

NOTES

SLIDE 1. “Free Trade: The Basics” October 2015

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SLIDE 2. “Economic Policy is Everyone’s Issue”

If these agreements are such big deals, it seems that we should know more about it. What is so important about it? What is its impact going to be on our lives, the lives of our children and their children?

People’s eyes tend to glaze over when you start talking about trade issues, but really, if we are at all paying attention to what’s happening in our work places and at home, we are likely quite aware of the issues, and, I believe, are quite concerned.

A kind of good thing about trade agreements – they require us to become more economically literate, and to work in solidarity across borders

SLIDE 3. “Session Outline”

- 3 sessions. Note DATES !!
- Goal: “To develop basic familiarity with the structure and language of free trade agreements, and to become more comfortable discussing related issues.”
- Structure : as on slide. But this may change, depending on our discussions.

House “rules”

- Because this is a topic that is hot in the election right now – keep our comments and questions NON PARTISAN. Fine to declare bias & opinion, but not comments about political parties or candidates.
- I will try to facilitate so that there is room for people who haven’t spoken

Introductions

- Who's in the room? Who has been active on trade issues?
- I started working on this issue in the mid-1980s, when NAC began to comment on economic policy immigrant women & the loss of Canada's garment industry

SLIDE 4. Basics

SLIDE 5. Basics. Free Trade

- What is "Free Trade"? The exchange of goods across national boundaries at the 'natural' price of production, without tariffs, quotas, or subsidies.
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SLIDE 6. Basics. Fair Trade

- "Fair"Trade is different - a trading partnership, based on dialogue, transparency and respect, that seeks greater equity in international trade. It contributes to sustainable development by offering better trading conditions to, and securing the rights of, marginalized producers and workers. Fair Trade Organizations, backed by consumers, are engaged actively in supporting producers, awareness raising and in campaigning for changes in the rules and practice of conventional international trade.

SLIDE 7: What's in a Free Trade Agreement? (Blank)

Discussion: What do YOU think is in a trade agreement?

SLIDE 8: What's in a Free Trade Agreement?

- Removing "barriers" to trade between parties
- "Barriers" traditionally have meant tariffs and quotas that countries place on certain goods or industrial sectors
- Agreements on which goods / industrial sectors will be affected (fish, cheese, oil, diamonds, wheat, etc.)

SLIDE 9: What's in CURRENT Free Trade Agreements?

BUTThe idea of "barriers" has been expanded. They focus on protecting investors from:

- potential “risk” of governments making decisions that jeopardize anticipated profits. I.e. country’s democratic process of self-regulation.
- Changed policy environments
- Managing differences between governments’ regulation and standards
- Increasingly, trade in Services.

SLIDE 10: Beyond the removal of traditional “barriers” to trade

- Investor state dispute settlement agreements
- harmonization of government regulations & provision – employment, environment, health & safety, health care, financial institutions, education, intellectual property, labour mobility, intellectual property
- Industry standards harmonization

SLIDE 11: Why Trade?

- Why is trade a good idea?
- Other ideas?
- These are good reasons, right? But, there are a range of issues that these particular agreements raise:

SLIDE 12. Winners & Losers

- Free traders say that there are always winners & losers in free trade, but that there is a general increase in overall wealth. They assume that that means that there are benefits for all, in some measure.
- But the changes we are living with are not simply that some (larger, more “efficient?”) cheese makers have become global producers and others (smaller) have gone out of business.
- But what has happened in the last 25 years
 - intense international concentration of wealth,
 - dispersion of middle consumer class out of the global north to many other countries
 - Growing income disparity.

- Demise of ‘trickle down’ economics
- Many wonder at how the concentration of wealth in the hands of a very few has happened: it’s not by accident.

VIDEO 1 Broadbent Inst. Wealth Inequality video (4 minutes)

<https://www.youtube.com/watch?v=zBkBiv5ZD7s&feature=youtu.be>

SLIDE 13. CURRENT TRADE AGREEMENTS

See hand-out – what agreements Canada has/is negotiating.

What’s on the table right now?

- **Comprehensive Economic Trade Agreement (CETA)** between Canada and the EU. Draft agreement 2014, ratification 2016. Goods involved include grains, dairy, fowl, beef, fish, flowers, alcohol, oil & gas, automobiles... And integration of professional certifications & standards, inspection procedures & standards. It’s not clear that there is an economic advantage for Canadian businesses. Germany, France, likely Greece oppose ISDS. Newfoundland & Labrador threaten to pull out because of minimum processing requirements in the fishery (feds ‘bought’ the province’s agreement with a compensation fund, then stated it would control the conditions under which it is spent).
- **Trans Pacific Partnership (TPP)** (“NAFTA on steroids”), US, Canada & 10 Asia-Pacific Countries (Vietnam, Singapore, Brunei, Chile, Peru, Australia, NZ, Mexico, Japan, Malaysia] = 40% of world’s economy. Draft agreement this week, 2015, we will see the text sometime this month, each state must ratify in 2 years. What we know: ????? focus on intellectual property & internet regulations, agricultural products, pharmaceuticals.
- **Transatlantic Trade and Investment Partnership (TTIP)** between US and the EU – similar model to CETA, but Europeans much more concerned because of US power.
- **Foreign Investment Promotion & Protection Agreements (FIPPA)**. In particular the China Canada FIPA, controversial in

Canada but signed Sept 2014. Challenged in court by the Hupacaseth First Nation (BC). It is one of 42 others with countries ranging from Albania to Zambia.

