

# Open For Business

## Privatization, not higher standards, the main goal of Canada-EU free trade talks

On May 6, 2009, at a Canada-EU Summit in Prague, Czech Republic, Prime Minister Stephen Harper announced the official launch of negotiations toward a new generation trade agreement with the European Union. It was the culmination of two years of quiet talks between the two governments and their respective private sectors on what “closer future EU-Canada economic integration” might look like. A first round of negotiations was set for October 19-23, 2009 in Ottawa, with a final agreement expected by the end of 2010.

Based on a joint report tabled at the October 2008 Canada-EU Summit in Quebec City, and a subsequent joint scoping exercise released in May 2009, we know the proposed Comprehensive Economic and Trade Agreement (CETA) will go much further than NAFTA in the guarantees it will give to Canadian and European corporations that public policy at all levels – from your local high school and city up to the federal government – does not interfere with trade and investment.

### Why can't we be more like Europe?

When asked, most Canadians say we should be trading more with Europe. But as we've seen already, trade agreements are less about real trade barriers such as tariffs (taxes on imports) and more about other government policies that affect business profits. These can include differences (however small) in labour, health, safety or environmental rules and regulations. The aim of



the Canada-EU negotiations is partially to eliminate those differences, or find ways to make them redundant.

The Canada-EU Business Roundtable (CERT), a business lobby providing much of the support and input on priorities for the free trade negotiations, suggests a policy of mutual recognition of standards. That doesn't mean Canada will follow Europe in areas such as the regulation of toxic chemicals, where the EU has developed a much stronger system than in North America. It means that European jurisdictions may be asked to turn a blind eye to weaker Canadian regulations and vice versa. Mutual recognition is preferred by business groups because it means that weaker standards in one jurisdiction cannot be used to justify blocking products from entering markets in the other jurisdiction. It is also crucial to remember that under NAFTA's Most Favoured Nation clause, Canada is not allowed to offer European or other foreign companies more investor rights than currently enjoyed by Mexican and American companies. The CETA will go further than NAFTA by liberalizing services and local procurement. One result would be to give more trade options to American private health providers and insurers who want to challenge Canada's public health care system.



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

### There's money in Canada's public services

While Canadian companies, including large agriculture and financial players, are looking for better access to the European market, EU negotiators are clearly after Canadian services contracts, including public services. Their demands are identical to what they have been asking of Canada at international negotiating venues such as the WTO and General Agreement on Trade in Services (GATS) – that Canadian jurisdictions privatize government services and let European companies buy them up.

In 2002, international trade expert Ellen Gould listed the European Commission's GATS demands as follows: “It is telling Canadians that the management of their pension funds should be opened up to private firms. It is telling the people of Saskatchewan, Quebec, and British Columbia they should surrender auto insurance services to foreign companies... People in all provinces with public monopolies on alcohol sales are being told these should be eliminated.”

Any agreement with Europe is likely to put pressure on provincial governments to increase privatization, including in areas such as child care and public health care. The 2009 scoping exercise recommended that “the services provisions of any agreement should apply to measures taken by all levels of government, as well as non-governmental bodies, in the exercise of powers delegated by any level of government,” and that, “No mode of supply or services sector should be excluded...” Note the emphasis on all levels of government: municipal governments will also be forced to fall into line with an international trade agreement that is signed without their involvement.

### **Europe thirsty for Canada’s water**

Europe’s largest and most notorious private service providers are its major water companies, including Veolia and Suez, both of which signed a joint business “Declaration in Support of a Canada-EU Trade and Investment Agreement.” According to a Corporate Europe Observatory (CEO) report from March 2009, “Judging from all available sources, the EU appears in fact to be pushing for including water in trade agreements whenever possible.” CEO also leaked Europe’s GATS demands in February 2003, proving that the European Commission was asking 72 countries to “liberalize” their water services and give unlimited market access and “national treatment” to foreign firms. “Many of the countries targeted had public-managed water sectors,” wrote CEO. “The EU’s demands were clearly aimed at advancing privatization to benefit the EU corporations that dominate the world’s private water markets.”

### **Where “Buy Local” and ethical purchasing fits in**

The European Union has wanted assurances that differences in provincial regulations, as well as any freedom to discriminate in favour of local or national companies when spending public money, would be eliminated in the course of negotiations. The joint Canada-EU Scoping Group was of the opinion that “any agreement should substantially improve access to public procurement markets aiming to achieve full coverage of central and sub-central government procurement in all sectors, to ensure inter alia treatment no less favourable than that accorded to locally-established suppliers.”

Any conditions provinces or municipalities can now put on public spending, such as local content rules, environmental or ethical

sourcing, or requirements to hire locally will be discouraged and potentially illegal under the new deal with Europe. This is why Canadian premiers – though notably not the provincial governments – have been asked to participate in the negotiations. It is because their powers, and the powers of sub-provincial entities such as regional municipalities, cities, school boards, health authorities, universities, etc, will be substantially altered or curbed. Spending public money on local or provincial priorities may soon come to an end.

### **Take Action!**

We must put pressure on our municipal, regional and provincial elected representatives to reject any agreement with Europe that would curtail the right to keep important services such as health care and water in the public realm. Municipalities must be consulted on the Canada-EU agreement because they risk losing so much control over how public tax dollars are spent in their communities. We must demand a say in international trade agreements that put a premium on no-questions-asked corporate profits at the expense of all other social goals, including local democracy itself. Contact your elected representatives today and tell them that public services, water resources, and our ability to set good public policy such as ethical sourcing and buying local should not be a part of any trade deal.

### **Join the Council of Canadians**

The strength of the Council is in our membership. We do not accept funding from corporations or governments, so membership donations are vital to our activities. We work with community groups, seniors, students, unions and other organizations across the country to promote progressive policies on public health care, fair trade, secure energy, clean water and other issues of social and economic concern to Canadians. Visit [www.canadians.org](http://www.canadians.org), or call us at 1-800-387-7177 to become a member today.

***For more information about the Council of Canadians Trade campaign visit  
[www.canadians.org](http://www.canadians.org) or call us toll free at 1-800-387-7177.***