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Imagining a fair trade future

Unifor discussion paper

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Imagining a fair trade future

The trading of goods and services between economies (whether local, regional or national) is an important activity for nearly all societies – one that's been undertaken since the dawn of civilization. In its purest form, trade supports our collective development and enhances our standard of living. Medicines discovered in one region can aid those suffering elsewhere. Tools and machinery used to efficiently harvest crops, generate energy and build infrastructure in certain communities can assist in the development of others. Trade can expose us to new cultural forms and tastes, which facilitates learning and inclusivity among peoples. Trade can also support stronger, diversified economies.

This discussion paper begins by drawing a distinct line between trade and investment (as economic activities) and the mechanisms that have been created to facilitate them - mechanisms that not only reflect deep-seated power imbalances between the wealthy and the working class, but also reproduce social, racial and gender inequalities throughout the world. There is no natural connection between "trade" (the exchange of goods and services between economies) and "free trade" (a term that has come to represent a particular form of trade policy – see *Box 1: Fair trade versus free trade*). Today, well-resourced multinational corporations, global investors and free market policy-makers exercise extraordinary influence over how trade is governed.

There has never been a more important time to critically evaluate the workings of our global trade system.

Trade and investment liberalization treaties (a.k.a. free trade agreements) are an often-used mechanism to steer global trade flows and protect the rights of private investors. In practice, these agreements have distorted community development efforts. They have been used to overturn environmental conservation and protection measures, undermine workers' rights and restrict the role of government to set rules in the public interest.

This paper challenges the corporate- and investor-centred approach to trade – an approach that is relentlessly promoted mostly by rich-world governments, including Canada. We identify a set core principles that should guide trade and investment relationships if they are to serve our communities and enhance our democracy. And we outline a series of political action items for Unifor members and progressive trade activists to consider as our new union collectively charts its course on trade policy.

There are more than 200 regional trade agreements under negotiation around the world. The Stephen Harper Government has made trade a centrepiece of its economic agenda. It has also entrenched the corporate-rights model for trade as its approach. As of August 2014, Canada is negotiating 14 new deals (including agreements signed with Honduras and South Korea) and exploring three others – more than double the number of trade agreements our nation has signed to date. Far beyond the simple trading of goods and services, these deals threaten democratic decision-making. They directly affect public health, environmental, energy and labour market policy. They grant extraordinary protections to private investors, to the detriment of citizens. These deals are guided by the principles of profit and private power. And they are being negotiated behind closed doors, outside of public scrutiny.

So-called "free trade" is sold to Canadians – and workers around the world – as a necessary tool for economic growth and prosperity. In fact, the evidence supporting this claim is weak. Experience suggests the opposite is true. There has never been a more important time to critically evaluate the workings of our global trade system.

Box 1: Fair trade versus free trade

Trade and investment liberalization (commonly, and mistakenly, referred to as "free trade") "describes the process through which countries negotiate and agree to ever tighter and more extensive rules of international trade." (See Clive George's The Truth About Trade, 2010). This often involves the reduction or elimination of tariffs (i.e. fees) that are charged to producers on the goods and services they sell in another country. It also involves the establishment of complicated restrictions on government's ability to manage and regulate its own social and economic affairs (usually to the benefit of private corporations and investors).

"Fair trade" is seen as a counter-position to free trade. Its supporters argue that any liberalization must actively promote mutual respect, decency and transparency between the buyers and sellers of traded products – especially those most vulnerable to exploitation in the Global South. It must also preserve the fundamental rights of citizens to a decent standard of living, as well as fair pay and decent jobs (see World Fair Trade Organization website, www.wfto.com).

Trade matters

Canada is and always has been a trading nation.

In 2013, Canada shipped more than $472 billion worth of goods to countries around the world, from unprocessed minerals to finished products. Canada also provided $83 billion worth of services internationally in 2011.

As a medium-sized country that borders the largest market in the world, Canadians have benefitted from heavy two-way trade flow with the United States in everything from agricultural commodities to manufactured goods, minerals to energy resources. In fact, most of our trade is with the United States. Each year about three-quarters (76 per cent) of all goods shipped internationally from Canada are purchased by U.S. businesses and consumers. In 2000, that share was closer to 87 per cent. More than half of all international services Canadians provide are delivered south of the border too. Most of the goods and services imported to Canada originate from the United States.

Our historical reliance on trade with the U.S. makes sense and is a product of geography and other cultural factors (i.e. language). Nonetheless, Canada has developed close trading ties with many other nations, spanning the globe – with or without the aid of a free trade agreement.

