Stop the EU's corporate trade agenda

Seattle to Brussels Network, part of Our World is Not For Sale http://www.s2bnetwork.org

European civil society calls for a halt to negotiations for a Comprehensive Economic and Trade Agreement (CETA) with Canada

Since May 2009, a free trade agreement between the EU and Canada has been in preparation behind closed doors at the European Union. Called the Comprehensive Economic and Trade Agreement (CETA), it is even more far-reaching than the infamous North American Free Trade Act (NAFTA).

The 6th negotiating session has now started in Brussels, with a view to concluding the agreement by the end of 2011. The signatory organisations below are concerned at the almost total secrecy in which talks are being conducted, where only the concerns of corporate lobby firms have seemingly been taken into account - even though such an agreement will have grave consequences for public interests like workers' rights and jobs, the protection of the environment, public services and our democratic rights.

1. An agreement which is being negotiated in the greatest secrecy

The negotiations commenced in May 2009, pushed by the business lobbyists that are to be found everywhere at the heart of the European Commission. The recommendations of three of the principal employers' organisations (Business Europe, the Chief Executives' Council and the Canada-Europe Business Forum) at the opening of talks are wholly represented, according to leaks of the texts currently on the table. However, on the other side, civil society has not been heard despite all the recommendations and evidence it has put forward to European and Canadian negotiators. In particular, see the « Open declaration of civil society regarding the CETA between Canada and the European Union » [18 April 2010].

2. An agreement which hands massive power to multinational companies to undermine democracy

The negotiators have incorporated into the text an international mechanism (the investor-to-state dispute settlement), which allows foreign investors to bypass domestic courts and sue governments when they make a regulation that threatens 'anticipated profits'. This clause would be tantamount to giving the right to foreign investors, in the name of the private interest of shareholders, to challenge decisions taken by an elected government or local authorities. This is the same way that Canada, in accordance with Chapter 11 of NAFTA, is today being pursued by the American firm Dow Agrosciences because of a ban on selling their pesticide 2,4-D put in place by Quebec.

Transnational businesses, through powerful lobbying, already tried to impose such a policy through the MAI (Multilateral Agreement on Investment) in 1998, but public mobilisation managed to stop our governments from signing up. Today businesses are attempting again through the CETA to impose this legal monstrosity. It will both threaten our democratic rights by letting them challenge decisions taken by elected governments and local authorities, and also threaten all the environmental, health and safety etc. regulations perceived by businesses as obstacles to trade.

3. An agreement that will undermine EU Climate Policy and the fight against climate change

Together with European oil companies, Canada has already used CETA talks as an opportunity to lobby against European action that would keep oil derived from Canadian tar sands out of Europe.

EU has passed a "Fuel Quality Directive" (FQD), aimed at encouraging the use of low carbon energy products and discouraging the use of high-emission crude oil. Although already insufficient, Canada managed to influence the directive thanks to intensive lobbying: a recent proposal for the implementation of the FQD assigns a single value for emissions from all transport fuels extracted from oil, helping to mask carbon-intensive crude like the tar sands.

Similarly, a recent October draft of CETA text includes establishing a goods trade that forbids countries to discriminate between more or less carbon-intensive versions of the same product. This will close off further debate about how to reduce emissions, for example by distinguishing them according to their production and processing methods.

On the other side, under the dispute resolution mechanism, attempts by the Canadian government to regulate the extent or pace of tar sands development by EU-based companies would be vulnerable to challenge. Environmental or conservation measures such as limiting the amount of water used for production, which directly or indirectly affect current or future profitability, would also be open to challenge.

4. **An agreement that will have serious impacts on agricultural and environmental regulations**

Using a dispute resolution mechanism under CETA, Canadian businesses would be able to attack policies regulating genetically modified organisms (GMOs) - which are stricter in Europe than in Canada - under the pretext that they would be a distortion of trade. That is all the more menacing because in parallel, CETA would reinforce intellectual property rights on patented seeds, handing even more power to corporations. It would be the same for the ban on using hormones in livestock production. In this way the Canadian and European biotechnology and agribusiness companies would finally be able to override regulations brought in democratically to ensure public health.

Regulations aimed at protecting the environment, like the REACH directive (chemical products regulations) would also be open to attack by Canadian and European businesses, given that environmental and social regulations are generally weaker in Canada than in Europe. Market access without regard to the social or environmental impacts is not just a one-way street that benefits European business. The interests of agribusiness, and transnational firms more generally, would prevail over European public interest.

5. **An agreement which will strongly encourage privatisation of the public sector**

The EU is today the spearhead of public service privatisation (in telecommunications, postal services, electricity, water distribution, etc.). It sees in the Canadian public markets new opportunities for its big multinationals (e.g. Veolia). CETA threatens to include an extensive interpretation of public services that are targeted for liberalisation and privatisation, since it would automatically cover all public services except those actively listed as exceptions (the negative list approach).

Moreover, it would be almost impossible for local and national authorities in Europe to roll back liberalisation policies where they find that they have failed (e.g. the remunicipalisation of water services in France), as they would face the threat of action by multinationals to protect their interests through the dispute resolution mechanism.

6. An agreement that deprives municipalities and regions of tools to strengthen local economies

Local authorities and municipalities' public procurement contracts are likely to be included in this agreement, which would create opportunities for foreign companies to run basic services for profit and further remove these services from social accountability. Local authorities could furthermore not be able to use their procurement policies to favour local businesses, services or agriculture, or to help develop new community based economic approaches in the future. Ultimately, if CETA comes into force, it will mean a loss of numerous economic and regulatory instruments for local government as they are overridden by international trade treaties.

7. An agreement that threatens access to generic medicines and will put millions of lives in developing countries at risk

Canada, like India, is a strong generic drug producer for national, U.S. but also some international markets. Through CETA, the EU is seeking increases to patent terms and data protection, as well as substantial copyright reform. The generic drug association in Canada predicts these changes to patents and data protection would add hundreds of millions of dollars onto the cost of provincially-delivered health care systems, making them less sustainable and vulnerable to privatisers in the U.S. and EU. This push will clearly benefit large EU-based drug firms (for example GlaxoSmithKline) with operations in Canada, rather than Canadian citizens.

But, beyond these few examples, underlying this agreement is the ambition to create a vast free trade zone and, as stated in the EU's new trade strategy, to drive an insidious harmonisation of legislation between the USA, Canada and Europe towards a lower level of standards in social protections, environmental regulations, health and safety and other policies. As with other free trade agreements, CETA is being sold on the basis of benefits to the public (e.g. lower prices through competition), while in reality it poses numerous and grave threats to social and environmental standards and protections and public goods in general.

In view of these threats, the Seattle to Brussels network demands that:
a) the European Union immediately cease negotiating the CETA.
b) the European and Canadian governments start public consultations to establish a different basis for future environmental, social and commercial cooperation.

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Signatories:

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