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European parliament passes EU-Canada free trade deal amid protests

Controversial Ceta deal aims to eliminate 98% of tariffs on exported goods but critics say it will lead to privatisation of public sector

Protesters march during a demonstration against the Ceta trade deal outside the European parliament on Wednesday. Photograph: Jean-Francois Badias/AP

Daniel Boffey in Brussels

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The European parliament has passed the controversial EU-Canada free trade deal, while protesters staged a sit-in at the gates of the building in Strasbourg, France.

The agreement was celebrated by some as a victory for global free trade in the face of growing US protectionism under the government of Donald Trump. The agreement aims to eliminate 98% of tariffs on exported goods, making it the EU's most comprehensive trade deal to date.

Trade between the two sides amounts to more than 60bn euros (C$83bn) a year, and the EU expects the so-called Ceta deal (Comprehensive Economic and Trade Agreement) to boost this by 20% by removing almost all tariffs.

Supporters claim the pact will be worth £1.3bn (C$2.1bn, $1.6bn) a year to Britain alone, in the period before the UK withdraws from the EU.

The EU commission president, Jean-Claude Juncker, called it "an important milestone" and said "EU companies and citizens will start to reap the benefits the agreement offers as soon as possible".

Guy Verhofstadt, the leader of the ALDE liberal group, said: "President Trump has given us another good reason to intensify our links with Canada. While Trump introduces tariffs, we are not only tearing them down but also setting the highest progressive standards."

Also included in the deal, however, are provisions allowing companies greater access to public contracts and sustainable development clauses, prompting some MEPs in the green and socialist political groups in the European parliament to claim it will lead to the wholescale privatisation of the public sector.

Unlike classic trade deals, Ceta harmonises regulations on matters such as health and the environment.

Protesters attempted to disrupt the vote, with about 700 people marching outside parliament to voice their opposition.

Anti-globalisation activists dressed in surgical masks blocked the entrance to the parliament building, before being dragged off by riot police.

Despite the concerns, after three hours of debate, MEPs in Strasbourg approved the pact with 408 votes in favour, 254 against and 33 abstentions.

"This is a watershed moment – EU trade policy will never be the same again," said the senior Scottish MEP David Martin, whose Socialists and Democrats group split on the issue.

Approval by the parliament allows the provisional implementation of Ceta as early as next month, although the Netherlands could conceivably still block the deal if it demands an advisory national referendum.

On Thursday, the Canadian prime minister, Justin Trudeau, will address MEPs in parliament to celebrate the breakthrough. The leader of the centre-right EPP group in parliament, Manfred Weber, claimed that the agreement stood in stark contrast to the policies of "building walls" endorsed by President Trump.

EU states and Canada formally signed the deal in October after seven years of tough negotiation, overcoming last-minute resistance from the Belgian Walloon parliament, which sought to block its national government from approving the accord.

Latvian MEP Artis Pabriks, a conservative from the EPP group who sponsored the law, said: "By adopting Ceta, we chose openness and growth and high standards over protectionism and stagnation."

Some industries are left untouched by the deal, such as audiovisual and transport services and a select few agricultural products, including dairy, which is tightly regulated in Canada.

A major flashpoint for opponents is the proposal to set up special courts to settle disputes between investors and national authorities.

Opponents believe this provision hands too much power to the corporate giants and their lawyers.

"Multinationals will be able to attack governments in a privatised court system," said France's far-right presidential candidate and MEP Marine Le Pen, who voted against Ceta.

The deal's EU negotiator, Commissioner Cecilia Malmstroem, told MEPs that "nothing in this agreement undermines a government's right to regulate in the public interest".

. This article was amended on 17 February 2017. An earlier version said the dairy industry was "heavily subsidised" in Canada, where "tightly regulated" was meant. Canada operates a supply management system.

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Eurozone economy

Eurozone current account surplus hits all-time record high

Fast FT

The eurozone's record current account surplus
% of GDP

Source: Bloomberg/ECB/Mehreen Khan/FT

FEBRUARY 17, 2017 by: **Mehreen Khan**

Boom.

The eurozone current account surplus has hit its highest level since the start of economic and monetary union in 1999, likely emboldening critics who have accused the bloc's largest economy of "exploiting" a weak exchange rate.

Latest figures from the European Central Bank estimate the surplus hit 3.4 per cent of GDP in 2016 – a climb from around 3.1 per cent from 2015. The current account, which measures the eurozone's balance in goods and income, has swung dramatically into surplus since the eurozone's sovereign debt crisis calmed around 2012 (see chart above).

It has been pushed higher by a record surplus in Germany, which has come underfire from the new White House administration for riding off a weak euro to boost its competitiveness at the expense of its rivals in the US and China.