

Municipal concerns about CETA reveal ignorance about trade and investment

Posted on Mon, Mar 12, 2012, 5:00 am by Jason Langrish

Toronto City Council voted last week to request an exemption from negotiations on the Canada-EU Comprehensive Economic and Trade Agreement (CETA).

This a misguided outcome based on falsehoods being peddled by groups that don't understand how trade and investment agreements work.

A favorite talking point is that the negotiations are taking place behind closed doors. Not exactly a revelation. The City of Toronto doesn't negotiate with their Unions in public, even if the outcome will directly impact taxpayers. Nor should the federal government and European Union negotiate a wide ranging, and constantly evolving trade and investment pact in public.

Some municipalities are complaining that they do not have a seat at the table in CETA negotiations. That's because the responsibility for negotiating international trade agreements resides with the federal government under the terms of the Constitution Act. In fact, the CETA has taken on an unprecedented degree of transparency, directly involving provinces in the negotiations of an international trade agreement for the first time.

The claim that municipalities will no longer be able to exercise preferences for local businesses under the CETA also comes up

often. It's a false claim. Municipalities will continue to be allowed to restrict tendering for contracts under certain threshold values – \$340,000 for individual contracts for goods and services and \$8.5 million for construction. These are higher than the thresholds in the Agreement on Internal Trade (AIT). In any event, not a single municipality in the country has a 'Buy Canadian' policy.

In 2009 the country was up in arms about the Buy America provisions that were blocking Canadian suppliers from U.S. contracts. The feds and provinces rallied together to negotiate a pact that reopened the U.S. market.

In the Canada-U.S. Agreement on Government Procurement, the provinces and territories, except Nunavut, agreed to accept commitments under the World Trade Organization Government Procurement Agreement (GPA), in exchange for U.S. sub-federal (state) GPA commitments and access to stimulus-funded procurement. Municipalities, which are essentially creations of the provinces, are also committed to the terms of the AIT, including disciplines of the GPA.

The CETA commitments will not go deeper than those already made to the U.S. or to those that will be made in the WTO GPA. When the CETA is concluded and enters into force, Canadian firms will gain access to an EU procurement market worth \$2.4 trillion dollars. By contrast, the Canadian municipal procurement market is worth less than \$100 billion.

The CETA is seeking broad national treatment, an essential

principle in international law which ensures that tariff elimination is not negated by protection behind the border. It essentially means treating foreigners and locals equally. If Canada seeks exceptions to this principle, our trading partners will reciprocate. As a country heavily dependant on foreign trade, Canada suffers when this occurs.

City Councils across the country should make a more determined effort to understand what the CETA really is about. They won't be granted a CETA exemption, so they would be wise to focus on what the CETA can do *for* us, rather than what the CETA might do *to* us.

Jason Langrish is the Executive Director of the Canada Europe Roundtable for Business