Trick or treaty

A new “free trade” deal would harm the burgeoning relocalization movement

Radical Randy

A cornerstone of the neoliberal 'free market' orthodoxy has been the drive for ever greater international integration of the planet's economies. In actuality, the centrepieces of this globalization, the 'free trade' agreements such as NAFTA and the World Trade Organization (WTO), have little to do with lowering tariffs and far more to do with enshrining corporate rights over those of sovereign countries. They allow foreign corporations to sue national governments either directly or through their own government, via secretive trade tribunals over 'non-tariff barriers to trade'. These suits include loss of potential future corporate revenue due to social policy and laws designed to protect culture, health, and the environment, with punitive financial penalties or trade sanctions imposed on the country attempting to regulate business activity, undermining democratic decision making.

Partially as a reaction to the excesses of corporate-driven globalization – with its sweatshop production and environmental degradation and the greenhouse gases produced by the global movement of goods – has been the rise of relocalizing, as exemplified by transition towns. Growing out of the permaculture movement, with its integrated, sustainable, multi-layered agriculture mimicking natural ecosystems, these local initiatives stress reducing carbon footprints and surviving peak oil by eliminating fossil fuel use. They are a design system for creating sustainable settlements producing and buying locally, often with local currencies, making communities less dependent on outside resources and thereby more resilient. Perversely, just as this movement is gathering force, the process has come under threat in Canada from a new trade treaty.

The Comprehensive Economic and Trade Agreement (CETA)

The Harper government is currently involved in behind-closed-doors trade negotiations with the European Union (EU) on yet another “free trade” treaty. Leaked documents from these Comprehensive Economic and Trade Agreement (CETA) talks have raised serious concerns regarding threats to democratic sovereignty at all levels of government.

Like many of Canada’s so-called “free trade” deals, CETA gives foreign corporations leverage with which to target federal services for privatization. Postal service could be deregulated, jeopardizing public mail delivery. It would also put our Medicare system under even more pressure to privatize, giving EU health service companies greater access. It further restricts entrance of new, cheaper generic drugs. Rules requiring majority Canadian ownership and control of our telecom and broadcasting services will be removed, opening them to control by EU companies. But the most significant ramification of CETA may be its dampening effect on cities' and provinces' freedom to purchase needed goods and services.

National treatment rights in previous treaties such as NAFTA and the WTO forbid Canada from showing any preference for purchasing goods or services from Canadian sources over those of signatory countries, but these provisions have not been applied at the sub-national level. Under CETA, the ability of provinces or municipalities to buy locally in preference to EU sources would be eliminated, with disturbing implications for the nascent relocalization movement and for municipal and provincial independence of action.

Edmonton and Calgary have been specifically named in the CETA negotiations as Alberta cities to be targeted for all procurements over $200,000. The control of purchasing for provincial and municipal governments provides a powerful lever with which they can encourage local industry and business and promote community economic development while providing employment for their citizens. Spending the money locally, rather than having it siphoned off outside the country, will also keep its indirect multiplier benefits in the community as the money is re-spent and circulated, a catalyst for relocalizing business.

Steven Shrybman, an international trade lawyer, has prepared a legal opinion for The Centre for Civic Governance on the implications of CETA for municipal procurement, as discussed throughout this article. This also includes schools, hospitals, libraries, power and water utilities, and other municipal facilities. The Council of Canadians, of whose national board Shrybman is a member, has also done extensive work on CETA's ramifications.

Why CETA threatens relocalization efforts

Much of the food we consume is not produced here but travels hundreds, if not thousands, of miles to our plates. This undermines local food security and the extra transportation wastes a great deal of fuel with resulting carbon dioxide release. It also promotes concentration of food production in industrial agribusiness giants using inhumane and unsanitary factory farms, genetically modified and monoculture crops, pesticides, herbicides, artificial fertilizer, and intensive cultivation with resulting topsoil loss and environmental damage.

A growing response to this has been the locavore movement, which promotes eating locally as much as possible, via farmers' markets, community shared agriculture, and the hundred-mile diet. This supports area farmers while reducing greenhouse gas production and improving food security by not depending on produce from the other side of the planet. Municipal food purchasing guidelines such as the Toronto Local Food Procurement Policy mandating preference for buying from local or regional food sources to serve at city-owned facilities or city operations greatly facilitate this. Procurement rules like this would be overturned by CETA as discriminating against EU companies. Additionally agribusiness and pharmaceutical companies would have new tools to force genetically modified patented seeds on our farmers. The right of farmers to save and reuse seeds would be almost entirely eliminated and companies would have the right to seize their crops, farms, and equipment even for natural cross breeding contamination from neighbours' fields. The Canadian Wheat Board will also be undermined or eliminated and supply management of the dairy sector could be threatened, jeopardizing farm livelihoods and putting local family farms out of business.

