

Session 2 October 15, 2015
Alice de Wolff - presenter
North Island College for Elder College

SLIDE 1:

SLIDE 2: Intro to session
Some history – 20 minutes
The TTP – 50 minutes

SLIDE 3:

- Trade was the big colonizing mechanism of the several centuries before ours, with the Chartered companies like: the British & Dutch East India Corp., the Hudson Bay Co., the South Africa Co, etc.
- Their monopolies (and their Empires) disintegrated through the 1800 and 1900s as stronger, independent governments and economies developed in countries throughout the world. Many countries developed systems of tariffs & quotas in order to protect their emerging economies.
- The crash of 1929 and the following depression led countries to try to protect their local economies vulnerable. Economists & financial institutions to make efforts to open up trade
- The General Agreement on Trades & Tariffs was established post WWII, with the express purpose of encouraging countries to lower their own barriers & to make agreements with other to lower tariffs between trading parties.
- The GATT became the WTO in 1995 (140 member countries). It oversees 4 trade agreements among all members: the GATT, the General Agreement on Trade in Services, another on intellectual property and one of trade-related investment. It is also a forum for negotiations, and the mediator of disputes.
- The WTO allows countries to create free trade areas with specific partners while maintaining the general rate of tariff with other countries.
- The WTO's multilateral negotiations are "cumbersome" and have been the focus of opposition in each of its rounds of meetings. Much of it from the globalized "south".

- Consequently many more countries are entering into bi-lateral, or

SLIDE 4 . Impact of NAFTA _____

What do we know about NAFTA?

- Difficult to isolate specific deal impact because there are many other 'lock stepped' policies and events that affect our society & economy (inflation, exchange rates).... Most studies simply count the \$, many don't analyse by industry, many only look at the effort of exports and don't discuss imports. Analysis varies wildly. However, we've lived with 20 plus years of NAFTA and globalization and can see the bigger picture.
- A quick review of SOME of the impact of NAFTA (20 years)

SLIDE . IMPACT OF NAFTA Mexico

- trade tripled, small but new "middle class", competitive auto sector
- loss of large & small subsistence agriculture in part because of US subsidized corn (2 million small farmers – women - were forced off their land, food prices have risen, displaced to urban areas)
- real wages dropped and unemployment increased, migration to the US has increased.
- transnational industrial corridors in rural areas have contaminated rivers and sickened the population and typically, women bear the heaviest impact.

SLIDE : IMPACT OF NAFTA - US

- US: increase in trade volume and increased GDP
- but rising income inequality and loss of 700,000 jobs; loss of manufacturing industries (textile & clothing)
- re-employment in service or retail sectors ie. drop in wages, job security and working conditions
- loss of bargaining power/wage/working conditions as companies threaten to move south.

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SLIDE 7 : IMPACT OF NAFTA – Canada

- Canada: Very similar.

- Increase in trade volume before 2008, but flat lined since.
- Loss of manufacturing, more reliance on resource extraction, but loss of capacity to use energy resources for lower costs in Canada. Our clothing and textile industry was wiped out, along with strong unions for immigrant women (among others). Loss of the AutoPact (2001).
- 45% of workers are now in some form of precarious employment: sole owners, contract work, temporary work,
- Attack on workers rights & unions. Loss of significant gains in unionized workplaces, eg. workplace child care, pensions.
- Harmonization of our tax levels, environmental protections and social programs with the US – ie cuts and pressure to privatize health care, education, utilities, water.
- Increased migrant labour (foreign worker program).

SLIDE 8: Investor State Dispute Settlements (ISDS)

- Very little disagreement with McKenna's analysis
- See Stieglitz in handout
- Not to mention John Oliver, from last week's video

SLIDE 9: Investor State Litigation

SLIDE 10: TPP. What have we learned this week?

“[The TPP represents] the next generation of trade deals that cover more than just trade.”

