Yes to Europe, No to CETA

Release the text and hold a debate on the Canada-EU Comprehensive Economic and Trade Agreement

Expanding Canada's trade horizons beyond North America is a reasonable goal for a country that has become dependent on the U.S. market. Unfortunately, the Canada-European Union Comprehensive Economic and Trade Agreement (CETA) the Harper government is now negotiating will not achieve it. Based on a leaked copy of the CETA text and limited public information about the talks, it is clear Canada has much to lose and little to gain from the deal. Deregulation – not diversification – is the true aim of CETA, as well as privatization and increasing corporate investment rights.

What is CETA?

CETA is a comprehensive free trade agreement that would eliminate most tariffs between Canada and the EU while reaching "behind the border" to change non-trade related government policies that affect business profits. These can include differences (however small) in labour, health, intellectual property, cultural, farming, public safety or environmental rules and regulations. Negotiations began in May 2009 and are set to conclude by the summer of 2012, with a deal expected to be in place by mid-2014.

EU negotiators have put a premium on restricting the spending powers of sub-federal governments and agencies, including municipalities and Crown corporations. This would benefit European water and power companies hoping to use CETA to encourage privatization. EU negotiators are also seeking better access to Canadian natural resources. Canada is primarily looking for a more open export market for products such as genetically modified crops, to secure strong investment rights for Canadian mining companies operating in those member states, and to force EU member states to recognize often weaker NAFTA environmental or public health standards.

Prime Minster Stephen Harper and former Minister of International Trade Stockwell Day participated in the Canada-EU Summit Business Forum in May 2009.

Who supports it?

The Canada-EU negotiations are backed by the Canada-EU Roundtable for Business (CERT), a trans-Atlantic business lobby group established in 1999 with support from the Canadian and EU governments. Member companies include French energy and uranium leader Areva, European steelmaker Arcelor, Canadian transportation firm Bombardier, defence and security giants Bell Helicopter, and EADS, GMO-maker Monsanto, Brazil-based mining firm Vale Inco and others. Canada's brand name drug lobby, Rx&D, also provides public support to CETA through its Protect Healthcare Canada campaign. The goal of the campaign is to encourage Canada to accept all EU requests to give Big Pharma more patent protection and power relative to Canada's competitive generic industry. The effect of the intellectual property changes sought by the EU would be to increase Canada's drug costs by almost $3 billion annually.

In 2007, an active corporate lobbying campaign in Quebec convinced Premier Jean Charest to champion CETA negotiations as a way to turn the province into a hub for EU-NAFTA trade. Outside of CERT, business support for CETA in Europe and Canada revolves around the hope it will lead to a Free Trade Area of the Atlantic (FTAA v.2) and the realization of the failed Multilateral Agreement on Investment (MAI). CERT has issued a letter of support for CETA, signed by more than 100 companies, including two of Europe's largest private water companies – Suez and Veolia.

How does it affect water?

Water is threatened by CETA in several ways. First, Canada hasn't excluded drinking water and sanitation services in its general services commitments. This is the equivalent of telling EU-based water firms that Canada is "open for business." Under CETA rules, existing full and partial water utility privatizations will be locked in, making it difficult – or at least very expensive – to bring them back into public hands in the event of rate increases or poor service. The EU, on the other hand, wants to protect municipal water services in its own offers to Canada. Federal and provincial officials have not been able to explain this discrepancy.

Also, if municipalities and water utilities are covered under CETA's procurement chapter, private water companies such as Veolia and Suez would get access to a burdensome and costly dispute settlement process to challenge lost bids. There could be opportunities for these companies to use these new trade tools to challenge a decision to keep a water utility public on the grounds it would be more accountable, cheaper to run, or simply more democratic.

How will it affect municipalities?

Canadian municipalities should demand to be excluded from CETA altogether. Otherwise, preferences that they or the provinces sometimes put on public spending, such as local content requirements, environmental or ethical sourcing – also known as "buy local" strategies – or local hiring programs will become restricted or illegal. Canada moved some way toward "opening" public procurement at all levels in the unnecessary and highly imbalanced Canada-U.S. Government Procurement Agreement.

In the U.S. deal, signed February 16, 2010 before anyone had had a chance to digest its content, municipalities were only included until September 2011 (with an option to extend), and only for construction projects over $8 million. Also, some provinces made important exemptions for transit and energy agencies which often try to maximize the social value of public spending. The EU is seeking much broader, permanent and legally protected rights to bid on public contracts that most municipalities, and the majority of countries, have not agreed to at the WTO or in other bilateral trade deals.

… And public services?

Canada's initial services and investment offers were leaked to the public in January 2012. They prove that CETA will put pressure on provincial and territorial governments to increase privatization in areas such as water, waste management, transit, and public health care. Canada Post is directly in the crosshairs of European postal service providers, and Canada has so far failed to protect postal services.

The provincial offers are so badly put together that groups such as the Trade Justice Network have been pressuring provincial governments to make them a matter of public debate before any final decision can be made on CETA. The leaked documents show that municipally delivered services have been put on the table as bargaining chips for the EU in the interests of large, private utilities and conglomerates that are looking to expand into the North American market.

At least CETA will create jobs, right?

Wrong. A 2010 economic assessment of the deal from the Canadian Centre for Policy Alternatives shows job losses of between 23,000 and 150,000. Jim Stanford, economist with the Canadian Autoworkers union and author of the report, explains that "Canada's experience with previous [free trade agreements (FTAs)] has been consistent: FTAs cause our imports to grow faster than our exports, and pigeonhole us even further as a resource exporter [of energy, minerals and agriculture]."

The Canadian relationship with the EU is no different. We export raw materials into EU supply chains that churn out high-value goods that we and other countries import back. CETA can do nothing but exacerbate Canada's existing trade deficit with the EU and result in more job losses in Canada. Because the EU is interested in increasing its investment in Canadian resource extractions, including the tar sands, CETA will also lead to more environmental destruction and increased greenhouse gas emissions.

Take Action!

We've seen a draft text of CETA and can start to predict its consequences for Canada. It's time to bring the CETA negotiations out from behind closed doors. Canadians would reject a job-destroying agreement with Europe that also takes important services such as health care and water out of public hands. We must demand a say in international trade agreements that put corporate profits above all other social goals. Contact your elected representatives today and tell them to release the CETA text and hold a national debate. The Harper government, provinces and territories need a public mandate on how – or whether – to continue negotiating this "comprehensive" trade deal with the EU.

For more information about the Council of Canadians Trade campaign visit www.canadians.org or call us toll free at 1-800-387-7177.