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Canada and the European Union: A New Transatlantic Alliance

by Robert Hage

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POLICY PAPER

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At a Glance

Introduction

- *Jean Monnet's early Canadian experiences are seen as the basis for his inspiration to unite Europe. Successive Canadian governments have tried to ensure lasting links with the European Union. Both sides have now achieved this against the background of President Trump's rejection of multilateralism and the world-wide pandemic.*

Part 1: Canada, the most European of non-European States

- *French and English speaking Canadians worked together to create an independent, democratic, multicultural nation with two official languages.*
- *Canada has a small population occupying the world's second largest national land mass: a trading nation seeking larger markets while lessening its dependence on the U.S.*

Part 2: Comprehensive Economic and Trade and Strategic Partnership Agreements

- *These recent agreements together have established "a firm foundation" for ongoing close relations. CETA, "the Gold Standard" of free trade agreements, goes beyond trade to include civil society.*
- *"Anti-globalization" sentiments still exist; CETA's Civil Society Forum is an important feature.*
- *Canada is not getting the same trade benefits as the EU. A study says Canada's trade is stalled and Canada must boost productivity and attract foreign investment.*
- *While Canada initially resisted the Strategic Partnership Agreement (SPA), its benefits are now clear for Canadian diplomacy, strengthening Canada-EU cooperation and maintaining the threatened rule of law.*

Part 3: Green Deals and Economic Growth

- *Canada and the EU have both set out ambitious plans to respond to the pandemic and climate change and to "build back better" with sustainable growth and broad inclusion.*
- *The EU's Green Deal is a 30-year goal. The Commission has the unique ability to establish a road map to achieve carbon neutrality (subject to European Parliament and member state scrutiny).*
- *Canada shares the same 2050 goal but is at the beginning as shown by its various domestic growth and carbon pricing initiatives. The EU will set a course others can follow.*

Part 4: Opportunities for a Greener Future

- *Besides dealing with the pandemic, consultations between Canada and the EU under CETA and SPA plus their own domestic priorities have provided key areas for collaboration such as:*

- *Digital Transformation—responding in practical ways to the Internet and digitalization.*
- *Artificial Intelligence—area of expertise for both with Canada and France initiating a Panel on Artificial Intelligence leading to a Global AI Partnership including the EU and U.S.*
- *Critical Raw Materials and Rare Earths—Canada has them, EU needs them.*
- *Clean Technologies—using hydrogen as fuel and developing the means to use and transport it.*
- *Climate Change—both know the need and approaches; the challenge is getting public support.*

Conclusion

- *Canada and the EU have developed the means and demonstrated the worth of close collaboration.*
- *The missing partner is the United States, something effective Transatlantic collaboration needs, and Monnet encouraged in 1961. As a partner of both, Canada can help. Together, the three can join other liberal democracies in responding to China's challenge: how both to cooperate with it and resist its authoritarian power.*

Before he was known as the "Father of Europe", Jean Monnet spent a good part of his formative years, from 1907 to 1914, as a salesman in Canada for his father's Cognac firm. In his *Memoires,* he recounts how he observed trainloads of immigrants arriving in Winnipeg: "They were not refugees: they were not starving. They had come to hard, rewarding work – the conquest of new lands… No one thought about limits; no one knew where the frontier was…Here, I encountered a new way of looking at individual initiative which could be accepted as a contribution to the general good."

In his book, *Jean Monnet in Canada: Early Travels and the Idea of European Unity,*[1] Norwegian scholar Trygve Ugland documents a relationship between Monnet's encounters in Canada and his subsequent political project of uniting Europe. He believes Monnet's Canadian experiences inspired and spurred him to promote European political integration throughout his entire career.

"Canada became a source of creativity", he writes, "both as an inspirational model and as a guiding reference for him in times of turmoil and conflict."

"Patience, compromise, and tenacity" were the key virtues in what Ugland calls "the curriculum of Monnet's Canadian School of Experience".

Three hundred and seventy years before Jean Monnet's travels in Canada, the French explorer Jacques Cartier called the land "Canada" after the Huron-Iroquois word "kanata," meaning "settlement".[2] A century after Monnet's inspirational visit, Canada has grown to be a vibrant nation of 37 million people from around the world spanning the second largest national land mass on Earth.

After years of balancing Canada's dual American and European vocations, Canada now has a free trade agreement with both the United States, the re-negotiated United States, Mexico, Canada Agreement (USMCA) and the three-year old Comprehensive Economic and Trade Agreement (CETA) with the European Union. Ironically, the first trade agreement the EU signed with an industrialized country was the 1976 Framework Agreement with Canada under Prime Minister Pierre Trudeau. CETA entered into force in 2017 under the government of his son Prime Minister Justin Trudeau.

As part of the CETA negotiations, the EU wanted a separate binding agreement, the Strategic Partnership Agreement (SPA), that would link the trade negotiations to international social, environmental and human rights commitments. Canada resisted these links arguing they were instituted for the EU's relations with other states without Canada's long democratic traditions. The EU prevailed maintaining that making exceptions would make recognition and enforcement of these universal commitments more difficult.

[1] *Jean Monnet in Canada: Early Travels and the Idea of European Unity*, Trygve Ugland
[2] https://www.canada.ca/en/canadian-heritage/services/origin-name-canada.html

Canada finally agreed and is now grateful that it did. The SPA opened the door to fruitful discussions with the EU on major world issues: democratic principles, rule of law, peace and security, climate change and sustainable development, multilateralism, terrorism, migration and border enforcement and protecting personal data. In order to cooperate "on major domestic or international developments", the Agreement put in place a consultative process starting with annual summits between the Prime Minister and the President of the European Council, regular foreign ministers meetings and routine contacts among their officials.

The SPA now has 30 "dialogue groups" drawing officials together from Canadian government departments and EU directorates. With 20 trade and related committees meeting under CETA, Canada and the EU are now engaging in 50 different fields. COVID-19 travel restrictions have introduced virtual transatlantic encounters over the Internet which have proved to be productive (and cheaper).

This article will look back to Canada's European foundations and forward to what a Canadian ambassador has called a "Firm Foundation" based on CETA, "the gold standard" of trade and economic cooperation and what another has called "a golden moment" with the SPA. Together, both agreements have opened the door for Canada to routinely deal with the European Union on pressing trade and international political and economic issues. This has all been set against the backdrop of a pandemic and President Donald Trump turning his back on multilateralism and the rule of law. Even with President-elect Biden's commitment to change those policies, there remains a "climate of indifference to internationalism in the United States".[3] Canadian and EU officials maintain that their close collaboration will continue.

The article will also examine Canada's longstanding attachment to Europe as a North American nation and its quest to both loosen and strengthen those ties. It will review the positive and challenging aspects of both CETA and the SPA and examine the growing number of areas for future cooperation in a pandemic and post-pandemic world. Responding to climate change will be an overarching subject. Canada and the EU have undertaken becoming carbon free by 2050. Cooperation to achieve this joint objective will be key, especially for Canada given American hesitations.

It will look at areas of cooperation for the new economy, or the old economy done better.

This includes new areas enticing for both: artificial intelligence, digitization, advanced manufacturing, electric vehicles, hydrogen valleys. The paper will also take a look at Canada's own domestic issues on attracting foreign investment, building productivity, expanding its skilled workforce and CETA's hoped for impact.

According to *The Economist,* countering the pandemic encourages nations to continue to advance changes in trade, technology, finance and economic policy.[4] These are all ideal areas for Canada-EU co-operation based on planning tools such as the EU's State of the Union address followed by

[3] Rohinton Medhora, President Centre for International Governance Innovation (CIGI) www.cigionline.org/articles/more-collegial-constrained-multilateral-system?utm_source=cigi_newsletter&utm_medium=email&utm_campaign=ai-and-diffusion-global-power
[4] "The peril and the promise", Harry Curr, The Economist, October 8, 2020

Canada's Speech from the Throne both delivered in September. In addition, there is the overarching roadmap, the European Green Deal from March and Canada's Advisory Council on Economic Growth (Barton Report) started in 2017.

Canada-EU cooperation has also to be seen and accommodated to a divided United States. It is no accident that when Prime Minister Trudeau and European Union President Donald Tusk met in Montreal in 2019 a section of their Joint Statement had the title "Canada-EU Relations and the Rules-Based International Order". In it, the two reaffirmed "the importance of protecting, reforming and renewing the rules-based international order, with the UN at its core.... We are united in our commitment to multilateralism, democracy and the rule of law."[5] It is no accident that Canadian and EU ministers and officials use words such as "like-minded", "communality of interests" and "determination to protect democratic values" to describe the relationship.

The article will also address joint global issues: strengthening the rule of law in the face of national attacks, supporting the United Nations and multilateralism, tackling increasing world poverty and ensuring the United States is very much a part of the Transatlantic dialogue in some kind of institutional framework. Canada has a role as both an advocate and convenor to help bring this to fruition.

"Who does Canada talk to?", has always been a domestic diplomatic concern. Canada's one neighbour is the most powerful country with the largest single economy in the world. Canada talks frequently with the United States but realizes it is hard to influence, although there have been successes. Canada and the 27 nations of the European Union have disparate views as well. At the same time, however, we share many common features: parliamentary government, the need for universal health care and a social safety net. Supporting multilateralism and development is a given. We are indeed, in diplomatic parlance, very "like minded".

There are, of course, differences in economic and global influence. The EU's population is 446 million, twelve times the size of Canada's at 37 million (but Canada is more than double the EU's size: 4.4 million km^2 vs. almost 10 million km^2). The EU's GDP (USD $25.5 trillion) is fifteen times larger than Canada's (USD $1.7 trillion). Canada's GDP per capita is USD $46,000 (down from USD $52,000 in 2011). The Union's per capita income has remained largely stable: USD$35,600 in 2019 and USD $35,716 in 2011.[6]

The pandemic marks a turning-point in politics and geopolitics as well as economics.[7] Many changes brought about by COVID-19 will be long-lasting. Canada and the EU have to make determinations and adjustments keeping in mind the most vulnerable countries and their economies. The World Bank expects global extreme poverty to rise for the first time in over 20 years as the COVID-19 pandemic compounds conflict and climate change with the total rising to as many as 150 million people by 2021. About 82% of the total will be in middle-income countries.[8]

[5] pm.gc.ca/en/news/backgrounders/2019/07/18/canada-eu-summit-joint-declaration
[6] data.worldbank.org/indicator/NY.GDP.PCAP.CD?locations=EU
[7] "The peril and the promise", Harry Curr, The Economist, October 8, 2020
[8] www.worldbank.org/en/news/press-release/2020/10/07/covid-19-to-add-as-many-as-150-million-extreme-poor-by-2021

The International Monetary Fund (IMF) now projects global growth at –4.4 percent in 2020 and 5.2 percent in 2021. This underlines that countries must maintain a multilateral rules-based trading system to ensure cooperation to calm trade and technology tensions between countries. Nations, despite the crisis, must also act together to implement their climate change mitigation commitments. [9]

The pandemic crisis has brought home more than ever that the West faces a new, competing threat – China. In the words of its President, Xi Jinping, China has a vision of "guiding international society toward a more just and rational world order". The Transatlantic partners, Canada, the European Union and the United States must vitalize the Transatlantic Alliance and, joined by other democracies, establish their own vision for the future to counter that of the rising Chinese autocracy.

Part 1: Canada, the most European of non-European States

In 1534, Jacques Cartier landed in an area of North America which, because of him, is now called Canada and claimed the land for the King of France. French explorers and settlers followed. In 1759, a British fleet and army conquered the capital Quebec City. France ceded its Canadian colonies to Great Britain by treaty in 1763. The British created separate colonies each one led by an all-powerful Governor General who largely ruled by decree.

In 1841, two members of the Legislature of the Province of Canada formed a lasting friendship. One spoke English, Robert Baldwin from a wealthy family in Upper Canada (now Ontario), and the other French, Louis-Hippolyte Lafontaine from a farm family in Lower Canada (now Quebec). They began what has been called "the politics of cultural accommodation" which brought together both English and French speaking citizens to campaign for legislative authority over the powers of the Governor General.[10] After years of effort, their party came to power in 1848; LaFontaine and Baldwin were co-premiers. Their victory, described as "a Great parliamentary moment", brought "responsible government" to Canada for the first time.[11]

In the 1860's two other men also became fast friends. Again, one spoke English, John A. Macdonald, a legislator from Upper Canada, and the other French, George-Etienne Cartier, a legislator from Lower Canada and one time revolutionary once exiled to the United States. Together they combined their talents to overcome a political system paralyzed by ethnic and religious tensions between English and French Canadians.

In 1864, Macdonald and Cartier formed "the Great Coalition" with George Brown the leader of the Reform Party (and founder of the Globe newspaper, now The Globe and Mail). Their objective was to promote the union of North America's British colonies into a new nation. They worked with

[9] www.imf.org/en/Publications/WEO/Issues/2020/09/30/world-economic-outlook-october-2020

[10] The Politics of Cultural Accommodation: Baldwin, LaFontaine and Responsible Government, https://thecanadianencyclopedia.ca/en/article/the-politics-of-cultural-accommodation-baldwin-lafontaine-responsible-government

[11] Ibid.

representatives from Nova Scotia, New Brunswick and Prince Edward Island to draft 72 Resolutions that formed the framework for a Canadian Constitution. Cartier both defended Francophone interests and also worked to convince French Canadian legislators to accept the Resolutions which included a strong central government. The Great Coalition was successful in its goal. On July 1, 1867 the Dominion of Canada was formed with Macdonald as Prime Minister and Cartier as Minister of Defence.[12]

While challenges arise between English and French-speaking Canadians (religious conflicts between Catholics and Protestants are very much a thing of the past), the legacy of Baldwin, Lafontaine, Macdonald and Cartier lives on. Canada is built on compromise and recognition that the nation can only succeed if its two linguistic groups work together. Canada's Constitution, while in its own words is "similar in Principle to that of the United Kingdom", includes rights of language, education and religion for both English and French-Canadian citizens.

