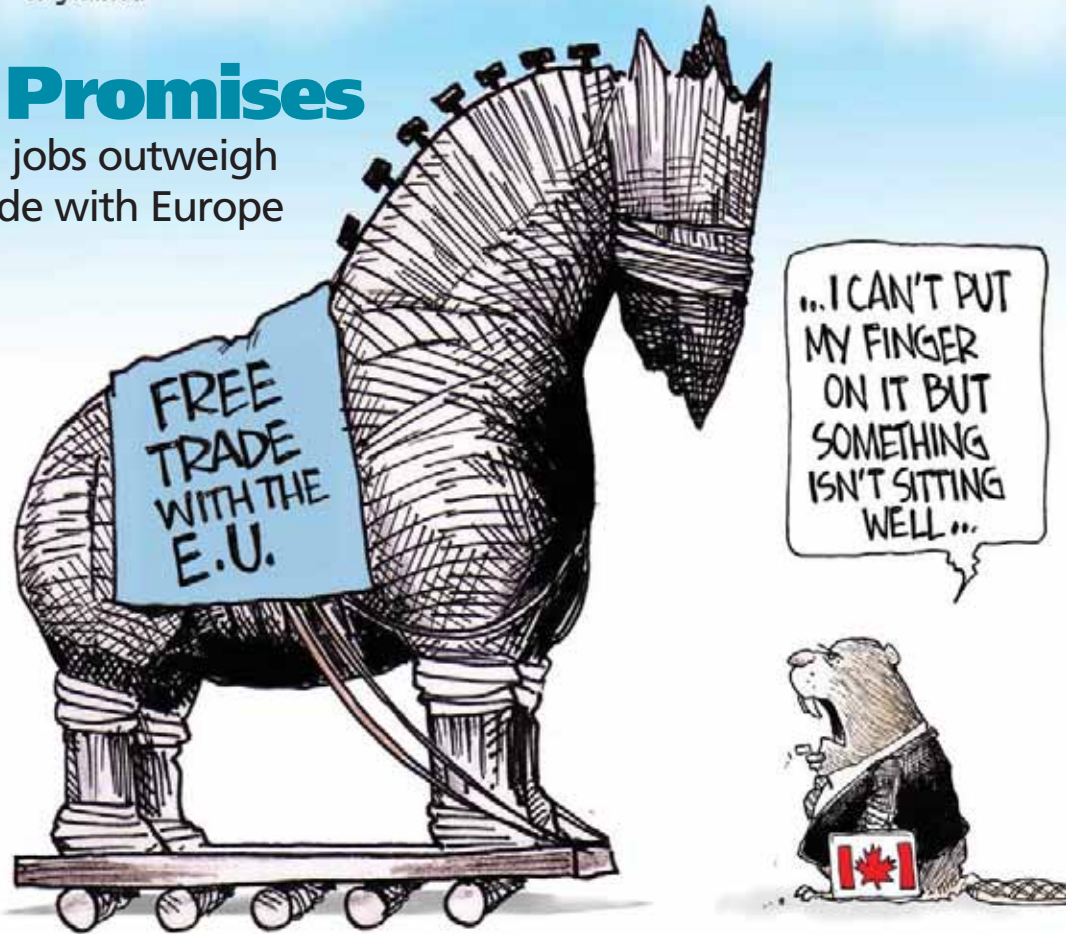


# CETA's False Promises

Threats to food, water and jobs outweigh vain hope of increasing trade with Europe



by **Stuart Trew**  
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Canadians still seem ambivalent about the Canada–European Union free trade talks. Maybe it's because when we think about Europe we see a land of cultured, well-fed people doing something right with capitalism. Why can't we do what they're doing? The idea of diverting more trade away from the sinking U.S. economy is also appealing to Canadians.

The problem with this scenario is the Conservative government wouldn't sign a trade deal that moved Canada closer to what is sometimes called the "Social Europe" model. And from what we know about the Canada–European Union Comprehensive Economic and Trade Agreement (CETA), the deal would make it more difficult than NAFTA did to create jobs and build a better Canada.

Like any free trade pact, CETA is simply about constraining government policy. In particular, it will have a big impact on food, water and jobs in Canada.

## THE FOOD WE EAT

While public contracts top the EU demands in CETA, in many ways the deal is fundamentally about our food and water. How we eat, drink and farm comes up throughout the proposed agreement.

Canada and the EU are both food exporters looking for better access to each other's markets: Canada has grain, processed

foods, fish, beef and pork; the EU has dairy products, processed foods such as cheese, spirits and meat. There are tariff and non-tariff barriers in place on both sides of the Atlantic, most of which make sense.

For example, many EU member states ban the import and cultivation of genetically modified (GM) foods. Despite widespread opposition to GM products in Canada for safety and environmental reasons, the federal government sided a long time ago with the biotech and GM food industry and allowed these products. Health Canada and Agriculture and Agrifood Canada are essentially marketing boards for an increasingly integrated genetically modified North American export economy.

