

Canada-European Union: Comprehensive Economic and Trade Agreement

Issue:

- The Province of Manitoba is a part of the consultation process for Canada's negotiations with the European Union (EU) on the Comprehensive Economic and Trade Agreement (CETA).

Overview:

- Since 2009, Canada and the EU have been negotiating a comprehensive trade agreement (CETA).
- Previous international trade agreements negotiated by Canada have largely protected sub-national procurement policies and partially shielded public services. By contrast, the CETA is on track to provide unprecedented exposure of sub-national procurement and public services to international trade disciplines.
- The EU was unwilling to enter such negotiations without assurances that Canadian provinces would be bound by an agreement. Such assurances have been provided by the Council of the Federation, and the federal government has, for the first time, arranged for direct provincial representation in the negotiations. Provinces would not be signatories, but the bar for provincial consent higher than usual for CETA.
- Examples of sub-national procurement policies that would be captured by CETA:
 - Public subsidies for renewable energy that are conditional on local procurement (to create green jobs)
 - Crown corporation local economic development policies, such as Manitoba Hydro's Northern Training and Employment Initiative (which provides jobs and training to aboriginal and northern residents)
 - The East Side Road Authority's east side economic development policies that provide Community Benefits Agreements to local First Nations and make local hiring and procurement a condition of construction tenders
 - Buy-local food policies
- A leaked copy of CETA's draft procurement chapter indicates:
 - The prohibition on local procurement and economic development policies would be far more comprehensive and far-reaching than in any other trade agreement
 - Would apply to provincial and municipal governments, crown corporations, government-controlled agencies, schools and hospitals, water and energy utilities, ports and airports, and transit corporations.
- Other provisions on the table in CETA negotiations would threaten public and non-profit delivery of public services:
 - The EU is insisting on the application of national treatment (treatment of EU corporations on par with Canadian corporations in P3 and other contracting-out schemes;
 - Onerous expropriation provisions would effectively lock-in failed privatization schemes by making them extremely expensive to reverse.
- Proposed EU language would also restrict regulations even if they are non-discriminatory. Regulations would be required to be no more burdensome than necessary, even if national treatment is provided to EU firms.

Manitoba's Position:

- Manitoba has not looked to block CETA, but has been advocating to protect Manitoba interests.
- Although provincial consent is being sought by the federal government, there is considerable "peer pressure" on provinces to facilitate an agreement.
- Manitoba's priorities in negotiations have been:

- Protecting the crown sector, especially Manitoba Hydro;
- Preserving the scope for regional economic development policies;
- Advancing the interests of Manitoba agriculture.
- Promoting labour mobility.

Prepared by the Manitoba Federation of Labour, November 2010