The two groups almost play to type. Pollster and author of *Cracking the Quebec Code,* Jean-Marc Leger sees Quebecers as naturally optimistic including their approach to the COVID virus. The popular slogan "*ca va bien aller"* or "It'll be all right" is often seen on window signs. He found "*joie de vivre"* is ranked the most important value in Quebec—but only fourth in English speaking Canada. "The most important cultural gap between francophones and anglophones", Mr. Leger said, "is that gap between the focus on the present moment versus planning for the future."[13]

Throughout its history, Canada, with its relatively small population and massive landmass, has been a trading nation seeking larger markets. Even before it became independent, Canada was at pains to balance its economic interests between Britain and the United States. Wilfrid Laurier, who became Canada's first French speaking Prime Minister in 1898, lost the 1911 election by advocating free trade with the United States.[14] In 1932, Conservative Prime Minister R.B. Bennet hosted a British Empire Economic Conference in Ottawa establishing "Empire Free Trade" by eliminating tariffs. To preserve this regime, another Conservative Prime Minister, John Diefenbaker, opposed the UK's first attempt to join the European Common Market in 1962 maintaining that Commonwealth Prime Ministers' had to have their say.

In 1959, Canada became the first non-European state to sign an agreement with the European Atomic Energy Community (EURATOM) on the peaceful uses of atomic energy. In the early 1970s, Prime Minister Pierre Trudeau thought Canada was becoming too dependent on the United States economy. His government put forward three options for the future: maintain the status quo, enhance and secure trade with the U.S., or open up other markets to reduce Canada's dependence. The government chose the "Third Option" and looked to expand trade with the EEC.

The 1976 Framework Agreement for Commercial and Economic Cooperation was again the first such treaty the EEC had signed with any other industrialized state. The Agreement created a structure for a high-level dialogue under a Joint Cooperation Committee (JCC). However, the

[12] cdnhistorybits.wordpress.com/2016/01/12/john-a-macdonald-and-george-etienne-cartier/
[13] www.theglobeandmail.com/canada/article-when-it-comes-to-covid-19-quebecs-francophones-arent-worrying/
[14] www.mapleleafweb.com/voter-almanac/1911-federal-election-canada#background

Canadian government did not engage the private sector and trade with the United States kept on increasing. In the end, the Agreement's effect was minimal (although the JCC continued to meet and exists to this day under CETA).

"The Estai": A Canada-EU Crisis with a lesson

Up until the mid-1990's, Canada and the European Union had maintained consistently good relations until fish stocks provoked a crisis in the relationship. Canada is adjacent to one of the Atlantic's greatest fishing grounds, the historic Grand Banks of Newfoundland. For several hundred years, this area attracted European fishing nations, particularly Spain, Portugal, France and Great Britain. The 1982 Law of the Sea Convention allowed Canada and other maritime states to extend their territorial seas to 12 miles and a new exclusive fishing area, the Exclusive Economic Zone (EEZ), to 200 miles. The fish did not respect boundaries and those that overlapped the EEZ and the high seas were referred to as "straddling stocks" which were subject to ambiguous control under the Convention.

After Spain and Portugal joined the European Union in 1986, their offshore fleets moved from the African coast to the Grand Banks with the EU's support. Both the EU fishing fleets outside the 200-mile zone and Canada's fleets within, targeted northern cod, with their authorities disregarding scientific warnings that catches were too high. When the cod stocks collapsed in 1992, Spain and Portugal shifted their fishing effort to the largest remaining stock, Greenland halibut. When scientists warned it too was being overfished, the North Atlantic Fisheries Organization (NAFO) established a limited total allowable catch for the 1995 fishing season. Under pressure from Spain and Portugal, the EU objected to its allocation and set its own higher quota. Unbeknownst to the Spanish and Portuguese captains (but later made public by Canada), Canada was intercepting their voice messages which clearly indicated they were overfishing their quotas and hiding the extra catch on board.

In 1994, the Canadian government took the extraordinary step of passing legislation giving the Minister of Fisheries the power to set quotas on Canada's continental shelf beyond the 200-mile limit and arrest vessels violating these quotas. Government lawyers advised that such legislation was in violation of international law. The government was therefore careful to ensure that Canada's acceptance of the compulsory jurisdiction of the International Court of Justice was amended to prevent any proceedings against Canada.

On March 10, 1995, Fisheries Minister Brian Tobin with the support of Cabinet exercised his powers and ordered Canadian authorities to seize the Spanish fishing vessel "Estai" beyond Canada's 200-mile zone. The trawler was brought to a halt and taken to St. John's, Newfoundland where it was detained. Prior to being boarded, the Spanish crew cut the vessel's nets which later proved to have an interior "liner" to catch juvenile fish.

Canadian negotiators arrived uninvited in Brussels a day later to meet representatives of a furious European Commission and Spain. Nevertheless, the two sides sat down immediately to find a solution. Spain sent two naval patrol vessels to the area with orders to fire on any Canadian boarding party trying to prevent its trawlers from fishing. Canadian officials examined the Estai's

catch in St. John's and found that 79 per cent of it was undersized turbot and found two sets of logs on board one for inspectors and the other with the real catch.

Despite this evidence, or perhaps because of it, the negotiators were able to reach agreement based on Canada accepting enhanced NAFO fishing quotas for the EU in exchange for its agreement to control and enforce its members' fishing activity. This understanding has guided NAFO ever since. Minister Tobin recognized that he had an ongoing need for personal communication with his fellow North Atlantic fisheries ministers. He convened the first North Atlantic Fisheries Ministers Conference in St. John's in 1996. This conference has met ever since.

Following the resolution of the Estai issue, the commission proposed the following year that the EU and Canada agree to a Joint Political Declaration regarding ongoing cooperation with a Joint Action Plan. The Action Plan contained four comprehensive chapters: economic and trade relations; foreign policy and security issues; transnational issues and fostering people-to-people links. The "Estai" proved to be a "learning experience" for both Canada and the EU which emerged better informed and committed to closer ties. The message from the EU to Canada was clear. We have resolved a difficult issue between us. Let's move on to areas where we can work together for our mutual benefit.

Canada Keeps Trying on Free Trade

In 2001 the House of Commons Committee on Foreign Affairs published a report entitled "Crossing the Atlantic: Expanding the Economic Relationship between Canada and Europe". The report recommended "that the Government of Canada rapidly develop a business case for a free trade agreement with the EU and undertake an aggressive campaign both in Canada and Europe to promote its findings to key decision makers.[15] The study found that "while Canada-EU political bonds are close…both sides seem to be taking the economic relationship largely for granted…Barriers to trade and investment…continue to impede economic cooperation between the two sides."[16]

The report said it was in Canada's national interest to enhance trade with the EU since Canada was clearly more dependent on the EU as a trade and investment partner than the EU was on Canada. In 2007, 105 Canadian and European CEO's issued a declaration in support of a Canada-EU Trade and Investment Agreement. They urged the two sides "to design a new type of forward-looking, wide ranging and binding bilateral trade and investment agreement, including free trade, covering new generation issues and outstanding barriers."[17]

After years of Canadian and EU declarations and studies, the impetus to actually launch free trade negotiations came from an unexpected source, a provincial premier. From 2007 to 2008, Quebec Premier Jean Charest took his proposal for a Canada-EU Free Trade Agreement to the new Harper

[15] Government Response to the Fifth Report of the Standing Committee on Foreign Affairs and International Trade, October 31, 2001 at p.11
[16] Ibid.
[17] www.canada-europe.org/.../CERT_Canada-EU_Trade_Investment_Declaration.pdf

Conservative government in Ottawa, to his fellow provincial premiers and then to a number of EU member states.

He also convinced the leader of the country that could make it happen—France. President Nicholas Sarkozy, who Charest knew personally, gave it his blessing and the support of the French government. Charest later said: "I'll tell you why the French were pivotal: Because, typically, they would have been opposed to this. But because of the relationship we had with the French, they took a position contrary to what people would have expected and they were promoters of this deal."[18]

The Harper government embraced what had become Premier Charest's now quite public initiative. The Commission was won over, assisted by Canada's advocacy with member states. A 2008 Joint Study initiated by Canada and the Commission demonstrated the benefits to both sides of a compressive trade and economic agreement. France championed the accord during its 2008 Presidency – the slow progress of the WTO's Doha Round helped as well.

At the Canada-EU Summit in Prague on May 6, 2009 Prime Minister Harper and EU Council President José Manuel Barroso agreed to negotiate a "comprehensive and ambitious" economic partnership.[19] Everything was to be on the table including trade in goods, services, investment, government procurement, food safety, regulatory co-operation, intellectual property, competition policy, dispute settlement and sustainable development. The Comprehensive Economic and Trade Agreement (CETA) between Canada and the European Union was launched!

At the request of the European Union, Canada broke with its normal practice and agreed that its provinces would have a seat at the negotiations in areas that came under their constitutional responsibility. This was a major step for Canada in the direction of "functional federalism" going beyond its constitutional "trade and commerce" power. CETA is not limited to trade but looks to the establishment of a cooperative network at the Canada-EU level, with EU member states and between the provinces and member states' component parts.

Canada's population in its last census in 2016 was 35 million people. Of those, close to 20 million people reported European origins.[20] Even with the UK's departure from the EU, the majority of Canada's population comes from EU countries. The bonds of exploration, settlement, language, development, government and kinship remain strong. It is no surprise that Canada's Ambassador to the European Union, Jacques Roy, who helped resolve "The Estai", called Canada "the most European of non-European nations."

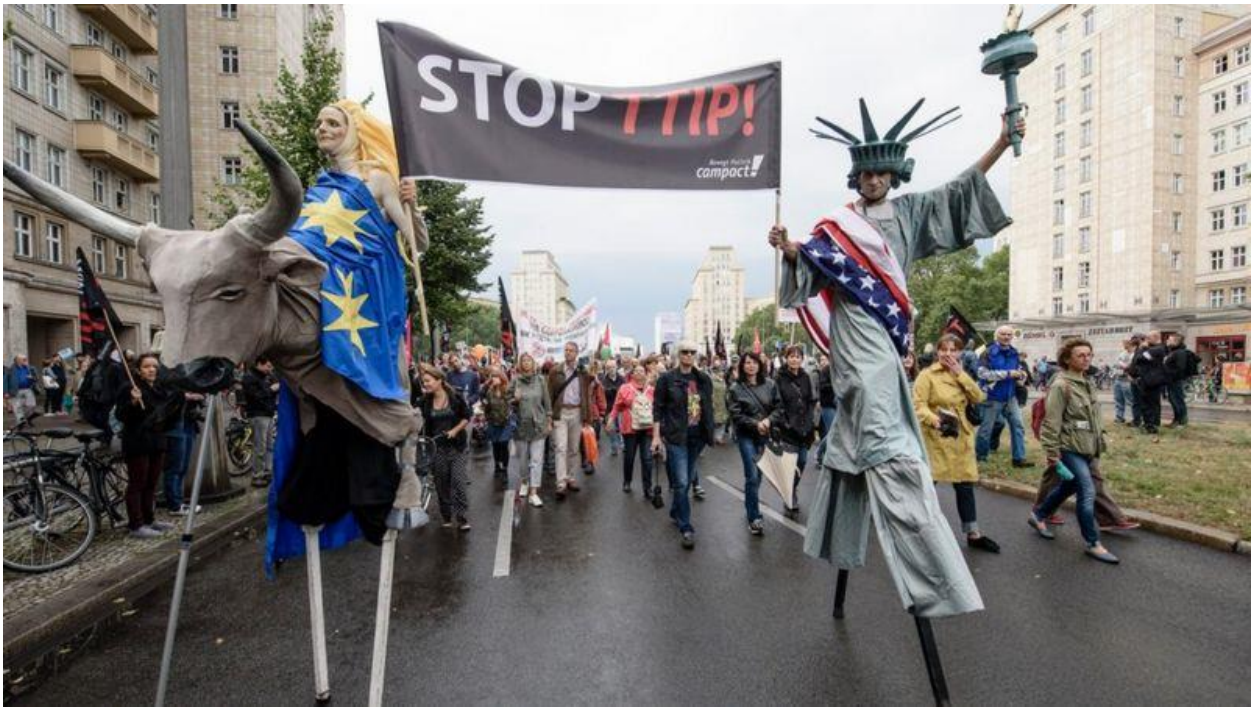
[18] www.macleans.ca/news/canada/the-inside-story-of-canadas-trade-deal-with-the-european-union/
[19] Canada-EU Summit Declaration, May 6, 2009 at www.canadainternational.gc.ca
[20] www12.statcan.gc.ca/census-recensement/2016/as-sa/98-200-x/2016016/98-200-x2016016-eng.cfm

Part 2: The Comprehensive Economic and Trade Agreement (CETA) and the Strategic Partnership Agreement (SPA): A Firm Foundation (with a Couple of Challenges)

CETA: "The Gold Standard"

In April 2016, Canada's Trade Minister, Chrystia Freeland, appeared before the European Parliament's trade committee in Brussels. She told its members that they were "not going to get a better deal" than the Canada-EU Comprehensive Economic and Trade Agreement. The agreement we have reached, Canada and the EU, she said "is a gold standard trade agreement."[21]

The Minister was touring the EU because, after years of preparation and negotiation CETA was in trouble. The European Commission had agreed that CETA would come under the shared competence of the EU and its member states requiring member state ratification of those parts of the agreement under its competence. These largely involve the resolution of investment disputes. Member States have agreed to apply CETA provisionally until all of them have ratified the agreement. Provisional application covers 95 per cent of CETA's covered scope.[22]



Protesters in Germany demonstrating against the TTIP, Source: Getty Images

In the fall of 2016, demonstrators took to the streets in different parts of Europe, notably Belgium, Germany and Austria, to protest CETA or often its EU-U.S. equivalent, the Transatlantic Trade and Investment Partnership (TTIP). The TTIP was initiated by President Obama in 2013 but

[21] ipolitics.ca/2016/04/20/ceta-a-gold-standard-agreement-freeland-tells-eu-committee/

[22] www.dentons.com/en/insights/articles/2017/march/17/what-does-the-entry-into-force-of-the-canada-european-union-ceta-mean

killed by President Trump when he took office in January 2017. EU Trade Commissioner Malmstrom told the Austrian Parliament that September: "Canada is not the United States, in spite of geography or its ties to that country". In fact, echoing the words of Ambassador Roy, she said Canadians are as European as possible without being European. They share our values and our interests."[23]

The reasons for opposition varied but centered on concerns over globalization and seeing CETA as a stalking horse for a more complex and controversial deal with the U.S., the world's largest economy. This was coupled with a growing sense of income inequalities, seemingly uncontrolled migration threatening jobs and a sense trade agreements can undercut national public health, education and welfare. It was not just civil society expressing concerns. Nine member states or their sub-national parliaments, in the case of Belgium, were not happy about CETA's investment dispute provisions which they argued gave too much power to arbitral tribunals to override national laws.