How much Canada trades and with whom is of secondary importance to the question of *what* we trade. Strong and diverse economies (established across many different industrial segments and skill capacities) are well-positioned to manage periods of recession, severe swings in commodity prices and currency fluctuations. An over-reliance on jobs and investment flowing to specific sectors of the economy, particularly the more volatile resource sectors, would leave an economy more vulnerable to economic shocks.

Unfortunately, Canada seems headed down a dangerous path. The total value of our exports may be reaching record highs, but much of that represents a sizeable increase in the sale of our natural resources. Since 2002, Canada's export of minerals as well as oil and gas resources has skyrocketed by 176 per cent. Forestry, fish and agricultural exports have also grown by more than 100 per cent. However, exports of high value-added (and often technologically-intensive) manufactured goods have declined

Box 2: Busting the myths of "free trade"

Advocates of trade and investment liberalization never tire of telling us the supposed benefits of these agreements, namely, that they accelerate business investment and job creation and that the enhanced efficiency and productivity resulting from these agreements translates into higher incomes for Canadians and greater national prosperity. It has been a quarter of a century since the Canada-US Free Trade Agreement (CUFTA) came into effect, so we can test whether the free trade era has lived up to its promises by comparing the quarter century leading up to the 1988 CUFTA with the quarter century since the CUFTA. In fact, after the CUFTA, not only did the growth in business investment slow, so too did growth in private sector employment, average hourly earnings and GDP per capita. If free trade has not lived up to its hype in Canada, why is our government intent on signing more of these agreements?

Canadian performance measures in the quarter century before and after the CUFTA

Indicator	Average annual growth rate: 1964 to 1988	Average annual growth rate: 1988 to 2012
Business investment in fixed assets*	4.8%	2.8%
Private sector employment	2.4%	1.4%
Average hourly earnings*	1.7%	0.3%
GDP per capita*	3.0%	1.5%

** Inflation-adjusted.*

over this period by nearly 4 per cent. Canada's once strong trade surplus in autos, electrical equipment, and other manufactured goods (at $12 billion in 1996) has plummeted to a record *deficit* of nearly $110 billion in 2013. More than half a million manufacturing jobs in Canada were eliminated during this period.

Most of Canada's trading partners, including the U.S., Europe and Asia are actively working to further develop their manufacturing sectors, expanding their productive capacities and encouraging greater research and development. Canada's federal government has taken a relatively *laissez-faire* approach to industrial development. This is most pronounced in its approach to investor-friendly free trade agreements.

If the development of a diverse and dynamic industrial economy is the goal, free trade has not been the way to achieve it (see Box 2: *Busting the myths of "free trade").* Research has shown that Canada's trade performance actually worsened (i.e. Canada's trade deficit has expanded), on average, in the years following the implementation of a free trade agreement.

The elimination of tariffs and other trade barriers through free trade agreements will often intensify trade patterns. If Canada sold mostly knapsacks to another nation, for instance, a trade deal would likely result in more knapsack exports. This is as true for knapsacks as it is for oil and gas, or cars and planes. As our manufacturing trade balance deteriorates, more trade agreements will only make matters worse. Couple this with investor-friendly restrictions on how governments manage and protect natural resources, and our nation begins to lose control over its economic affairs.

The real threat is not that capital will leave declining sectors and flow to more productive ones; it's that it will leave the domestic political economy altogether. This puts downward pressure on wages in the sectors most exposed to the threat of relocation and weakens the bargaining position of labour.

Unifor needs to act

If trade is an important economic activity, then trade *agreements* will inevitably have a direct impact on workers in Canada and around the world. Unifor members in nearly all sectors of the economy have been affected, either directly or indirectly, by trade and investment liberalization efforts – some more profoundly than others (see Box 3: *Trade and investment agreements matter if you work in …).*

These agreements can create significant imbalances in trade flows, including import surges that can devastate entire industries (particularly those dependent on exports).This can cost jobs and harm communities. For private investors and multinational corporations, lower tariffs and other incentives can also make it more attractive to shift production and investment to areas deemed more "business-friendly" (with weaker labour or health and safety laws). There is hardly a manufacturing facility in all of Canada that has not witnessed (or been threatened by) the off-shoring of jobs to lower-wage facilities in the United States or Mexico – in part, a consequence of the *North American Free Trade Agreement* (or NAFTA).