You would think that as a requirement for trading more food with Europe, Canada would need to adopt the EU's precautionary approach to food regulation, particularly with products such as cloned meat threatening to enter the Canadian market,

but that's not the case. In August, Agrifood Minister Gerry Ritz reinforced Canada's commitment to the laissez-faire American model during a meeting with his U.S. counterpart, Tom Vilsack.

"Working together, we can break down barriers overseas and expand the opportunities for Canadian and American farmers throughout the world," said Minister Ritz in a press statement, referring indirectly to the EU market, which the U.S. has also had trouble penetrating because of its food safety system.

Not surprisingly, in the CETA negotiations Canada is pushing for regulatory equivalence, or the mutual recognition of Canadian and European standards on food. Also not surprisingly, the EU is pushing back. It is very doubtful that EU member states will agree to accept Canadian GM crops, hormone-treated beef, or newly developed meat and dairy products from cloned animals as equal to traditional foods.

The result is a double negative for Canada: farmers and processors of these products do not see any new access to the EU market, and Canadians continue to see the "Frankenfood" GM industry dominating the North American regulatory landscape.

### **THE WATER WE DRINK**

From food to water, the costs of the CETA deal to Canada are huge. Europe is home to the largest water corporations in the world. Expansion for these companies comes only when public utilities are privatized. As markets dry up in the Global South because of opposition to privatization, European and American water multinationals see the opportunity for profits in cities across North America.

EU negotiators want water services included in Canada's services commitments in the deal – something Canada has not done in past free trade deals. This would essentially lock in existing water service contracts with private corporations and put restrictions on how governments regulate the profit-making activities of these companies.

With investment rights locked in, the cost overruns, exorbitant rate hikes or lacklustre service that often accompany water privatizations become difficult, or at least very expensive, to fix. In a fundamental way, to commit a service sector in a trade agreement – whether at the World Trade Organization (WTO) through the General

Agreement on Trade in Services, or in bilateral or regional services agreements – is to commit to gradually reducing the role of government in that sector.

In addition to water, the EU would like to see telecommunications, postal services, provincial liquor boards, and banking and finance included in Canada's commitments. In each case, we lose the right to regulate in these sectors. They become venues for profit-making and are removed from democratic control.

### **WHERE ARE THE JOBS?**

We're faced with the question: What are the payoffs for signing on to CETA? There must be job creation somewhere in the CETA package, which could go part-way to justifying this new free trade experiment. The government propaganda on the deal insists it will increase annual Canadian goods and services exports to the EU by about \$20 billion. That means jobs, right?

Wrong.

Brian Mulroney promised jobs when he signed the original FTA with the United States in 1988. The Liberals promised the same in 1993 when they signed NAFTA. But high-paying jobs have clearly left North America by the hundreds of thousands and are not coming back.

Canada has a large trade surplus with the United States but a deficit with most other countries, even those with which we have free trade agreements in place, and especially with the EU. As Jim Stanford, economist with the Canadian Auto Workers union, wrote in the *Globe and Mail* this summer: "FTAs cause our imports to grow faster than our exports, and pigeon-hole us even further as a resource exporter [of energy, minerals and agriculture]."

Energy, minerals and agriculture products are our biggest exports to the EU, while we import many higher-valued manufactured products. The government's own stats say Canada's trade deficit will go up with the EU under CETA, as Stanford points out. This was the Mexican experience. That NAFTA country saw its trade deficit double over 10 years since signing a "Global Agreement" with the EU in 1999.

### **THEY DON'T LIKE IT IN EUROPE EITHER**

In July this year, during the fourth round of Canada-EU trade talks, the Council of Canadians, and other members of a new Canadian Trade Justice Network, took

these concerns and others to European parliamentarians. We met with representatives from four of the seven political groups (parties). Many had their own concerns about the CETA deal. Procurement was high among them, as was the possibility that CETA would reproduce NAFTA's Chapter 11 investment protections.

Canada has appealed to the WTO trade tribunals to lift the French government's ban – which has been reproduced across the EU – on asbestos imports. The European politicians and environmental groups we met with were very concerned that CETA would offer Canadian companies a direct line to challenge government policy directly, bypassing the courts and the country-to-country dispute process entirely.

But there is a certain amount of ambivalence as well. The EU's Global Europe agenda is vast and imposing on developing country partners as well as internally. There are enormous contradictions between the EU's external trade agenda and many of its treasured social protections. "Social Europe" is battling with what you might call "Corporate Europe." The Canada-EU free trade negotiations may play a deciding role in which vision ultimately wins out.

### **TIME TO SPEAK OUT!**

The time for ambivalence toward the CETA negotiations is over. The time for action is now. In October 2010 EU negotiators will be in Ottawa for a fifth round of CETA trade talks. The stakes are high and the pressure is on for Canada to make an offer that the EU will accept, but that Canadians must forcefully reject.

We can all imagine a trade deal with the EU that would improve standards on both sides of the Atlantic, improve the quality of our food, increase worker and farmer protections and salaries, protect public services from privatization, and give environmental safeguards the same weight in international law as corporate investments currently enjoy. And because we can imagine it, it must not be impossible.

It's a vision we need to fight for in our cities, provinces, territories and at the federal level. Trade policy is no different from other public policies. It will work best when it's written by – and for – people.

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