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## Future Prospects for CETA on the Canadian Economy

Canada and the European Union (EU) have recently negotiated the terms of a trade agreement known as the Comprehensive Economic Trade Agreement (CETA).<sup>1</sup> Since it has not yet been ratified by all member states involved, there is still uncertainty about what effect it will have on the Canadian economy.<sup>2</sup> Will Canadian citizens be able secure jobs in Europe; or will this arrangement allow EU citizens to steal our jobs and increase our unemployment rate? I argue that it will help Canadians find employment and will boost our economy by connecting Canadians to a market much larger than our own.<sup>3</sup>

Before arriving on a trip to Europe for my political science course, I did not know much about CETA. However, after discussing it with representatives of some of the world's largest international organizations, I am optimistic that it will be beneficial for Canada. This is because it allows Canadians access to the EU's huge market, which consists of 28 member states.<sup>4</sup> Canadians who struggle to find employment within Canada will have the option to work within the EU if contracted by Canadian companies.<sup>5</sup>

Sceptics of CETA may be worried about Europeans stealing Canadian jobs because it also allows EU citizens to come work here through European firms<sup>6</sup> and several EU countries, such as Greece, have very high unemployment rates.<sup>7</sup> However, this does not necessarily mean they are going to take advantage of the agreement and prevent Canadians

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<sup>1</sup> European Parliament, "View from the Parliament on CETA and Brexit" (Presentation, Brussels, May 8, 2017).

<sup>2</sup> Paul Waldie, "Trudeau Signs CETA but Final Ratification Still Required by European Union," *Globe and Mail*, March 24, 2017, accessed February 14, 2018, <https://www.theglobeandmail.com/news/national/prime-minister-trudeau-signs-canada-eu-trade-deal-in-brussels/article32586423/>.

<sup>3</sup> Development Data Group, "World Bank Open Data: Free and Open Access to Global Development Data," World Bank Group, accessed February 19, 2018, <https://data.worldbank.org/>.

<sup>4</sup> European Union, "About the EU," European Union, last modified February 18, 2018, [https://europa.eu/european-union/about-eu/countries\\_en](https://europa.eu/european-union/about-eu/countries_en).

<sup>5</sup> European Parliament, "CETA and Brexit".

<sup>6</sup> *Ibid.*

<sup>7</sup> Eurostat, *Unemployment Statistics*, (Luxembourg: European Union, 2018), accessed February 14, 2018, [http://ec.europa.eu/eurostat/statistics-explained/index.php/Unemployment\\_statistics](http://ec.europa.eu/eurostat/statistics-explained/index.php/Unemployment_statistics).

from finding work. The EU's economy is diverse; while some member countries are experiencing stagnation, others, especially in Eastern Europe, have recently been experiencing accelerated growth, record-low unemployment rates, and are currently looking for workers<sup>8</sup>.

People tend to use trade, as well as globalization in general, as a scapegoat during tough economic times.<sup>9</sup> In the US for example, the loss of manufacturing jobs is often blamed on companies hiring cheaper labour overseas. However, the data shows that even though a small part of the loss is attributed to trade, most of it is due to automation.<sup>10</sup> The benefits of trade are frequently overlooked as well, such as the new jobs it creates. So even though trade deals like CETA have the potential to allow foreigners to come to Canada and take some employment opportunities away from Canadians, they are not as catastrophic as protectionists often portray, especially considering the fact that through CETA they would only operate under non-permanent service contracts.<sup>11</sup>

Through CETA provisions there are also concerns about Canadian industries, such as the dairy industry, being put at a disadvantage or even going out of business due to tariff-free imports.<sup>12</sup> Although this does pose a challenge for some local businesses, this does not make it impossible for them to earn profit. In fact, competition from Europe can incentivize them to become more innovative and develop higher standards for their own products. After visiting the International Institute for Sustainable Development in Geneva, I reviewed one of their online publications in which I discovered that in addition to CETA, Canada and the EU have

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<sup>8</sup> Radoslav Tomek, "East EU Growth Likely Peaked at End of 2017," Bloomberg, last modified February 14, 2018, <https://www.bloomberg.com/news/articles/2018-02-13/east-eu-growth-likely-peaked-at-end-2017-as-labor-crunch-bites>.

<sup>9</sup> International Trade Centre, "International Trade Centre" (lecture, Geneva, May 12, 2017).

<sup>10</sup> Patrick Gillespie, "Rise of the Machines: Fear Robots, Not China or Mexico," *CNN*, January 30, 2017, accessed February 14, 2018, <http://money.cnn.com/2017/01/30/news/economy/jobs-china-mexico-automation/index.html>.

<sup>11</sup> World Trade Organization, "Canadian Permanent Mission to WTO and UN" (Presentation, Geneva, May 10, 2017).

