

From NAFTA to CETA: Canada-EU Deep Economic Integration

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Canada and the European Union (EU) have already held five rounds of negotiations towards a Comprehensive Economic and Trade Agreement (CETA) which will go beyond NAFTA. With the sixth round of talks scheduled to take place in Brussels, Belgium from January 17-21, Canadian and EU officials remain optimistic that a deal could be finalized by the end of 2011. Thus far, negotiations have included key areas such as goods, rules of origin, services, investment, government procurement, as well as others. As talks enter their final crucial stages, there are growing concerns over the threat CETA poses to Canadian sovereignty. Coupled with the financial turmoil sweeping Europe, deep economic integration with the EU could prove disastrous.

In a recent article [Maude Barlow](#), national chair of the Council of Canadians, points out the dangers Canada faces with the current CETA trade model. She warns that, "CETA will open up the rules, standards and public spending priorities of provinces and municipalities to direct competition and challenge from European corporations." Barlow goes on to say, "Europe is seeking a comprehensive and aggressive global approach to acquiring the raw materials needed by its corporations. At its heart, this deal is a bid for unprecedented and uncontrolled European access to Canadian resources." She also added, "CETA will likely have a NAFTA-type investor-state enforcement mechanism, which means that European corporations will have the same right that U.S. companies now enjoy to sue the Canadian government if it introduces new rules to protect the environment." If CETA includes something similar to NAFTA's Chapter 11 which gives corporations the power to challenge laws and regulations that restrict their profits, U.S. and Mexican companies could benefit from any rulings that favour the EU. Ultimately, like NAFTA and other trade deals, CETA will further serve corporate interests.

A report released in December of last year, entitled [Public Water for Sale: How Canada will privatize our public water systems](#), "exposes how CETA would open up public municipal water systems across Canada to privatization." The paper prepared by the the Council of Canadians and the Canadian Union of Public Employees cautions that, "public water in Canada will be lost unless the provinces and territories take immediate steps to remove water from the scope of the proposed Canada-EU Comprehensive Economic and Trade Agreement." The [Union of B.C. Municipalities](#) supports a resolution by those cities and towns who wish to receive a clear, permanent exemption from CETA. Others have voiced opposition to any deal that could deny government the ability to favour local businesses and create jobs. There has been increased pressure on Ottawa to either fully or partly shield the municipal sector from government procurement of goods and services. Giving the EU full access to sub-national purchasing and contracting in Canada would open up areas such as

school boards, universities, hospitals, as well as other provincial agencies.

The October 2010 report, [Out of Equilibrium: The Impact of EU-Canada Free Trade on the Real Economy](#) written by economist Jim Stanford warns that Canada's bilateral trade deficit with the EU could grow under CETA. Released by the Canadian Centre for Policy Alternatives, the paper, "models three scenarios to provide a range of estimates regarding the likely impacts of EU-Canada free trade. In every case, Canada's bilateral trade balance worsens significantly. The simulations suggest an incremental loss of between 28,000 and 150,000 Canadian jobs." Many of these could be good jobs in sectors such as machinery, chemicals, electronic, food-processing, apparel-making and the auto industry. The study on the economic impacts of CETA also, "estimates direct losses in Canadian GDP between 0.56% and almost 3%, experienced over several years of adjustment to the new trade pact. Indirect losses of spin-off production, employment, and investment could add significantly to those economic losses." Stanford concluded, "Free trade with Europe will take a bad situation for Canada, marked by large deficits and lost jobs, and make it much worse."

It is becoming apparent that Canadian sacrifices in regards to a free trade agreement with the EU outweighs any potential benefits. While Canada does need to lessen its dependency on the U.S. economy, CETA is based on the failed NAFTA trade model and will only serve to accelerate the corporate takeover of the country. The sixth round of negotiations are expected to focus on sensitive areas such as tariffs on dairy imports, intellectual property rights investment and regulatory standardization, as well as public procurement. CETA is part of a larger agenda and could be used as a blueprint for a future US-EU trade agreement and a stepping-stone to a NAFTA-EU free trade zone.

At the [EU-U.S. Summit](#) held in Lisbon several months back, leaders reaffirmed their close partnership, as well as their desire to bring greater prosperity and security to both sides of the Atlantic. They recognised the central role of the Transatlantic Economic Council (TEC) and entrusted, "the TEC to develop a transatlantic agenda to stimulate growth and create jobs in key emerging sectors and technologies." The TEC was called upon to, "identify ways to improve transatlantic consultation before regulators and agencies develop regulation in economically promising new technologies and sectors, to share best practices, and to develop joint principles with the aim of promoting maximum compatibility of regulations and the freest possible transatlantic flow of ideas, products, and services." The TEC was established in 2007 in an effort to work towards increasing investment, eliminating trade barriers and streamlining harmonization on regulations. It is the framework for advancing transatlantic economic integration between the U.S. and the EU.

In December of last year, the [TEC met in Washington](#) where "European Commissioners and leading US government representatives took the first concrete steps to ensure the TEC process creates a forward-looking business environment that reduces regulatory barriers and encourages innovation, shared standards and high-tech business." An agreement on a common approach to electronic health record systems and a declaration on energy efficiency was also signed. The TEC meeting identified other, "key areas for joint activities in the innovation sector and discussed ways to ensure secure trade and strengthen the customs cooperation between the two partners." The TEC has been compared to the Security and Prosperity Partnership (SPP). Along with NAFTA, the SPP agenda which continues to move forward through other initiatives, is essentially laying the foundation for a North American Union. A Canada-EU trade deal would be an incremental step towards a Free Trade Area of the Atlantic and an eventual Transatlantic Union.

Canada has fared better than other countries during the current financial crisis. With parts of Europe still marred in recession and debt trouble, a trade agreement with the EU, especially under the template in which it is being negotiated could prove costly. Failed monetary policies and government managed free trade agreements that favour corporate interests, deserve their share of the blame for the current global economic predicament. Yet, we are still being told that more globalization is the solution to our financial woes. In order to further restructure the world, the ruling elite seek to capitalize on the economic chaos which in many ways they engineered.

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