Box 3: Trade and investment agreements matter if you work in…

Services…

In **health care**, trade and investment agreements add heightened privatization pressure to Canada's publically-funded Medicare system. Foreign private health service corporations want (and could receive) greater access to Medicare services, especially in provinces that have already eased restrictions on private health care businesses. Worst of all, under the NAFTA rules, Canada will have to offer the same access to American health service corporations.

Manufacturing…

In the **auto assembly** and **auto parts** industries, trade agreements eliminated the Auto Pact, can further reduce tariffs resulting in even more unbalanced trade and help shift jobs and investment to low-wage countries. In **aerospace**, trade agreements can limit public R&D investment support and block access to export-development loans that are used to finance sales.

In transit **bus**, **subway** and **streetcar** manufacturing, the right to have domestic procurement and "Buy-Canadian" policies are traded away. In **shipbuilding**, new rules for investor access to government contracts can outlaw requirements for local manufacturing.

Communications…

Private corporate interests are relentlessly campaigning to ease foreign ownership limits on Canada's **telecommunications** services, a demand that's being pushed increasingly through new investment liberalization agreements. That means private (and foreign-based) businesses could control our public **broadcasting** and communications services, both of which are important to promoting Canadian content over our airwaves.

Intellectual property rights – a matter of vital importance for workers in the **film**, **television** and **culture** sector – are also factoring into an array of next generation trade deals.

Resources….

In the **mining, metals and minerals** industry, trade and investor agreements can weaken rules around foreign ownership and limit government's ability to insist on investment and jobs. In the **forestry** sector, unfair tariffs from other countries can block our exports and agreements can limit public support aimed at transforming the industry.

In the **energy** sector, trade and investor agreements can lock Canada into supplying certain countries with oil and gas and open the door to legal challenges to restrictions on fracking, for example. New investor rights agreements can impact the **fishery** sector by limiting the ability of governments to set policy and manage the resource.

Transportation…

In **air transportation**, 'open skies' aims to liberalize the rules and regulations in international aviation, which would translate into more competition among Canadian airlines and more downward pressure on wages, benefits and working conditions.

In **public transit**, investor rights protections in trade and investment deals create new privatization concerns. Governments may face legal challenges by private investors, should they want to re-municipalize a previously privatized service. This could lock-in privatization, even if not in the public interest.

Unfortunately, many of these corporate-rights deals are only partially about expanding trade. Often, these deals touch on matters of public policy that go far beyond the selling of goods and services. Some include provisions that lock-in privatization schemes, denying governments the ability to re-claim public services, whether they be consumer services or natural resources (see Box 4: *Why trade and investment deals matter: practical examples*). The investment provisions of NAFTA and similar agreements empower investors to sue governments to enforce the exclusive rights the treaty grants them. This has created new competitive pressures that affect all workers. The threat of a workplace closure, for instance, instills fear in workers. They are more willing to lower working standards in exchange for job security. This fear is made worse because of increasingly inadequate income support programs (like unemployment insurance) and cuts to social services.

If 'free trade' is intended to create wealth and prosperity, it should not undermine work standards, collective bargaining or the fundamental tenets of democracy. Yet it does. These agreements create the conditions that leave workers vulnerable and worse off. And unlike private investors, workers are given no form of recourse to win justice for their hardship and suffering.

There are other paths to trade we can explore – paths that ensure mutual benefit between developed and developing nations, preserve the integrity of democratic decision-making, enhance human rights, reduce poverty and protect our natural environment.

Box 4: Why trade and investment deals matter: practical examples

- In 2012, a World Trade Organization panel ruled that "Buy-Ontario" manufacturing requirements for wind and solar projects were illegal. The policy was originally geared to create employment opportunities for Ontario's hard-hit industrial communities.
- In 2010, Canada was forced to pay $130 million in damages to bankrupt forestry products producer AbitibiBowater, after the company successfully challenged the government of Newfoundland and Labrador's decision to take control over public water and timber resources under NAFTA Chapter 11.
- In 2001, a U.S.-based chemical manufacturer (Chemtura Corporation) launched an extensive legal challenge against Canada under the NAFTA after a decision was made to ban a chemical (widely used on canola plants) deemed unsafe to public health and the environment. After a nine-year long legal dispute, Chemtura's suit was denied.
- In 2000, the World Trade Organization ruled the Canada-U.S. Auto Pact was in breach of international trade rules. The Pact, which was responsible for turning Canada in a global auto-producing leader, was eventually struck down in 2001 – resulting in thousands of job losses.
- In 1997, Ethyl Corporation successfully challenged Canada's decision to ban MMT – a dangerous fuel additive – for reasons of public health and public safety. Using NAFTA investor-state dispute settlement mechanism in Chapter 11, Ethyl sued the Canadian government for $350 million. The federal government backed down, overturning the ban in 1998 before the suit was brought to a trade tribunal.

