

Why a Canada-Europe deal is crucial to global trade

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Forget the Senate scandal: the Conservatives are on the brink of an even greater fiasco, one that could tarnish Stephen Harper's legacy and brand this Conservative majority government a failure. Worse, far worse, it puts APTA at risk.

Forgive me: in a world filled with acronyms, I've just invented another, and it's for something that doesn't even exist yet. But APTA represents the world's best possible future, and it hinges on Canada and Germany coming to terms.

Last year, this country and the European Union signed the Comprehensive Economic and Trade Agreement, or CETA. The deal is vitally important to both sides. The Harper government is determined to make Canada's vertical (Canada-U.S.) trading economy more horizontal (Canada-Europe and Canada-Pacific). CETA is the first step in that transformation.

For its part, the European Union desperately needs a win after almost a decade of economic crises and other reverses.

But the text of the agreement still hasn't been released, and reports on both sides of the Atlantic say ISDS is the reason. ISDS stands for "investor-state dispute settlement." It provides a means whereby corporations can sue governments that violate the terms of an agreement, such as CETA.

Germany is being sued by a Swedish company for deciding to phase out its nuclear power plants. If the German press is to be believed, this has made German Chancellor Angela Merkel gun-shy over ISDS. Germany wants the provision taken out of CETA. Canada won't sign without it.

A representative for International Trade Minister Ed Fast says reports of CETA's demise are exaggerated. But almost a year after the

agreement was initialed, the text still hasn't been released, so something is clearly wrong.

The Americans are watching the Canada-EU negotiations closely. They are in trade talks of their own with Europe, known as TTIP (Transatlantic Trade and Investment Partnership). If CETA fails, then TTIP is doomed. That would be a global tragedy.

Why? Think of what happens if CETA and TTIP get signed. It would then only be a matter of ironing out details to merge the two agreements to create NATA, the North Atlantic Trade Area. Europe and the two most advanced economies in North America would exist inside a free-trade zone, one that not only eliminates tariffs, but also establishes rules for intellectual property and government procurement, and even reduces (in a preliminary way) agriculture subsidies.

And even that would be mere overture. The United States and Canada are deeply immersed in TPP, the Trans Pacific Partnership, a potential trade agreement that would involve 10 other developed (Japan, Australia, New Zealand and Singapore) and emerging (Malaysia, Vietnam, Mexico, Chile, Peru and Brunei) Pacific economies.

If Canada, Europe and the United States can nail down their trade agreements, then this would offer a huge incentive to finally conclude the TPP. And suddenly we would live in a world in which Europe, most of North and South America and much of the Pacific are operating under near-identical economic rules.

If all sides could be convinced to, once and for all, abandon the foolish crutch of agriculture subsidies, then there would be nothing to prevent the harmonization of the European and Pacific trade agreements. We would have APTA: the Atlantic-Pacific Trade Area.

That would leave the world effectively divided into three economic blocs: APTA, representing the developed and much of the developing world; the emerging powerhouses known as the BRICS (Brazil, Russia, India, China and South Africa); and Everybody Else (E2). The real questions would then be: Will India, China and Brazil join APTA or remain outside?

Over time, they would almost certainly join. Brazil would want the same trading advantage that Chile and Peru would enjoy under APTA; India is already showing interest in joining the global trading economy; China would be better off inside (and trying to dominate) APTA than outside. Once China, India and Brazil are inside APTA, any government on the planet that wants to export would have to join. The globalization of trade would be complete.

The stakes are even higher than they seem. Dark forces are trying to drag the world back into its violent, protectionist past: Russia is putting 70 years of peace in Europe at risk; Islamic fundamentalists would plunge the Middle East and northern Africa into a new dark age. War and famine still stalk too many lands.

Against this shadow stands globalization, a universal movement to bring the world closer together by promoting the free flow of goods, people and ideas. Globalization encourages creativity, innovation, productivity and peace. It accelerates the future.

Without CETA, everything is put at risk – and, as a minor side-effect, Stephen Harper suffers a potentially career-ending defeat. With CETA, everything becomes possible. It's as simple as that.