The EU and Canada had to face an unexpected challenge: how to save the agreement which, with the proposed EU-U.S. Transatlantic Trade and Investment Partnership, drew an estimated 320,000 protesters to streets across Germany in mid-September. In one sense, CETA was Canada's and the EU's agreement to lose. The two parties announced the conclusion of negotiations in 2014 and sent the text for legal review and translation into the EU's 24 official languages. It subsequently transpired that negotiations on the contentious investment protection provisions continued in private. After a year and a half of silence from the top, EU leaders and Canada received a wake-up call from the streets and member state parliaments. In the words of German Vice Chancellor and chairman of the Social Democratic Party (SPD), Sigmar Gabriel, "The demonstrations helped us by drawing our attention to what's at stake."

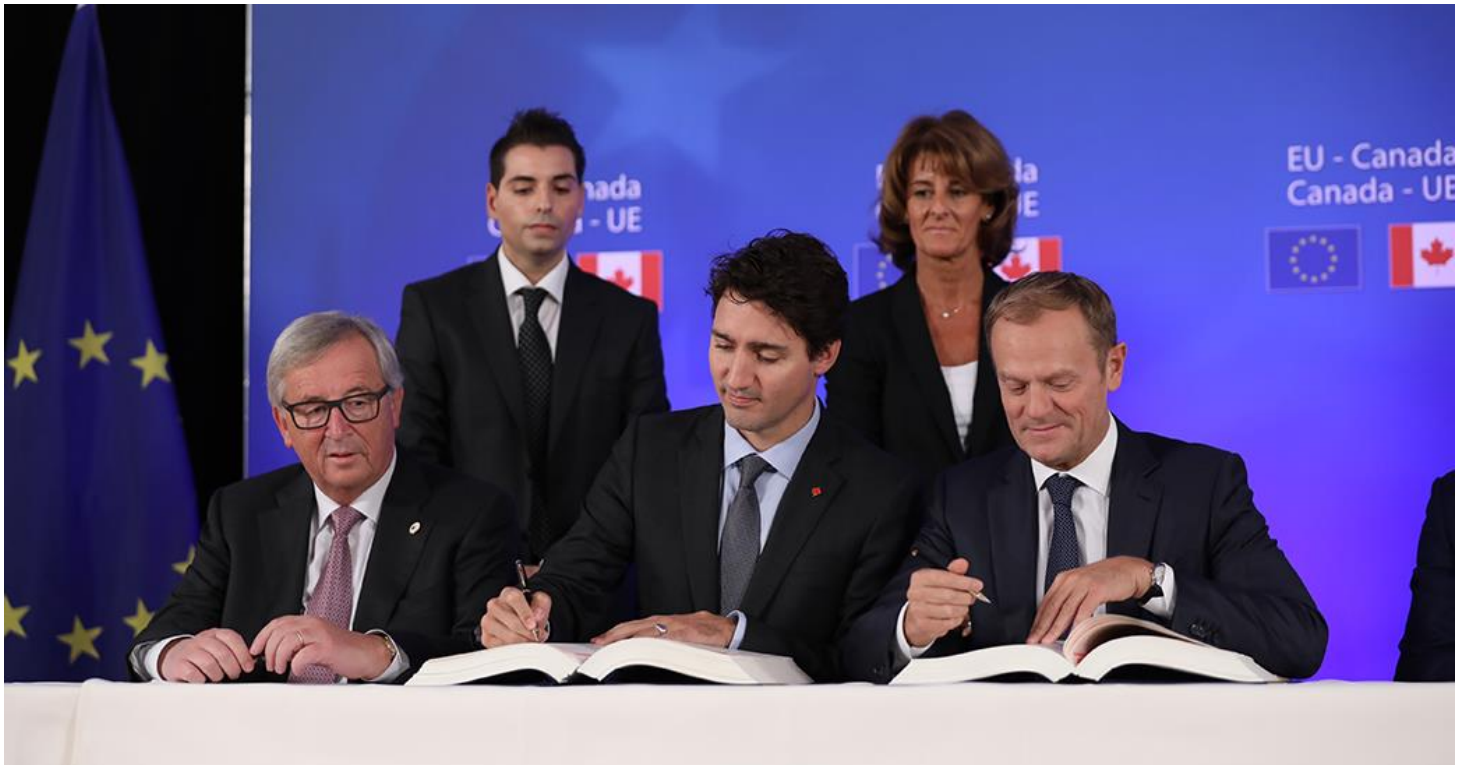
Canadian and EU leaders listened and reacted. Amending the investment provisions to abolish private arbitration tribunals in favour of an investment court "based on the rule of law" was a step forward. On September 19, Canada's Trade Minister Chrystia Freeland and Vice Chancellor Gabriel issued a joint statement following the SPD's endorsement of CETA at its party conference. This endorsement was crucial to CETA's future since it signaled that both Chancellor Merkel's Christian Democrats and the Social Democrats were in agreement. Germany was now in a position to champion CETA at the EU Council of Ministers.

In response to member state concerns, Canada and the EU agreed to a legally binding Joint Interpretative Instrument to explain "in a clear and unambiguous manner what certain provisions in CETA mean". The parties agreed that this interpretative instrument would have binding legal status under international law.[24] The instrument provided more detail on the rights of each party to regulate its public services, environmental or working standards, the use of the investment court system and a commitment to initiate an early review of CETA's environmental and labour

[23] trade.ec.europa.eu/doclib/press/index.cfm?id=1539
[24] www.consilium.europa.eu/media/24232/xvi-eu-canada-summit-joint-declaration-brussels-30-october-2016.pdf

provisions.[25] This latter commitment has been the subject of NGO actions regarding their enforcement (a subject discussed later in the article).

After a stormy few months and nine years of negotiation, Prime Minister Justin Trudeau, European Council President Donald Tusk and European Commission President Jean-Claude Junker met in Brussels on October 30, 2016 and signed CETA. Prime Minister Trudeau said CETA would "create vast new opportunities for Canadians".[26]



Prime Minister Justin Trudeau, together with Donald Tusk, President of the European Council, and Jean-Claude Juncker, President of the European Commission, sign CETA, Source: Government of Canada

The three also signed the EU-Canada Strategic Partnership Agreement (SPA). These agreements are standard practice for EU trade agreements. The parties Joint Declaration said the SPA "will set the stage for even stronger collaborations both bilaterally and in multilateral forums…It will enrich the political dimensions of our relationship…" [27] While Canada initially opposed signing such an agreement, it is now clear that statement is absolutely true and will be examined further in this article.

[25] www.international.gc.ca/trade-commerce/trade-agreements-accords-commerciaux/agr-acc/ceta-aecg/jii-iic.aspx?lang=eng
[26] pm.gc.ca/en/news/news-releases/2016/10/30/canada-and-eu-sign-historic-trade-agreement-during-eu-canada-summit
[27] pm.gc.ca/en/news/statements/2016/10/30/eu-canada-summit-joint-declaration

What's Different About CETA?

Before CETA came into force on September 17, 2017 Canada and the EU each published analysis for their domestic audience entitled "Benefits of CETA".[28] Both refer to immediate tariff reductions covering, in Canada's case, 98 per cent of Canadian exports leading to 99 per cent over 7 years. Both agreed to facilitate trade and business by making the movement of goods cheaper and faster with the EU noting that Canada will give EU companies "better conditions for doing business than it gives to those from other countries". An important feature for Canada was an agreement on Conformity Assessment which allows Canadian products to be certified for the EU market in Canada facilitating entry into the EU market and vice versa for EU products in Canada providing more choice for Canadian consumers. While the EU has a strong manufacturing base, Canada's base needs strengthening. Conformity Assessment would assist Canada which already has its provisions in place. It hopes for early legislation on the EU side.

Services make up about three quarters of each party's economy. For the first time, the EU agreed to a so-called "negative list" in listing the services Canada could provide in the EU and what the latter could provide in Canada. While it seems counter-intuitive, it replaces a "positive" list approach where each party indicates what it will allow rather than what it will not. Canada's experience with other free trade agreements demonstrated this approach provided greater access for services since the underlying assumption is "the whole services market is open". (The drawback was that it added a year to the negotiating process since both the Commission and each member state had to consider what services they would deny).

The EU service companies along with those from Canada's other trading partners complained about the difficulty of temporarily transferring staff to Canada. The parties included a chapter on Labour Mobility to facilitate entry into both Canada and the EU for professionals such as computer analysts, short-term business visitors, investors and technologists. The agreement also established a streamlined process for the recognition of foreign qualifications to allow professionals such as accountants, architects and engineers to be able to work on either side of the Atlantic. The EU stated that this could "Pave the way for professions from Europe to find new job opportunities in Canada." This provision is beneficial to Canada where there is a high demand for trained professionals particularly in high tech.

"The Battle for CETA": The Perils of Globalization

While many of the chapters outlined above are also found in a number of Canada's 14 other free trade agreements, CETA stands out by joining trade with pressing global issues, such as climate change and effects of globalization, people on both sides of the Atlantic want to see addressed. When President Tusk co-signed CETA on October 30, 2016 he celebrated its achievement but at the same time issued a warning in which he referred to "the battle for CETA". He said the demonstrations against CETA in different parts of Europe showed how important impressions

[28] https://pm.gc.ca/en/news/backgrounders/2016/10/30/benefits-canada-eu-comprehensive-economic-and-trade-agreement And https://trade.ec.europa.eu/doclib/docs/2016/july/tradoc_154775.pdf

and emotions are in the modern world and that facts and figures "won't stand up for themselves alone".

In words to guide those implementing the agreement as well as future negotiators, Tusk said "the controversy around CETA has demonstrated that our first priority is to give people honest and convincing information about the real effects of free trade. That the alternative to free trade is isolationism and protectionism, a return to national egoisms and, as a result, the threat of violent conflict. We should be able to convince our citizens that free trade is in their interest, and not just big companies and corporations".[29]

This advice was repeated this year, in a different way, by Jeff Rubin, former chief economist and strategist for CIBC, one of Canada's largest banks, in his book "The Expendables: How the Middle Class Got Screwed by Globalization".[30] He notes that before the pandemic crisis began "half of the world's masks were made in China". During the crisis China increased its production to 115 million per day. He added that when Canada was in short supply, Canadian diplomats were reduced "to sending out messages on social media hoping that Chinese alumni of Canadian universities would be willing to help find a few boxes of gloves and masks. Hardly the commanding heights of the global economy that globalism promised." Low wages and lax regulatory control, he maintains, have also allowed China to be the major source of chemicals that go into generic drugs—nearly all the drugs Canadians and Americans consume. Rubin sums up: "Global deregulation was always a bad idea. It was set up to benefit a small number of people at immense cost to everyone else."

This is the challenge the leaders of Canada and the EU and its member states must face: how to convince their populations that Transatlantic free trade is in their interest. A Canadian official familiar both with the CETA negotiations and redone North American Free Trade Agreement (NAFTA now called USMCA) points out that the EU advances numerous mechanisms to promote cooperation between the parties while the U.S. does not want any. Fortunately, for Canada, CETA has been tailored to, in the words of Donald Tusk, "give people honest and convincing information about the real effects of free trade".

CETA and Civil Society: An EU Obligation from 1957

Unfortunately, most Canadians and Europeans are not aware of CETA's obligatory provisions requiring the parties to inform and consult civil society regarding the agreement's functions and the decisions to implement it. When the European Economic Community (now the European Union) was formed out of war-torn Europe, the Treaty of Rome provided for four institutions: the European Parliament, the Council, the Commission and a consultative body, composed of representatives from employers, trade unions, and civil society organizations, the European Economic and Social Committee (EESC).[31] From its inception, the European Union has had an

[29] www.consilium.europa.eu/en/press/press-releases/2016/10/30/tusk-remarks-eu-canada-summit/
[30] "The Expendables: How the Middle Class Got Screwed by Globalization", Jeff Rubin, Random House Canada, 2020
[31] www.eesc.europa.eu/en/about

obligation to consult the people it serves and those obligations are also required of its trade treaty partners.

On their face, some of these provisions may seem bureaucratic but, as Canada has discovered and embraced, they are key to ensure citizens on both sides of the Atlantic are kept informed. Firstly the CETA's "Institutions Chapter" requires the joint management and implementation of the agreement under a Joint Committee co-chaired by Canada's Minister of International Trade and their EU counterpart.

Canada and the EU have had years of experience with a Joint Committee on trade starting with the 1976 Framework Agreement. The chapter also establishes the structure and processes of the 20 Canada-EU committees under the Joint Committee which help administer CETA. They focus on areas such as goods, services and investment, sustainable development, sanitary and phytosanitary measures, regulatory cooperation and joint customs cooperation.

The Joint Committee is given the power to take decisions regarding the interpretation of all matters covered under the agreement. Its decisions are binding if both parties agree and they then must take all measures necessary to implement them. If the parties do not agree with a decision taken by the Joint Committee, they can take it to binding dispute settlement. This chapter is subject to the following one entitled "Transparency". It is designed to facilitate information sharing and ensure administrative proceedings are fair and just. It requires that Canadian and EU stakeholders are either notified of, or have access to, information regarding measures that may affect trade under CETA. Each party is also required to ensure timely publication all laws, regulations, procedures and administrative rulings of general application under CETA.[32]

It is worth noting that the renegotiated NAFTA (USMCA) also provides for a Joint Committee chaired by trade ministers, or their representatives. Civil society is not mentioned anywhere in the text.

Because it was a Canada-EU negotiation, there are three significant chapters in CETA that have not appeared together in Canada's other trade agreements: Trade and Sustainable Development, Trade and Labour and Trade and Environment (Chapters 22,23,24). In the language of the agreement they "reflect shared Canadian and EU values in recognizing that economic, social, and environmental objectives are mutually supportive and reinforcing."

