**Food, Agriculture and CETA: The possible implications of a second generation, comprehensive trade agreement**

A presentation by Lauren Baker to the “Exploring the Comprehensive Trade and Economic Trade Agreement between Canada and the EU: An International Workshop” held on Wednesday February 29, 2012, convened by the European Union Centre of Excellence at York University in collaboration with the EU Chamber of Commerce in Toronto. This presentation includes contributions from Sasha McNicoll and Meyer Brownstone.

**TFPC interest in CETA**

The Toronto Food Policy Council (TFPC) identified the Comprehensive Economic Trade Agreement between Canada and the E.U. as an important emerging issue in early 2011. Municipal councilors started asking questions about the implications of CETA following the Federation of Canadian municipalities conference where the Council of Canadians had done a presentation on the topic to make municipalities aware of the issues at hand. The TFPC followed the Council of Canadian’s analysis on CETA, and several members undertook research to examine not only the implications for the municipal jurisdiction, but also for food, agriculture and public health.

Because little information was available about CETA and the general understanding was that agriculture typically gets taken out of such trade agreements as they are negotiated, the TFPC took wait and see approach. It became clear to TFPC members in the fall of 2011 that this agreement was of a different kind. CETA is a second generation trade agreement that implicates sub-national governments. Another striking characteristic of this agreement is that it is being negotiated behind closed doors by the federal government with out any scheduled public or municipal/provincial consultation. The TFPC began to monitor the issue closely.

Through the TFPC and Toronto Public Health, Toronto has been a North Americanleader in food security. The Toronto Food Charter signed by Toronto’s Mayor a decade ago began a wave of municipal food policy initiatives across North America. Toronto’s leadership continues, linking economic vitality with public health, cultural diversity, and environment sustainability. The food sector, including farming, manufacturing, services, retail, and public catering is now the single largest employer in the Greater Toronto Area. A Toronto economic development report[[1]](#footnote-1) demonstrates the leading role of the food sector in the local economy, including manufacturing, services, retail, and public sector food services. Much of that vitality comes from small and medium enterprises, many of those focused on health and cultural foods. The City has an opportunity to build on the dynamism of the food sector through skills training, business incubators, cultural programs, and more.

Canada currently imports 50% more from Europe than it exports. Most of our exports are raw resources, and the imports are overwhelmingly "job-rich" manufactured goods. Resource-dependent economies are much less stable than economies based on manufacturing, and the high Canadian dollar caused by exporting resources undermines and threatens the manufacturing sectors in Toronto and the rest of Ontario, as well as the jobs they create.

The TFPC is concerned that CETA will undermine the economic growth of the regional farm and food sector in Southern Ontario.

**Key issues of concern**

***Procurement***

One of the City’s main public policy levers is procurement. CETA explicitly restricts the powers of municipal government to support local businesses and direct spending to create employment, environmental benefits, and other social or economic priorities. Procurement is a lever used by municipalities globally to multiply the impact of public spending.

Toronto’s “Local Food Procurement Policy” was adopted in 2008[[2]](#footnote-2) for environmental reasons - to “reduce greenhouse gas and smog causing emissions generated by the import of food from outside of Ontario” with the added benefit of reducing “harmful effects of agricultural chemicals.” The scope of this policy has benefits beyond the boundaries of the city to the entire region and is an important component of renewing the vitality of the food system in the Greater Toronto Area. The TFPC represents the City on the Greater Toronto Area Agricultural Action Committee, whose new Action Plan for the Greater Golden Horseshoe[[3]](#footnote-3) emphasizes the potential of the regional agri-food economy as a leading economic sector.

The costs of CETA to the City and regional economies could be great. The cut-off of $340,000 is trivial in comparison to the scale of municipal projects, including the projected increase of local food required in the local food procurement policy. It is utterly dwarfed by the $100 billion spent by the combined members of the Canadian Federation of Municipalities. Three city divisions, Children’s Services, Long-Term Care Homes and Services, and Shelter, Support and Housing Administration (Hostel Services), spend approximately $11 million a year on purchasing food for 7,600 clients on a daily basis.[[4]](#footnote-4)

CETA could prevent the City of Toronto in finding the kinds of policy synergies between the City’s social, environmental and economic goals. Ironically, many European municipalities use local food procurement as a mechanism to support regional agriculture. The EU, is keeping this ability for itself, at the same time that it demands that Canada concede these rights.

