

## Ministry of International Trade



Global trade matters to Canada's economy. Half a trillion dollars in goods are exported each year from Canada to nations around the world, not including billions more in service trade. About two-thirds of Unifor members work in trade-related, or trade-dependent, industries such as manufacturing, resources, forestry and logistics – industries that continue to be key drivers of Canada's middle class jobs. As such, these jobs are most vulnerable to changes in trade flows impacted by currency fluctuations, tariff levels and other trade and investment policy implications. However, as the provisions of bilateral and multilateral trade and investment treaties continue to expand beyond the trading of goods and services, and infiltrate areas of democratic policy-making (including public health, job creation, indigenous rights and environmental protection) nearly all Unifor members – in fact, all Canadians – are affected by trade policy.

### → Unifor priorities

Unifor has been a vocal critic of Canada's federal trade policy – one that, since the mid-1980s, has ventured to recalibrate trade rules through various trade and investment treaties. These treaties, while seeking to increase Canadian goods and services trade as well as foreign investment among targeted nations, have granted extraordinary rights to private investors. In turn, they have undermined workers' rights, placed downward pressure on wages and restricted the role of government to regulate in the public interest.

Trade policy has dominated headlines in recent years. Canada's previous government prioritized the negotiation of trade and investment treaties as a centre-piece of its economic development plan. Since 2006, Canada has signed on to a series of controversial agreements including with the European Union (for its unprecedented coverage of sub-national governments), Colombia (for its lack of enforcement on human and worker's rights) and China (for its one-sided protection of foreign investors) – all of which expand the scope of protection for private investors, and were negotiated with insufficient public input and public scrutiny. Trade policy will also continue to loom large in the press, with the scheduled re-negotiation of Canada's softwood lumber agreement with the U.S. set for 2016 as well as the ongoing dispute with China over its anti-dumping measures impacting Canadian pulp – both of which directly affect Unifor members in the forestry industry.

The signing of more trade and investment agreements does not, in itself, constitute good trade policy. Success cannot be measured simply by the number of trade treaties Canada has on the books. In fact, evidence suggests Canada's overall trade performance worsens as a result of free trade agreements – a point further emphasized by our nation's growing current accounts deficit. In our view, it is incumbent on Canada's new government to promote a more informed view of trade, how it can be facilitated effectively (with limited disruption to important value-added industries), and how it must complement broader social, economic and environmental goals.

### → Specific issues and recommendations

In light of our general concerns on Canada's existing trade policy framework, there are a series of pressing matters of importance to Unifor members that we encourage the Minister to explore in the near term:

## Trans-Pacific Partnership

Canada clearly negotiated from a position of weakness in the Trans-Pacific Partnership (i.e. entering talks so as not to be left out). Many worrisome concessions were made on policies designed to support Canadian industry (including the auto and dairy sectors) as well as patent protections. The TPP also includes a controversial investor-state dispute settlement mechanism that grants extraordinary powers to private investors. There are ways to stabilize industries most under threat from the TPP, and there is no rush to sign this deal. In fact, it is still unclear whether key countries will support the deal (such as the United States) and Canadians would be better served knowing their government is taking a cautious and consultative approach to signing on to the largest free trade agreement in history. Canada should also signal its intent to undertake a thorough review of the TPP, before voting on the deal in Parliament. Unifor recommends:

- Canada withholds signing on to the TPP.
- The government take a cautious, consultative approach to fully assessing the TPP and whether it will serve to benefit Canadians and the Canadian economy.
- Commit to fixing mistakes made by the previous government, that unduly affect key Canadian industries and that restrict the government's ability to regulate in the public interest.

## Investor-state dispute settlement

The Prime Minister's mandate letter expressed an eagerness to implement the Canada-EU CETA. This is the wrong move, and pushes against shifting political headwinds in the European Union where politicians and citizens alike are questioning the relevance of ISDS. Canada would be wise to re-evaluate its participation in investor-state dispute settlement mechanisms, and the use of such mechanisms as a means to facilitate trade and investment (including in the CETA and the TPP). Unifor encourages the Canadian government to issue an outright ban on negotiating such mechanisms. At the very least, Canada should support the reform of current ISDS provisions in existing trade and investment deals, and take a firm position against any inclusion of such investor protections in future deals. Unifor recommends:

- Exploring reforms to ISDS in existing trade and investment treaties, and issuing a negotiating ban on such extraordinary investor protections in future treaties.

## Comprehensive economic and trade agreement

There is a general consensus that proposed extended patent protections under CETA will drive up drug costs for millions of Canadians – increasing by between \$850 million to \$1.6 billion, annually (based on CCPA study estimates). Not only will this make Canadian health care less affordable for citizens, this will put additional strain on negotiated benefit plans for active and retired members. Further to this, municipal governments (for the first time in a bilateral trade agreement) will be covered by the terms and conditions of CETA – limiting their flexibility to procure goods and service projects in the public interest. For example, Buy-Canadian provisions attached to an historic LRT procurement by the City of Toronto in 2009 – that breathed new life into the Bombardier Thunder Bay railcar facility, and resulted in the hiring of 300 new workers (mostly young trades people) – may have been subject to a CETA investment challenge by overseas bidders (including Siemens). Had those Buy-Canada rules been struck down, none of that assembly work would have been performed in Canada. Dozens of Canadian municipalities have requested a “clear and permanent” exemption from the deal, but have largely been ignored.

Unifor does not support or endorse the CETA. Our position would be for the federal government to not ratify the deal. However, at the very least, the Minister would do well to review the implications CETA will have on our cities and towns and ensure they are adequately guarded against investor-state challenges; as well, the government must be willing to provide full and fair compensation to Canadians for rising drug costs, before proceeding with ratification. Unifor recommends:

- Ensuring that Canadians are fully and fairly compensated in the face of rising pharmaceutical drug costs and that municipalities effectively preserve their right to manage procurement in the public interest, under the CETA.

## Softwood lumber and forestry trade

Canada's forest industry does not stand alone. It is a leading part of an integrated global industry. As a result, Canada is significantly affected by forestry policies and activities elsewhere. As one of Canada's leading export industries, forestry requires coherent and comprehensive trade policy. With the expiration of the Canada-U.S. Softwood Lumber Agreement in October of last year, there is urgent need to re-negotiate a new agreement prior to the end of the one-year stand still period to ensure the long-term viability of an integrated industry. Canada also continues to face unfair trade sanctions from other countries, most recently China and the United States, and requires active responses to defend our forestry sector and insist on fair trade treatment. Unifor recommends:

- Canada rapidly build consensus among key stakeholders and regions in order to re-negotiate a fair and balanced Canada-U.S. softwood lumber agreement.
- Canada embrace a much firmer stance and develop active responses to unfair forestry trade sanctions, including U.S. duties on supercalendered paper, and Chinese duties on dissolving pulp.

## National Trade and Investment Framework

A National Trade and Investment Framework can be used to re-evaluate the success or failure of current trade and investment agreements as well as help guide future negotiations in a manner that complements Canada's overall strategy in promoting the rights of Indigenous Peoples, as well as international development, human and worker rights, and environmental sustainability. Unifor recommends:

- Establishing a clear, coherent national trade and investment framework that identifies the government's trade agenda through the lens of social, economic and environmental goals.

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