The objective is to ensure that economic growth under CETA does not occur at the expense of other important social and environmental objectives. The parties have agreed to promote trade in ways that enhance sustainable development through things such as corporate social responsibility, eco-labeling and setting environmental performance goals and standards. Canada and the EU will also review, monitor and assess CETA's impact on sustainable development.[33]

[32] www.international.gc.ca/trade-commerce/trade-agreements-accords-commerciaux/agr-acc/ceta-aecg/chapter_summary-resume_chapitre.aspx?lang=eng#a22
[33] www.international.gc.ca/trade-commerce/trade-agreements-accords-commerciaux/agr-acc/ceta-aecg/chapter_summary-resume_chapitre.aspx?lang=eng#a22

Under the labour chapter, Canada and the EU are required to ensure that civil society is able to provide views and advice on labour issues related to CETA and that they consult with domestic labour and sustainable development advisory groups. If there are concerns about CETA, either party can request consultations with the other. If these are not successful, an independent panel of three experts can examine the matter further and issue a report with recommendations regarding conformity with the labour chapter's obligations. If the panel determines non-conformity, the parties are obliged to identify measures or a mutually satisfactory action plan to resolve the matter.

While the renegotiated NAFTA (USMCA) is lacking provisions regarding the role of civil society, it has one aspect which CETA lacks—enforcement of labour provisions under the agreement. Angelo DiCaro, Research Director at one of Canada's largest unions UNIFOR which was active in both negotiations, points to the labour provisions in Chapter 31 of USMCA which are enforceable under the standard state-to-state dispute resolution system. The chapter also contains provisions addressing sex-based discrimination, violence against workers and migrant workers.[34] While appealing to labour interests, the United States also had another target in mind, Mexico, where labour standards were not being observed in low paying jobs, particularly in the auto sector to the detriment of U.S. and Canadian workers.

DiCaro notes the absence of a similar provision in CETA. European and Canadian Domestic Advisory Groups (DACs) established under CETA are calling on Canada and the EU to involve them in efforts to make CETA's Trade and Sustainable Development chapters, which includes labour, enforceable. They point to the Joint Interpretive Instrument's binding commitment that the parties will initiate "an early review of these provisions, including with a view to the effective enforceability of CETA provisions on trade and labour and trade and the environment."[35]

The parties have also made commitments to ensure that trade and environmental protection are mutually supportive and reinforcing. They have agreed that any increased prosperity resulting from liberalized trade does not occur at the expense of environmental protection. Of particular interest to Canada, the parties have also agreed to encourage trade in products from sustainably managed forests and to promote the sustainable and responsible management of fisheries and aquaculture.

Once again, either party can request consultations with the other regarding any issue arising under the Trade and Environment Chapter. If unsuccessful, a panel of experts will prepare a final public report with findings and recommendations. A Committee on Trade and Sustainable Development composed of Canadian and EU senior officials oversees implementation or these three chapters. Committee meetings must include a "public engagement" component.

In addition, CETA created a joint Civil Society Forum to engage in a dialogue on trade and sustainable development. The forum is made up of independent employers, unions, labour and business organizations, environmental organizations and other civil society representatives. The

[34] www.unifor.org/en/take-action/campaigns/usmca#four
[35] www.lexology.com/library/detail.aspx?g=5ee2326c-6fcf-4a85-a89b-b68ea22a5a9c

second meeting of the forum took place in Ottawa last November. More than 100 leaders from business and civil society, including Indigenous leaders and youth ambassadors from across Canada and Europe came in person or joined via web streaming. An additional 60 Canadian and EU officials also took part.[36]

At the EU's behest, Canada agreed to include a provision in CETA requiring each party to form one or more Domestic Advisory Groups[37] to advise on the implementation of the sustainable development chapters.

Starting in 2011, these groups, drawn at the expert level from civil society, have become a standard provision in EU trade agreements.[38] In CETA, the EU decided to form one group to cover all issues while Canada formed one for labour and one for the environment. As an indication of how well these groups are known in Europe, the Dutch-based Eurogroup for Animals called on the parties to do more for animal welfare.[39]

On November 12 and 13, 2019, the Second CETA Civil Society Forum and the Second Meeting of the Committee on Trade and Development took place in Ottawa. The former examined climate change and clean technology and undertook an examination of the Trade and Sustainable Development provisions and their enforcement.[40] The latter reported on developments in trade and gender (e.g. trade missions for women exporters), trade and indigenous peoples and the results of a January 2019 conference in Brussels entitled "CETA: Taking Action for Trade and Climate"[41].

The Trade Stats: Who's in front and who's behind?

The Canada-EU 2008 Joint Study that prepared the way for the start of CETA negotiations in 2009 predicted that trade liberalization could expand Canada–EU trade by 23 per cent; exports of Canada's goods to the EU could increase by 24 per cent from 2007 to 2014, while EU exports to Canada could increase by 37 per cent.[42] The Canadian government for its part predicated that the "ripple effect" would translate into $1,000 for every Canadian family and create 80,000 new jobs nationwide.[43]

With three years of implementation and two years of trade data, these expectations have yet to be fulfilled. Canadian merchandise exports to the EU averaged $46.6 billion annually since CETA entered into force in 2017 up 16.6 per cent or $6.6 billion compared to exports in 2016. At the same time, Canadian merchandise imports from the EU averaged $75.5 billion up 24.1 per cent

[36] www.international.gc.ca/trade-commerce/trade-agreements-accords-commerciaux/agr-acc/ceta-aecg/2019-11-12-report
[37] www.eesc.europa.eu/en/sections-other-bodies/other/eu-canada-domestic-advisory-group
[38] trade.ec.europa.eu/doclib/press/index.cfm?id=187
[39] www.eurogroupforanimals.org/news/ceta-eurogroup-animals-calls-canada-and-eu-do-more-animals
[40] www.international.gc.ca/trade-commerce/trade-agreements-accords-commerciaux/agr-acc/ceta-aecg/2019-11-12-report-soc-civ-rapport.aspx?lang=eng
[41] www.international.gc.ca/trade-commerce/trade-agreements-accords-commerciaux/agr-acc/ceta-aecg/2019-11-13-tsd_joint_report-cdd_compte_rendu_conjoint.aspx?lang=eng
[42] bdp.parl.ca/sites/PublicWebsite/default/en_CA/ResearchPublications/201053E#fn3
[43] globalnews.ca/news/3267957/ceta-trade-deal-benefits-canada-eu-trudeau/

over the same period.[44] While a trade deficit with the EU is to be expected given its size, CETA has so far appeared more beneficial to the EU for trade in goods.

Part of this can be explained by a rather odd development. The Global Affairs Chief Economist asks in Canada's State of Trade 2020 "Are Canadian exporters and importers taking advantage of CETA?" In the 2 years of available statistics since CETA came into effect in 2017 the report states that Canadian exporters and importers were not making extensive use of the preferential tariffs offered by the agreement. A "metric", called the utilization rate, indicated the proportion of eligible goods and services for which a preferential tariff was used. In 2019, CETA's second year, the average utilization rate for Canadian exports to the EU was 53 per cent but for imports it was only 46 per cent. Both rates were up from 2018, CETA's first year, by 3 percentage points for exports and almost 9 percentage points for imports. Rates also differed for individual EU trading partners. Both rates were below the EU average for Germany and the United Kingdom (still reflected in Canadian statistics)—Canada's two largest EU trading partners. On the other hand, both utilization rates were above average for France. These findings indicate that Canada needs to undertake further promotion efforts with Canadian importers and exporters with special attention to markets like Germany which will now be Canada's largest EU market.

In looking at trade statistics it is important to take a long view, especially if you are the much smaller partner. Carleton University Business School professor Ian Lee makes the point that research shows that overall, "countries that liberalize trade see gains in jobs, average incomes and standard of living. The benefits accrue in the long run and may not materialize immediately."[45]

The Importance of Good Service and Investments

Services are a key part of any trading relationship. In both Canada and the EU services make up about 70 per cent of economic activity. According to a 2018 Global Affairs Report, Canada has a number of challenges in this field since services account for a smaller share of exports than they do for most other advanced economies (a 1.7 per cent share of global commercial service exports well below Canada's share of global GDP and merchandise trade). Moreover, trade in services plays an important role in trade in goods: 43 per cent of the value added in Canadian exports comes from the service sector. [46]

The sluggish growth in the services sector is backed up by statistics although there are positive elements. Canada's service trade is concentrated on the U.S. market ($443 billion in exports in 2019). The EU is a distant second at $50 billion and while China is third at $24 billion, trade with China "grew at a tremendous pace" over the last decade. Canada has deficits in services trade with all three $171, $16, and $23 billion respectively.[47] At the same time, "the EU has received an outsized portion of service exports compared to its share of Canadian goods. It has seen its growth

[44] www.international.gc.ca/trade-commerce/economist-economiste/statistics-statistiques/eu-marchandise-ue.aspx?lang=eng
[45] www.eurogroupforanimals.org/news/ceta-eurogroup-animals-calls-canada-and-eu-do-more-animals
[46] www.international.gc.ca/economist-economiste/assets/pdfs/performance/state_2018_point/SoT_PsC_2018-Eng.pdf
[47] www.international.gc.ca/gac-amc/publications/economist-economiste/state-of-trade-commerce-international-2020.aspx?lang=eng

in service exports to Canada increase by 173 per cent from 2000-2016, among the highest of any region with its share increasing at a steady pace. CETA should augment EU sales.[48]

Canada and EU investments in each other's territories are an important part of the relationship. Measures to resolve investment disputes, which fall under the authority of EU member states led, in part, to the 2016 demonstrations in a number of EU states prior to CETA's signing. Nevertheless, these investments are engines of growth. An important point to note is that sales of Canadian affiliates in a number of EU countries were greater than Canadian exports of goods and services to those markets.[49] Given the comparative difference in size of the EU and Canadian economies, it is striking that the stock of investment that one has in the other are so similar. The stock of Canadian direct investment in the EU was $304.9 billion in 2019, representing nearly 21.9 per cent of Canada's total outward FDI stock in 2019. Known stocks of EU Foreign Direct Investment in Canada were estimated to be worth $308.3 billion in 2019, representing 31.7 per cent of global FDI in Canada in 2019. [50]

Agri-Food: Canada's high expectations – troubling results

In 2014, the House of Commons Committee on International Trade reviewed the government's summary of CETA's "Final Negotiated Outcomes" which identified agriculture and agri-food as offering important results.[51] Three years later, Canada's Advisory Council on Economic Growth saw Canada's agri-food sector as a driver of economic growth. The Council's Agri-Food Strategy Table saw Canada as one of the top five global competitors in the world's agri-food sector by 2025. Their target was to raise global exports from $64.6 billion in 2017 to $85 billion in 2025.[52]

Canada has eliminated 92 per cent of its tariffs on EU agricultural products and the EU has eliminated 93.6 per cent for Canadian ones (with a 7-year transition for grains). The report added "most of the witnesses from the Canadian agriculture and agri-food sector commented on the advantages of the Canada-EU CETA".[53] The Director of the Canadian Agri-Food Trade Alliance (CAFTA) told the Committee that "when fully implemented CETA could result in $1.5 billion in new Canadian agri-food exports to the EU."

The head of the Canadian Cattlemen's Association said CETA "should be worth more than $600 million to Canadian beef producers" and the Pork Council predicted annual sales of $400 million. Western grain exporters expected that wheat exports to the EU would not only increase but stimulate demand in Canada for cattle feed related to increased beef exports. The Canadian Canola Growers Association (CCGA) was pleased CETA would eliminate tariffs on Canadian canola oil (which is used for biofuel) increasing exports by $90 million (although the EU's ban on

[48] globalnews.ca/news/3267957/ceta-trade-deal-benefits-canada-eu-trudeau
[49] www.international.gc.ca/economist-economiste/assets/pdfs/performance/state_2018_point/SoT_PsC_2018-Eng.pdf
[50] www.international.gc.ca/world-monde/international_relations-relations_internationales/eu-ue/index.aspx?lang=eng#a3
[51] www.ourcommons.ca/DocumentViewer/en/41-2/CIIT/report-2/page-57
[52] www.ic.gc.ca/eic/site/098.nsf/eng/00022.html
[53] www.ourcommons.ca/DocumentViewer/en/41-2/CIIT/report-2/page-57

Canadian canola oil for human consumption because of the EU's GMO policies remains an issue under CETA). [54]

Reality came home on September 21, 2020 with a letter to the Prime Minister from five former Canadian Premiers led by none other than Jean Charest, who as Quebec Premier opened the door to what is now CETA.[55] The letter underlined the large role the Provinces played in the CETA negotiations and expected reciprocal benefits in return for opening up many areas under provincial authority. However, the letter said, CETA has now been in force for three years and it has failed to deliver on its promises for Canada's agri-food exporters. The former Premiers blamed the EU Commission and member states for "continuing to impose a wide range of trade barriers for pork, beef, canola, sugar and grains".

They cited Italy as an example for imposing a country of origin labelling regulation which was designed to discriminate against Canadian durum wheat exports used for decades in Italian pasta. They maintain that this measure is not only contrary to CETA but to EU law. If not addressed, it presents the danger of being replicated on other commodities and jurisdictions. Cereals Canada has pointed out the Italian measure was introduced in 2017 shortly after CETA came into effect and the tariff on Canadian wheat imports went to zero. In introducing the new measure, the then Italian Agriculture Minister said, "We are putting Italy in the vanguard of Europe when it comes to labelling as a competitive tool for the Italian agriculture sector."[56]

Canada is the world's 5th largest agriculture exporter. The Premiers conclude their letter by pointing to the harm done "when trade agreements and rules are ignored or disavowed" and ask that the Prime Minister ensure that these issues are at the top of the agenda when he meets his EU and member state counterparts at the next G7 leaders meeting.

Beef and pork exports to the EU have also been a disappointment. While the EU has gained free access to all Canadian beef markets, Canadian exports are subject to a tariff rate quota (TRQ) which allows a certain quantity of beef to enter duty free (35,000 tonnes plus another 11,500 shared with the U.S.). Although not a large market in terms of quantity, the Canadian Cattlemen's Association has viewed the EU market as a high value one for quality beef. There are stringent rules for exporting hormone-free beef to the EU and to date Canadian exporters have not expanded their limited capacity to export to the EU market and promote their product. While Canadian beef exports totaled $63 million from 2017 [57], EU beef exports, largely hamburger meat, totaled $134 million to July 2020. A background note from the Cattlemen states that some EU countries, notably Ireland and France, were concerned about large amounts of beef being exported to the EU markets but "it's Canada that should have been concerned about large volumes of beef coming in our direction".

