

# Panel Comments: 'CETA – Public Good or Private Interest?'

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# CETA – Will it Materialize at All?

- Negotiations move into more critical waters
- Sticky issues in the fine-print but also in big topics like market access/public procurement
- What is CETA all about?
- Liberalization in goods, services, labor, and finance
- Joint Study from 2008 shows positive liberalization effects for Canada and the EU

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- Driver of benefits is the liberalization of services
- Benefits relatively higher for the EU than for Canada
- Investment/regulatory cooperation
- Environment
- Science and Technology

# Sector Pushes

- Canada:
- Aerospace
- Chemicals, plastics
- Wood products
- Aluminium
- Fish and seafood
- Light vehicles/parts
- Wheat, beef, pork
- EU:
- Processed food
- Chemicals
- Machinery and equipment
- Business services
- Motor vehicles/parts
- Insurance and consumer services

# What is in it for Canada?

- In 2009 Canada runs a trade deficit in goods with the EU of 4.7 billion Euro. This is more than double the deficit of 2000.
- The surplus of the EU in trade in services was 2.5 billion Euro in 2009, a bit higher than the surplus in the year 2000
- Given the simulations of the Joint Study Canada's overall deficit in goods and services is supposed to increase

# EU Ranking of Trade Partners (2009)

- Germany (5.2 bn Euro, 23% of EU total)
- UK (4.4 bn Euro, 20%)
- France (2.4 bn Euro, 11%)
- Italy (2.1 bn Euro, 9 %)

# Winners in Trade of Goods

- Germany: Surplus of 2.6 bn Euro
- Italy: 0.9 bn Euro
- Sweden: 0.5 bn Euro
- Poland: 0.4 bn Euro



# EU Losers

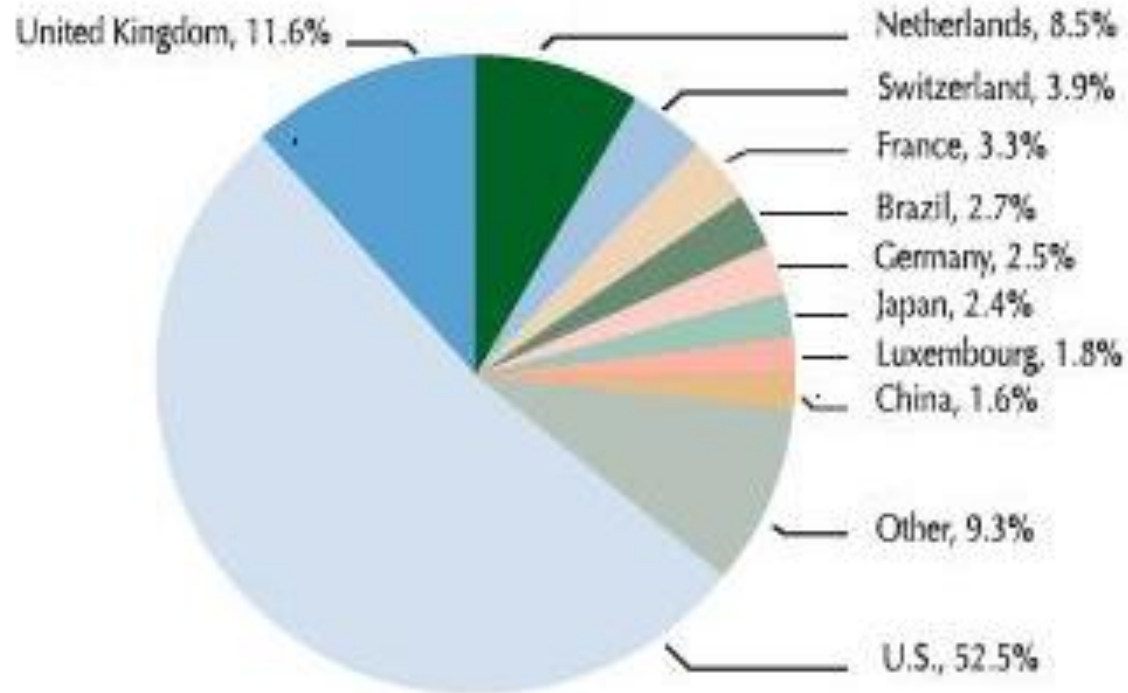
- UK: 1.4 bn Euro
- Netherlands: .3 bn Euro ('Rotterdam effect')
- Romania: 0.06 bn Euro