- **Trade in Services Agreement (TISA)**, 23 governments representing 50 countries including Canada, US, EU, Australia, Mexico & South Korea. In negotiations.

SLIDE 14. Common Issues

- Negotiations are secret and undemocratic
- Enforcement Investor State Dispute Settlement (ISDS) agreements
- Chill on local control
- Pressure to privatize public services
- Health care & public health
- Environment protections

SLIDE 15. SECRECY: NO PUBLIC ACCOUNTABILITY

- History of opposition:
 - Activists have been opposed since the FTA in the late 1980s. (Action Canada Network sprang out of opposition to the FTA).
 - People concerned about globalization, imbalances of power, and concentration of wealth have protested at the WTO meeting in Seattle in 1999, and around the globe since, including in Montreal and Toronto. The global south and this solidarity in the north slowed down much of the effectiveness of the WTO and its multilateral agreements.
 - But it has driven negotiations out of the central body of the WTO. Instead of big multilateral agreements, countries are negotiating separately with each other. There is a proliferation of agreements.
- Agreements are negotiated in secret, usually with only representation from industry, investors and governments.
 - We know about many of them ONLY because of Wikileaks.
 - For eg, last July the government of Canada has moved the Ottawa TPP meetings at least twice to keep the location secret
- “Treaties” don’t require a vote in the Canadian parliament.

- In the US, congress can set terms of trade agreements, but “fast tracking” gives power to an executive committee that can bring a next to final agreement to Congress for yes or no vote.
- The EU may get constitutional challenges from member states about whether it has the power to negotiate trade agreements for individual member states.
- In Canada the Hupacaseh FN took a similar challenge to the courts, arguing that the federal government has not consulted FN about agreements that will affect their lives and land, and consequently cannot negotiate for them.
- In Canada, Newfoundland & Labrador are threatening to opt out because of bad faith over how the federal government is handling the fisheries agreement.

SLIDE 16: INVESTOR STATE DISPUTE SETTLEMENT AGREEMENTS

- a growing, interconnected web or international rights for corporations & investors
- Create a private justice system exclusively for foreign investors ie. the world’s largest and most powerful multinational corporations.
 - arbitration can be invoked unilaterally by investors. Investors do not need to seek consent from their home governments and are not obliged to try to resolve a complaint through the domestic court system before launching an investor-state claim.
 - Governments give their “unconditional, prior consent” to submit investor claims to binding arbitration, allowing investors to simply bypass the domestic courts.
 - Tribunals are usually composed of 3 people who have no connection with national court systems. Arbitrators are found through the WTO.
- they erode the sovereignty of all levels of government
- and have more teeth, and therefore undermine other more progressive possibilities in the agreements themselves.

SLIDE 17. INVESTOR STATE DISPUTE SETTLEMENT AGREEMENTS

- “NAFTA’s Chapter 11 has become a way for companies either to bypass domestic courts and regulatory agencies, or to get restitution that has been denied through normal channels.”
Barrie McKenna, “Canada must learn from NAFTA legal battle”,
The Globe and Mail, Nov. 24 2013

SLIDE 18. INVESTOR-STATE Litigation

- Canada is the top target of NAFTA **investor-state litigation**. Canadian taxpayers have paid or settled \$160-million in NAFTA claims. And we are looking down the road at \$2.5-billion in current NAFTA claims.
 - Eli Lilly suing because Canada’s courts did not approve two drugs
 - Ethyl Corp suing over Canadian ban on dangerous gasoline additive
 - Sun Belt Water suing over BC moratorium on exports of bulk water
 - Lone Pine suing over Quebec’s moratorium on fracking
- Infinito Gold (Calgary) is suing Costa Rica for \$1 billion because of public opposition and a national ban on open pit mining.
- In 2012 a tribunal awarded Occidental Petroleum \$1.8 billion plus \$589 million in compound interest from the government of Ecuador after that country legally terminated its contract. Occidental had sold a significant portion of its rights to produce and extract oil to Alberta Energy Company, in violation of the terms of its contract with Ecuador, but the tribunal decided that Ecuador’s action was “disproportionate”.
- Philip Morris Asia tobacco company sued the Australian government for damages over public health legislation that required a warning message on cigarette packages

VIDEO 2. John Oliver on Philip Morris . Start at 5:45

SLIDE 19: How Do These Agreements Affect our Abilities to Self-Govern?

- New barriers

- Policy chill
- Negotiations are secret & undemocratic
- “Treaties” don’t require a vote in Canadian parliament

SLIDE 20: What do we know about the TTP?

Exports / Imports

- dairy, supply management
- auto, rules of origin
- poultry
- seafood
- agriculture
- forestry
- mining
- oil & gas
- pharmaceuticals – 8 year patents
- intellectual property
- internet regulation

Greater access to markets?

- NAFTA covers 74% of our existing trade; CETA countries another 9%
- Canada already has agreements with 4 of the other 11 partner countries. Non-NAFTA countries in the TTP account for only 3% of trade
- Gets ahead of China’s influence in Asia

Dispute procedures

Labour protections, enforcement?

Environmental protections, enforcement?