[54] Ibid.
[55] cafta.org/wp-content/uploads/2020/09/2020-09-21-CETA_letter_to_PM_from_ex-Prov_Premiers.pdf
[56] www.euractiv.com/section/agriculture-food/news/italy-demands-origin-labels-for-pasta-and-rice/
[57] Note to author

Canada is the world's third largest pork exporter selling $2.6 billion worth to more than 100 countries.[58] EU technical import regulations reduced their appetite for the EU where pork producers sold only $17.9 million worth of pork over the past three years. In contrast EU producers with few Canadian restrictions sold $443 over the same period. It is no surprise the Pork Council says they will concentrate on selling in the fast-growing Asian market.

Canada is a major exporter of "fish and crustaceans" to the EU with $452 million in sales in 2019. Exports of Canadian lobster benefited from the removal of the EU's 8 per cent tariff in 2017. For some reason, none other than President Trump publicly complained about the EU's importing duty free Canadian lobsters. In August, the EU agreed to eliminate tariffs on imported U.S. lobster as part of an agreement "aimed at improving their turbulent trade relations". This is the EU's first such tariff agreement with the U.S. in 20 years. The Financial Times says the EU is hoping to unlock broader trade benefits in areas of greater economic impact such as aerospace.[59] The Canadian lobstermen will be hurt by these actions but no one asked them what they thought.

Canadian sales of agricultural products and seafood to the EU (which includes the UK) while facing the challenges noted above are still sizeable totaling over a $1 billion from 2017 to 2019 with a 30 per cent increase between 2018 and 2019. Sales up to August 2020 were $2.6 billion. The EU export figures for 2019 exclude the UK and total €3.549 billion in 2019 versus €2.04 billion in imports from Canada giving the EU a trade surplus of €1.5 billon.

The EU has its own Agri-grievances

The EU has its own concerns with Canadian protectionism in an area dear to Canadians: European cheese and wine. In April 2019 the EU launched a formal review under CETA of the way Canada is administering the EU's cheese quotas under CETA. The EU is particularly concerned that Canada has allocated 50 per cent of the quota to Canadian cheese manufacturers who the EU sees as "the competition". The EU maintains this runs counter to CETA's requirement that quotas be assigned to those most likely to use it such as recognized cheese importers.

These importers are represented by the International Cheese Council of Canada (ICCC). According to press reports in June 2019 the Council made a 49-page submission to Global Affairs Canada which administers the quotas, accusing the government of "playing politics" with the quotas. The Council maintains that the government has allowed a "secondary market" to be created where quotas are transferred from the initial recipients to others for a fee lowering the availability but increasing the price of European cheese. The EU maintains that such a market "goes against the spirit of the trade deal".[60]

The EU's Directorate General for Trade regularly publishes Access2Markets, a "EU gateway to trade information for import and exports". The section on Canadian wine imports comes under the heading "Barrier Details" and lists 10 areas of complaint. It begins with the statement that "the practices of provincial liquor boards appear discriminatory and substantially hinder the

[58] www.agr.gc.ca/resources/prod/Internet-Internet/MISB-DGSIM/ATS-SEA/PDF/4664-eng.pdf
[59] www.ft.com/content/813673d9-2034-453b-a702-4831146c61a5
[60] nationalpost.com/news/politics/cheese-quotas-in-canada-europe-trade-deal-quietly-under-formal-review-after-eu-complaints

access of European alcoholic beverages to the Canadian market." These practices include such things as lack of transparency regarding listing and delisting measures plus limited product listings for imported products with onerous conditions imposed on suppliers. And a final salvo: "the liquor boards use their position as monopolies and, in the case of Ontario and Quebec as the largest and second largest single purchasers in the world of alcoholic beverages, to practically impose additional onerous commercial conditions on suppliers, once an imported product is listed."[61] Welcome to Canada.

"Stalled Trade": A Canadian Problem

For nearly 150 years, the Canadian Manufacturers & Exporters (CME) has represented manufacturers and exporters interests in Canada. In 2018, it published a candid and, in a way, troubling document entitled "Stalled Trade: Gearing Up Canadian Exports." It appeared during the renegotiation of the NAFTA forced on Canada and Mexico by President Trump. The document states the renegotiation has "shifted Canadian attitudes towards our economic relationship with the United States and forced us to think about trade in new ways. Calls for trade diversification to new markets have grown louder…"

Trade agreements first with the United States in the 1980's and then adding Mexico in the 1990's accelerated investments and growth of Canadian industries. However, since the turn of the century, "Canada's export performance could best be described as anemic". Since 2001, Canada's manufactured goods exports have grown by less than the annual rate of inflation. Two "massive events' reshaped the way Canada trades: 9/11, when security became predominant, and China joining the WTO. Canada's share of global investment began to decline and 15 years later "Canada still does not seem to have an effective plan to deal with these impacts. The results show."

CME points to the policies of successive governments to expand trade through signing free trade agreements (now 14). It states there has never been a time when Canada has had such preferential access to the world's markets. Nevertheless "Canada's position and influence in global trade continues to slide". Over the last 17 years, Canadian exports have risen by an average of just 2.5 per cent per year (much of it in crude oil). At the same time global trade has expanded at an annual average rate of 6.1 per cent (Germany 5.8 per cent, U.S. 4.1 per cent).

CME believes Canada and its export industries were unprepared for China's rise as with its business size and capital investment levels. Canadian companies are on average smaller than those from other trading partners (75 per cent of manufacturers have fewer than 10 employees) and they invest significantly less in their operations than their competitors in the U.S. or EU. U.S. manufacturers invest an average of six times more than Canadian ones. As a result, low investment in areas such as technology, products and people mean that Canadian companies are less productive than their peers. It costs more to produce a unit of output in Canada, CME says, than in most other advanced economies.

[61] madb.europa.eu/madb/barriers_details.htm?barrier_id=11320

Canadian exporters now have preferential trade access to 50 countries which account for 66 per cent of global economic activity. FTAs are usually seen as positive steps in increasing trade but this is only true if domestic companies actually increase their exports. At the time, NAFTA was a huge success leading to Canadian exports to the U.S. and Mexico increasing by 120 per cent to over $400 billion today. Canada's record on utilizing FTAs is inconsistent, especially exports of value-added manufactured goods. In the cases of FTA's with large economies such as the EU and South Korea, Canada has seen reasonable export growth, but those gains have been offset by large increases in imports and widening trade deficits. The EU currently runs a nearly $25 billion trade surplus with Canada while Korea's is $6.25 billion.

The report makes clear that trade deficits with individual countries are not important but that this ongoing trend "is cause for real concern. Canada, and Canadian companies, are simply not competitive enough to take advantage of the opportunities created by trade liberalization agreements". For CME this analysis provides a clear message: "Canada needs a new strategy and a fresh approach to trade policy to help companies take advantage of export opportunities while boosting economic performance at home". It believes the strategy should focus on three core elements: 1) strengthen Canada's export foundations utilizing existing trade agreements and leveraging Canada's strengths and resources; 2) develop the "scale-up" of small and medium sized businesses with stronger support programs to encourage domestic investment and expand opportunities for international growth; 3) attract foreign direct investment and global production mandates from large multi-national companies.

The Canadian Manufacturers and Exports articulated something the government, or parts of it, likely knew but did not overtly say. In 2017, the Minister of Finance Bill Morneau appointed a Council of Economic Growth led by Dominic Barton (the so-called Barton Report) to provide him with independent advice on this question. More recently the 2020 Speech from the Throne provided additional impetus to some of these issues. But much has changed for the Trudeau government since 2017. The Liberals are now a minority government dependent on the NDP for support. There are now more Conservative-governed provinces. Mr. Morneau is gone "of his own volition" after being involved with the Prime Minister in failed efforts to use millions in government funds to pay a Canadian charity to manage student internships and training. On top of this, the pandemic that "has changed everything" is now the government's first priority.

What is clear from this analysis is that Canada's export ability, the heart of Canadian prosperity, needs fixing.

The Strategic Partnership Agreement: How Canada Learned to Love It

The 2019 issue of the Journal of Public Policy published an article entitled "The Paradox of Human Rights Conditionality in EU Treaties".[62] Authors Katharina Meissner from Austria and Lachlan McKenzie from Australia examine this paradox looking at the EU's demands on Canada

[62] www.tandfonline.com/doi/full/10.1080/13501763.2018.1526203

for the insertion of human rights conditionality clauses as part of the CETA negotiating process. Violation of these clauses would allow the EU to terminate the trade agreement.

Although the EU has included these clauses in trade agreements since 1995, "its insistence on these clauses has varied between negotiation partners". The authors point to exceptions such as the EU's recent trade agreements with Singapore and Vietnam. In the former, conditionality in the agreement was accompanied by a side letter recognizing Singapore's human rights practices. In the latter case, the agreement does not explicitly set out the suspension of trade in the case of human rights breaches. In light of these cases, the authors pose the question why "the EU required human rights conditionality clauses with Canada, a country which is among the top five on the Freedom House Index regarding fundamental political rights"?

The authors recognize that "there is now widespread practice among states to include non-commercial, political objectives in free trade agreements". They do not, however, provide examples other than the EU which they say "is at the forefront of this practice of linking commercial objectives with political interests" usually through the use of human rights conditionality clauses. They add that this practice is often contested by the EU's negotiation partners and they are certainly right in adding that, at the start of the CETA negotiations, "Canada was firmly, yet unsuccessfully, opposed to linking CETA to a human rights conditionality clause".

Shortly after the start of CETA negotiations in 2009, EU negotiators advised their Canadian counterparts that CETA would be accompanied by a Strategic Partnership Agreement (SPA). The agreement would affirm the EU and Canada's "status as strategic partners" and provide the means to enhance and elevate their relations beyond economic and trade relations to "advance their shared interests and values". The agreement would require both Canada and the EU to accept conditional human rights provisions. Their violation could terminate CETA. Canada objected to adding non-commercial matters to a trade agreement, especially those which could be used to terminate the CETA. EU negotiators made two points. This was a common EU practice in trade agreements with democratic and non-democratic countries alike. It would be difficult to explain to others why the EU was making exceptions: human rights are human rights. Secondly the EU had human rights issues within its own boundaries; these provisions would demonstrate a consistent approach externally and internally.

The EU said it was flexible in drafting and 16 rounds (2 face to face and 14 virtual, even before the pandemic) and five years later the parties had an agreed Strategic Partnership Agreement of 38 articles. The "human rights clause" is there as Article 28 of the SPA: "In addition, the parties recognize that a particularly serious and substantial violation of human rights or non-proliferation, as defined in paragraph 3, could also serve as grounds for the termination of the EU-Canada Comprehensive Economic and Trade Agreement (CETA) in accordance with Article 30.9 (Termination) of that Agreement."

It is important to read paragraph 3 in interpreting the article. It states: "The Parties consider that, for a situation to constitute a 'particularly serious and substantial violation' of Article 2(1), its gravity and nature would have to be of an exceptional sort such as a coup d'état or grave crimes

that threaten the peace, security and well-being of the international community." That satisfied the Canadian negotiators, and their international lawyers.

Canada and the EU crafted a Strategic Partnership Agreement which, in the words of the October 30, 2016 Joint Declaration, will allow the transatlantic partners to "continue to promote a rules based-global order, grounded in our common values and international law." It is important to underline this common thread between Canada and the EU and remember that these values were under pressure from some democratic and non-democratic nations alike. The parties identified on going, structured cooperation in a range of sectors: "peace and security, migration, the fight against terrorism, energy, climate change, research and innovation, development and consular protection.[63] Perhaps no one has put it better than EEAS Deputy Secretary General Pedro Serrano: "The EU-Canada relationship—like brandy—has gotten better and better with age". [64]

Canada and the EU put into treaty form a governing structure for the SPA that ensures the ongoing advancement of the subjects contained in the agreement. At the top are annual summits between EU and Canadian leaders which is fed into by a Joint Ministerial Committee co-chaired by Canada's Minister of Foreign Affairs and the Union's High Representative for Foreign Affairs and Security Policy. It in turn is supported by a Joint Cooperative Committee made up of representatives of the parties; the JCC prepares an annual report for the Ministers on the state of the relationship a recommends new areas for examination. Health, is a new subject to be added as a result of the pandemic to the 30 or so "dialogues" officials from the two parties are currently engaged in.

Prime Minister Trudeau hosted the second Canada-EU Summit with Council President Tusk in July 2019. The results once again demonstrate the common approaches Canada and the EU take to world and bilateral issues. The leaders reiterated their commitment to advancing gender equality and human rights. CETA encourages action between Canada and the EU to address climate change. In their examination of the Canada-EU Strategic Partnership authors Annegret Bendiek and Felix Schenuit make the point that "The SPA shows clearly that the issue of climate change is an integral part of the bilateral cooperation under SPA between Canada and he EU and that both support the approach of rules-based multilateralism through their bilateral cooperation.[65]

Canada announced its membership in the Council of Europe's Commission for Democracy through Law to advance democratic principles and human rights. The EU, as part of Canada's G7 Ocean Plastic Charter initiative, agreed to a Canada-EU Ocean Partnership to combat ocean plastic waste and marine litter. President Trump has effectively killed the World Trade Organization's dispute settlement procedures. The leaders stated their commitment to restore

[63] pm.gc.ca/en/news/statements/2016/10/30/eu-canada-summit-joint-declaration
[64] www.researchgate.net/publication/339165252_EU-Canada%27s_strategic_partnership_Broadening_relations_and_mutual_interests
[65] "EU-Canada's strategic partnership: broadening relations and mutual interests", Annegret Bendiek and Felix Schenuit, Australian and New Zealand Journal of European Studies, 2019 Vol 11, www.researchgate.net/publication/339165252_ and EU-Canada%27s_strategic_partnership_Broadening_relations_and_mutual_interests

the WTO Appellate Body. In the meantime, Canada and the EU are finalizing an interim appeal arbitration arrangement.[66]

The Canada-European Union annual Foreign Ministers' Meeting between Foreign Affairs Minister Francois-Philippe Champagne and High Representative Josep Borell took place (virtually) on September 8, 2020. This encounter brought home the importance of close collaboration between Canada and Europe on pressing international issues of relevance to both: support for the World Health Organization in the face of criticism from President Trump; the establishment of an Independent Panel on Pandemic Preparedness and Response; the Build Back Better Agenda to ensure recovery is green, just and resilient and joint funding efforts to develop and ensure equitable access to coronavirus vaccines.[67]

The SPA also provides for "consultations at ministerial level on policy issues of mutual interest". Five weeks later Champagne and Borell were in contact again on pressing issues involving Armenia and Azerbaijan in Nagorno-Karabakh—a faraway conflict where Canadians with links to the two countries have literally demonstrated their interests. Borell thanked Champagne for Canada's continued coordinated efforts with the EU in support of the people of Belarus seeking their democratic rights in the face of a repressive Russian-backed regime (the two had issued a joint statement on August 26, 2020 urging Belarus authorities to accept an international offer to deescalate the situation[68]). Dealing with Russia's poisoning of one of its own democracy advocates was also on the agenda.[69] Minister Champagne's regular contacts with his EU counterpart play an important part in the development of Canadian foreign policy.

