

To: Chair and Members
Finance and Administration Committee

From: George Crowell
Economic and Trade Committee Chair
London Chapter of the Council of Canadians

Members of the Council of Canadians (CoC) across this nation are deeply concerned about the potential impact of the Comprehensive Economic and Trade Agreement (CETA) that is being negotiated, largely in secret, between Canada's federal and provincial governments and the European Union. There has been little public discussion or understanding of this issue, which apparently will have far-reaching, damaging impact on municipalities and local municipal governance. There has been little coverage of this issue, with only parliamentary reports from last year (Sept 3rd, 2010) and leaked copies of the draft negotiating texts, which can be found on the Trade Justice Network website.

We can expect that the text of CETA, like earlier trade agreements, including NAFTA, will be incomprehensible to most people. Their sheer volume, to say nothing of their highly technical language, renders them inaccessible to laypeople. Fortunately, however, through the Trade Justice Network we have access to trade experts who are concerned about public welfare. Their website is a rich source of information on CETA with both clear, simple summaries, and in-depth analysis. We draw on this source and on the Council of Canadians' website for our comments here, and for the resolution below which we ask you to consider, and hope you will pass.

This trade document will impact municipalities in new ways, well beyond its predecessor trade agreements. Especially affected will be (1) procurement, (2) the provision of municipal services—including water, sewage, garbage, public transit, energy, public housing, and much more—and (3) regulation of businesses at the local level. European Union corporations would have full bidding rights on municipal procurement contracts for goods and services, and, as a result, U.S. corporations will also. Foreign corporations are expected to have new powers to challenge contract decisions before trade panels whose decisions would be binding, and municipalities would be subject to heavy financial penalties for trade rule violations, without access to Canadian law courts for relief. Even municipal measures designed to promote public health and safety, and to protect the environment would be subject to challenge under trade rules favouring corporate profits. Municipalities could be held responsible for costs incurred by federal or provincial governments in these investor challenges—unlike other trade agreements where the Federal Government has paid hundreds of millions of dollars to settle disputes.

Once the terms of this Trade Agreement are in place, it will be virtually impossible to reinstate the abandoned rights of governments.

We are aware that the Association of Municipalities of Ontario (AMO) and the Federation of Canadian Municipalities (FCM) have been working to protect the interests of municipalities from the potential damaging impact of CETA through a set of seven guiding principles. But we are uneasy to see that discussion of these principles on the FCM website, along with other comments regarding CETA on that website, as well as on the AMO website, reflect an inclination not to criticize CETA, but to adjust to its inevitability. Missing is any explicit recognition of the fact that the fundamental purpose of the whole family of recent trade agreements beginning with the 1989 Canada-U.S. FTA, and now including CETA, is to reduce the power of governments at all levels to regulate corporations. The basic reason for pursuing these trade agreements has consistently been to provide advantages to profit-seeking corporations by limiting the ability of governments to act in the public interest.

The Council of Canadians is not opposed to trade or to profit-making businesses as such. We favour open, fair, and transparent trade processes, and thriving businesses judiciously regulated through our democratic institutions to serve the public interest.

We are aware of the letter sent in August 2011 by the Federal Minister of International Trade, the Honourable Ed Fast, to the president of FCM praising FCM for its cooperation with the CETA negotiation process, assuring that municipal concerns will be honoured, and stating that CETA will create jobs and prosperity for Canadians. In our view, these assurances should be approached with scepticism. There is no doubt that CETA would provide benefits for some Canadian corporations, especially those that have global reach enabling them to compete for procurement in Europe. But small local businesses that provide excellent service at the local level would likely be squeezed out by large foreign corporations, undermining the promising new “buy local” movement. Trade agreements have been consistently promoted with glowing promises of jobs for Canadians, but there has been a record of many jobs lost here, especially as a result of FTA and NAFTA. Perhaps foreign corporations winning procurement contracts in Canada might hire Canadians, but likely with lower wages and benefits.

We ask you to give serious consideration to the potential disadvantages of CETA which far exceed those mentioned here, as you can see from viewing the Trade Justice Network website. This issue is becoming increasingly urgent, since the planned final round of negotiations regarding CETA is scheduled for October 17-21 in Ottawa. We offer the following resolution which we hope you will pass. Similar resolutions have been passed by some twenty other municipalities in Canada.

RESOLUTION

WHEREAS the government of Canada and the European Union have been negotiating a trade agreement known as the Comprehensive Economic and Trade Agreement (the “CETA”); and

WHEREAS the European Union and European corporations are insisting on full access to procurement by sub-national governments - including municipalities, school boards, universities, hospitals and other provincial agencies - which could significantly reduce or eliminate the right to specify local priorities and/or standards when public money is invested in goods, services or capital projects; and

WHEREAS Canadian municipalities have expressed growing concerns with trade agreements and their potential impact on municipal programs and services and local autonomy; and

WHEREAS under CETA, unfettered access to Canadian municipal procurement by European corporations may encourage privatization and reduce economic development options for local communities; and

WHEREAS under CETA, foreign corporations that have won contracts may bring in their own labour force and may not be required to hire Canadian labour and/or management; and

WHEREAS the government of Ontario has been actively involved in negotiating CETA with the European Union:

NOW THEREFORE BE IT RESOLVED that the City of London ask the Association of Municipalities of Ontario (AMO) to request:

The Province of Ontario to provide a briefing on the scope and content of trade negotiations with the European Union;

The Federation of Canadian Municipalities to urge the Government of Canada not to provide the European Union access to sub national government procurement; and

The Government of Ontario, along with the other provincial and territorial governments to negotiate a clear, permanent exemption for local governments from CETA.