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DRAFT OPINION

of the Committee on Employment and Social Affairs

for the Committee on International Trade

on the draft Council decision on the conclusion of the Comprehensive Economic and Trade Agreement (CETA) between Canada, of the one part, and the European Union and its Member States, of the other part (10975/2016 – C8-0438/2016 – 2016/0205(NLE))

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SHORT JUSTIFICATION

The defining end-result from the CETA must be decent job creation, balanced wage increases and expanded entrepreneurship possibilities. However, regarding decent job creation, empirical evidence based on real-world models indicates at best marginal overall increases for EU employment of no more than 0.018% over a 6 to 10 year implementation period. Furthermore, recent studies using such models have forecast actual job losses of 204 000 for the EU as a whole, including 45 000 for France, 42 000 for Italy and 19 000 for Germany. What is more, the Sustainability Impact Assessment of 2011 shows significant sectorial dislocations, eventually leading to increases in long-term unemployment.

As to wages, evidence shows that the agreement would contribute to widening the incomes gap between unskilled and skilled workers thus increasing inequalities and social tensions. What is more, sizable redistribution effects concerning national income are projected, for the EU amounting to a 0.66% increase in favor of capital owners, thus further deepening social dislocations.

The agreement contains no single chapter with specific measures to support SMEs. There are currently 20.9 million EU SMEs (93% with fewer than 10 employees), but only 619 000 export outside the EU. In the liberalized environment created by CETA, such SMEs will be exposed to the full force of competition from large North American transnational corporations thus endangering the 90 million jobs (67% of total employment) that they are providing.

Despite the fact that CETA contains a special chapter on Trade and Labor there is a clear disparity between the levels of protection envisaged for investors and for labor interests and rights. The privileged status accorded to investors with the ICS system stands in sharp contrast to the consultations mechanism, envisaged for protecting labor interests and rights.

There is a proven trade-diverting effect away from trade with developing countries, in this case primarily African, when facilitating North-North trade. This is particularly harmful, given the imperative need to promote the achievement of the 2030 UN Sustainable Development Goals as the only way to overcome the deepening inequalities between developed and developing countries and to counter the rapidly increasing migration pressures.

There is continuing serious doubt regarding the compatibility with existing EU law of the ICS clause as well as the principle of provisional application.

Therefore, feels compelled to call on the Committee on International Trade to withhold its consent to the agreement.

The Committee on Employment and Social Affairs calls on the Committee on International Trade, as the committee responsible, to recommend that Parliament decline to give its consent to the proposal for a Council decision on the conclusion of the Comprehensive Economic and Trade Agreement (CETA) between Canada, of the one part, and the European Union and its Member States, of the other part.