Bendiek and Schenuit see the EU's growing outreach to Canada in the context of the Trump presidency which, as they say, is well established and fruitful for both sides and will continue after his departure. They maintain "for a long time the U.S. was the most important and dominant partner for both Canada and the EU." They see the "high volatility of U.S. foreign policy…as an external driver of cooperation between the EU and Canada". With CETA behind them, Brussels and Ottawa "can now focus on how to further develop their political and strategic relations." They ably sum up the importance of Canada's relationship with the European Union: "Based on similar values and interests, this like-mindedness as well as an extensive set of agreements which evolved since 1976 makes the Union one of the closest and longest standing partners of Canada and vice versa."[70]

[66] https://pm.gc.ca/en/news/backgrounders/2019/07/18/canada-eu-summit-joint-declarati

[67] www.international.gc.ca/world-monde/international_relations-relations_internationales/eu-ue/news-nouvelles/2020-09-10-meeting-reunion.aspx?lang=eng

[68] www.canada.ca/en/global-affairs/news/2020/08/joint-statement-by-european-union-high-representativevice-president-josep-borrell-and-the-minister-of-foreign-affairs-of-canada-francois-philippe-c.html

[69] eeas.europa.eu/headquarters/headquarters-Homepage/87036/canada-high-representativevice-president-borrell-speaks-foreign-affairs-minister-champagne_en

[70] "EU-Canada's strategic partnership: broadening relations and mutual interests", Annegret Bendiek and Felix Schenuit, Australian and New Zealand Journal of European Studies, 2019 Vol 11, www.researchgate.net/publication/339165252_

Part 3: Canada and the European Union: Green Deals and Dominic Barton's advice

The October 8, 2020 Economist Special Report was entitled, "The peril and the promise: the COVID-19 pandemic will accelerate change in the world economy. That brings both opportunity and danger." The magazine believes the changes brought about by the virus "will be long lasting…strengthening forces that were already acting on the world economy, accelerating change in trade, technology, finance and economic policy." It concludes that for politics "in the rich world" the pandemic is a challenge to the status quo.

In separate documents Canada and the EU have outlined their response to this changing world. In the case of the EU this was done most recently through the State of the Union address by European Commission President Ursula von der Leyen before the European Parliament on September 16, 2020. It was preceded last December by her announcement of a new "European Green Deal". She described this, on one hand as "our vision for a climate neutral continent in 2050" and, on the other hand, "a very dedicated roadmap to this goal. It is fifty actions for 2050". "I am convinced", she said, that the old growth-model that is based on fossil-fuels and pollution is out of date and it is out of touch with our planet."[71] The Commission has indicated €1 trillion will have to be found to pay for the Deal over the next decade. [72]

The State of the Union (is full of ideas)

President von der Leyen began her State of the Union address with the call to the "Next Generation EU". "This is our opportunity", she said," to make change happen by design – not by disaster or by diktat from others in the world." She reached out to those hit, and perhaps hit hard, by the pandemic with a touching remark: "It is above all a human economy that protects us against the great risks of life - illness, ill-fortune, unemployment or poverty. It creates opportunity and prosperity by promoting innovation, growth and fair competition".

She listed the Union's top three priorities. First, Europe must continue to protect lives and livelihood starting with a stronger European Health Union. The second promise of the social market economy is stability. The third promise is opportunity. As one example she wants NextGenerationEU to create something, new European Hydrogen Valleys to modernize industries, power vehicles and bring new life to rural areas.

Next the President wants to make the EU a leader in the circular economy and see 2020 as the start of Europe's Digital Decade with clearly defined goals: connectivity, skills and digital public services. "Europe must lead the way on digital," she says or it will have to follow the way of others, who are setting these standards for us in technology and in particular artificial intelligence." This being the EU, von der Leyen said the Next Generation needs a new cultural project for Europe. The EU will set up a European Bauhaus – a co-creation space where architects, artists, students, engineers and designers work together to make that happen. It is striking how many priority

[71] ec.europa.eu/commission/presscorner/detail/en/speech_19_6749
[72] www.theguardian.com/world/2020/mar/09/what-is-the-european-green-deal-and-will-it-really-cost-1tn

subjects are also relevant to Canada such as hydrogen fuel, digital economy, artificial intelligence and migration.[73]

The European Union has already put in place an "Intercontinental Urban Cooperation" program to enable cities around the world to learn and share solutions to common urban challenges. The IUC-North America regional City-to-City Cooperation includes 20 EU cities from 11 EU member states and 20 North American cities (seven Canadian, five Mexican and eight U.S. cities) collaborating together. Canadian cities are Ottawa, Burlington, Guelph, Windsor, Montreal, Fredericton and Edmonton. [74] It is also worth noting that in the Economist Intelligence Unit's list of the world's most "liveable" cities Calgary, Vancouver and Toronto rank as number 5, 6 and 7 (Vienna is number 1).[75]

There are other aspects of the President's speech to give the EU's partners pause such as the Carbon Border Adjustment Mechanism which, in her words, "should motivate foreign producers and EU importers to reduce their carbon emissions…" She added that the same principle applies to digital taxation presumably aimed at the giant American tech companies. "But let there be no doubt: should an agreement fall short of a fair tax system that provides long-term sustainable revenues, Europe will come forward with a proposal early next year".[76] Internally, Canada is divided on the wisdom of such a tax although Canada's Speech from the Throne (below) hinted at something along similar lines.

The Green Deal (a real long-term plan)

There was a Cold War expression: the only long-term thinkers are the Communists and the Catholic Church. Democracy is the ideal but policies can change with each election and leaders look at four to five-year time horizons. The autocratic Chinese Communist Party can plan for the long term. There is perhaps one other "C" to add to the list: the Commission. It describes itself as the body that "promotes the general interest of the EU by proposing and enforcing legislation as well as by implementing policies and the EU budget."[77] The EU's Green Deal is a model of long-term Commission thinking, planning and executing (there will be more later about "accomplishing").

When the European Commission President presented the European Green Deal on December 11, 2019, she described it as "a roadmap for making the EU's economy sustainable by turning climate and environmental challenges into opportunities across all policy areas and making the transition just and inclusive for all". It actually had a detailed "roadmap" to accompany the presentation. The 37-page communication from the Commission to officially launch the initiate "the Deal" begins with the heading, "Designing a set of deeply transformative policies". The communication puts it directly: "There is a need to rethink policies for clean energy supply across the economy, industry, production and consumption, large-scale infrastructure, transport, food and

[73] ec.europa.eu/commission/presscorner/detail/en/SPEECH_20_1655
[74] globalcovenant-usa.org/wp-content/uploads/2018/07/IUC-NA-Sustainable-and-Innovative-Cities-and-Regions-2017-2020.pdf
[75] www.economist.com/graphic-detail/2019/09/04/vienna-remains-the-worlds-most-liveable-city
[76] Ibid.
[77] europa.eu/european-union/about-eu/institutions-bodies/european-commission_en

agriculture, construction, taxation and social benefits."[78] CETA has opened the possibility of Canada-EU dialogues on all of these policies.

The Commission's first step is increasing the "EU's climate ambition" for 2030 and 2050. The Commission's "clear vision" of how the EU can achieve climate neutrality by 2050 will form the basis for the long-term strategy that the EU will submit to the United Nations Framework Convention on Climate Change in early 2021. Last March the Commission proposed the EU adopt the first "European Climate Law" which will "enshrine the 2050 climate neutrality objective in legislation". It was accompanied by a European Climate Pact providing three ways it will engage with the public on climate action.

The Government of Canada had announced the same 2050 ambition for Canada. On November 20, Environment and Climate Change Minister Jonathan Wilkinson tabled legislation that would require the current and all future Canadian governments to set binding climate targets to fulfill this ambition. On December 11, Prime Minister Trudeau announced his Government's plan to reduce greenhouse gases by 2030 including a federal price on carbon rising from the current $20 per tonne to $170 by 2030. The National Post quoted a Government source saying the plans would loosely align with the European Union's Green Deal which would "decouple" the EU economy from natural resource use including a methane emissions standard, home retrofits and public funding which would encourage the use of electric vehicles.[79] The Commission makes the point that further decarbonizing the energy system is critical to be able to reach the EU's climate objectives in 2030 and 2050. To achieve this the EU has to develop a power sector that is based largely on renewable sources, complemented by the rapid phasing out of coal and decarbonizing gas. Member States, for their part presented their own energy and climate plans in 2019 with the objective of setting out "ambitious national contributions to EU-wide targets". (To underline the challenges the Commission is facing, it is worth noting that coal provides 33.5 per cent of Germany's power production. In February 2019 its "Coal Exit Commission" suggested a phase out of the fossil fuel by 2038.[80])

A second Commission initiative is to "mobilize industry for a clean and circular economy". The Ellen MacArthur Foundation defines a circular economy as one which redefines growth, focusing on the benefits to society by gradually decoupling economic activity from the consumption of finite resources. It is based on three principles: design out waste and pollution, keep products and materials in use and regenerate natural systems.[81] The Commission states that achieving a climate neutral and circular economy requires mobilization of industry. It will take at least 25 years, a generation, to transform an industrial sector and all the value chains.

Of particular interest to Canada is the Commission's statement on the Green Deal's need for "access to resources" as a strategic security matter. It underlines the need to ensure and diversify

[78] Ibid.
[79] https://nationalpost.com/news/politics/trudeau-to-unveil-new-green-measures-aimed-at-meeting-goal-of-net-zero-greenhouse-gas-emissions-by-2050
[80] www.cleanenergywire.org/factsheets/coal-germany
[81] www.ellenmacarthurfoundation.org/circular-economy/concept

the supply of sustainable raw materials, in particular of critical raw materials necessary for clean technologies, digital, space and defence applications.

Last March, the Commission adopted an EU industrial strategy to address the twin challenge of the green transition and the digital transformation. It views the latter as a key enabler for reaching the Green Deal objectives. Its industrial strategy includes these two drivers plus ensuring the global competitiveness of EU industry both large, small and medium-sized. The Commission makes clear that this is where Europe must leverage the impact of its single market to set global standards. It is important for Canada to also see Europe as a world standard setter along with the United States and China.

The Green Deals "Farm to Fork" proposals are an essential part of the EU's transformative agenda for a carbon free economy by 2050. They have also raised concerns in Canada's agriculture sector which has previously seen the EU's Common Agriculture Policy as a vehicle for tariffs and non-tariff barriers. The Commission views the current system of food production as resulting in air, water and soil pollution which contributes to the loss of biodiversity and climate change, consuming excessive amounts of natural resources and wasting an important part of food production. It now has plans for a revised Common Agricultural Policy likely starting in 2022 which will reflect the Green Deal and the Farm to Fork Strategy. As part of this process at least 40 per cent of the common agricultural policy's overall budget would contribute to climate action.

Here CETA can play a vital role for Canada to ensure it maintains the EU's tariff elimination or reduction obligations on agricultural trade. CETA also provides a forum for discussions on the implementation of the Farm to Fork proposals to ensure they do not undermine bilateral trade. CETA, its 20 bilateral committees and civil society advisory groups can also serve as vehicles for the EU and Canada to exchange information on the steps to a carbon free world.

In order to achieve the Green Deal's objectives, the Commission saw the need to mobilize research and foster innovation to advance clean technologies. EU officials have said they recognize the need to build new, innovative value chains. Canada has skills in this area. Horizon Europe, the EU's biggest research and innovation program with billions of euros in funding, will play a pivotal role in meeting the Commissions' objectives. The 2019 Canada-EU Summit Joint Declaration welcomed Canada's $50 million contribution to support Canadian participation in funding Horizon Europe's international research teams.

In a largely positive analysis of the Green Deal, the Guardian asked: "will it make a difference"? Its response was "It needs to" noting that Europe has cut emissions by roughly one quarter since 1990 which the paper says is "good but nowhere near enough. Current measures will not suffice for that – disruptive change is required, which is why the green deal targets are key". The Guardian also provides a reality check on the lengthy process the Commission has launched noting that it will require a myriad of changes and detailed measures "which will have to pass

through tortuous EU processes, requiring the approval of all member states and parliament, so the details will inevitably be subject to horse-trading and backroom deals."[82]

In sum, if people want to live in a decarbonized world by 2050 it is hard to imagine how the world could reach that goal without the European Union. It has the capacity and hopefully the resources within its unique democratic structures to supply a vision and a road map on how to achieve its goal. It is there to inspire or be ignored.

The State of Canada

Canada's Constitution is "similar in Principle" to that of the United Kingdom. One of those principles is the role of the Monarch opening each new session of Parliament with what the British call "the Queen's Speech". In Canada, it's called the "Speech from the Throne" and delivered by the Queen's representative, the Governor General of Canada (and former astronaut), the Rt. Hon. Julie Payette. The speech introduces the government's direction and goals and how it will achieve them (the Governor General writes not a word). On September 23, 2020, she opened the second session of the 43rd Parliament and outlined the government's agenda. [83]

The government's approach has four foundations. The first, second and third are similar to those of the EU: fight the pandemic, support people as long as the health crisis lasts and "build back better" providing long-term competitiveness with clean growth. The fourth is to stand up "for who we are as Canadians": welcoming with two official languages, achieving progress on gender equality, walking the road of reconciliation (with Indigenous peoples) and fighting every kind of discrimination. Like the EU, the dpeech underlined, "This is not the time for austerity".

Funds will be expended to "build back better" with a sustainable approach for future generations, targeted investments to strengthen the middle class, build resiliency and generate growth. One of the targets, again like the EU, will be so-called "web giants" which are "taking Canadians' money while imposing their own priorities." Things will change and the government will act to ensure "their revenue is shared more fairly with our own creators and media… (and they) contribute to the creation, production, and distribution of our stories, on screen, in lyrics, in music, and in writing."