Imported fossil fuels are not only a major cause of global warming but also lead to dependence on and vulnerability to far off energy suppliers and peak oil. To remedy this transition towns stress renewable local power generation through solar, wind, and other green energy sources. The local emphasis is also beneficial to the economy with green jobs and businesses being created to energize the local economy rather than having the money drained off for increasingly scarce imports, a switch that can be bolstered by municipal and provincial government spending. Initiatives such as Ontario's *Green Energy Act*, 2009 encourage the use of renewable energy. Ontario's initiative also uses domestic procurement requirements to mandate inclusion of Ontario goods and labour in wind and large solar projects, making it and similar green energy projects targets for CETA.

Past treaties Canada has signed have not included water services, but the European Union has been pressing for including drinking water and sanitation services – such as Edmonton's EPCOR facilities – in the general services commitment of CETA. This should come as no great surprise since the EU is home the world's largest private water multinationals such as Veolia, Suez, and Thames Water of England. This commitment would essentially lock in existing full and partial water privatizations and restrict how municipalities regulate private water companies in dealing with shoddy service or price gouging. EU-based transnational companies could bid on any privatization or Public-Private Partnership project and cities would be unable to require the use of any Canadian goods or services. EU companies could then use their contractual relationship to expand their involvement in water or waste water systems once they have established a foothold.

Bureaucratic rules

CETA's onerous procurement rules require municipalities and other public bodies to follow detailed technical specifications for tenders and publish comprehensive notices of intended procurements while bearing all the associated administrative costs. Sufficient time would also have to be given for EU companies to prepare and submit bids. Should a province or municipality dare to flout the national treatment for EU corporations established under CETA and give preference to local suppliers it would be vulnerable to legal challenges by the EU and its unsuccessful corporate bidder. This would likely take place before the Canadian International Trade Tribunal, resulting in months of delay and significant legal costs. Even if the challenge here was unsuccessful, it could be referred to the Federal Court of Appeal, further suspending the procurement process. If a city loses the case, it would have to reverse the procurement award or pay compensation for the potentially substantial cost of preparing the bid, possibly to several different bidders on the same contract. Few provinces or municipalities would be willing to risk the huge costs involved in such a case, with a resulting chilling effect for local sourcing. Negotiators are also seeking inclusion of an investor-state resolution process similar to NAFTA's Chapter 11, raising the possibility of our provinces or cities being sued directly by EU corporations for lost potential future earnings.

The effect of CETA comes on the heels of the Canada-U.S. Procurement Agreement (CUSPA). In 2009, following the financial meltdown, U.S. President Obama signed the $800 billion American Recovery and Reinvestment Act to stimulate the economy with its 'Buy American' provision. Last year, with less than 2 per cent of the money left to be allocated, Harper signed CUSPA, giving Canadian companies the right to bid on some portions of this residue. In return, Canadian provinces and municipalities had to open their procurement markets to American companies without any corresponding obligations on U.S. states or cities. While this treaty was temporary (although the Harper government wants to extend it), Canada also agreed to permanently include the provinces and all cities of over 50,000 in the Government Procurement Agreement of the WTO. This forbids favouring local content or workers or considering community investment in awarding public contracts.

Not too late

In return for giving up so much in its desperate pursuit of the latest, greatest free trade deal Canada receives a pittance: some increased access for our beef and pork to European markets. Any potential benefit for our grain exports is questionable since the Europeans don't want our genetically modified crops. While our sub-national procurement options would be constrained under this asymmetrical treaty our contractors will not have any corresponding access to EU municipal purchasing. As in previous Canadian free trade treaties, the negotiations are being guided by industry trade groups with their privileged access to government trade officials and documents. CETA is being propelled by BussinessEurope, a major corporate lobbying association, as well as the Canada-EU Roundtable for Business.

It seems a lamentable irony that Canada is committing our provinces and cities to opening up their bidding for needed goods and services to companies outside the country just as the relocalizing and transition town movements are gaining momentum and public recognition. There are already over a dozen official Canadian transition towns and cities with new initiatives springing up. The contracts threatened by CETA have an annual value of tens of billions of dollars and could make a major contribution to jump-starting this metamorphosis to the more sustainable local economy of the future. Not only do they give a direct cash injection but public spending on innovative technology can also encourage its diffusion into the local private sector.

It's not too late to act. The Security and Prosperity Partnership—a treaty promoting even deeper integration of Canada with the U.S. economically and militarily— was short-circuited through concerted public campaigning, as was the Free Trade Area of the Americas' attempt to extend NAFTA to almost all of the Western Hemisphere.

Widespread exposure of CETA's implications and the secretive manner of its negotiation could force the Canadian government to modify or terminate it as well.

Communities can enjoy the benefits of a cosmopolitan exchange of culture and information without being economically enslaved to the far corners of the world. We would do well to heed the wisdom of Mahatma Ghandi, using local 'homespun' goods and services to fulfill our needs as much as possible, importing only what we cannot easily make ourselves.

This article would not have been possible without the assistance of Steven Shrybman, the Council of Canadians' trade campaigner Stuart Trew, and the Council's Prairie Regional Organizer Scott Harris. More information on CETA as well as the U.S. procurement deal may be found at www.canadians.org while the legal opinion cited may be obtained at www. cupe.ca/ceta-toolkit/municipal-procurement-implications I am a member of the board of the Council of Canadians Edmonton chapter.