

CETA: What's the matter with Wallonia?

Blog post by Adviser Daniel Capparelli, 21 October 2016

This has been a tricky week for EU trade policy. Up until last Friday, EU governments were largely expected to unanimously give their final greenlight in this week's Council meeting for the signing and provisional implementation of CETA. However, this week the minister president of Belgium's Wallonia Region Paul Magnette de facto ordered the Belgian federal government to vote against the deal. The Canadians have just walked out of attempts to patch up an agreement in time for the 28th October formal signing at the EU-Canada summit. Clearly the ability of little Wallonia to halt the ratification of the EU's flagship FTA in 2016 is an issue. The question will be how to resolve it.

The immediate answer will probably still be some form of "Belgian Compromise". Before talks broke down, the European Commission and Ottawa have spent the better part of the week trying to iron out an 'interpretative declaration' to address the concerns raised by Wallonia on the deal's scope to undermine public services and labour standards (needless to say, both argue that the deal should be interpreted as doing neither). Any substantive new concessions and side-payments could open a Pandora's box of demands from other member states, or Belgian regions for that matter. For instance, should Canada offer additional guarantees to Wallonia, Ottawa would come under heavy pressure to offer additional written guarantees on the phased implementation of visa waivers for Bulgaria and Romania.

The bigger problem is probably the fact that you can't put what is by any standards a fairly benign trade deal with a close partner to EU national parliamentarians without risking its life. Officials in DG Trade were horrified when the European Commission leadership agreed to do this in the spring rather than holding out for a legal judgement from the ECJ on the terms of the Lisbon Treaty that they hoped would remove any obligation to do so. Again, you can see why they thought it was a bad idea and why they fear the political precedent it sets for TTIP and even a future EU-UK FTA, even if they ultimately secure the ECJ confirmation of competence that keeps such deals from having to clear national ratification. An efficient and effective ratification process is clearly necessary for a credible EU trade policy and it is legitimate to ask whether national parliaments are the right democratic forum for signing off EU deals of this kind. But in the long run, Wallonia suggests there is a simmering problem that is still looking for a bigger political solution.