CETA, as currently written, will extend the right to EU companies to challenge municipal procurement policies and contracts.

***Water***

Historically, water has been off the bargaining table for Canada in free trade agreements. However, the EU has requested that Canada include drinking water services under CETA. This would affect Toronto Water and Emergency Services, municipal water and wastewater treatment services, and threaten Toronto’s control over public water.

The Council of Canadians points out that various municipalities which have privatized their water have seen a reduction in services and a rise in costs to residents. For example, in 1994 the City of Hamilton provided a private contract to Philips Utilities Management Corporation, which resulted in a halving of the workforce, a raw sewage spill in the harbor, and the flooding of hundreds of homes and businesses, as well as additional costs. In 2004, the City brought water back under public control.

***Public Health***

According to the Council of Canadians, CETA would affect health care in two ways: by increasing the intellectual property rights of EU and US pharmaceutical companies and by giving private health insurance companies and clinics mechanisms by which to challenge Canada's public health care system. Canadians already pay more for prescription drugs than any other advanced industrial nation (other than Switzerland), and pharmaceuticals account for 15.6% of imports from Europe, totaling an annual cost of $5 billion. CETA would increase the price of drugs in Canada by almost $3 billion.

The TFPC is a sub-committee of the Board of Health, and therefore, is interested in health issues beyond food and the broader implications of CETA.

***Investor-to-state disputes***

CETA includes an investor-to-state dispute process similar to NAFTA's Chapter 11. This allows private corporations to sue Canadian governments for making policy decisions that are unprofitable to them. A private tribunal made up largely of trade lawyers can impose binding fines with no right to appeal. Under NAFTA's dispute process the Canadian government has already paid $157 million to corporations, and CETA would put sub-national governments at financial risk. Furthermore, since NAFTA specifies that no country be treated more favorably than another trading partner, CETA provisions will have to be extended to the United States and Mexico.

***Favors export industries at the expense of farms producing for the domestic market***

Free trade has historically undermined the diversity of Canadian agriculture. Since 1988, the year before Canada signed the Canada-US Free Trade Agreement (CUSTA), farm income has fallen while farm debt has risen, the farming population has declined dramatically, retail prices have risen while farm prices have fallen, foreign ownership of Canadian companies has risen sharply, and jobs and wages in food processing have plummeted. This represents a process of consolidation and intensification in the agricultural sector at the expense of small and medium scale farmers.

Many of Canada’s agricultural exports stand to gain from this agreement – beef, pork, canola and others. Increasing exports of these products is a laudable goal. However, Canada’s food processing sector, as a whole, stands to lose. The EU has a more developed food manufacturing sector than Canada and is seeking to increase exports of these products into the Canadian market. The asymmetries both between sectors inside Canada (ie. the domestic and export oriented farm and food sectors) and between Canada and the EU mean that there would be large adjustment costs for the Canadian farm and food sector. Increasing exports of Canadian agricultural products to the EU does not require a comprehensive trade agreement – other strategies could be sought.

***Intellectual property and seed sovereignty***

The intellectual property stipulations under CETA would allow corporations to seize farms, farm assets and freeze bank accounts of any farmers alleged to have infringed corporate intellectual property rights, even if these farms have been contaminated by seeds from neighbouring farms. This stipulation is written into CETA as a previsionary and precautionary measure to assure intellectual property owners that if there are intellectual property compliance issues there can be an interlocutory intervention.[[5]](#footnote-5) This stipulation doesn’t refer to plant breeder’s rights specifically, but could apply to farmers. Farmers, therefore, require special consideration and an exemption from this stipulation.