<sup>12</sup> Janyce McGregor, "Canada Carves out More European Cheese for Retailers after EU Concerns," *CBC News*, August 1, 2017, accessed February 13, 2018, <http://www.cbc.ca/news/politics/ceta-cheese-trqs-1.4230138>.

signed a "Joint Interpretative Instrument" which entails "the right to regulate in public interest".<sup>13</sup> Furthermore, since both are members of the World Trade Organization, the agreement would not reach the point of sabotaging local industries that are vital to the Canadian economy.<sup>14</sup>

While attending a presentation at the European Parliament in Brussels, I learned that there has been a lot of free trade between Canada and the EU for the past six years, and within that time imports/exports between the two has increased by 30%.<sup>15</sup> Once the EU removes 98% of tariffs under CETA, the revenue generated from Canadian exports is expected to increase, thus boosting Canada's economy and potentially creating new jobs.<sup>16</sup>

In conclusion, I believe that the benefits of CETA outweigh the risks for Canada. Once the agreement is fully implemented, it will be beneficial to Canadian companies who will have tariffs lowered for exports and will be able to invest into one of the world's largest economies<sup>17</sup>. It will also be beneficial to Canadian citizens who will have the opportunity to work and travel in different countries. Furthermore, with the rise of protectionism in the US, Canada's largest trading partner, now is an important time to develop stronger economic ties to other nations around the world.<sup>18</sup> Although CETA only deals directly with trade, I hypothesize that this could be the beginning of Canada emerging as a global power. The Canadian Minister of International Trade, François-Philippe Champagne, has even called

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<sup>13</sup> International Institute for Sustainable Development, "CETA Signed; Canada and European Union to "Work Expeditiously" on Creating a Multilateral Investment Court," *Investment Treaty News*, December 12, 2016, accessed February 15, 2018, <https://www.iisd.org/itn/2016/12/12/ceta-signed-canada-and-european-union-to-work-expeditiously-on-creating-a-multilateral-investment-court/>.

<sup>14</sup> World Trade Organization, "Members and Observers," World Trade Organization, accessed February 18, 2018, [https://www.wto.org/english/thewto\\_e/whatis\\_e/tif\\_e/org6\\_e.htm](https://www.wto.org/english/thewto_e/whatis_e/tif_e/org6_e.htm).

<sup>15</sup> European Parliament, "CETA and Brexit"

<sup>16</sup> *Ibid.*

<sup>17</sup> Development Data Group, "World Bank Open Data: Free and Open Access to Global Development Data," World Bank Group, accessed February 19, 2018, <https://data.worldbank.org/>.

<sup>18</sup> Statistics Canada, *Merchandise Trade: Canada's Top 10 Principal Trading Partners – Seasonally Adjusted, Current Dollars*, (Ottawa: Statistics Canada, 2014), accessed February 15, 2018, <http://www.statcan.gc.ca/daily-quotidien/141205/t141205b001-eng.htm>.

CETA “a crucial part of the country’s ‘progressive trade agenda’”.<sup>19</sup> With more European influence, Canada could move towards sustainable development, and could become a more prominent leader at tackling other issues such as climate change.

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<sup>19</sup> Global News, “CETA the Centrepiece of Canada’s ‘Progressive Trade Agenda’,” *Global News*, February 15, 2017, accessed February 13, 2018, <https://globalnews.ca/video/3250732/ceta-the-centrepiece-of-canadas-progressive-trade-agenda>.

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### Take-Away Points

1. I am optimistic that CETA will be beneficial for Canada, because it allows Canadians access to the EU's huge market, which consists of 28 member states. Canadians who struggle to find employment within Canada will have the option to work within the EU, contracted by Canadian companies.
2. The EU's economy is diverse, and while some member countries are experiencing stagnation, others, especially in Eastern Europe, have recently been experiencing accelerated growth, record-low unemployment rates, and are looking for workers to fill their labour shortages.
3. Canada and the EU have signed a "Joint Interpretative Instrument", which entails "the right to regulate in public interest".<sup>1</sup> Furthermore, since both are members of the World Trade Organization, CETA would not reach the point of sabotaging local industries that are vital to the Canadian economy.
4. Once the EU removes 98% of tariffs under CETA, the revenue generated from Canadian exports is expected to increase, boosting Canada's economy and potentially creating new jobs.
5. With the rise of protectionism in the US, our largest trading partner, now is a more important time than ever to develop stronger economic ties to other nations around the world

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<sup>1</sup> International Institute for Sustainable Development, "CETA Signed; Canada and European Union to "Work Expeditiously" on Creating a Multilateral Investment Court," *Investment Treaty News*, December 12, 2016, accessed February 15, 2018, <https://www.iisd.org/itn/2016/12/12/ceta-signed-canada-and-european-union-to-work-expeditiously-on-creating-a-multilateral-investment-court/>.