

Introduction to Comprehensive Economic Trade Agreement (CETA) Report to Spring Senate 2012

Background

Canada and the European Union (EU) have completed the eighth round of negotiations toward a Comprehensive Economic and Trade Agreement (CETA). Both Canada and the EU are committed to maintaining the momentum of the negotiations thus far with the aim of concluding by 2012. The current CETA negotiations between Canada and the EU are of deep concern to many RTO members. A legal analysis of a leaked draft of the EU's negotiating document concludes that if the deal is signed, "local governments will no longer legally be able to give preference to local or Canadian suppliers of goods and services, and would bear significant administrative costs and litigation risks related to potential legal challenges from European companies". It would be extremely difficult for Canada to cancel or renegotiate the Agreement.

Motion from Spring Senate 2011

THAT the Political Advocacy Committee studies the impact the Comprehensive Economic and Trade Agreement (CETA) may have on pension, health and education and the privatization of water services, and report to the Fall Senate.

The Committee has met five times since the issue was referred to it and has spent considerable time examining the role of RTO/ERO with regards to CETA.

Impact on Pensions

It is difficult to make precise comments on the impact of CETA on pensions. Very few articles address this issue, but the Political Advocacy Committee believes that the general economic outlook might have an impact on pensions.

If CETA is signed, many articles are indicating that it will: threaten our democracy by putting corporate rights first, threaten local job creation and 'buy-local' policies, cause prescription drug costs to skyrocket by at least \$2.8 billion per year, and allow big corporations to ignore or challenge existing environmental regulations.

If these changes occur that impact the economy, the fate of many pension plans may be similarly impacted.

Our Health Care System

Health care costs are of vital concern to our membership. Canada's health care system is under threat. The Political Advocacy Committee is concerned that CETA, if signed, will extend the length of patents on drugs, increase our health care costs, and cheaper generic drugs will take longer to reach us. High drug costs are the major reason our health care costs are rising.

Private investors are already clamoring to cash in on Canadian health care which, because of trade deals like NAFTA and CETA will leave Canada's public health care system vulnerable to corporate interests. Committee members **note** the harsh lessons about health care privatization from the United States. The U.S. spends nearly twice as much per person on health care as Canada does, and more than 45 million people

have no health care coverage at all. Health care continues to be the leading cause of bankruptcy in the U.S.

Impact on Education

The timelines for negotiation of this agreement are of concern. As a perception exists that CETA has been completed, the Political Advocacy Committee believes that there is not enough time to understand the nuances of the negotiation process and the predicted results of this agreement from both sides. This affects the Committee in making an informed decision based on our own consideration of the issues.

Our members should be made aware of the issues and concerns as this agreement unfolds, or at least aware of the varied positions and sources of information. At first glance, the only apparent concern for education seems to be government procurement, which is the money our municipalities, school boards, provincial Crown corporations and utilities spend on public contracts; this is the EU's first priority in the CETA talks with Canada.

If concluded, a deal would ban these public bodies in Canada and the EU from favouring local bidders even when the tendering process was completely transparent and fair. The procurement chapter, as described in CETA, would remove one of the last remaining tools our local communities have to foster a sustainable, local agreement. Under CETA, the article says, "bidding on school district purchases and capital projects would have to be open not only to firms in B.C., Alberta and Saskatchewan (as they are under an existing regional trade agreement called the Trade, Investment and Labour Mobility Agreement, or TILMA), but also to firms in the 27 EU countries as well.

Canadian Control over our Water

If CETA is negotiated on the terms sought by the EU, it would be the first time that Canada has allowed drinking water to be fully controlled by a trade treaty and the first instance that a trade agreement has covered municipal procurement of water services. The services and procurement commitments proposed in CETA would also be protected by strong investor rights. This opens up the possibility that multi-national corporations could gain unprecedented access to municipal water services. While the Canadian government has, in the past, made efforts to preserve its sovereign control over water when negotiating international trade agreements, the EU has specifically requested that drinking water services be included in CETA. This could open the door to private ownership and operation of municipal water. Such privatization has caused costs to rise dramatically in other countries such as Chile.

The effect of these rights, as they relate to the services and procurement provisions, would be to lock in existing private water contracts, restrict how local governments regulate the activity and investment of private water companies, and to encourage and facilitate the privatization of Canada's largely public water delivery and treatment systems.