



by **Stuart Trew**

Dinosaur Economics: Why a **free trade pact** with the **European Union** is an (old) **bad idea**

HOW DOES THAT OLD SAYING GO? THE MORE THINGS CHANGE, THE MORE THEY STAY THE SAME...

The saying popped into my head while I was trying to figure out how to explain to Canadians why a free trade agreement with Europe is not the good idea it might at first appear. With North American trade in decline, it's natural for Canadian firms to explore their options. But a comprehensive economic liberalization pact with Europe should not be one of them.

Then it hit me. We've gone down this road before. In spirit and in fine details, we are looking at the FTAA reborn, this time as a full-blown Free Trade Area of the Atlantic — designed as much to restrict Canadian economic and social policy options as to open European markets to Canadian goods, services and investment. It's a bad idea for a number of reasons, notably for how retrograde it really is. This is dinosaur economics for a world that has moved beyond the free trade model.

FTAA: THEN AND NOW

Nine years ago this past January, the Council of Canadians issued a report by National Chairperson Maude Barlow called *The Free Trade Area of the Americas and the Threat to Social Programs, Environmental Sustainability and Social Justice in Canada and the Americas*. At the time, 34 countries were negotiating “the most far-reaching trade agreement in history.” The agreement would introduce “all the disciplines of the proposed services agreement of the World Trade Organization (WTO) — the General Agreement on Trade in Services (GATS) — with the powers of the failed Multilateral Agreement on Investment (MAI), to cre-

ate a new trade powerhouse with sweeping new authority over every aspect of life in Canada and the Americas.”

On top of services and investment, the Free Trade Agreement of the Americas (FTAA) included provisions on competition policy, government procurement, market access, dispute settlement and intellectual property rights. Many countries opposed the application of these one-size-fits-all rules to sensitive areas of government policy. The FTAA provided a regional opportunity for rich countries such as Canada and the United States to bypass multilateral delays at the WTO in order to get the new rights they wanted for their powerful corporations.

The first version of the FTAA was defeated in 2004 thanks to hugely successful opposition from labour, environmental, human rights and social justice groups. Of course by then negotiations on services, procurement and other controversial areas had found a home in the Doha round of trade liberalization talks at the WTO. But since July 2008, these talks have also stalled over fundamental differences between rich, developed countries and powerful developing world

coalitions — not to mention global civil society demands to subsume corporate rights under human rights, development and environmental concerns.

SAME ISSUES, SAME PROBLEMS

So we shouldn't be that surprised to be confronted with a second version of FTAA. "Free Trade Area of the Atlantic" has crawled out of the mud to try to achieve for Canadian and European multinationals what the WTO apparently cannot.

Like its American predecessor, the newest FTAA between Canada and Europe — called the Canada—European Union Comprehensive Economic and Trade Agreement (CETA) — would go beyond NAFTA by guaranteeing corporations strong new rights for their trade in services, their bids on government procurement, and their intellectual property.

For example, EU service providers, including water multinationals Veolia and Suez (who have endorsed the negotiations), see dollar signs in Canada's publicly delivered municipal utilities. The services chapter is bound to emulate the unfinished GATS, with its mandate to liberalize the global trade in services and phase out "barriers" to international competition in the services sector.

A successful negotiation could mean, among other things, "that governments could not maintain monopoly or exclusive suppliers of water services; they would have to allow competition in the supply of these services, and no local supplier could be given preference over a foreign one," wrote Ellen Gould in a 2002 report for the Council of Canadians.

On government procurement (the money that cities, provinces and the federal government spend on goods, services and construction), the EU is seeking access above and beyond what U.S. companies received through the new Canada-U.S. Agreement on Government Procurement (see article in this issue on page 5).

"European Union negotiators want access to procurement competitions in an extensive list of Canadian cities, utilities and Crown corporations in a market they estimate is worth \$86 billion," wrote *Embassy Magazine* in a recent article, referring to confidential EU briefing notes obtained by the magazine. That would include "all entities operating in the so-called MASH sector (municipalities, municipal organizations, school boards and publicly funded academic, social service and health entities) ... as well as any corporation or entity owned or controlled by one or more of the preceding."

Terry Collins-Williams, a former deputy permanent representative for Canada at the WTO and former director general of multilateral trade policy and negotiation, told *Embassy* that water, sewage, energy, power generation and power transmission equipment are big-ticket items where some European countries have a competitive advantage.

These questionable Canada-EU trade negotiations are happening in a cone of silence. Information about the agreement escapes through leaks to the media, while one-hour government briefings after each negotiating round (the third will take place in Ottawa April 19-23) have been declared grossly insufficient by Canadian civil society organizations that are banding together to fight the proposed deal.

"You can see why the Europeans would put a high priority on getting those products and entities covered," he said.

In return for Canada removing any kind of conditions that cities and provinces can now put on public spending — a controversial move among cities — Canada is pushing hard to include a Chapter 11—type investment dispute process in the European agreement. This is despite enduring controversy over existing NAFTA lawsuits against Canadian public policies that now top \$1.5 billion in potential damages.

Another *Embassy Magazine* article in February described how the EU is also going after Canada Post's "monopoly" on international mail delivery, how they hope to stop provincial liquor boards

from supporting local wine growers, and how they will use the free trade negotiations as a way to stop provinces such as Ontario from putting minimum local content requirements on new renewable energy projects.

REBOOTING THE ANTI-FTAA MOVEMENT

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"There have been no preliminary, independent studies or any broad civil society debate and consultation to assess the impact of a potential cross-Atlantic free trade agreement on public policy and public services, the economy, poverty, gender, culture, human rights and the environment," wrote 18 labour, environmental, cultural and social justice groups, including the Council of Canadians, in a letter to Trade Minister Peter Van Loan at the end of February.

"In the case of CETA, which is more ambitious than past free trade agreements, and with greater potential impacts on federal, provincial and municipal government powers, public services, public policies, programs and regulations, Canadians would be better served by more meaningful consultation."

TAKE ACTION!

It's a message our local, provincial and federal politicians need to hear from Canadians. Write to your elected representatives today, asking why they're resuscitating the FTAA with Europe and what they're doing to open up the Canada-EU free trade talks to public debate.

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