

FORMER TRADE MINISTERS

# Free trade with Europe? Absolutely

MICHAEL WILSON, ROY MACLAREN, JIM PETERSON AND DAVID EMERSON

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From now until Christmas, Canadians will see, hear and read a lot about completing a Comprehensive Economic and Trade Agreement – CETA, it's called – with the European Union. As with any policy initiative, vigorous arguments rooted in facts as opposed to ideological rhetoric are essential to shape the debate, inform public opinion and assist government in reaching its decision.

Canadians should turn their attention to three fundamental questions when it comes to any major public-policy choice, such as CETA. First, what is the political and economic context leading to this choice or decision? Second, what are the opportunities and risks for my family, my community and my country? And third, what are the implications for my future, my children's future and Canada's future?

To answer the first question, one in five Canadian jobs is directly linked to international trade. Completing CETA is part of the government's larger global commerce strategy, which seeks to secure new markets for export of our goods, services and technical know-how. Trade has long been fundamental to Canada's national economic stability, and is becoming even more so.

Over almost four decades, four separate prime ministers – Brian Mulroney, Jean Chrétien, Paul Martin and now Stephen Harper – have successfully pursued a strikingly similar trade agenda: Secure new markets, protect Canadian interests and grow our economy. The Canada-U.S Free Trade Agreement, NAFTA and WTO improvements represent signal accomplishments that have taken us to new levels of trade and economic performance. CETA is a rare opportunity to take us to a new level of prosperity.

Turning to Canadian families and communities, CETA provides an opportunity for every economic sector and geographic region to benefit through better access to the EU market. The EU is the world's largest market: 500 million consumers, 27 countries and a combined GDP of \$17-trillion.

Over half of Canadian agri-food production (grains, beef, pork and fish) is already exported; privileged access to the EU market will provide this major sector further growth and employment gains. In sectors such as raw materials, energy and minerals, eliminating tariffs and other trade barriers will enable Canadian firms to better supply the EU as it continues its long-term economic recovery. For Canadians who work in industries such as aerospace, transport and other advanced manufacturing, enhanced trade with the EU provides them with unprecedented access to integrated global supply chains.

Once implemented, conservative estimates project that CETA will provide an annual boost of \$12-billion to the Canadian economy and increase bilateral trade by 20 per cent, which is equivalent to 80,000 jobs or an additional \$1,000 to average family income.

CETA has its critics, with real and imagined grievances. We acknowledge concern around issues of subnational and municipal procurement, and harmonizing Canada's life sciences intellectual property regime to the EU level.

On the former concern, not one Canadian municipality has a "Buy Canadian only" policy and we note that present exemptions used by cities to restrict tenders for services and construction contracts to local suppliers will remain in effect. Further, the value of Canada's municipal procurement activity is about \$100-billion annually, compared to EU procurement of \$2.4-trillion – a major opportunity for Canadian engineering, architectural, project management and construction firms.

Concerns around the protection of intellectual property and the potential impact on provincial drug budgets need to be considered in a broader perspective. The EU does have a stronger regime for protecting intellectual property, but actually spends less per capita on health care. Canada also has the Patented Medicine Prices Review Board, which sets price ceilings for patented drugs. Finally, and most importantly, federal and provincial drug plans have every tool at their disposal today to manage drug budgets through aggressive price negotiations with manufacturers or co-ordinated buying activities.

As for the imagined grievances that have come from ideological critics with every major trade negotiation over the past 35 years: Canada's health-care system, water resources, cultural frameworks and

environmental protection laws are not threatened, will not be privatized and are not for sale under CETA.

Finally, what does CETA mean for Canada's future? Successful completion of it will position Canada as one of the few major economies to secure privileged access to markets in the both the EU and the United States. It will serve as a springboard for further trade negotiations like the Trans-Pacific Partnership and emerging trade discussions with Japan, India and China. CETA will also bolster the Atlantic Gateway concept through our Atlantic ports, just as the port of Vancouver is growing due to increased trade throughout the Asia-Pacific region. And CETA will provide another vehicle through which our Arctic sovereignty and development objectives can be advanced.

CETA is a once-in-a-generation opportunity that will bolster our economic prosperity for this and future generations over the coming decades. It should be concluded promptly.

*Michael Wilson, Roy MacLaren, Jim Peterson and David Emerson are all former international trade ministers who represent the continuity of Canadian trade policy through the governments of Brian Mulroney, Jean Chrétien, Paul Martin and Stephen Harper.*