Fast FACTS
CANADIAN CENTRE FOR POLICY ALTERNATIVES – MANITOBA

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Canada – EU Trade Deal Bad for Manitoba

Recent leaks from the negotiations between Canada and EU confirm concerns that a comprehensive economic and trade agreement (CETA) would infringe on Manitoba's ability to promote economic development and advance public interests. The proposed precedent-setting agreement would expand investor rights and extend the reach of international economic agreements, fully covering for the first time the activities of provincial and municipal governments.

In Manitoba, purchases by all levels of government amount to $5 - $8 billion annually, providing considerable clout to support the provincial and local economies. Under existing free trade agreements, public expenditure is one of the few remaining policy tools provincial and municipal governments can use to directly support regional economic development, increase productivity, promote environmental policies and support disadvantaged communities.

The EU is negotiating to ensure that foreign suppliers get full access to these government contracts. This would limit the provincial government's capacity to give preference to Manitobans, or even to consider local benefits, when it tenders contracts for goods and services. It could, for example, undermine Manitoba Hydro's ability to use its extensive purchasing power to support local businesses and employment as part of the province's economic development strategy for northern and 1st Nations communities. Municipalities would be restricted from ensuring that locally generated tax dollars support the local economy.

In the end game of negotiations the EU has identified the removal of provincial restrictions on access to energy, agri-food, mining and natural resource extraction in general as the "most important … key target." These are important sectors of the provincial economy. CETA could remove governments' ability to screen foreign take-overs and investment to ensure provincial benefits.

Mining is a key component of the province's Northern Development strategy and CETA could remove the ability of the provincial government to require that jobs and business opportunities are created for Manitobans as a condition for the depletion of the province's non-renewable resources by foreign investors.

CETA could also increase the costs of public services and reduce the capacity of government to support Manitoban's well-being.

The EU is home to some of the world's largest multinational pharmaceutical companies and negotiators are demanding increased patent protection for new pharmaceutical drugs. This would increase Manitoban's annual drug costs by up to $80 million, pushing up the costs of the provincial Pharmacare program by an estimated $38 million a year and an additional $42 million in costs to private

there is an alternative.

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consumers annually.

The costs of regulating in the public interest would also increase if, as the EU is demanding, investors are to be compensated when government health, safety and environmental regulations compromise the profitability of EU corporations operating in Canada. This would become an impediment for governments seeking to develop policy responses to emerging issues such as global warming, the introduction of new technologies and a volatile global economy.

Provincial and municipal governments could also become vulnerable to very costly investor lawsuits further impeding proactive policy initiatives. Under CETA government-investor disputes would be settled by tribunals of international trade lawyers operating outside of and unaccountable to Canada's legal system. Under NAFTA these suits have already cost Canada more then $157 million as investors claimed settlements for profits lost. An American firm has recently launched a $250 million claim for compensation due to Quebec's recent environmental moratorium on fracking for natural gas underneath the St. Lawrence River.

CETA is designed to increase opportunities for private investors and could ratchet down the scope of services provided by the public sector. Under CETA public services are only protected as long as they remain in public hands: if a service is privatized, under CETA it could lose this protection, making it very difficult and expensive to return it to a public service. A lucrative contract with a powerful, private corporation to upgrade and operate one of Winnipeg's waste-water treatment plants, and public private partnerships (P3s) which open the door to private investors could have long-term unforeseen consequences if, for example, these experiments fail and future governments seek to return to these services to the public sector.

Provincial and municipal governments have sought some protections from CETA. But the recent leaks from the high stakes "end game" negotiations indicate that the capacity of governments in Canada to promote the interests of their citizens and communities is being traded away while Canadians are largely unaware of what is at stake.

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