \$1 billion annually – passed on to consumers and public health systems.

65 per cent of people oppose making these changes to Canada’s patent regime in the EU deal.

We think corporations have enough power



Under an investor-to-state dispute process, European companies will be able to sue Canada in private courts when they feel public policy or environmental safeguards interfere with their ability to make profit. A similar process in (NAFTA) has already cost Canadians hundreds of millions of dollars.

54 per cent oppose giving European companies NAFTA-like investment protections in CETA.

We want a democratic say on CETA



When asked if the Harper government should be required to hold cross-country public hearings on the EU deal before it can be ratified or passed into law by Parliament, a strong majority of people felt that we should have a say.

80 per cent of people believe hearings on CETA must be held.

What we take away from this poll is that while the Canadian public supports a trade deal with Europe, we don’t support it at any cost. In fact, the numbers show a majority of people are strongly opposed to some of CETA’s most important – but least trade-related – chapters. In the pages that follow, we explain in more detail why these poll results are important, and how, in many ways, CETA would leave communities across Canada worse off than if there were no agreement, or at least a very different agreement, with Europe.



STRONG MULTI-PARTY SUPPORT FOR “BUY LOCAL” POLICIES



Question: One part of the Canada-Europe trade deal will force Canadian municipalities to treat all bidders for public contracts equally, regardless of whether they are from Canada or from Europe. **Do you think that Canadian municipalities should or should NOT retain the right to prefer contract bids from local or Canadian companies when spending public money?**

77% SUPPORT THE RIGHT TO PREFER LOCAL OR NATIONAL COMPANIES
16% OPPOSE THIS RIGHT

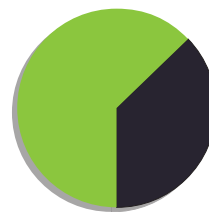
WHY IS THIS IMPORTANT?

As early as May 2009, when CETA negotiations were announced in Prague, Czech Republic, it was clear that public procurement – the money spent by municipalities, provincial governments, utilities and school boards on public contracts and the goods and services they need to operate – was the EU’s top priority. The European Commission wanted a way to win more contracts in Canada for multinational European companies, including construction, public infrastructure and engineering firms.

The solution? Permanently forbid all levels of government from preferring Canadian or local companies, and make it illegal to ask bidding companies from Canada or the EU to make sure a portion of goods, services or labour used to fulfil the contract is sourced locally.

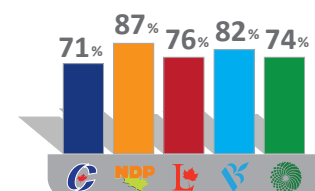
From both the technical briefing on CETA released by the Harper government and leaked reports by the European Commission, we can see that the EU got everything it wanted in this respect. Prime Minister Stephen Harper and the provinces even agreed to cover most energy and mass transit spending – exactly where it makes the most sense to use local content requirements to create jobs.

The federal government and most federal agencies are already bound by procurement rules in NAFTA. Canada is one of about 40 countries participating in an Agreement on Government Procurement at the World Trade Organization where provincial government spending is also limited. But CETA would be the first international treaty to include municipalities as well.



Even amongst people who “Strongly support” CETA, **63%** support “Buy Local” policies

Results by party:



This is something most countries, including the United States, are unwilling to do because their governments recognize the role public spending can play in creating local jobs, supporting small and medium-sized companies, and helping communities transition to a more sustainable economy.

Across Canada, more than 90 municipalities, school boards and municipal association have expressed concerns about the new public spending limits in CETA. More than 50 of those municipalities, including the City of Toronto, wanted local governments to be excluded from the EU deal. On November 18, 2013, Toronto passed a second motion demanding an immediate consultation with the Province of Ontario, and a vote on whether CETA procurement rules will apply to local spending.

The poll results show broad support for a local government exclusion from CETA procurement rules. This is especially true in Vancouver, where 84% of respondents think “buy local” policies should be protected. The procurement issue cuts across political lines. Support for local spending preferences is highest amongst NDP supporters (87%), while 71% of self-declared Conservatives believe the local preferences should be protected in CETA. Even among respondents who strongly support a deal with Europe, nearly two-thirds (63%) want municipal procurement taken out of the package.

DRUG COSTS – ALREADY TOO EXPENSIVE

Question: The Canada-Europe trade deal will also extend patents on brand name pharmaceutical drugs by up to two years. It’s estimated this may increase the overall cost of drugs in Canada by more than \$1 billion a year by delaying the introduction of cheaper generic versions of drugs. **Do you support or oppose this part of the Canada-Europe trade deal that extends patents on brand name drugs?**

65% OPPOSE
26% SUPPORT



WHY IS THIS IMPORTANT?

