

# EU trade benefits Saskatoon

**BY PETER CLARK, THE STARPHOENIX**

FEBRUARY 3, 2012

*Clark is a prominent Canadian international trade strategist. He is president of Grey, Clark, Shih and Associates in Ottawa.*

Saskatchewan has always been one of Canada's strongest boosters of free trade. International trade negotiations are crucially important for Saskatchewan. Always were, always will be.

I was an outside international trade adviser to various Saskatchewan governments for more than a decade. Saskatchewan's pursuit of free trade never wavered.

That the Saskatoon city council's executive committee voted to seek a permanent exemption from the procurement requirements of the Canada-European Union Comprehensive Economic and Trade Agreement, or CETA, is shocking. Saskatchewan benefits from open, rules based trading systems. The executive committee that voted for opting out would make Saskatoon a common sense-free zone. Saskatoon deserves better. Saskatchewan deserves better.

While there is no way for a municipality to opt-out of an international trade agreement, an admittedly not unanimous vote sends the wrong signal in a negotiation whose success will be very important to Saskatchewan farmers, ranchers and resource exporters. Acting out this recommendation would be more than an error. It would be folly.

CETA will cover certain municipal activities in Canada and in the 27

countries of the European Communities. It is, after all, a comprehensive agreement. It is unique in the degree of provincial involvement in the negotiating sessions.

There will be obligations or provisions that apply to municipalities where they deliver services or procure goods, services or construction services. The Federation of Canadian Municipalities has expressed concerns about the application of CETA rules to procurements, and Ottawa has taken those concerns on board.

It makes sense to include all sub-national procurement in the deal in order to ensure there are no loopholes. The EU has already included municipal procurement in its World Trade Organization undertakings. The procurement market in the EU is worth \$2.4 trillion.

Including municipalities in the CETA procurement net does not mean that every order for stationery, contract for building an arena, or buying a police cruiser will need to be put out for tender to Europe. The thresholds envisaged in the CETA would not trigger an obligation on municipalities for procurements of goods and services on individual contracts below \$340,000. Construction contracts would be excluded up to \$8.5 million.

It seems safe to say that the implications of accepting CETA procurement rules will be minimal for most Canadian municipalities.

Indeed, CETA rules can be met with minimal change. Free and open procurement is not a new concept. Saskatoon is already subject to the procurement provisions of the Agreement on Internal Trade. CETA thresholds would be greater than those in the AIT.

Opening procurement to Europeans will not mean job losses. Canada, like the EU, has no intention of changing immigration rules. There would not be a flood of new workers to Canadian city streets to work on EU-won construction contracts. Much, if not all, of the procurement that would be covered by CETA is already open under the AIT.

Local bidders would have access to Canada's procurement review system through the Canadian International Trade Tribunal.

Exports of Canadian resources and agricultural products generate income that enables Saskatchewan municipalities to prosper. Poundmaker, a beef feedlot and ethanol complex in Lanigan (and not far from my late father's birthplace in Foam Lake), is an outstanding example of bringing Saskatchewan ingenuity and determination to world markets.

Trade agreements create rules-based trading systems, which benefit Saskatchewan. Dispute settlement mechanisms are always included in international trade agreements.

I have worked with Saskatchewan cattle and hog producers on a number of trade disputes for many years. We are currently trying to wrap up our successful WTO challenge of country-of-origin labelling and to revive free trade talks with South Korea, which are important for Sask Pork.

Saskatchewan stands to gain more from a meaningful CETA than it would lose. Canadian and European negotiators, including provincial representatives, are meeting in Ottawa this week, hard at work on narrowing differences.

The Saskatoon executive committee's 5-4 vote was far from unanimous. I hope that this ill-considered proposal will be rejected when it's put to city council on Monday. Saskatoon is an increasingly prosperous city. It has too much going for it now to send a signal of narrow-minded parochialism to a world that is increasingly interconnected and in need of what Saskatoon has to offer.