Notes for a presentation to the House of Commons Committee on International Trade re: Trans-Pacific Partnership (T.P.P.)

By Blair Redlin, co-chair, Trade Justice Network
Richmond, B.C.

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Thank you for this opportunity. I am a Vancouver based public policy researcher and I serve as co-chair of the Trade Justice Network which is a network of union, environmental, farm and other civil society groups which raise awareness in English Canada about trade agreements like the proposed TPP and CETA. We work closely with our Quebec partner network, R.Q.I.C., the Quebec Network on Continental Integration.

Inasmuch as 97% of Canadian exports to TPP countries are already duty free, it is our view the proposed Trans-Pacific Partnership is mostly an investor protection agreement which should be primarily assessed on that basis.

It is important context that the TPP was negotiated by the former Harper Conservative government and was concluded in the midst of the last federal election campaign. Many Canadians who voted against the last government had the TPP as one of their reasons.

It is also important to note that the TPP is in considerable political difficulty in the United States right now with major Presidential candidates for both parties opposing it and with very considerable opposition in Congress as well. It is not at all clear that the TPP will be ratified by the U.S. within the two year ratification window. There is considerable civil society opposition in many other TPP countries as well, with New Zealand and Peru as two notable examples. Given all this uncertainty, there is certainly no reason for the Canadian government to proceed in any kind of rush. We should assess this matter very deliberately and very carefully.

In that regard, it is concerning that the new Canadian government has not yet commissioned any kind of thorough economic or environmental assessment of the impact on Canada of proceeding with this deal. We recommend that the Government proceed immediately to commission a comprehensive and independent public study of the likely economic, environmental, social and community impacts of such a wide-ranging and potentially significant agreement.

Our network recently joined with the University of Ottawa and the Communications Workers of Canada to sponsor a one day forum on TPP at the U. of O. Amongst others at the event, we heard from Nobel prize winning economist Joseph Stiglitz who characterised the TPP as ‘the worst trade deal ever’. We additionally heard from Tufts University research fellow Jeronim Capaldo who was one of the authors of a thorough study of the economic impacts of TPP recently published by the Tufts Globalization and Environment Institute. Amongst other findings, the Tufts report found that Canada is likely to suffer a net loss of 58,000 jobs after entering into the TPP. The study also found that by 2025, the TPP will result in greater income inequality in every one of the TPP countries as it transfers wealth upwards. A loss of jobs and increased inequality is the opposite of what most Canadians were seeking in last fall's election. The potential for such a result calls out for further independent study.

The investment chapter of the proposed TPP includes the very controversial investor to state dispute settlement system (ISDS), something we in Canada have considerable experience with since the advent of the North American Free Trade Agreement (NAFTA) in 1994. The investor state system permits foreign investors to sue elected national governments for policy or legislation which the investors argue may limit their potential future profits. ISDS operates by means of secretive and unappealable commercial arbitration panels rather than the domestic court system that the rest of us rely upon. Investor state arbitrators are empowered to award monetary penalties against participating governments. ISDS provides extra-judicial protections to foreign investors that are enjoyed by neither domestic investors nor regular citizens.

Canada is now the most sued developed country under ISDS. There have been 35 investor-state claims against Canada under NAFTA, and the number continues to grow. So far, Canada has lost or settled six claims and has paid out more than $200 million in penalties. Canadians have also paid out tens of millions of dollars in legal fees defending these claims. Environmental policies like our ban on the gasoline additive MMT and our ban on exports of hazardous waste; provincial water and timber protection policies (as in the Newfoundland Abitibi-Bowater case); and research and development requirements (as in the Exxon-Mobil case) have all been successfully challenged.

Meanwhile, ongoing NAFTA claims challenge a variety of measures that allegedly diminish the value of foreign investments. Examples include Quebec's moratorium on fracking in the St. Lawrence valley, a moratorium on offshore wind projects on Lake Ontario, B.C. Hydro's policies on power pricing and a decision by the Federal Court of Appeal to deny two pharmaceutical patents to drug giant Elli-Lilly on the basis they were not sufficiently innovative or useful. Cumulatively, foreign investors are seeking billions of dollars in new NAFTA damages from the Canadian government.

As NAFTA expands into the TPP with the addition of nine more countries, Canada runs the risk that our negative investor/state experience with NAFTA will expand several times over as well. If the TPP goes ahead, we will soon be sued for our public policies not only by U.S. and Mexican corporations but by corporations based in countries like Japan, Australia, Chile and Malaysia as well. It's not clear why we want to do that and also unclear what all these investor protections have to do with promotion of trade in any event.

The investor/state mechanism and other limits in these deals on the right of government to regulate in the public interest remove many of the tools needed to diversify the Canadian economy through promotion of value-added and manufacturing. Formerly successful diversification methods such as the Auto Pact or appurtenancy in the B.C. forest sector have long been abandoned making our country ever more resource dependent. Many of us here in B.C. remember thriving fish processing and garment industries in this province which have essentially disappeared post-NAFTA.

As with NAFTA, the TPP will encourage cheap labour strategies by those international corporations which choose to compete on that basis. By removing all remaining tariffs on imports and weakening the ability of government to regulate in the interest of domestic workers, the TPP will make it ever easier for corporations to move their operations to countries with cheaper labour rates and limited labour protections. The minimum wage in Vietnam is 60 cents per hour while in Malaysia it is $1.18 and in Peru it is $1.27.

Increasing restrictions (like those in CETA) on the ability for governments at all levels to lever local job creation from public investments in procurement of things like transit vehicles or wind turbines further reduce our ability to create good manufacturing jobs for Canadian citizens. It is a concern that the TPP proposes the future inclusion of sub-national government procurement after a new negotiating round within three years of ratification.

As for jobs in new technology, we should heed the warnings of industry leaders like former Blackberry C.E.O. Jim Basillie and Highline C.E.O. Marcus Daniels, from here in B.C., who have raised serious concerns about the impact of the intellectual property provisions of TPP for Canadian innovators. Basillie has been particularly pointed in predicting that the TPP will benefit U.S. technology companies at the expense of Canadian technology companies and our national productivity levels.

All these aspects together mean the TPP will make Canada every more reliant on export of raw resources.

The intellectual property provisions are also of deep concern for public health care. Patent extension provisions in the TPP will make it harder to access generic drugs. York University Health Policy Professor Joel Lexchin published a report in February that estimates the new patent extension rule in TPP will add $636 million per year to the cost of Canadian pharmaceuticals, raising prices for individual Canadians requiring drugs and increasing cost pressure on provincial drug plans and our overall health system.

Later today and during your upcoming hearings, you will also hear about the threat of T.P.P. to internet freedom and agricultural supply management so I will not canvass those areas other than to note that we share the concerns of groups like Open Media, the Dairy Farmers of Canada and the National Farmer's Union with regard to those matters. Instead, I will conclude at this point by reiterating the urgent need for a comprehensive and independent impact assessment.

Thank you once again. I look forward to questions from Committee members.