Say ‘cheese’ on Canada-EU trade deal

Jason Langrish, Special to Financial Post | August 18, 2014

Naysayers have it wrong – leaked details in the new trade deal show it will bring numerous benefits, such as more consumer choice

What will happen to our Gorgonzola cheese? Or is it Gorgonzola “type” cheese?

With the leak of the massive Canada EU Comprehensive Economic and Trade Agreement (CETA) text last week, the inevitable questions that are being raised are “what impact will it have on me.” In the case of CETA, it can mean cheese confusion.

Understandably so. Faced with a document running more than 1500 pages in length, it is only natural that one’s appetite would serve as a guide for the first point of entry to such a complex initiative. Rest assured members of the Finer Things Club – your cheese will be ok. In fact under CETA, you will have more choice than ever before.

There is, however, likely to be some initial confusion as some recognized names like Gorgonzola, Feta and Munster will no longer be able to be used by Canadian cheese producers (save a lucky select few who have qualified for grandfather clauses on their use of the names). Or Canadian producers can instead produce and sell “Gorgonzola type” or “Gorgonzola style” cheese. Take your pick.

The reason being that Canada has accepted the principle of Geographic Indicators in CETA, or GIs as they are commonly known. GIs represent foods that are produced according to strict rules in specific European geographic locations. Only products from these areas will be entitled to use the aforementioned names, except, of course, for the exceptions.

Confused? You are not to blame. A treaty running 1500 pages and taking five years to negotiate was bound to be complex and at times, confusing.

It’s the bigger picture that matters.

While the anti-CETA, anti-free trade crowd are crowing about how the now not-so-secret deal will undermine democracy, result in a give-away of Canada’s resources and implode under public scrutiny, serious folks are busy analyzing the details of the available text to understand what the CETA will mean for Canada.

For example, under pressure from domestic interests, governments sometimes implement technical barriers to goods and services that come in the form of spurious environmental, health and safety standards as a way of keeping their markets closed.

CETA will include new measures to ensure that new regulations are based on sound, peer-reviewed science. The Parties will be obliged to consult with potentially affected parties (governments or businesses) and provide them with the opportunity to comment on possible adverse effects to trade and investment from the proposed regulations.

If the differences cannot be bridged, the process will be backed by mediation and then binding dispute settlement, if required. Given that technical barriers tend to most often be directed at resource exports, this is a win for Canada.

Intellectual Property (IP) standards, the backbone of the modern economy, will be upgraded in CETA. While much has been made about the potential costs that will be associated with increasing protection for pharmaceutical patents – i.e. bringing them up to the current standard in place in Europe, the U.S., Australia and Japan – there is no way to accurately determine what additional costs may arise. The proposed rules governing patents do not tell us what the outcomes will be on a product by product basis.

Low IP protections may temporarily ensure that certain products are cheap. However, activities that are technological innovative locate in jurisdictions that value intellectual creations. Strong and fairly applied rules for IP ensure that Canada is a productive economy.

The opening of municipal and provincial government procurement markets in both Canada and Europe is a distinct feature of CETA. Erecting barriers through initiatives like “buy local” may seem reasonable – buy from the fellow around the corner and not the company from across the sea. In practice, “foreign” companies are often highly engaged in the local economy, having been present for years and employing local workers. Via their global operations, they may also have access to technologies and innovation that may not exist locally and are required for the project at hand.

Imagine a trying to run a project as massive as the Toronto Union Train Station renovation while only sourcing goods and services locally. Not only would it be extremely difficult, it can embed local private sector monopolies, leading to poor quality work and wasted funds – a process that has been well documented in Montreal.

In the coming weeks and months we will increasingly gain a greater understanding of what the CETA will mean for

Canada. Canadians – naysayers included – will have plenty of time to discuss the relative strengths and weaknesses of the agreement prior to a ratification vote in parliament. And to recognize that it will be overwhelmingly positive for us.

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