

Why the end of the Canadian trade deal is good news

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It would seem that the EU's trade deal with Canada has stalled at the final hurdle, [unable to secure support](#) from the little known Belgian regional parliament in Wallonia. This matters, a lot.

Superficially this trade deal appears to be about making trade easier, and for years that has been a relatively easy idea for any politician to sell. The removal of trade barriers would, it was always argued, increase growth and so employment and well-being. This was a core idea at the heart of the [Washington Consensus](#), that delivered neoliberalism around the globe.

The problem was, as has now been realised, that even if tariff free trade did deliver growth (and that was open to question in some cases) it was also apparent that the benefits were not equally shared. Data in the disparities of income growth in society over the last thirty or more years are now well known: most benefits have gone to a few. This leaves obvious questions for many on the benefits of growth.

But the failure to deliver fair income distribution is not the only reason for doubt. Trade deals have facilitated the free flow of capital as well and it is now well known that free flows of capital when labour is relatively immobile (by choice, admittedly, but for very strong social reasons that destroy the myth that we are purely economic beings) means that labour loses out not just to capital but to other labour. Disruption to domestic markets as cheap import substitutes become available has been a feature of modern economic history and hollowed out economies are the consequence, with social stress following.

The loss to capital has a third dimension: under modern trade deals the right to profit is being enshrined in agreements so that the ability of governments to intervene in markets is being restricted by a corporate right to compensation if they do, with that right being upheld by secretive courts. This is not, then, capital versus people, but capital versus the state in action: democracy is being put at risk by these deals,

Last, we should not forget the tax angle: someone has to make good the loss of tax

revenues that trade deals involve and that is rarely, if ever, business. So ordinary people pay.

These realities are now being appreciated. And Wallonia, to its credit, has said no to the Canadian trade deal as a result. My instinct is that the era of the trade deal is over, at least with the EU. The chance of consensus on agreements in their current proposed form has gone. As this suggests another nail has been out in the coffin of neoliberalism no one should mourn.

But what of post Brexit Britain then? Trade deals of any sort seem less likely now, especially if the voices of regional parliaments are heard. And this may be a good thing: there is no certainty that they will really help the UK if offered in the form most supposedly pro-market politicians now favour.

So how can this be reconciled with wanting to stay in the EU, as I have made clear that I do? The answer to that is pretty easy to offer. The EU for all its faults, and there are many, mostly but not entirely relating to the free movement of capital, is not just a trade deal. It has offered personal freedom of movement. It has protected employees as well as businesses, even if not always equally. It has embraced a tax policy, again if not always optimally. The reality is then that the EU has had sufficient compensations within it to make a trade deal tolerable. New bipartisan trade deals have no such compensation. That is why we should be delighted if their negotiation fails. That will be a blessing for us all in the end, and we need to take those where we can find them.