



# How does CETA stand up to S&D's ten progressive principles for trade?

As the European Parliament prepares for a crucial vote on the EU-Canada trade and investment protection deal (CETA), the group of socialists and democrats MEPs (S&D) has released a list of *“ten progressive principles for a new era of trade agreements”*. These principles call for a fairer international trade system, with agreements that put public protection and transparency ahead of corporate power. Here is how CETA stands up to the ten principles.

## ✘ 1. BENEFITS FOR THE MANY AND NOT JUST THE FEW

**The first objective of trade agreements should be to benefit the widest possible range of citizens. Trade deals should contribute to sustainable economic growth and jobs in the EU and in partner countries.**

The European Commission predicts CETA will generate 0.02-0.03 per cent long-term GDP growth in the EU. This raises doubts on whether there will be any benefit from CETA whatsoever, much less if it will benefit the many. An [independent study](#) found that CETA is likely to increase inequality, and cause the loss of 200,000 jobs across the EU, with no policies in place to retrain workers or to prepare economies for this change. Rather than create sustainable economic growth and jobs, CETA is likely to increase the precarious situation that many people already find themselves in.

Furthermore, CETA's investment enforcement arbitration - known as the Investment Court System (ICS) - would allow multinational corporations to challenge and possibly block states that legislate to protect the environment, health and labour standards. Private citizens would have no access to arbitration panels.

## ✘ 2. VALUES-BASED POLICY

**As well as goods and services, the EU should export its values, in particular in terms of labour, social and environmental standards. A trade and sustainable development chapter including the International Labour Organisation's core labour rights and corporate social responsibility provisions must be included in all EU trade agreements. The S&Ds will continue to push for these provisions to be enforceable.**



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CETA's sustainable development and labour chapters are aspirational, unenforceable and with no tangible commitments, making it impossible to hold corporations or governments to account. In fact, CETA's framework for regulatory cooperation between Canada and the EU is likely to lead to a lowering of EU environmental standards, as it focusses on deregulation to promote market access, instead of upholding environmental protection.

Moreover, while Canadian authorities have promised to ratify all ILO core labour conventions, CETA itself provides no additional means of protecting labour rights. If parties fail to enforce labour rights, those affected can only hope for non-binding recommendations. Besides, states could find themselves being sued in investment arbitration panels for improving labour standards. (See also principles 9 and 10.)

“A balanced treaty between Canada and Europe, aimed at promoting a partnership for fair and sustainable development, should begin by specifying the [carbon] emission [reduction] targets of each signatory and the practical commitments to achieve these.”

*Thomas Piketty, economist, École des hautes études en sciences sociales*

### ✘ 3. TRANSPARENCY AND CITIZEN INVOLVEMENT

**Negotiations should be carried out as much as possible in an open and transparent manner. There must be no turning back on our hard-fought gains on transparency in ongoing negotiations. The Council must publish all new and previously adopted negotiating mandates automatically, and the policy-making process should be based on meaningful dialogue with civil society, trade unions and the ILO.**

CETA was negotiated in secret from 2009 to 2014. The trade committee of the European Parliament (INTA) received a confidential copy of the agreement only a few weeks before CETA's conclusion, in September 2014. The EU and Canada only published their negotiating mandates in December 2015, more than a year after the conclusion of negotiations. Both parties largely ignored the recommendations of civil society and trade unions and refused effective public participation. Commentators describe CETA as one of the least transparent trade agreements negotiated in recent years by the EU.

### ✘ 4. NO-ONE LEFT BEHIND

**Those disadvantaged by trade opening should be properly compensated. This includes helping workers adapt to change, and improving support for those who lose their jobs as a result of foreign competition produced by**



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globalisation, focusing particularly on the manufacturing sector. The Commission should provide more complete impact assessments, evaluate and update policy tools like the European Globalisation Adjustment Fund (EGF) or consider setting up a system akin to the 'US Trade Adjustment Assistance'.

To date, the Commission and national governments have failed to anticipate and set out measures to help those who are likely to lose their jobs as a result of CETA, despite the fact that the Commission recognises that 'job shifts' and 'worker displacement' will be a likely consequence of the trade deal.

"The weaker your position in an economy, the more strongly you'll feel the fall-out."

*Servaas Storm* on CETA's impact, *economist*,  
*Delft University*

## ✘ 5. SMEs AS KEY PLAYERS

**SMEs are the lifeblood of the European economy and should also benefit from trade deals. There should be a chapter in every agreement on how to lower global trade costs for small businesses in order to integrate SMEs into the global market.**

CETA fails to include provisions specific to small and medium sized enterprises. Just three per cent of the 20 million SMEs in the EU export outside the EU. The majority benefit from access to the EU's internal market, and increased competition from powerful multinationals could put SMEs, and the jobs they provide (67% of total employment in the EU), at risk.

