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The EU-Canada Comprehensive Economic and Trade Agreement (CETA) Fosters Deregulation, Unemployment, Rising Social Inequalities

Not the Progressive Agreement it Claims to Be

Par Progressive Caucus of the European Parliament
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This opinion piece was co-signed by 17 members of the European Parliament, from three different political groups.

In reality, the EU-Canada trade deal fosters excessive liberalisation and deregulation: it weakens governments' rights to regulate in the public interest and the so-called "additional declaration" does not provide legal protection in key areas and does not meet the requirements of our legal traditions.

When the Transatlantic trade negotiations were launched, both European and American leaders failed to understand why they were the target of a wave of scepticism in public opinion. They pledged that this time, it would be different from NAFTA.

The North-American Free Trade Agreement ended up destroying manufacturing jobs, pressuring down wages, weakening standards and consumer protection, and turned Canada, once a small farmers' nation, into one of the biggest GMO producers.

Now that the EU-Canada Comprehensive Economic and Trade Agreement (CETA) is completed and public, one can assess whether these official claims are grounded or if they were rather part of the political marketing.

According to the EU Trade Commissioner, Cecilia Malmström, CETA will "raise standards" and "create jobs". Chrystia Freeland, Canada's Trade Minister, goes further when she says that CETA is a "progressive agreement" because it reflects "progressive values".

In reality, if these negotiations were really about raising the bar while creating equally distributed wealth, it's fair to wonder why they were led in such an opaque way. Average parliamentarians, both at national and EU level, were not associated with the discussions, and the Council's negotiating mandate – setting the guidelines for the Commission's negotiators – was only made public after the agreement was concluded.

If CETA really was a "progressive agreement", why would its sponsors be afraid of facing democracy? Whereas national and regional parliaments will have to approve CETA, 90% of the agreement (i.e. "EU-only competences") will enter into force before their vote. And even if one or several parliaments decide to reject CETA, "provisional application" will keep being

effective on these EU-only matters.

Contrary to what is officially advocated, no one is able to prove CETA's ability to generate prosperity and create jobs. The official Sustainability Impact Assessment (SIA) forecasts only a 0.03 GDP increase, and other independent studies based on a more realistic UN model anticipate negative economic effects and more than 200,000 EU-wide jobs lost.

Whereas the European Commission says that CETA is primarily a way to help SMEs – 99% of them do not actually export beyond the Atlantic – many actually fear a diversion of their business in the EU due to the competition from big Canadian companies.

The EU-Canada agreement is therefore definitely not about wealth creation. When faced with that contradiction, CETA proponents discovered another line of defence: they argue that their main intention is to create high international trade standards with the help of like-minded partners, such as Canada, against dumping from China.

But here again, the text of the agreement does not objectively reflect that ambition: sanitary standards are not reinforced, because the "precautionary principle" is nowhere mentioned; the EU and Canada did not commit to better protect social rights and labour rights; our climate commitments alongside the COP21 are deeply contradicted by CETA, which is expected to increase greenhouse gas emissions.

Essentially, the EU-Canada trade agreement goes against what Europe, undermined by the rise of inequalities and the decline of public investment and services, really needs. Indeed, CETA fosters liberalisation instead of protection and deregulation instead of re-regulation. It also weakens our legal systems and our states' ability to pursue public policy objectives. An example: while the EU's farmers desperately ask for more protections in the EU internal market, CETA opens new duty-free quotas for Canadian beef and pork, representing in total 140,000 tons a year.

Worst of all, when three decades of wild globalisation left the feeling among many citizens that their governments were deprived of any ability to tame it, governments' public policy decisions will be further challenged by multinational companies, including through legal channels. The new "ICS system" is not fundamentally different from the old "ISDS system".

Both are unnecessary and dangerous: just as Transcanada sued Obama's government for putting an end to the Keystone XL project, Canadian companies could legally ask Germany, France or any other European country for compensations if they take measures affecting their "legitimate expectations".

It is worth noting that the German Association of Judges severely questions the compatibility of that parallel jurisdiction with the EU legal order and urges the Commission, national governments or the Parliament to ask the ECJ for a legal opinion on compatibility with EU law.

Indeed, serious doubts remain regarding the independence and qualification of ICS judges – among other elements, they will be paid on a daily basis – as well as regarding the protection of the states' right to regulate in public interest.

The European Commission and the member states are well aware of our arguments. The fact that the Commission decided to draft an "interpretative declaration" to further clarify the CETA provisions shows that our claims are well grounded. But that text misses the point.

It is rather a smokescreen that according to experts in international law has neither the legal weight nor the ambition to contradict some of the most problematic aspects of CETA – even the Commission admitted it was rather a communication tool. It cannot counter the services liberalisation mechanism, does not mention the precautionary principle nor climate protection goals etc.

We still believe that CETA is not the kind of agreement Europe needs. While we think CETA is dangerous for our democracy, our economy, our standards and our environment, we also think that there can be good trade regulation, particularly at a multilateral level.

We are strong supporters of multilateral trade agreements contributing to creating tangible benefits for workers and consumers, regulating globalization, integrating the fight against global warming, safeguarding our norms while preserving our democratic models. Any other kind of agreement should be rejected and we will fight to that end.

This op-ed is signed by the following MEPs:

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