# Canada's Relevance

- Overall trade share with Canada in goods has been decreasing since 2000. Its share in total EU-27 exports was 2% in 2009. Its import share with Canada was 2.5 % in 2009
- Same tendency in services where Canada's share of EU imports and its share of EU exports decreased slightly to 2.2% respectively 2%

# FDI

## Shares of FDI in Canada in 2009



Data: Statistics Canada

# More FDI

**Stock of Foreign Direct Investment in Canada by Region (C\$ billions and percent)**

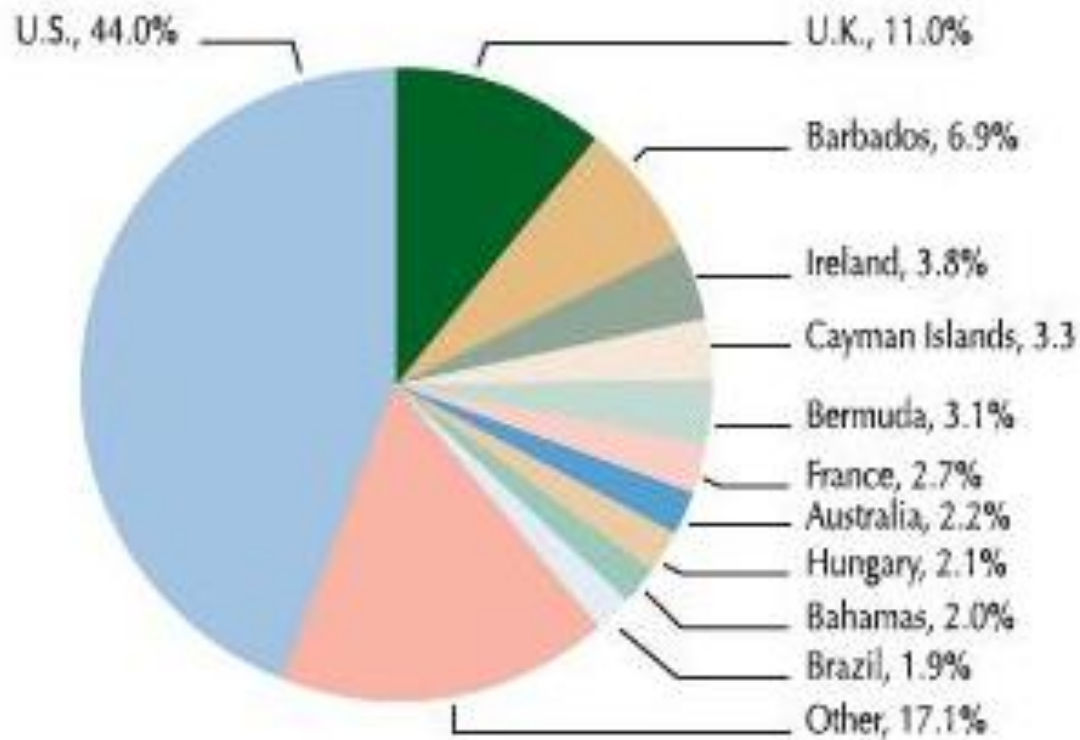
Region	2004	2008	2009	2004 Share (%)	2009 Share (%)	Growth 2008/09 %	Growth <sup>a</sup> 2004/09%
World	379.5	540.8	549.4	100.0	100.0	1.6	7.7
North America and Caribbean	248.0	288.5	292.5	65.4	53.2	1.4	3.4
South and Central America	2.0	14.8	15.3	0.5	2.8	3.4	50.4
Europe	110.0	188.2	187.0	29.0	34.0	-0.7	11.2
Africa	0.5	1.8	1.8	0.1	0.3	2.5	28.3
Asia/Oceania	19.0	47.5	52.7	5.0	9.6	11.0	22.7
Top-10 Sources							
United States	243.3	283.5	288.3	64.1	52.5	1.7	3.4
United Kingdom	25.3	66.8	63.5	6.7	11.6	-5.0	20.2
Netherlands	20.0	49.2	46.5	5.3	8.5	-5.4	18.4
Switzerland	7.8	20.9	21.2	2.1	3.9	1.2	22.0
France	33.4	17.6	18.2	8.8	3.3	3.3	-11.4
Brazil	1.9	14.4	14.8	0.5	2.7	3.3	51.5
Germany	7.6	13.9	13.9	2.0	2.5	0.1	12.9
Japan	9.9	12.9	13.1	2.6	2.4	2.0	5.7
Luxembourg	2.9	7.0	9.9	0.8	1.8	41.1	27.3
China	0.1	5.2	8.9	0.0	1.6	69.0	139.2
Emerging Economies							
India	0.1	2.7	3.0	0.0	0.5	11.4	100.4
Russia	..	0.1	0.4	..	0.1	165.2	..

