

# **Towards a Closer Economic Partnership?**

Key Messages and Snapshot of a Submission by the Canadian Labour Congress to the Department of Foreign Affairs and International Trade on the proposed negotiations between Canada and the European Union

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## **I. Key Messages**

- In any negotiations with European Union, Canada must embrace the an economic partnership that has at its core, a commitment to social inclusion, public reinvestments and economic renewal that is both sustainable, equitable and democratic.
- Canada cannot afford to take a laissez-faire approach to its vulnerable manufacturing industries facing economic crisis. Neither should Canada liberalize its financial services and insurance sectors.
- We reject any international agreement preventing governments from investing public resources in economic renewal through their purchasing policies.
- We are opposed to any proposals advancing the privatization of public services. Such as health, education or water
- Neither should foreign investors be permitted to control other services of national importance, such as cultural industries, telecommunications or the banking sector.
- Canada could benefit from an economic partnership agreement that would broaden the social safety net, link foreign investment to job creation, strengthen the precautionary principle, restrict trade in GMO products, set ambitious standards in greenhouse gas emissions, strengthen core labour rights and increase labour standards, and widen the definition of citizenship, especially as regards immigrant and migrant labour.

## **II. Snapshot**

The governments of the European Union (EU) and Canada have announced preliminary talks to scope out the parameters for a closer economic partnership. It is expected that negotiations toward a Canada-EU trade and investment agreement will be announced in the spring of 2009 at the next Canada-EU summit to be held in Prague.

We feel it is imperative that the CLC, its affiliates and the European Trade Union Confederation (ETUC) should be invited to participate in the process. The social and employment impacts, as well as the distributive effects of such a deal must be assessed.

In our view, Canada should move away from the failed neo-liberal model of global economic relations that were articulated in the 2008 Joint Study conducted by the European Commission and the Government of Canada. Rather, we should embrace the kinds of economic partnerships that have at their core, a commitment to social inclusion, public reinvestments and economic renewal that is both sustainable, equitable and democratic.

## **Trade in Goods and Services**

Our concern is that unless properly managed within the context of an industrial policy, Canada's aerospace, automobile, pharmaceutical, machinery and equipment sectors will be adversely affected by increasing liberalization of trade with the EU. Canada cannot afford to take a laissez-faire approach to its vulnerable manufacturing industries in this moment of economic crisis. Neither should Canada liberalize its financial services and insurance sectors.

## **Government Procurement and Public Services**

The Canadian Labour Congress rejects any international agreement preventing municipal, provincial, territorial or federal governments from investing public resources in job creation, community economic development and economic renewal through its purchasing policies.

Our second objection concerns the threat of privatization which is raised by these private sector proposals. They would have us go far beyond NAFTA commitments by allowing a private presence in activities, that are meant to serve social goals, such as health, education, water and waste water services.

Neither should foreign investors be permitted to control other services of national importance, such as cultural industries, telecommunications or the banking sector.

## **Investor-state vs Regulation in the Public Interest**

We will not be able to support an international agreement that would extend NAFTA investor-state disciplines beyond North America. The Canadian government will not be acting on our behalf if it contributes to the weakening of standards and regulations in the area of health and safety or environmental protection. Neither would our European counterparts want to see their stronger climate change requirements undermined by NAFTA-like regulatory cooperation, or mutual recognition meant to prevent future regulatory divergence.

The CLC and its affiliated labour bodies expect to be consulted on any issues related to labour law, labour mobility, and the recognition of skills and educational qualifications. Where there is any discussion of health care, social security and pensions, we expect to be consulted and fully informed of the government's intentions.

## **Social Investment in the Embedded Economy**

What we would advocate as an alternative trade and investment model would be quite compatible with Europe's social democratic traditions.

Canada could benefit from an economic partnership agreement that would broaden the social safety net, link foreign investment to job creation, strengthen the precautionary principle, restrict trade in genetically modified products, set ambitious standards in greenhouse gas emissions, strengthen core labour rights and increase labour standards, and widen the definition of citizenship, especially as regards immigrant and migrant labour.

We will be seeking further information from the government as this discussion proceeds. We would like to be kept fully informed of what you intend to signal and what commitments you are prepared to make. Given the seriousness of these negotiations, we are seeking full transparency. Further, we request that the International Trade Committee hold hearings on the proposed negotiations as soon as possible.