

Economic Integration: Towards a North America - EU Transatlantic Free Trade Zone

Final Push for a Canada-EU CETA and the Coming NAFTA-EU Free Trade Zone

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Pressure is mounting on Canada to finish up a long-delayed trade deal with the EU. Despite outstanding issues that still must be settled, there is a final push to try and complete an agreement this summer. If both sides are able to secure a deal, it would lay the groundwork for the proposed U.S.-EU trade pact. There is the possibility that the U.S.-EU transatlantic trade talks could also include the other NAFTA partners and maybe even other countries. Mexico has already shown interest in joining and if Canada can't put the final touches on their own agreement with the EU, they might also be part of the negotiations. This would facilitate plans for a coming NAFTA-EU free trade zone and the formation of a transatlantic economic union.

After almost four years, negotiations between Canada and the European Union (EU) on a [Comprehensive Economic and Trade Agreement](#) (CETA) are bogged down in the final stages. Both sides have missed numerous deadlines to wrap things up. There is uncertainty when or if CETA will even get done. Prime Minister Stephen Harper recently tried to boost trade talks. He acknowledged that [considerable progress](#) towards a free trade deal has already been achieved, but admitted that there are still important issues that need to be resolved before any agreement can be finalized. Harper also explained that it would be to Canada's advantage to sign a deal with Europe before the U.S. does. He made the comments while meeting with French Prime Minister Jean-Marc Ayrault who was in Ottawa for an official visit. As part of a [joint statement](#), both leaders said they looked forward to a successful conclusion to CETA negotiations. Before his trip to Canada, Ayrault was [sent a letter](#) by civil society groups voicing opposition to CETA and the investor protection chapter that would grant corporations the power to challenge government policies that restrict their profits.

There are key issues which remain [stumbling blocks](#) and are preventing Canada and the EU from reaching an agreement. Academic researcher and law professor [Michael Geist](#) argued that, "with the EU the stronger of the two parties, it doesn't see any urgency to compromise. In fact, with a growing number of EU negotiations (including talks with the U.S.), compromise with Canada may undermine its position in more economically important deals." He also laid out different possibilities for the future of CETA. This includes Canada continuing to hold out hope for a compromise which thus far has failed. They could cave to the EU demands, but this might hurt the Conservatives chances in the 2015 election. Geist pointed out another scenario which would involve Canada joining the U.S.-EU talks and CETA being replaced by the Transatlantic Free Trade Area (TAFTA). He noted, "The argument for TAFTA would be that Canada is consolidating its negotiations into major agreements covering the Pacific (TPP) and Atlantic (TAFTA) to ensure that it is part of two potential large

trading blocs. The danger with this approach is that Canada becomes a bit player in both negotiations with even less leverage to promote Canadian interests.”

During a [speech](#) given in November of last year, EU Trade Commissioner Karel De Gucht called on Mexico and the EU to modernize their existing trade agreement. Glyn Moody of [techdirt](#) recently reported that Mexico is now looking to join the U.S.-EU transatlantic deal. This would be one way for the EU and Mexico to upgrade trade relations. Moody emphasized that the U.S. strategy is to, “make TPP the defining international agreement for the entire Pacific region. TAFTA obviously aims to do the same for the Atlantic. As well as establishing the U.S. as the key link between the giant TPP and TAFTA blocs, this double-headed approach would also isolate the main emerging economies — Brazil, Russia, India and above all China.” Just like the U.S. dominated [Trans-Pacific Partnership](#) (TPP), Mexico and Canada could also be a part of the [Transatlantic Trade and Investment Partnership](#) talks. This would make it a true NAFTA-EU trade bloc-level negotiations. There might be an opportunity for other countries to join as [Turkey is also pushing to be included](#) in the trade deal.

In a recent article, [Maude Barlow](#) of the Council of Canadians described how CETA negotiations have laid the groundwork for a U.S.-EU free trade zone. She insisted that it would be a mistake for all three NAFTA countries to be a part of a transatlantic agreement. Barlow warned about some of the same dangers found in CETA that the U.S. could face in their own trade deal with the EU. She stressed how opening up local procurement to the EU should be of great concern to U.S. states and municipal governments.

In Canada, a number of municipalities have passed motions demanding that they be excluded from the procurement rules in CETA which would restrict local hiring and purchasing initiatives. Barlow also cautioned that an investor protection chapter like the one in CETA would allow European multinationals to sue for any potential profit losses related to U.S. government policies and regulations. This would be worse than [NAFTA’s Chapter 11](#) and as a result, the U.S. would lose more sovereign rights. The [Australian government](#) has already stopped the practice of including investor-state dispute resolution procedures in trade agreements and now it’s time for other countries follow suit.

In Canada, opposition to CETA continuous to grow. There are deep concerns over the expansion of NAFTA-like investor rights, the dismantling of supply management in agriculture and the negative impact that CETA would have on local public procurement. It could also serve to further empower Big Pharma by extending monopoly drug patents which would lead to higher costs. Just like any of the other so-called next-generation trade and investment deals, CETA is based on the failed NAFTA model with the same false promises. These secretive and binding international agreements are not really about trade, but are in fact designed to reshape regulatory and policy frameworks to further increase the rights of corporations and investors.

Whatever happens with CETA will greatly affect how the U.S. and EU approach their own trade deal. Moving forward, the merging transatlantic partnership will eventually culminate in the creation of a NAFTA-EU free trade zone. With the push for deeper international economic integration, the U.S. is positioning itself to become the lynchpin between the world’s largest trading blocs.

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