“NAFTA was a trade deal. It basically dealt largely with merchandise and trade. Now we're seeing these trade deals evolve into issues of services, skills recognition, migration trends and things like intellectual property – which might not have been serious concerns in the past,” David Watt, chief economist at HSBC Bank Canada,

12 TPP countries: Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, United States and Vietnam.

Implementation

- Countries ratify within 2 years

- Phased in over 5 – 10 years after ratification

In case you've missed the short version, here is one:

VIDEO: CBC “The TransPacific Partnership is a big deal:

<https://www.youtube.com/watch?v=fZtjol94MJU>

SLIDE: 11 TPP: What have we learned this week?

- Cross Country Check-up's interview with Derrick Bernie – ‘... we don't need to see the text. Anyone who is affected by this deal already knows what is in it’.
- WHAT HAVE YOU LEARNED OVER THIS WEEK?

Investor – State Dispute Settlement (ISDS)

- Leaked texts show the TPP will create even more opportunities than in NAFTA for corporations to challenge public decisions.

Intellectual property (copyright, patents, etc.) & regulation of internet use.

- changed copyright regulations could restrict the open Internet, make it illegal to circumvent digital locks on copyrighted material even for non-infringing purposes, stifle innovation, raise the prices of books, CDs and movies, and reduce economic opportunities to businesses, creators and the public.

Standards

- Technical standards ?
- Labour . Enforceable rules banning child labour and entrenching the rights of workers in member countries to unionize. Better mobility for some high-skilled & business workers”, ie. reduce hurdles for employees to work temporarily at affiliate offices of their employer in other member countries.
- Sanitary measures ?
- Environmental standards. No strong enforcement. It potentially puts a screen on all environmental policies to make sure they do not hurt trade and investment.

Crown Corporations

- More regulation when in competition with private companies.
Diminished ability to act in the public interest.

Financial services

- Eased movement of people – bankers, engineers, architects, environmental consultants & their spouses.

Public Services

- Government procurement: Canadian companies will have more access to bidding on other governments' projects, including US.
- "Nothing in the TPP agreement prevents governments from regulating in the public interest, including with regard to adopting measures to promote culture, delivering public services like health and education or providing protections for Aboriginal peoples," Government of Canada.

Industrial Sectors / Goods

- Beef & pork. Canadian beef exports to Japan currently subject to tariffs of over 38 per cent, will have tariffs lowered to 9 per cent over the next 15 years; Vietnam will lower tariffs within 2 years.
- Canola, malt barley. Tariffs will be eliminated or lowered across the TPP region, either immediately or over a phase-in period ranging from five to 15 years, for:
- Fish & Seafood (Japan will eliminate 66% of tariffs immediately)
- Forestry products
- Mining. Value of Canadian minerals exported to TPP countries/year: \$169 billion. Tariffs will be eliminated. Current tariffs: Australia 5 %; Japan 7.9 %; Vietnam 40 %, and Malaysia up to 50 %.
- Alcohol. Whisky tariffs will drop over 15 year period, different for each country; wine tariffs will drop immediately in Aus & NZ, in 7 years from signing in Japan.
- Auto manufacturing and parts. NAFTA "Rules of Origin" replaced and reduced from 60% parts made in country of origin to 45%. Cdn government has promised \$1 billion transition assistance to the industry. Estimated job loss – 20,000.

- Heavy industry (farming & construction equipment, aerospace). Elimination of all tariffs in all countries.
- Dairy. Foreign producers get 3.25 % of Canada's market. Producers get \$4.3 billion transition assistance).
- Pharmaceuticals. 8 year patent protection. ?\$ compensation to provinces?. Biologics (vaccines, blood products). 5 year patent protections.

SLIDE 12. INTELLECTUAL PROPERTY

This is one piece that I've found a bit obscure, but think that this interview does a better job than I would on explaining the issues
Audio: The Q interview

SLIDE 13. SESSION 3. OCTOBER 29. CETA