

EU crisis deepens as trade deal with Canada stalls

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The Comprehensive Economic and Trade Agreement (CETA) between the European Union (EU) and Canada, which was to have been signed today in Brussels, is in limbo and could soon fall apart after two of Belgium's four regional administrations demanded changes.

On October 14, the regional parliament in French-speaking Wallonia voted against granting the federal Belgian government the right to approve the deal. It has since been joined in its rejection of CETA by the Brussels region. Wallonia objected to the deal's impact on its agriculture if it has to compete against imports from Canada, one of the world's leading agricultural exporters.

Other issues are involved, however, including the deep-rooted frictions between Belgium's French and Flemish-speaking ruling elites, and concerns that CETA will bolster corporate power at the expense of the capitalist nation-state.

On Monday, Belgian Prime Minister Charles Michel announced his government could not sign the deal. This followed last-ditch talks over the weekend, as EU officials tried to cajole the Belgians to sign the deal, while urging Canada not to prematurely abandon efforts to secure CETA's ratification.

Last Friday, Canadian Trade Minister Chrystia Freeland walked out of the negotiations, declaring that the EU could not secure the requisite unanimous support of its member states. Before departing for Canada on Saturday after talks with the head of the EU Parliament, Martin Schulz, Freeland tempered her remarks, saying Canada had done all it could and the ball was now in Europe's court.

Yesterday, EU Council President Donald Tusk held out hope that the signing ceremony could proceed, and Canadian Prime Minister Justin Trudeau said he would

travel to Brussels today regardless. However, as of late Wednesday evening, talks between the regional and federal Belgian governments had failed to secure an endorsement of CETA, though the parties had reportedly agreed to a formula under which Belgium or any of its regions could sign the deal with reservations leaving them free to leave CETA at any time.

CETA, like the free trade deal being pursued between the EU and United States, is a reactionary plan to boost corporate profits by eliminating trade tariffs and giving corporations unprecedented powers to take legal action against states that implement policies counter to their interests. These trade and investment deals would also go a long way to eliminating what little remains of labour protection, wage guarantees, environmental regulations and consumer protection rights.

Whether or not the deal is finalised, conflicts over CETA have once again starkly exposed the advanced state of decomposition of the EU.

Leading EU politicians view the present impasse as intolerable. Bernd Lange, the Social Democrat chair of the European Parliament's trade committee, told *Spiegel Online* that the failure to conclude CETA is "a further step in the destruction of the EU."

Manfred Weber, chairman of the conservative European People's Party group in the European Parliament and a close ally of German Chancellor Angela Merkel, called for limiting the powers of national states on foreign trade, stating Tuesday that the right of regional and national parliaments to block such deals had "nothing to do with more democracy."

Their concern is not merely CETA, but the impact the delay will have on the EU's ability to conclude larger trade agreements with the United States (the Transatlantic Trade and Investment Partnership, TTIP) and China. The progress of TTIP already appears

highly doubtful, as leading politicians, including French President François Hollande and German Deputy Chancellor Sigmar Gabriel, have declared the talks to have failed due to deepening transatlantic divisions.

As a series of official papers published since the Brexit vote make clear, France and above all Germany are determined to more aggressively assert their interests through the EU, both by concluding trade deals and by carrying out an autonomous foreign policy from Washington. Merkel said the issue was how to “assert our interests—economic, social, ecological, foreign and security policy—against global competition.”

This agenda was summed up by Tusk at the European Parliament yesterday. He warned that Europe’s global position would be damaged if it could not reach a trade deal with Canada, “the most European country outside Europe and a close friend and ally.”

Similarly, Germany’s *Spiegel Online* described the blockade of CETA by Wallonia as possibly “the greatest debacle in the history of its foreign trade policy.”

Trudeau made similar warnings earlier this month. Falsely casting CETA as “progressive,” he stated in a joint press conference with French Prime Minister Manuel Valls : “In this post-Brexit situation where there are a great many questions about Europe’s usefulness. If Europe cannot manage to sign this agreement, then that sends a very clear message not just to Europe, but to the whole world.”

The failure of CETA would also be a major setback for Canada’s ruling elite, which is anxious to expand economic ties with Europe and Asia. Canada’s economy is among the most trade-dependent in the world, but both of the major trade deals being pursued by Ottawa—CETA and the US-led Trans-Pacific Partnership (TPP)—are in jeopardy.

As ruling classes worldwide turn towards protectionist policies, the Canadian bourgeoisie also faces the prospect of a renegotiation of the North American Free Trade Agreement (NAFTA) after the US presidential election. While Republican Donald Trump has led the way in attacks on NAFTA, Democrat Hillary Clinton has also expressed reservations about it.

The former Conservative government of Stephen

Harper launched negotiations on CETA, hoping to make Europe a major export market for Canadian agricultural products and oil. This goal became more tangible with the sanctions imposed on Russia following the February 2014 Western-backed coup in Ukraine and the rise of explosive geopolitical tensions between Moscow and NATO.

Trudeau’s Liberals endorsed CETA, giving it a higher priority, at least publicly, than the TPP. After last June’s Brexit vote, sections of Canadian big business argued that implementing CETA was all the more important as Britain would no longer be a reliable gateway to European markets.

For their part, British ruling circles are viewing the crisis of the CETA deal with mounting concern. Supporters of Brexit previously pointed to the Canada-EU trade deal as a possible model for the future British-EU relationship, but CETA talks took seven years and could potentially now end in failure.

The *Financial Times* noted on Tuesday that increased pressure from national parliaments for a say on trade deals meant that a country like Britain trying to seal an agreement with the EU would “face a very difficult challenge.”

James Moore wrote in the *Independent* on the potential pitfalls in Britain-EU trade talks: “Perhaps the Spanish will decide to throw a spanner into the works unless there’s some movement on the question of Gibraltar. You could hardly blame the Poles for digging their heels in given the way Britain has treated the citizens of that country who live here. Maybe the French will decide it’s time for some payback for past British obstructionism.”



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