**KONP Fact Sheet:**

**The Comprehensive Economic and Trade Agreement (CETA)**

August 2018

## What is CETA?

CETA is a trade deal between the European Union (EU) and Canada that covers goods and services. Supporters of CETA say it will bring significant economic benefit. But even official estimates suggest that it will bring little more than a growth of 0.01% in the EU's GDP, while independent research indicates CETA will bring job losses, wage compression and loss of government revenue.[1]

CETA will

- Reduce 98% of tariffs on trade;
- 'Harmonise' EU and Canadian regulations, such as those governing health and safety or labour rights, often reducing regulations to the lowest common denominator, generally to the benefit of multinational corporations;
- Give multinational corporations a significant voice at an international Regulatory Council to influence and lock in new regulations;
- Open up public services to transnational investors and make privatisation irreversible.

CETA may also allow corporations to use off-shore courts and an investment protection measure (Investment Court System or ICS) to sue governments that introduce legislation that could threaten company profits. (There is a chance that ICS may prove to be incompatible with EU law and if not, may only come into force if agreed by *all* EU member states' parliaments).

## What's the relationship between CETA and other trade & investment agreements?

CETA is very similar to the Transatlantic Trade and Investment Partnership (TTIP) between the EU and US that is currently on hold, if not dead. Because of strong links between the US and Canada (with, e.g. most US multinationals having subsidiaries in Canada), CETA will allow many aspects of TTIP to sneak in through the back door.

## What does CETA mean for the NHS?

Although the UK government says that the NHS is not included in trade deals like CETA, there are real concerns that our health services are not adequately protected. NHS services are only exempt from deals like CETA if they are only supplied by the public sector. However competitive tendering is currently mandatory for NHS services: during 2016-17, non-NHS firms won almost 70% of tendered contracts.[2]

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[1] http://www.ase.tufts.edu/gdae/policy_research/ceta_simulations.html

[2] https://www.independent.co.uk/news/health/nhs-privatisation-contracts-virgin-care-richard-branson-jeremy-hunt-a8134386.html

CETA uses the 'negative list' approach – i.e. services are included in the agreement unless they have been explicitly excluded (the NHS has not). CETA won't just 'liberalise' or open up the NHS to transnational companies wanting NHS contracts. It also contains 'standstill' and 'ratchet' mechanisms making NHS privatisation permanent.

CETA means that, in the UK, Canadian companies (or companies with Canadian subsidiaries) have to be treated on equal terms as domestic companies. So CETA could restrict the UK government's ability to give special support to local and not-for-profit UK providers. It could also lead to more NHS jobs being outsourced to private firms, with worse pay and conditions for the same work.[3]

Price controls on goods such as medicines could be removed if these are seen as barriers to trade or to limit the profits of transnational corporations like drug companies, with serious implications for the public purse.[4]

Opening up long-term care to multinational investors could also lead to asset stripping by financial investors (the cause of the collapse of Southern Cross in the UK, where a number of care homes had to close with distressing consequences for residents, because profits were threatened). [5]

**What stage is CETA at?**

The European Parliament ratified CETA in February 2017. It is now being laid before each EU member state's Parliament for ratification, a process that might take years. It only needs one of the 38 countries or federal states in the EU to vote against CETA for the deal to fall. However, even before full ratification, around 90% of CETA's provisions (but not ICS) can be implemented provisionally.

The UK Parliament voted on CETA in June 2018. This was a surprise move: according to the Constitutional Reform and Governance Act (2010), trade treaties do not have to be ratified by Parliament. (Nor can they be decisively rejected.) In any event, MPs passed a motion of support for CETA (315 votes in favour and 36 against).

**CETA and Brexit**

CETA will continue to apply to the UK until we have formally left the EU. Even then, if ICS is included in the deal, investments made by Canadian corporations (or companies with Canadian subsidiaries) between the implementation of CETA and Brexit will continue to be protected by ICS for up to 20 years.[6]

It is currently unclear whether the UK will be negotiating its own trade deals in future.

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[3] http://www.globalresearch.ca/public-services-under-attack-through-ttip-and-ceta-atlantic-trade-deals/5483012

[4] https://corporateeurope.org/sites/default/files/attachments/public-services-under-attack.pdf

[5] http://www.globalresearch.ca/public-services-under-attack-through-ttip-and-ceta-atlantic-trade-deals/5483012

[6] http://www.mishcon.com/assets/managed/docs/downloads/doc_2850/TTIP_Project_v6_PJ_PROOF.pdf

**What can you do?**

At the moment there is no meaningful way for Parliament to scrutinise or reject a trade agreement. You can support organisations like *Global Justice Now* and *War on Want* that are working to ensure greater democratic control over future trade deals.

**Useful sources**

- http://www.globaljustice.org.uk/how-make-trade-deals-more-democratic
- http://www.patients4nhs.org.uk/the-eu-ftas/
- https://waronwant.org/petition-house-lords-stand-trade-democracy