Data: Statistics Canada, stocks.

<sup>a</sup> Compound average annual growth rate

# Canada FDI

## Shares of CDIA in 2009



Source: Statistics Canada

# More on Canada FDI

Region	2004	2008	2009	2004 Share %	2009 Share %	% Growth 2008/09	% Growth 2004/09
<b>World</b>	<b>448.5</b>	<b>641.6</b>	<b>593.3</b>	<b>100.0</b>	<b>100.0</b>	<b>-7.5</b>	<b>5.8</b>
North America and Caribbean	260.2	405.0	360.8	58.0	60.8	-10.9	6.8
South and Central America	21.2	30.2	28.3	4.7	4.8	-6.3	6.0
Europe	130.2	162.5	160.0	29.0	27.0	-1.6	4.2
Africa	3.3	5.6	5.1	0.7	0.9	-9.3	9.2
Asia/Oceania	33.7	38.2	39.1	7.5	6.6	2.2	3.0
<b>Top-10 Destinations</b>							
United States	198.5	297.7	261.3	44.2	44.0	-12.2	5.7
United Kingdom	44.4	59.8	65.4	9.9	11.0	9.3	8.1
Barbados	27.1	45.8	40.8	6.1	6.9	-11.0	8.5
Ireland	19.9	24.4	22.7	4.4	3.8	-7.0	2.7
Cayman Islands	9.7	22.5	19.4	2.2	3.3	-13.7	15.0
Bermuda	12.4	18.0	18.2	2.8	3.1	0.7	8.0
France	14.3	17.1	15.9	3.2	2.7	-7.4	2.1
Australia	8.2	8.7	12.8	1.8	2.2	47.1	9.5
Hungary	8.4	13.2	12.2	1.9	2.1	-6.9	7.7
Bahamas	..	..	11.7	..	2.0	..	.
<b>Emerging Economies</b>							
Brazil	7.3	9.9	11.4	1.6	1.9	16.0	9.4
China	1.1	3.4	3.3	0.2	0.6	-2.4	25.4
India	0.2	0.8	0.6	0.0	0.1	-23.4	22.5
Russia	0.2	0.8	0.7	0.0	0.1	-3.6	32.4

Data: Statistics Canada, stocks.

<sup>a</sup> Compound average annual growth rate

# CETA and FDI

- CETA may trigger more FDI inflows from the EU to Canada
- Resource sectors
- Canada as more important part of the global value chain
- Employment and productivity effects

# Public Good vs. Private Interest

- CETA would be in the first place a framework for cross-border trade in goods and services and for the further liberalization of fdi
- Liberalization, regulatory standardization and market access are key targets for the Europeans
- Compatibility with liberalization agenda of the Conservative minority government



# Private Interest Driven?

- Business sector is very active and dominantly pro-CETA
- Passive Ignorance on the side of Canada's civil society
- CETA a tool of transformation, in particular in the arena of public procurement
- Increase in degree of competition may generate consumer rents

# Public Good?

- Free trade in goods and services have benefits despite the potential occurrence of higher deficits
- Specialization effects (productivity effects) and higher consumer rents
- Jobs?
- Environmental issues