In words that seem similar to von der Leyen's State of the Union, the speech said climate action "will be a cornerstone" of the government's plan to support and create a million jobs across the country. "This is where the world is going", the government said, "Global consumers and investors are demanding and rewarding climate action. Canadians have the determination and ingenuity to rise to this challenge and global market opportunity." Canadians want "climate action now". The government said it will immediately bring forward a plan to exceed Canada's 2030 climate goal plus net-zero emissions by 2050. The challenge for Canada is a democratic one. Justin Trudeau's government is in a minority situation and can be strengthened or replaced at the next election. The European Commission, on the other hand, while subject to the European

[82] www.theguardian.com/world/2020/mar/09/what-is-the-european-green-deal-and-will-it-really-cost-1tn
[83] www.canada.ca/en/privy-council/campaigns/speech-throne/2020/speech-from-the-throne.html

Parliament and the elected representatives of its member states, can engage in detailed planning on subjects like climate change for years to come.

Canada will launch a new fund to attract investments in making zero-emissions products and cut the corporate tax rate in half for these companies to create jobs and make Canada "a world leader in clean technology". In addition, it will create a Clean Power Fund with projects like the Atlantic Loop that will connect surplus clean power to regions transitioning away from coal and providing support for investments in renewable energy and next-generation clean energy and technology solutions.

Unlike the European Union, Canada is a major petroleum exporter. In fact, for years oil and gas have led the list of Canada's exports. The industry now has had to face lower prices and transportation problems. The government could not be silent and a section of the speech addressed Canadians in the producing provinces: Alberta, British Columbia, Saskatchewan, and Newfoundland and Labrador. These provinces were seeking financial support but the speech said the government would support the energy sectors "as they work to transform to meet a net-zero future, creating good-paying and long-lasting jobs." It added it would continue with its controversial policy of putting a price on pollution (a carbon tax). The speech concluded with an implicit nod to the European Union in stating that it "will continue to fight for free trade, including by leading the Ottawa Group to reform the World Trade Organization".[84]

One thing that stands out in comparing the two speeches: a great deal of communality.

Dominic Barton's Economic Report: Many ideas but limited implementation

Before COVID or the collapse in oil prices, just in advance of his 2016 budget, then Finance Minister Bill Morneau said he needed advice on Canada's economic growth. On March 18 the Minister announced the establishment of a 14-member Advisory Council on Economic Growth (composed of eight women and six men). It was led by Dominic Barton, then managing partner at the international consulting firm McKinsey and Company, and now Canada's Ambassador to China. The Council's role would be to guide the Minister "in the development of a robust growth strategy to provide higher living standards and greater opportunities for Canadians." Its first order of business was to advise "on ways to overcome the challenges posed by an aging population as Canada seeks to achieve sustainable, long-term growth". The deadline for submission, of what became known as the Barton Report, was the end of 2017.[85]

While its three reports to the Minister did not have the context, scope, road map and potential funding of the EU's 2020 Green Deal, there are similarities for both economies worth noting. In its first report to the Minister in October 2016, the Council advised, as the Canadian Manufactures Council was to do two years later, the Canadian economy faces the prospect of materially slower growth and stagnation as a result of two powerful structural forces: Canada's aging population and its underperformance on productivity. The report foresees that Canada's small open economy

[84] Ibid.
[85] www.canada.ca/en/department-finance/news/2016/03/minister-morneau-announces-membership-of-the-advisory-council-on-economic-growth.htm

will be shaped by a rapidly changing world, characterized by slowing global growth rates, unprecedented technology disruption and increasing connectivity in trade, capital, people and information. Based on current trends, annual GDP growth in Canada could slow significantly, perhaps at half the rate of the past 50 years. The Council recommended bold and immediate action,[86] which, despite two more Council reports, has not yet to come to fruition. The pandemic has not helped.

The Council made three recommendations. First, to "unleash productivity" through a focused federal infrastructure strategy initially with the creation of a Canadian Infrastructure Development Bank to leverage institutional capital and deliver over $200 billion worth of projects in ten years. The Globe and Mail recently reported that in its three years of operation the Bank has committed just $4 billion to only four major projects and has only actually deployed its capital in one of them: $1.28 billion on Montreal's new REM light-rail system.[87] Its most controversial recent expenditure was paying $3.8 million in termination benefits as part of a major shakeup of the organization's senior management.[88]

Secondly, the Council recommended creating a Foreign Direct Investment Agency to increase inward FDI and improve Canada's stature as a destination for foreign capital, skills and companies (Invest in Canada was formed in 2018 as an independent departmental corporation). Lastly it said the country needs a plan to offset its aging demographic and attract top talent suggesting increasing the annual immigration target from 300,000 to 450,000 over 5 years.[89] Four years later in October 2020 the Prime Minister announced increases in Canada's immigration targets taking into account the delays caused by the pandemic. The government will increase its targets to 401,000 in 2021 and to 421,000 by 2023 below the Council's recommendation of 450,000 by 2022.

In its second report in February 2017 entitled "The Path to Prosperity", the Council identified Canada's core strengths in critical sectors: agriculture and food, energy and renewables, mining and metals, health care and life sciences, advanced manufacturing, financial services, tourism, and education. It added however that "much of our potential is untapped, held back due to policies (e.g., excessive regulations) and other barriers to growth (e.g., shortages in skilled labour, inadequate physical infrastructure)." The Council recommended "the government, in concert with the private sector, take a targeted approach to removing growth obstacles – thereby unleashing the significant potential of key sectors."[90] Sadly, nearly four years later little has happened to reduce or remove these "barriers to growth".

In its third and final report on December 1, 2017 the Council urged Canada towards Asia entitling a section "economic power is shifting from west to east, changing global trade flows". By 2028, the report said, there will likely be 2 billion more middle-class consumers in the world, nearly 90 per cent of whom will live in Asia. This would represent an additional $30 trillion in annual

[86] www.budget.gc.ca/aceg-ccce/pdf/summary-resume-eng.pdf
[87] www.theglobeandmail.com/opinion/editorials/article-what-is-the-canada-infrastructure-bank-and-why/
[88] www.theglobeandmail.com/politics/article-canada-infrastructure-bank-paid-38-million-for-terminations-amid/
[89] www.budget.gc.ca/aceg-ccce/pdf/summary-resume-eng.pdf
[90] www.budget.gc.ca/aceg-ccce/pdf/summary-resume-2-eng.pdf

spending. Over the past 10 years, the world economy has grown by 2.5 per cent per annum while the G7 economies are growing at just under one per cent. By 2050, six of the seven largest economies in the world will be in emerging markets, with three of the top four in Asia.

The report pointed out that during the past decade, trade between emerging economies has doubled as a share of global trade. Trade between China and Africa alone grew from $9 billion in 2000 to $211 billion in 2012. Europe and North America no longer represent the two critical hubs of trade flow. More large companies will be based in China than in the United States or Europe. Rather, trade relationships have become more complex and fragmented—with Asia quickly becoming the world's largest trade region.

The report concluded, as a relatively small and open economy, Canada depends on international trade to generate growth and prosperity. Trade accounts for 65 per cent of its GDP, as opposed to 30 per cent in the United States. Therefore, it is imperative that we deepen our trading relationships with emerging economies such as China and India. For Canada to prosper, it must participate in markets that are growing.

While the authors of the report can back up their recommendations with statistics about the growing Asian market there are some political realities. When the Trudeau government came to power in 2015, it publicly advanced proposals for a free trade agreement with China and India. China took up the invitation with its Minister of Financial and Economic Affairs, Han Jun, saying that China had "a rare historical opportunity" to negotiate a free trade agreement. Canada and China began exploratory free trade talks in Beijing in February 2017 with China's Ambassador to Canada urging their quick conclusion. Finance Minister Bill Morneau publicly agreed. At the same time, a national survey indicated 88 per cent of Canadians were uncomfortable with deeper economic ties with China.[91]

To quote the words of Canada's Foreign Minister Francois-Philippe Champagne this September: "The China of 2020 is not the China of 2016." The two countries have had a major confrontation over China's arbitrary imprisonment of two resident Canadians and increasing Western concerns over China's domestic and international behavior over treatment of its Muslim minority and Hong Kong's status. Minister Champagne denounced what he called Beijing's "assertive, coercive diplomacy" and added "I don't see the conditions being present now for these (trade) discussions to continue at this time."[92]

While India is a democracy with a huge population and growing market it has proved a challenge in free trade negotiations with not only Canada but the European Union, Australia and New Zealand. Canada first started negotiations in 2010 seeking both a foreign investment protection agreement and Canada-India Comprehensive Economic Partnership Agreement (CEPA). On and off negotiations with India on both agreements have dragged on for years without nearing a conclusion. Former International Trade Minister Ed Fast, subsequently said India is simply

[91] www.hilltimes.com/2017/05/24/china-canada-can-learn-ceta/107910
[92] www.theglobeandmail.com/world/article-canada-abandons-free-trade-talks-with-china-in-shift-for-trudeau/

"unwilling to provide the kind of market access that Canada would typically expect" from a trade agreement.[93] Its other Western suitors have encountered the same roadblocks.

The Barton Report correctly pointed to growth in the Chinese and Indian economies and the innovative skills of their populations when it advised that "it is imperative" that Canada deepen its trading relationships with emerging economies such as China and India. Free trade with China and India might well happen but it will take time. What the report failed to take into account was Canadian public attitudes towards trade agreements with China and the reliability of both potential trade partners for Canada. Canadian negotiators have underlined that is not the case with the European Union.

Part 4: Canadian and European Opportunities for a Greener Future

It may or may not be a surprise that Wikipedia has a section on "Canada-EU relations" entitled "Potential EU membership". It says that its proponents "argue that the cultural and political values of Canadians and Europeans have much in common unlike the rest of the American countries and that Canadian membership would strengthen both sides politically and economically".[94] To those who point out that Canada is not geographically in Europe (in fact it is 3,000 kms away) the response is that Canada is the closest American sovereign country to the European continent particularly if next-door Greenland joins the EU again.

This fanciful entry once again points to the historic, close and ongoing relationship between Canada and Europe, particularly the countries of the European Union plus Great Britain. Canada and EU collaboration on the wide range of issues that go beyond trade under CETA and SPA has been documented above. It brings home that this is not a stagnant relationship but one rife with future "deeply transforming" opportunities.

On October 29, 2020 Prime Minister Trudeau and Commission President von der Leyen held their annual summit—virtually. They dealt with a list of ongoing issues starting with overcoming the pandemic. Canada and the EU's CETA and SPA discussions over the past three years plus their plans for a green future have provided other key areas for collaboration.

Overcoming the COVID Pandemic

Trudeau and von der Leyen agreed: "job number one is to keep people safe." Canada and the EU have both committed to WHO's COVAX initiative for global access to vaccines to accelerate the development, production, and equitable access to COVID-19 tests, treatments, and vaccines. The U.S. is not involved because of WHO's involvement. Both sides made a point of saying they would "provide joint leadership in strengthening WHO".[95]

[93] www.macleans.ca/politics/ottawa/canada-and-india-cant-seem-to-make-a-trade-deal-heres-why/
[94] en.wikipedia.org/wiki/Canada–European_Union_relations
[95] pm.gc.ca/en/news/news-releases/2020/10/29/joint-press-release-eu-canada-leaders-virtual-meeting

Digital Transformation

First question, what does this mean? A report by the European Parliament on the subject helps: "The internet and digital technologies are transforming our world fostered by 'digitalization' and the speeding up of many kinds of interaction through the increasing number of connected devices and data flows. Digital transformation covers both businesses integrating digital technologies and the impact on society of new technologies, such as the Internet of Things, cloud computing, innovative digital platforms and blockchain technologies. The greater computing power of affordable consumer devices is accelerating this transformation. [96]

Managing this transformation has become a feature of Canada-EU CETA collaboration with the EU's interest peaked in seeing the companies at its centre located, not in the EU, but in the United States and China. The European Union wants to catch up and Canada has identified skills in this field to work with it.

However, a 2020 study by the Information and Communications Council of Canada (ICTC) supported by Global Affairs Canada found that from 2017 to 2018, CETA's first year, exports from the EU to Canada increased by 11 per cent where those from Canada to the EU increased by only 4 per cent. It attributed this "relatively slow uptick in trade" with the EU to a need to leverage CETA to accelerate commerce, particularly digital technology. This includes digital services, health and biotech, cleantech and fintech. The Council reported that the "vast majority of surveyed EU businesses had little or no knowledge of Canadian digital developments. While they are interested in expanding trade through CETA, "Canada needs to market itself more clearly and provide actionable and detailed intelligence about its digital economy".[97]

A recent word of caution in dealing with digitization. In CBC's annual lecture series, The Massey Lectures, University of Toronto Professor and founder of the "Citizen Lab", a digital security and research group, Ronald Deibert tackles the impacts of this "communications ecosystem" on civil society. He deals with how society's dependence on social media and its expanding universe of consumer electronics creates "immense pressure on the natural environment".

In order to combat authoritarian practices, environmental degradation, and rampant electronic consumerism, Deibert urges restraints on tech platforms and governments "to reclaim the internet for civil society".[98] In a subsequent article he draws attention to the "startling rise in surveillance technologies but with little oversight or regulation of the companies whose platforms are increasingly part of our lives."[99]

Artificial Intelligence

This is a field in which both Canada and the EU have demonstrated particular expertise. On May 19, 2019 Canada and France announced they had taken an initiative to work with the international

[96] www.europarl.europa.eu/RegData/etudes/BRIE/2019/633171/EPRS_BRI(2019)633171_EN.pdf
[97] www.ictc-ctic.ca/wp-content/uploads/2020/07/canada-eu-trade-report-FINAL-ENG-7.3.20.pdf
[98] www.masseycollege.ca/programs-and-events/programs/cbc-massey-lectures/2020-cbc-massey-lectures/
[99] www.theglobeandmail.com/opinion/article-the-pandemic-has-made-us-even-more-dependent-on-a-highly-invasive/

community to create the International Panel on Artificial Intelligence. Its mandate is "to support and guide the responsible development of artificial intelligence that is grounded in human rights, inclusion, diversity, innovation and economic growth."[100]

That initiative led to the launch of a Global Partnership on Artificial Intelligence (GPAI) in June 2020 which brought together 15 countries, including the U.S. and UK plus the EU. They recognized the need for international cooperation to tap AI's full potential and to ensure that it benefits all citizens "while respecting democratic values and the primacy of human beings". The OECD will host the GPAI's secretariat in Paris, along with two Centres of Expertise, one in Montreal and the other in Paris.[101]

At their Summit, Trudeau and von der Leyen made a point of repeating the need to ensure that AI and other digital technologies are advanced "in a responsible manner that fosters public trust including a focus this year on how AI can be leveraged to respond to and recover from COVID-19".[102] Fostering public trust is vital considering China is misusing AI, in this case facial recognition technology, to track its citizens.