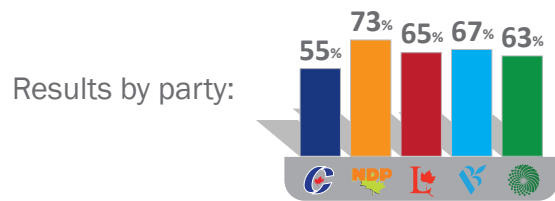
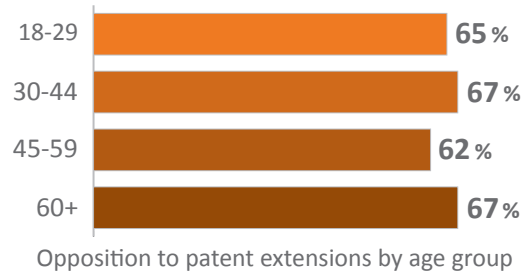
In Canada, we pay more for prescription drugs than almost anywhere in the world outside the United States. According to the Canadian Centre for Policy Alternatives (CCPA), annually, we spend almost as much nationally on prescription drugs as we do on doctors. There are a number of reasons why this is the case, but an important one is that too frequently newer, more expensive medicine is prescribed when an older, less expensive variety would work.

Nothing in CETA will address this problem in Canada. In fact, the agreement will give brand name drug companies more monopoly protections that could add as much as \$1.65 billion annually to the cost of medication in Canada. The issue is explained in a new study by the CCPA.

The CCPA explains that this new cost comes from estimated delays to the introduction of cheaper generic medicine that up to two years of additional patent protection, and a new appeal process for brand name companies, will create under CETA.

Prime Minister Harper had only just announced his new deal with the EU when the provinces started putting out statements saying they want to be compensated for any increases in drug prices. As it stands now, provincial governments will either have to pay for these increases or offload them to patients. Instead, provinces are asking for federal money – which is still our tax money. No matter how you cut it, the public will be paying for longer patents – with our money going straight into the pockets of rich, multinational pharmaceutical companies.

Canadians of all ages oppose drug patent extensions, which could drive up the cost of our medications by more than \$1 billion per year.



As with public procurement, there is broad support for excluding patent protection from CETA. Opposition to patent term extension was highest in Atlantic Canada (70%) and among respondents in higher income brackets (74% of people whose income falls between \$100,000 and \$999,000). NDP and Green Party supporters were the least likely to support patent term extension (22%), but more than half (55%) of Conservative supporters oppose it. Notably, 54% of respondents who otherwise strongly support the idea of free trade with the EU also oppose extending patents.

SHOULD THERE BE THE “RIGHT” TO PROFIT?

Question: The Canada-Europe trade deal will also include protections for European investors in Canada – similar to the protections American investors in Canada have as part of free trade with the U.S. It will let them sue Canadian governments if they feel a government policy, including an environmental policy, unfairly affects their investment or profits in Canada. **Do you support or oppose giving European investors these protections?**



54% OPPOSE
38% SUPPORT

WHY DOES THIS MATTER?

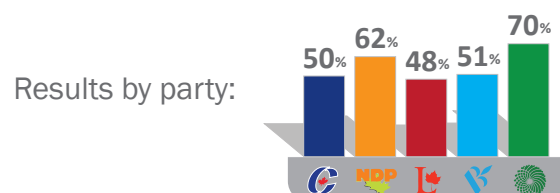
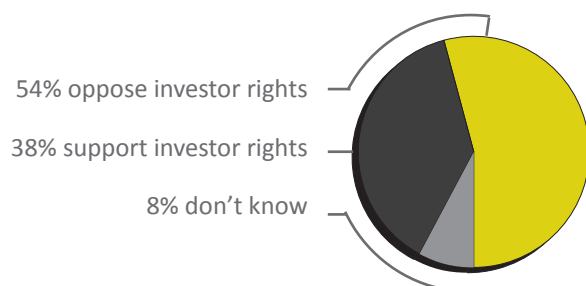
On September 6, 2013, the oil and gas company Lone Pine Resources notified the federal government it was suing Canada for \$250-million in damages under investment rules in the North American Free Trade Agreement for a partial moratorium on shale gas development (fracking) in the St. Lawrence Valley. The notice of arbitration explained the lawsuit was “in relation to the Government of Quebec’s *arbitrary, capricious, and illegal* revocation of the Enterprise’s valuable *right to mine for oil and gas* under the St. Lawrence River in violation of Chapter Eleven of the NAFTA.” (Emphasis added.)

It may seem incredible that a company would have a “right” to profit in free trade agreements. It is incredible but true. Canada has repeatedly faced these kinds of lawsuits from U.S. companies since NAFTA was ratified in 1994. Under the deal corporations have successfully challenged environmental policies (e.g. a ban on trade in gasoline containing the suspected neurotoxin MMT, and a ban on trade in toxic PCB waste), and resource conservation measures (e.g. a profit-sharing plan for offshore oil development in Newfoundland and Labrador). Canada has also settled several cases before investment tribunals could reach their decisions. A settlement in 2010 with pulp and papermaker AbitibiBowater (now Resolute Forest Products), which claimed that its “rights” to timber and water were violated by the Newfoundland and Labrador government, cost Canada \$130 million. There are no ownership rights for these resources under Canadian law but NAFTA gave extra-legal rights to AbitibiBowater.

