

# Canada / E.U. Trade Agreement (C.E.T.A.) and Municipal Purchasing

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“Placemaking” Conference – “Buying Power” workshop  
Harrison, B.C.  
March 26<sup>th</sup>, 2011

# Background

- Comprehensive Economic and Trade Agreement (CETA)
- Negotiations launched in May 2009
- 7th round, April 11-15 in Ottawa.
- Provincial “offers” due March 28<sup>th</sup>.
- Treaty concluded by late 2011?

# Negotiating dynamics

- “Very high level of ambition”; “more far-reaching than NAFTA”
- Canada the smaller, weaker and politically needier party
- Initial EC resistance after failure of previous negotiations (TIEA)
- Common business agenda
- Canada/EU Business Roundtable

# Key EU priorities

- Top priority = access to all government procurement, especially sub-national
- Deeper services and investor protections (like NAFTA chapter 11)
- Stronger intellectual property and copyright protection (pharmaceuticals: \$2.8 billion Canada; \$249 million B.C.)
- Agriculture: supply-managed sectors and phasing out of Canadian Wheat Board

# Unconditional access to government procurement

- They want deep commitments
- Seeking sweeping coverage at the federal, provincial and local government level (including school districts etc)
- Market of at least \$100 billion/year
- Explicitly targeting local content provisions
- Not included in NAFTA

# Leaked EU Initial 'requests'

- December 2009
- Want complete access to sub-national procurement
- Specifically name many cities and agencies (including Vancouver, Richmond, Coquitlam, Burnaby, Abbotsford, Victoria, Kelowna)
- "All entities operating in the MASH sector" as well as "..any corporation or entity owned or controlled.." by MASH sector

# Likely result

- Bar use of procurement as local economic or social development tool (no “offsets”)
- Prohibit local or Canadian preferences for even a proportion of goods or services
- Prohibit strategic purchasing to create a market e.g. “green” procurement
- Prohibit special policies e.g. “local food” or “no sweatshop” ethical procurement policies

# Importance of municipal procurement

- Goods (e.g. computers, transit vehicles, energy equipment, uniforms, food)
- Services (e.g. engineering, accounting, legal, energy conservation)
- Labour (the employees of the service or goods providers)



# Sub-national procurement under threat

- Ontario Green Energy Act (local manufacturing in exchange for feed-in tariffs)
- Manufacture of transit vehicles (Bombardier in Ontario and Quebec)
- CRD sewage treatment project
- Summerland solid waste
- 100 mile diet?

# Administrative burden

- Provide purchasing information to feds
- Publish detailed notices
- Account to unsuccessful suppliers
- Defend actions before tribunals
- Pay damages for violation of CETA rules

# Thresholds

- European demand = All procurement contracts with a value in excess of \$130,000 for goods and \$200,000 for services
- In temporary “Buy American” deal (CUSPA) = \$355,000 for goods and services and \$5 million for construction services
- TILMA/NWP = \$75,000 for goods and services and \$200,000 for construction (MASH)

# Water

- French water giants Suez and Veolia; U.K. based Thames Water
- EU request = access to all Canadian drinking water services and supply networks
- Investor-state
- Abitibi-Bowater precedent

# Services

- Involves non-tariff barriers to trade, including regulations
- Access to services currently provided publicly (e.g. water and waste)
- “Pro-competitive” regulation
- Cross-border movement of professionals

# Investor/state

- CETA: first commercial treaty fully negotiated under new Lisbon Treaty rules.
- Canada has tabled NAFTA chapter 11.
- Will CETA include NAFTA elements (e.g. expropriation, investor-state)?
- “Most favoured nation” clause in NAFTA.
- EC seeking changes to Investment Canada (foreign investment reviews).

# Municipal involvement

- UBCM Oct. 2010: “clear, permanent exemption from CETA”
- FCM Sept. 2010: seeking consultation, information, reasonable thresholds: “right of municipalities to specify local priorities in purchasing decisions”
- Provincial “offers” due March 28th

# Conclusions

- The European Commission is not exporting the European social model
- Pursuing commercial interests of its largest global firms
- Potential to dramatically reshape Canadian domestic policy



# References

- Municipal Procurement Implications of the Proposed Comprehensive Economic and Trade Agreement (CETA) between Canada and the European Union, by Steven Shrybman. Centre for Civic Governance, May 28, 2010
- Negotiating from Weakness, Canada-EU trade treaty threatens Canadian purchasing policies and public services, by Scott Sinclair. Canadian Centre for Policy Alternatives, April 2010
- Trade Justice Network (leaked draft texts)  
<http://www.tradejustice.ca>

# Questions/Discussion