Critical Raw Materials and Rare Earths

In 1999, the Canadian mining company Noranda Inc. built a plant in Asbestos, Quebec to extract magnesium from asbestos tailings. Subsequently, China flooded the market with magnesium forcing the company to close the plant in 2002 and take a $630-million write-down.[103] More recently, Toronto-based Avalon Advanced Materials. Inc. was on the threshold of developing a rare earths mining project in the Northwest Territories but once again Chinese competitors set back its plans. Rare earths are the 17 elements on the periodic table which are crucial in a range of technologies from wind turbines to cruise missiles to MRI machines.[104]

In addition to rare earths, Pierre Gratton, president of the Mining Association of Canada, said China is gaining control over critical minerals and metals such as uranium, lithium, cesium and cobalt which are used in products such as lasers, computer chips, electric vehicles, solar panels, smartphones and military equipment, including smart bombs and fighter jets.

In June 2019, President Trump and Prime Minister Trudeau launched a joint strategy on minerals resulting in the 2020 Canada–U.S. Joint Action Plan on Critical Minerals Collaboration. The U.S. was also seeking alliances with Australia, Japan and the European Union. "The Europeans want to know", Mr. Gratton said, "how to overcome a situation where a non-market player is starting to take control over the market…through cheap labour and by ignoring costly environmental standards required in North America and Europe".[105]

[100] www.gouvernement.fr/en/artificial-intelligence-canada-and-france-work-with-international-community-to-support-the
[101] www.gouvernement.fr/en/launch-of-the-global-partnership-on-artificial-intelligence
[102] pm.gc.ca/en/news/news-releases/2020/10/29/joint-press-release-eu-canada-leaders-virtual-meeting
[103] www.theglobeandmail.com/politics/article-canada-us-strategy-rare-earth-minerals-china/
[104] www.theglobeandmail.com/business/article-can-the-wests-economies-ever-escape-chinas-magnetic-pull-the-story
[105] www.theglobeandmail.com/politics/article-canada-us-strategy-rare-earth-minerals-china/

Natural Resources Canada says Canada has some of the largest known reserves and resources of rare earths in the world, estimated at over 15 million tonnes of rare earth oxides. China is the world's largest producer accounting for over 70 per cent of global annual production, estimated at 120,000 tonnes in 2018.[106] Canada is an important supplier of 13 of the 35 minerals that the U.S. has identified as critical to economic and national security.

It is not surprising that the October 2020 Canada-EU Summit communique indicated the two sides "agreed to deepen their work towards a strategic partnership on critical raw materials." The timing is right since Saskatchewan has committed $31 million to construct a facility to refine rare earths. It will be owned and operated by the Saskatchewan Research Council and should be operational by late 2022.[107]

Clean Technologies: Welcome to Hydrogen Valley

The Commission's second objective in fulfilling the EU's Green Deal is to "mobilize industry for a clean and circular economy". In her State of the Union speech, President von der Leyen said, that she wants NextGenerationEU to create European Hydrogen Valleys with the objective of modernizing industries, powering vehicles and enlivening rural areas. Canada shares these objectives and while renewable resources generate 64 per cent of Canada's total electricity, the country also has a major oil and gas industry which produces hydrocarbons. "Canada is poised to be a leader in cleantech oil and gas innovation." Global Affairs Canada (GAC) says "Canadian cleantech and oil and gas companies are working together to transform the economic landscape and be environmentally conscious in areas ranging from energy efficiency, digitization, novel resource recovery, transport and value-added solutions across the entire value chain".

Alberta Premier Jason Kennedy said recently "Alberta's potential for hydrogen is huge. Alberta could potentially produce among the lowest-cost hydrogen in the world."[108] The province is putting plans in place to develop the industry. Bloomberg says, "Alberta eyes cleaner future as hydrogen superpower". Alberta currently produces 5,000 tons of hydrogen a day to supply its oil refining complex; it also has 31 trillion cubic feet of natural gas reserves that can be converted into hydrogen. A study from the Asia Pacific Energy Research Centre indicates Canada already can produce the cheapest hydrogen in the world after Russia. It also has an extensive pipeline system to transport it. A Calgary based company is already working on a way to avoid greenhouse gas emissions from hydrogen production. Currently the world's hydrogen producers send 830 tonnes of CO2 into the atmosphere.[109] A problem that has to be solved to make the transition to Hydrogen Valley possible.

Jean-Philippe Linteau, Director of GAC's clean tech sector, makes the sometimes-overlooked point that meeting the worlds energy needs and transitioning to a low carbon economy requires "unprecedented innovation. It is incumbent upon us Canadians," he says, "to help the world make

[106] www.nrcan.gc.ca/science-data/science-research/earth-sciences/earth-sciences-resources/earth-sciences-federal-programs/rare-earth-elements-facts/20522
[107] www.AvalonAM.com
[108] calgaryherald.com/business/energy/alberta-unveiling-plans-to-use-hydrogen-to-cut-emissions-and-produce-more-oil
[109] www.jwnenergy.com/article/2020/8/13/alberta-eyes-cleaner-future-hydrogen-superpower/

that transformation."[110] This transition will happen but it will take time. Linteau told representatives of Canada's clean tech industries that "you cannot grow a firm that is large enough to be a world leader by staying in Canada—you need to start thinking about exports, about international partnership."

EU companies would be natural partners. Mercedes Benz Canada has a $53 million fuel cell production and technology development facility in Burnaby, BC; carbon capture, utilization and storage (CCUS) is demonstrated with high tech projects in Alberta, Saskatchewan and BC; Ontario-based Hydrogenics is a leading manufacturer of hydrogen generation and Quebec-based Enerkem's technology chemically recycles the carbon contained in non-re-cyclable waste. It makes good business sense for Canada's oil and gas industry to be the country's largest clean tech investor at $1.4 billion annually. The objective is to make Canada the global leaders in clean hydrocarbon production from source to end use.[111]

Seriously Dealing with Climate Change

Authors Annegret Bendiek from the German Institute for International and Security Affairs and Schenuit from the University of Hamburg in their examination of the Strategic Partnership Agreement, make a distinction between Canada's and the EU's internationally announced climate targets and actual policy at home.[112] They note that when the two negotiated the SPA they specifically addressed "the global threat of climate change and the need to take immediate and further action to cut emissions (CETA Article 12.8)".

After Justin Trudeau replaced Conservative Prime Minister Stephen Harper in 2015 on a campaign of cutting Canada's greenhouse gases, he was criticized for maintaining the previous government's emission targets (and his government buying an oil pipeline). In the subsequent 2019 election campaign, Trudeau called for net-zero emissions by 2050 and proposed legally binding five-year emission milestones (which have yet to appear) but still created an east-west divide in the county. The authors add that "while the EU has long been known as a climate pioneer, the gap between announced targets and actual policy at home also exists in European countries…For now, the EU member states are far from being on track to reach net-zero emissions by 2050." While the Green Deal provides a conceptual framework and time schedule "the road to legally binding legislation is still a long one and opposition from some regions and member states is to be expected."

They see this as an opportunity not a conundrum where similar internal political challenges may give rise to mutual interest in enhanced cooperation. Such cooperation could help find solutions to "just transitions" in fossil fuel rich regions and "overcome political challenges on the way towards net-zero emissions." They provide some guidance. First, Canada-EU cooperation should be directed to trying to achieve consensus within the G7 and G20 (they call them the G-formats) to agree on more ambitious voluntary agreements to narrow the gap between "internationally

[110] context.capp.ca/energy-matters/2019/ep_canada-poised-to-be-a-leader-in-cleantech-oil-and-gas-innovation
[111] www.jwnenergy.com/article/2019/8/9/canada-poised-be-leader-cleantech-oil-and-gas-inno/
[112] EU-Canada's strategic partnership: broadening relations and mutual interests", Annegret Bendiek and Felix Schenuit, Australian and New Zealand Journal of European Studies, 2019 Vol 11, www.researchgate.net/publication/339165252_

agreed declarations of intent and missed target achievement at the national level". Second, extend climate policy negotiations to new fields of international policy such as trade. CETA already incorporates links to the Paris Agreement but Canada and the EU could provide the multilateral leadership to encourage this for future free trade agreements with or between others. Third, the two could fulfil their already made pledges with others, including the G-7 in 2016 to eliminate fossil fuel subsidies by 2025.

A New Transatlantic Partnership: The Missing Party

When President von der Leyen was summing up her State of the Union address to the European Parliament, she said "Europe must deepen and refine its partnerships with its friends and allies starting with "revitalizing our most enduring of partnerships". She was referring, of course, to the United States. "We will always cherish the transatlantic alliance – based on shared values and history, and an unbreakable bond between our people…we are ready to build a new transatlantic agenda. To strengthen our bilateral partnership…We need new beginnings with old friends – on both of sides of the Atlantic and on both sides of the Channel" (referring to departing Great Britain).

It was an agenda that Canada would agree with: recognizing that fruitful Transatlantic relations have to include the United States. The proposal for a massive free trade agreement between the United States and the European Union initially came from the United States when President Obama made the proposal in his February 2013 States of the Union address. The EU accepted the invitation the next day and negotiations of the Transatlantic Trade and Investment Partnership (TTIP) began. At the time the United States and European Union together comprised 60 per cent of global GDP, 33 per cent of world trade in goods and 42 per cent of world trade in services. Once in office in 2017, President Trump ended the negotiations.

The negotiations for the TTIP overlapped those with Canada on CETA. While there was no question in Canada's mind about the EU's desire for CETA, it was also clear to Canadian negotiators that in some ways the EU was laying the groundwork for the 'Big One" with the United States (the EU, for example, provided temporary derogations for U.S. parts in Canadian origin automobiles destined for Europe. The EU's insistence on the provinces being included in the negotiations particularly for procurement provisions could also be applied to U.S. states). The United States has changed since 2013 and there is no immediate assurance that these negotiations could be restarted under President Biden.

Stephane Dion, Canada's Ambassador to Germany and Special Envoy to the EU, says after President Trump's election, Canada became a solid contact with Germany which was seeking access to what he called, "Canada's window on the USA". He believes Trump's four years as President brought Canada and the EU closer together as defenders of the liberal international order. The situation will change with the arrival of new President Biden but the Ambassador does not think the United States will be as it was before. "Canada and the EU must work together with the United States as democracy's indispensable leader", he says, "The question is, "will the U.S. do so?""

CETA and SPA have provided a vehicle for Canada to continue in this role with the European Union. The EU does not need a junior partner to deal with the United States. On the other hand, a like-minded partner on the North American continent and close ally of the United States can help open the door for both bilateral and trilateral discussions on forging a stronger Transatlantic relationship to meet what seems to be an increasingly divided world.

We Need to Talk About China

In her State of the Union address Commission President von der Leyen had a particularly succinct and accurate analysis of China: "China is a negotiating partner, an economic competitor and a systemic rival." The Federation of German Industries (the BDI) clearly states the West's conundrum with China, Germany's largest trading partner: "global economic growth is as dependent on China's state-controlled economic system with its mix of public capital and free market elements as it is on the major Western market economies. At the same time, China is claiming a say in shaping the global order."[113] In sum, an essential economy and a political horror.

President Xi Jinping told the Communist Party's National Congress that the Chinese model has opened "a new trial for other developing countries to achieve modernization". "It offers a new option," he went on, "for other countries and nations who want to speed up their development while preserving their independence; and it offers Chinese wisdom and a Chinese approach to solving the problems facing mankind … Socialism with Chinese characteristics is flying high and proud for all to see." The *Globe and Mail*'s China correspondent, Nathan Vanderklippe, described the "Chinese model" as "authoritarian capitalism as an alternative to the Western democracy it is seeking to undermine".[114]

Former UK diplomat and China specialist Charles Porton set out a road map for Western democracies in a 2020 study for King's College London. He points out that "the rise of China has presented liberal democracies with a challenge it has not faced before: how both to cooperate with and to resist an authoritarian power with great economic and rising technological power. We have been slow to recognize the need for new thinking and slower to implement new policies, because we find it hard to balance the benefits and disbenefits of working with China… How are we to maximize cooperation with the country, while minimizing the threat to our values. A new approach to China can no longer be delayed."

CETA and particularly the Strategic Partnership Agreement, have given Canada and the EU the ability to begin a process of coordinating a Transatlantic approach to China. One of the first agenda items is bringing the United States, as a Western leader, into this task along with other trade, political and economic issues that link North America and Europe.

In 1948, in the midst of negotiating the North Atlantic Treaty, Canada's External Affairs Minister Lester Pearson (and later Nobel Peace Prize winner) had an idea. What if NATO could be more than collective security? What if the organization could go beyond defence and work to strengthen

[113] english.bdi.eu/article/news/china-a-partner-and-competitor/
[114] www.theglobeandmail.com/news/world/chinas-way-can-be-your-way-too-xi-jinping-sells-his-new-socialism-to-the-world/article36637667/

its members' "free institutions"? He introduced Article 2 of the North Atlantic Treaty to bring a better understanding of the principles underlying these free institutions and encourage "economic collaboration" by any or all of NATO's members. A lack of consensus within NATO kept Article 2 from reaching its intended goal but the idea of North Atlantic political and economic co-operation remains. In fact, the North Atlantic community now needs Article 2's thesis more than ever as it faces yet another communist regime, one that is arguably more invidious and ambitious than the USSR – China.

While a North America-EU free trade agreement might be a long-term goal the immediate need for Canada and the European Union is to initiate an alliance with the United States and the world's democratic nations to undertake Porton's "new approach to China" by ensuring liberalism, multilateralism and the rule of law are the world's norm, not the exception.

Jean Monnet should have the last say. In visionary words from a 1961 article entitled "Western Unity: The Cornerstone of World Peace", Monnet proposed creating a far-reaching "Atlantic community" composed of European nations, together with Canada and the United States.[115] Wouldn't the brandy salesman from Cognac who cut his teeth in Canada be pleased to see the Comprehensive Economic Trade Agreement and the Strategic Partnership Agreement between Canada and the European Union as a step in that direction.

[115] theconversation.com/how-canada-inspired-the-frenchman-who-helped-unite-europe-100869

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