Investor-state dispute settlement (ISDS) mechanisms – found in NAFTA’s Chapter 11, Canada’s Foreign Investment Protection and Promotion Agreements (FIPAs), and more than 3,000 other international agreements between nations – are increasingly used by corporations not only to challenge environmental decisions, but to threaten governments against introducing new policies. There is scant evidence these investment protections encourage positive investment flows in or out of Canada. They merely put up barriers to public interest regulation and to the public good generally.

Poll results suggest that the Canadian public is uncomfortable with this right to sue governments that only corporations and foreign investors have under agreements like CETA. Opposition is strongest in British Columbia (65%) and slightly higher among middle and low income earners. Green Party (70%) and NDP (62%) supporters were most likely to oppose investor-to-state dispute settlement in CETA. Less than half of Conservative party supporters (43%) and just under half of Liberal supporters (47%) support these rights for foreign investors.

54% of Canadians oppose giving European investors the right to sue our government over laws or policies that might reduce profits.



DEBATE THE DEAL – PUBLIC HEARINGS ON CETA

Question: Do you agree or disagree that the federal government should have to hold public hearings across Canada on the Canada-Europe trade deal before it can sign and ratify the deal?



80% AGREE
17% DISAGREE

WHY DOES THIS MATTER?

The Canada–European Union negotiations happened almost entirely in secret and almost everything we know about CETA to date has come out through leaked negotiating text. It did not have to be this way. In fact, at the WTO, and in past agreements such as the failed Free Trade Area of the Americas, negotiating texts have been made public so that all country positions are apparent, and the scope of the agreement is clear for all to see.

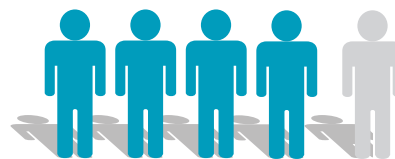
Despite the federal government’s technical briefing note on CETA, we do not have the full text, and we are not likely to see it until the final deal is signed in 2014, after which point there is no way to change it either in Europe or in Canada. Free trade and investment agreements are introduced into the House of Commons for limited debate, followed by a review by the parliamentary committee for international trade. However, the Conservatives hold the majority of seats on the committee and have rejected all proposed amendments to trade deals.

Our poll shows that the Canadian public is clearly worried about the procurement, intellectual property rights and investment protection chapters in CETA. It is very likely that there would be disagreement on other aspects of the proposed EU agreement. Unfortunately, the Harper government appears to have no interest in what people think about CETA. The government wants to hide behind general support for the idea of an EU deal, claiming it as broad support, which it clearly is not.

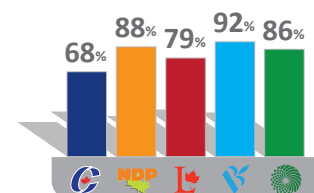
Across the political spectrum, people want public hearings on CETA. More than two-thirds of Conservative voters (68%) agree that public hearings on CETA should be held across the country before the deal can be signed and ratified. That is the same result amongst those who otherwise strongly support the idea of a Canada-EU free trade agreement. Otherwise, the Harper government will be telling Canadians to accept a trade deal negotiated without their input and signed without their consent.

4 out of 5

people want public hearings on CETA before it is ratified.



Results by party:



ABOUT THE COUNCIL OF CANADIANS

Founded in 1985, the Council of Canadians is Canada's leading social action organization, mobilizing a network of 60 chapters across the country.

Through our campaigns we advocate for clean water, fair trade, green energy, public health care, and a vibrant democracy. We educate and empower people to hold our governments and corporations accountable.

The Council of Canadians is a registered non-profit organization and does not accept money from corporations or governments. Our work is sustained by the volunteer energy and generous donations of people like you.

ABOUT THE COUNCIL'S TRADE CAMPAIGN

Trade is important to the Canadian economy to the extent that it enriches communities, respects democracy, and preserves our shared natural environment. But free trade agreements signed by Canada and other countries in the past 30 years have had the opposite effect.

From the Canada-United States Free Trade Agreement of 1988, through NAFTA, the WTO and Canada's many Foreign Investment Protection Agreements, to today's bilateral, European Union and Trans-Pacific Partnership negotiations, these deals enrich multinational corporations at the expense of the vast majority of people and the planet. In fact, these old and new agreements are better understood as corporate rights deals.

The Council of Canadians believes trade agreements should be made by and for people, not corporations. We campaign to make trade deals fair, and trade policy open and democratic.

For more information about CETA, and ways you can take action, visit our website at www.canadians.org/ceta.



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