

The Trans-Pacific Partnership and Canada's Aerospace Industry



Unifor and the Aerospace Industry

Unifor represents more than 10,000 workers who develop and manufacture aircraft and aircraft components for Bombardier, Boeing and other prominent OEMS in the sector, and are also engaged in the production of satellites and robotics for space exploration and have assisted in developing robotics now being used for neuro surgery.

Trouble with the TPP

The TPP was negotiated behind closed doors, with no analysis of its impacts on Canada's economy and without any meaningful input from the public. Recent studies predict the TPP will have a negative effect on Canada's economy. Even in best case scenarios, the TPP will have little to no impact at all. In either case, the risks to Canada's public policy and decision-making appear to be real and raise serious concerns for Canadians on a number of fronts. For instance:

- The inclusion of investor-state dispute settlement (ISDS) will grant extraordinary and extra-judicial rights to private corporations, allowing them to sue governments over public policy decisions;
- A "negative-list" approach that opens markets to foreign investors and all service suppliers, unless explicitly excluded from the deal, promotes permanent deregulation and limits government decision-making over the long term;
- Patent reforms and new digital policy rules risk everything from higher Canadian drug prices to data privacy.

The Impact of TPP on Canada's Aerospace Industry

Canada's aerospace industry contributed more than \$28 billion to Canada's GDP in 2015 and directly employed almost 90,000 people in high paying, high skilled jobs, with an additional 120,000 jobs supported right across the country¹. The Aerospace industry is a leading investor in research and development and was responsible for 30 per cent of the manufacturing sector's R&D spending in 2015. A portion of Canada's high tech innovation (including neuroscience) can be traced back to R&D spending in the aerospace sector. This is particularly important as the government continues to focus on good jobs and innovation as leading drivers of prosperity and economic growth.

Canada's Industrial and Regional Benefits or ("offsets" Policy) has played an important role in the development of our Aerospace industry. This policy requires companies that have won government contracts in defense and security, including with the Canadian Coast Guard, to place an equal amount of business activity into Canada's

Unifor is urging federal Members of Parliament not to ratify the Trans-Pacific Partnership agreement. Canada's approach to global trade and investment must serve to enhance our collective economic and social development, and must be guided by progressive, fair trade principles.

economyⁱⁱ. Under the TPP, offsets are considered a barrier to free trade and under Chapter 15 (Article 15.4(6)) governments are generally prohibited using them. However, the TPP allows developing countries, including Malaysia and Vietnam, transitional periods in which offsets can be imposed (Article 15.5). The reason: these countries are considered emerging markets. Under this arrangement transition periods may last as long as 25 years. Allowing low-wage countries such as Vietnam and Malaysia to utilize these investment incentives to build their home aerospace markets is an unfair advantage that has the potential to drive future investment away from countries such as Canada and the US.

Protecting Canada's Aerospace Industry

The TPP is a bad deal for Canadians, including aerospace workers. Unifor believes that there should be no restrictions on the Canadian government's ability to ensure that government spending:

- 1. Delivers direct benefit to Canadian workers;**
- 2. Supports high tech innovation and research and development.**

i https://www.ic.gc.ca/eic/site/ad-ad.nsf/eng/h_ad03964.html

ii https://www.ic.gc.ca/eic/site/042.nsf/eng/h_00020.html



Visit: www.unifor.org/tpp for more information

Unifor is Canada's largest union in the private sector, representing more than 310,000 members across Canada, in every sector of the economy, including health care, auto, rail, media, mining, forestry, pulp and paper, dairy, manufacturing, transportation and more.