
The CETA Problem: How EU-Canadian Trade Has Complicated "Canada Strong"

Noah Fry, PhD

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Dalhousie University

**"We don't need anything that
Canada has"**

**"I don't want Canadian cars, I
don't want Canadian parts, I don't
want Canadian anything"**

Donald Trump

Canada Strong

Canada Strong: Government support programs for workers, businesses and industries

Easily access programs, resources and measures in place to build a resilient and prosperous economy, now and for the future.

Find tariff business supports

A call for a renewed industrial strategy to mitigate American trade uncertainty.

- Strategic interventions to support emerging or vulnerable industries
- Repositioning Canada in the world to maintain autonomy
- Responding to the material inequalities that fuel deglobalization

Trade with the USA threatens all three. Therefore, we must **diversify our trade**.

A Lifeline: Canada-EU Trade

Carney government has played up European identity

- First foreign trip to France and the UK
- “the most European of non-European countries”
- Eurovision

A series of deals:

- EU-Canada Security and Defence Partnership
- Participation in SAFE
- GSOIA with several countries, namely Germany and France
- EU-Canada Strategic Partnership of the Future



The Problem & The Argument

Trade diversification $\neq$ “Canada Strong”

- We have conceptualized and operationalized trade diversification in ways that frustrate a robust industrial strategy

CETA is an instance where this is true

- Archetype of trade diversification but nonetheless problematic
 - Three case studies: Public procurement, dairy and inclusive trade.
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Case #1: Public Procurement

We measure procurement market access in three ways:

1. Covered Entities: non-discrimination (including prohibition of offsets) extended many entities
 - a) MASH Sector
 - b) Negative listing within federal and provincial annexes
2. Thresholds: moderately high but covers most procurement
3. Exceptions: weaker especially regarding SMEs.

Many covered entities + Moderate Thresholds + Weak Exceptions = **Most comprehensive agreement**

Consequences

Agreement ensured the liberalization of public procurement

Problematic when supply chains cannot be trusted or when industry needs

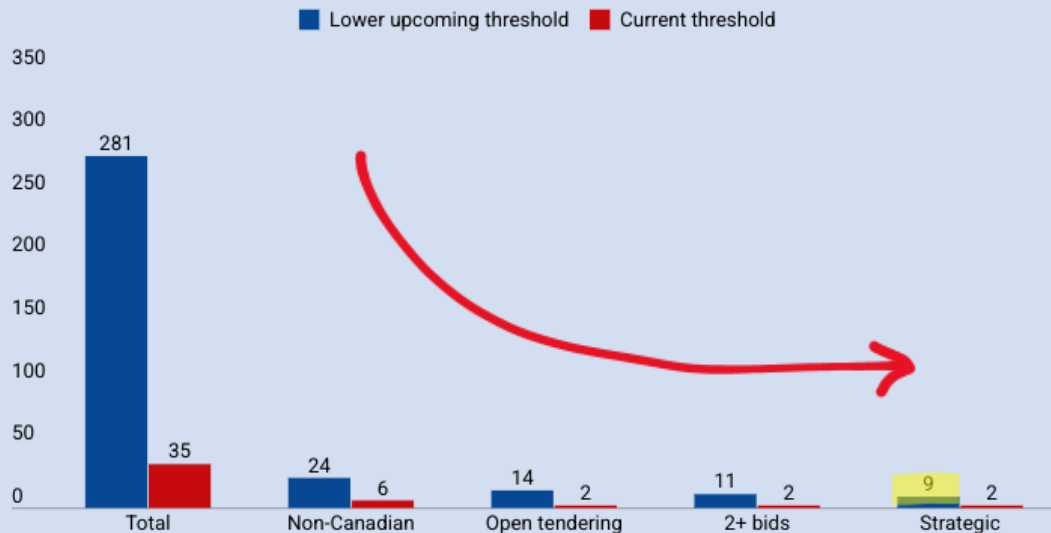
Recently, governments are embracing Buy Local around the world and in Canada.

- Build up industry, especially in defence
- Support vulnerable sectors like steel, aluminum and lumber
- Stimulate SMEs

CETA & Buy Canadian

Figure 1

The potential impact of Buy Canadian on 2025 federal contracts



Note: The chart shows the number of applicable contracts within the Buy Canadian supplier-preference policy. Each bar moving left-to-right is a subcategory of the previous one.