The Commission's sustainability impact assessment did not examine the effects of CETA on European SMEs. Some SME groups warn that CETA "threatens to undermine what good other EU policies are designed to do to SMEs." SMEs platforms in several EU countries have called for the rejection of the agreement.

"Seeking to boost exports as a substitute for domestic demand is not a sustainable growth strategy for the EU or Canada. Under current austerity conditions, high unemployment and low growth, improving competitiveness by lowering labour cost can only harm the economy."

*Pierre Kohler and Servaas Storm*, *economists*,  
*Tufts University*

## ✘ 6. MULTILATERALISM AS THE FIRST BEST OPTION

**When possible, the EU should always push for multilateral solutions in the context of the WTO. Efforts to complete the Doha Development Agenda should continue in parallel in order to make sure that developing countries continue to play a role in international trade. Free trade agreements (FTAs) should not be a threat to the multilateral trading system, rather a stepping-stone towards multilateral trade agreements.**

CETA is not a constructive stepping-stone towards progressive multilateral trade agreements. It does not contribute to sustainable trade, and therefore cannot act as a model for any country seeking to reduce poverty or environmental impacts. CETA, like other agreements that the EU is negotiating or has concluded, promotes environmentally damaging and socially exploitative trade and production practices, such as industrial livestock farming. If ratified, CETA is expected to significantly increase Canadian exports of largely industrially farmed beef, to the detriment of less intensive European production.

## ✘ 7. GOVERNMENTS FREE TO LEGISLATE IN THE PUBLIC INTEREST

**There should be no undermining of national laws and governments' right to regulate. Under pressure from our group, the Commission has abandoned Investor-State Dispute Settlement (ISDS) and removed it from CETA.**

The investment protection system in CETA poses the same dangers as ISDS. It also falls short of the European Parliament criteria for an acceptable investment protection system. While governments in principle have the right to regulate, for example by taking decisions to protect public health or the environment, they are vulnerable to being sued in special investment arbitration panels when exercising this right. In addition, CETA's framework for regulatory cooperation will affect law-making and diminish the right for governments to regulate in the public interest.

## ✘ 8. PROTECTION OF PUBLIC SERVICES

**European, national and local authorities must retain the full right to introduce, adopt, maintain or repeal measures related to the commissioning, organisation, funding and provision of public services.**

All public services are exposed to competition and challenges from private corporations, unless they are explicitly listed for exemption from CETA's public services provisions (this so-called 'negative list

approach' is also sometimes referred to as 'list it or lose it'). However, the services exempted from CETA's provisions on public services are not exempted from CETA's investor protection provisions. This means that investors can sue European, national and local authorities for decisions taken on public services (like water, healthcare, pensions, and education) even if they are on the list of exemptions.

## ✘ 9. HUMAN AND SOCIAL RIGHTS AT THE HEART OF TRADE POLICY

**Trade policy must reinforce corporate social responsibility initiatives and compel companies to take responsibility for all stages of the supply chain. We should move beyond the current voluntary approach towards one of mandatory due diligence, as the S&Ds have successfully introduced into the Conflict Minerals proposal.**

CETA's chapter on sustainable development only contains aspirational measures, with no binding commitments, i.e. it is limited to "encouraging" and "promoting" good practices. Without clear targets or obligations, sustainable development has no legal or practical relevance in the implementation of the agreement. In fact, CETA establishes new means – e.g. through investment arbitration panels – for powerful corporations to challenge high standards of public protection on the environment, health and employment.

## ✘ 10. EU STANDARDS MUST BE PRESERVED

**It must be clear that EU free trade agreements will not lead to any lowering of EU health, security and environmental standards and the precautionary principle will be preserved.**

Canada does not recognise the "precautionary principle" as set out in EU law. Therefore, both parties have agreed a watered-down approach in which precautionary measures are adopted only if they are "cost effective." This puts private interests of corporations ahead of the public interest associated

with the protection of the environment and labour standards.

By contrast, Article 191 of the Treaty on the Functioning of the European Union (TFEU) requires the EU to act when a phenomenon, product or process may have a dangerous effect identified by a scientific and objective evaluation, even if this evaluation does not allow the risk to be determined with sufficient certainty. In other words, when the adoption of precautionary measures is necessary, the protection of the environment or health must take precedence over economic considerations.

"CETA, the EU-Canada free trade deal, should be rejected. It is a treaty which belongs to another age. [...] The legal supervision proposed is clearly inadequate, in particular concerning the key question of the remuneration of the arbitrators-cum-referees and will lead to all sorts of abuses. At the very time when American legal imperialism is gaining in strength and imposing its rules and its dues on our companies, this decline in public justice is an aberration. The priority, on the contrary, should be the construction of strong public authorities, with the creation of a prosecutor, including a European state prosecutor, capable of enforcing their decisions."

*Thomas Piketty, economist, École des hautes études en sciences sociales*

**Greenpeace is an independent campaigning organisation that acts to change attitudes and behaviour, to protect and conserve the environment, and to promote peace.**

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