It appears that the EU is asking Canada to commit to adopting UPOV'91, the 1991 version of The International Convention for the Protection of New Plant Varieties. Including UPOV'91 in the trade deal is unnecessary because Canada already implements an earlier version of the same Convention that meets Canada’s current trade obligations. UPOV’91 would give intellectual property rights holders stronger rights that could threaten the rights of farmers to save, reuse and sell seed.[[6]](#footnote-6) What is most concerning is that the Canadian Seed Trade Association, representing the seed and biotechnology industry, is lobbying for the inclusion of UPOV’91 into the negotiating text.[[7]](#footnote-7) Implementing UPOV’91 would undermine agricultural biodiversity and food sovereignty in Canada.

***Issue of standards***

The EU currently has a policy of zero tolerance for genetically modified organisms. This makes it very difficult for farmers exporting to the EU, especially grain and oilseed farmers where GM contamination through drift, cross-pollination or storage is almost certain. The Canadian Agri-Food Trade Alliance, representing the canola, barley, beef and pork export sectors is lobbying for policy that would tolerate a low level presence of GM, as well as EU policy to assess and approve biotech products. Although the issues of low level contamination is very challenging for farmers hoping to export their crops, the push for an acceptance of GM products in the EU represents a lowering of environmental and health standards.

Interestingly, the beef industry, also lobbying for EU market access through CETA, would have to comply with the EU’s hormone free protocol, representing an improvement of standards here in Canada.

It is possible to open markets with out undermining food security, health, environmental and food safety standards and regulations. Appropriate export strategies that raise the bar in terms of standards and regulation should be identified and pursued.

***Fallacy of free trade***

There is no such thing as a level playing field in agriculture. This is why agriculture is left out of most trade agreements. In 2004, farmers in Europe received subsidies of about $6 a bushel. U.S. farmers got $2.50 a bushel, and Canadian farmers received subsidies of only 40 cents a bushel.[[8]](#footnote-8) Even with the recent restructuring of the EU’s Common Agricultural Policy farm payments in the EU remain much higher than in Canada. This simply points out the equity issues related to global agricultural trade. Agriculture is widely considered a domestic issue and a sector that requires special consideration. Because of these gross asymmetries, agriculture should not be a part of CETA.

***Transparency***

Perhaps the most troubling aspect of CETA is the lack of transparency under which it is being negotiated. There is no draft to discuss, beyond a copy leaked in 2011. Rumors abound. The Canadian government has not released any information about the trade deal, and yet expects the provinces and municipalities to comply with it. Once signed, the public, provinces and municipalities will have no time to react or discuss its implications. This stands in stark contrast to the public debate surrounding NAFTA – the federal election campaign in 1989 focused almost solely on the trade agreement.

***In conclusion***

The TFPC is not against trade, but supports fair trade – trade that enhances the livelihoods, environment and cultures of the region. There are many implications of CETA for food security and sovereignty, for the economic viability of our regional farm and food sectors, and for the health of Canadians. There are important implications for municipalities across the country.

Do we have the right information to make the right decisions about CETA?

1. http://www.toronto.ca/invest-in-toronto/food.htm [↑](#footnote-ref-1)
2. City of Toronto. 2008. Local Food Procurement Policy and Implementation Plan. [↑](#footnote-ref-2)
3. http://www.gtaaac.ca/food-and-farming-action-plan/ [↑](#footnote-ref-3)
4. City of Toronto. 2008. Local Food Procurement Policy and Implementation Plan. [↑](#footnote-ref-4)
5. http://www.youtube.com/watch?v=4MUXqOwnWMw [↑](#footnote-ref-5)
6. http://www.cban.ca/Resources/Topics/Trade/Stop-CETA-s-attack-on-the-right-to-save-seed [↑](#footnote-ref-6)
7. http://www.realagriculture.com/2010/10/eu-canada-free-trade-agreement-still-allows-farmers-to-save-seed-patty-townsend-csta/ [↑](#footnote-ref-7)
8. http://www.cbc.ca/news/background/agriculture/subsidies.html [↑](#footnote-ref-8)