Source: [Proactive Publication – Contracts](#).

Very isolated. Only applies to a **handful of contracts**. Estimated impact is small (e.g., a dozen contracts in a year).

Worse yet, federal government cannot introduce a SME program.

Current plans fall short

- Only a handful of contracts may be impacted
- American suppliers free-riding on CETA

Dalhousie's Procurement

Procurement Legislation

- Atlantic trade and Procurement Partnership
- Canadian Free Trade Agreement (CFTA)
- CFTA Quick Reference
- Comprehensive and Economic Trade Agreement (CETA)
- Public Exclusions (Limited Tenders)
- Public Procurement Act

Bid Classification:
Bid Type:
Bid Number:
Bid Name:
Bid Status:
Published Date:

Services
Request for Proposals
DAL2023-031
eProcurement Solution & Implementation Services
Closed
Fri Jun 16, 2023 4:44:00 PM (ADT)

Trade Agreements:

[Hide Trade Agreements \[-\]](#)

Canada-European Union Comprehensive Economic and Trade Agreement (CETA)
Canadian Free Trade Agreement (CFTA)

 **JAGGAER** revised its Service Privacy Policy e
Service Privacy Policy.

Shop • DalBuy

US


CA EU

The Benefits?

Low participation in our procurement

- In 2014-2015, EU members accounted for **2%** of contracts
- In 2023-2024, EU members accounted for **1%** of contracts

In some jurisdictions, it is nearly zero

From EU's vantage point, public procurement market access is also an impediment.

- Buy European is limited; more a reciprocal procurement strategy
- Industrial Accelerator Act has more local tendencies, but still isolated to ecological procurement

Larger issue: diminishes procurement as industrial lever

Case #2: Dairy Sector Access

CETA was the first of three major trade agreements to offer market access to our dairy industry

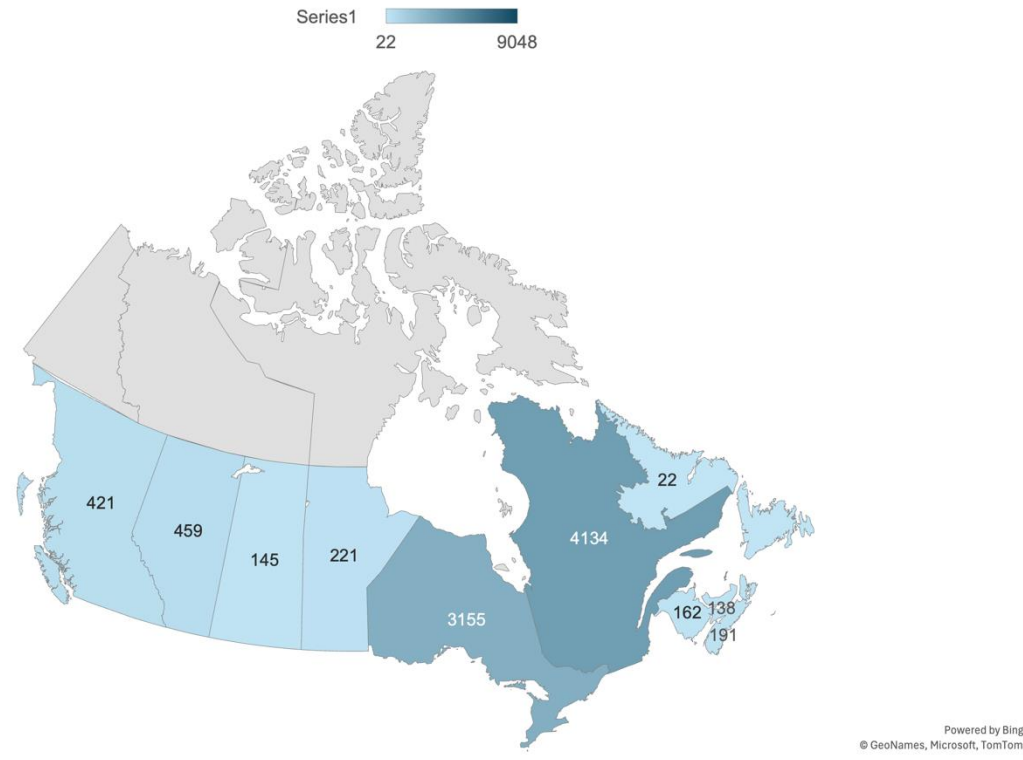
- CETA: 1.3% of dairy market (milk solids)
- CPTPP: 3.25% of dairy market
- CUSMA: 3.5% of dairy market

This access was received poorly by farmers

Trade Adjustment Assistance to impacted farmers

Dairy Sector in Canada

Number of Farms with Shipments of Milk by Province, 2025



A sensitive topic

- Regionalism
- Food sovereignty
- Active lobbying
- Ideological contestation
- Western agriculture

Dairy Disputes

Canada has faced threats and disputes over its TRQ administration

- New Zealand and USA (2) disputes
- EU contemplated action
- UK seeking its own access

Donald Trump specifically cited CETA as grounds for market access

TRQs often unfilled, due in part to their very nature as short-term tariff exceptions



Donald J. Trump
@realDonaldTrump

Everyone knows that Canada doesn't let our Great Dairy Farmers sell into the Canadian Market, and that the only reason Canada makes Autos is because of previous disastrous Trade Agreements while other Presidents were in Office. Canada has been ripping us off for years, but what many do not realize is that the Canadian Government, including Canadian Provinces, have banned American Small Businesses and Companies from selling into their Government Procurement Markets. This is the case even though Canada gets broad access into the massive American Government Procurement Market, including those of our States. That is not reciprocity, it is a Canadian Trade Scam. From now on, NO RECIPROCITY – NO ACCESS! I am hereby directing the GSA, working with the USTR, to take all necessary steps to REMOVE Canadian-origin products from GSA's Multiple Award Schedules unless Canada restores full and fair reciprocity for American Farmers and Companies. Those schedules account for more than 50 BILLION DOLLARS a year. This should have been cut off years ago, by other Administrations, like it was by mine, only to reinstituted by Sleepy Joe Biden. Thank you for your attention to this matter! President DONALD J. TRUMP

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Sep 08, 2026, 4:29 PM

Liberalizing Dairy

Farms will close (see Australia, New Zealand, UK)

- Australia: declined 37% over a ten-year span
- UK: from 1995 to 2020, producers count dropped 67%
- Canada: dropped 23% from 2014 to 2024

Supply does not inherently diversify. Geography still matters.

- Fresh milk: USA
- USA deeply subsidizes its own industry
- Market concentration

Larger issue: Canadian food sovereignty and social cohesion

Case #3 Inclusive Trade

CETA was the first agreement under the then title “Progressive Trade Agenda”

- Problem: popular rebuke against economic globalization
- Solution: stronger communication with new provisions around gender and racial inclusion

What CETA offered in this context:

- Labour chapter
- Environmental protection
- Later introduced gender equality for the Appellate Tribunal
- Anti-discrimination and women’s investment (i.e., discriminating against an investor on the grounds of gender)

Trade is Still Exclusive

Labour chapter was poorly enforced with no sanctions, monetary penalties. Excluded from state-to-state

Same story for environmental chapter

ISDS, which was later proposed for CUSMA, was very similar.

- New appointment procedure, appellate tribunal, conflict of interest rules,
- Regulatory chill

Larger Issue: Disengages the material critique of free trade, which can disproportionately impact marginalized groups. The language co-opts longstanding critiques to repackage existing mechanisms as inclusive

**Under CETA, trade
diversification is pitted against...**

Procurement

1

Strategic interventions for vulnerable sectors

Dairy

2

Food sovereignty, regionalism and production
diversity (autonomy)

Inclusion

3

Addressing acute material inequalities

Not “Canada Strong”

Significance:

Not every effort at trade diversification is constructive.

Trade diversification that inhibits *economic* diversification isn't helpful

Presently, trade diversification is conceptualized as export destination and operationalized through trade treaties

But “Canada Strong” needs the space to:

- Diversify **what** we produce
- Diversity **where** we produce it

Where Canada-EU Trade Can Still Go



Procurement agreement / memorandum of understanding



New labour mechanism consistent with CUSMA's



Carbon border adjustment recognition



Defining Origin



Modernized Dispute Settlement