Any meaningful exploration of alternatives will require political leadership. Currently, none of Canada's main federal political parties has shown a willingness to challenge the status quo of trade liberalization efforts (although the NDP has rejected the notion that trade agreements should allow private investors to sue governments and that they should not limit local government from instituting "buy local" policies). Each of the main parties has adopted (to varying degrees) the language of corporate-rights deals, promoting "open markets," "lower consumer prices" and "creating export opportunities." This is concerning.

If a fundamental change in political direction is needed on how we participate in and speak about the role of trade in our economy, it will require a clear articulation of alternative principles from trade unions, anti-poverty organizations, First Nations, environmental groups and other progressive voices within Canadian civil society.

Canadian trade deals in the works:

- European Union (CETA)
- South Korea
- Trans-Pacific Partnership
- Japan
- India
- Honduras
- Central American 4 nations
- Caribbean Community
- Ukraine
- Morocco
- Dominican Republic
- Singapore
- Israel (update on previous deal)
- Costa Rica (update on previous deal)

For more information and a complete progress report on these trade talks, see Table 1

Trade activism matters

For decades, the union movement has campaigned loudly on the failures of a trade agenda too heavily focused on profits and less on the mutual growth and sustainability of people and the planet. In the 1980s, Unifor's predecessor unions played an active role in the "free trade debates" – in the midst of a new trade arrangement proposed between Canada and the United States. Community teach-ins, public demonstrations and popular education materials helped produce a counter-narrative to the prevailing view that this mode of free trade (e.g. easing restrictions on cross-border investment flows, reducing tariff lines, protecting the interests of private investors) would provide nothing but benefit to the nation. Despite impressive opposition, and a tight election race, this debate culminated in the election of Brian Mulroney in 1987 and the subsequent adoption of the Canada-U.S. Free Trade Agreement (CUFTA) in 1988. The deal was further expanded to include Mexico under the NAFTA (a deal signed by Brian Mulroney in 1992 and that came into force under Prime Minister Jean Chretien in 1994).

Free trade supporters (including the Canadian Council of Chief Executives, free market economists and conservative politicians) considered the trade debate settled. New-fangled corporate-rights deals were here to stay. Despite this belief among the nation's power-brokers, popular opposition to the new free trade agenda among critics did not fall by the wayside. In fact, it grew stronger in the years to come.

Box 5: What was the Auto Pact?

The Canada-U.S. Auto Pact was signed in 1965 by Prime Minister Lester Pearson and U.S. President Lyndon Johnson in a ceremony at Johnson's Texas ranch. It allowed for tariff-free trade in finished vehicles and parts between Canada and the U.S.

The Auto Pact was a model of successful managed trade that expanded bi-lateral trade while accomplishing important development goals. The deal contained certain safeguards for Canada that turned out to be extremely valuable in developing our auto industry. To qualify for tariff-free access to the Canadian market, member companies had to pass two Canadian-content tests:

- They had to assemble one vehicle in Canada for every vehicle they sold here.
- They had to increase total value-added produced in Canada over time, as a share of their sales.

The first condition led to the establishment in Canada of a new generation of large-scale assembly plants, geared for the first time to serving the whole North American market (not just Canadian consumers). The second condition ensured that major parts investments also took place.

Auto Pact companies had a special incentive to locate new facilities in Canada. And the money they saved on tariffs more than covered the cost of their investments here. In the first decade of the Auto Pact industry employment grew by more than 50,000 jobs, a 75% increase. And the agreement played a crucial role in safeguarding jobs during downturns, and in securing future investments.

After complaints from Japan and the EU, the WTO ruled that the Auto Pact was illegal and it was eliminated in 2001.

The establishment of NAFTA in 1994 coincided with another milestone in the history of global trade policy: the creation of the World Trade Organization (WTO). In 1995, the WTO became the de facto (and unelected) governing body of international trade relations and a forum to resolve global trade disputes among its 159 member states.

Over the years, the WTO has involved itself in a variety of domestic policy matters and often with devastating results for workers and the environment. In 2001, the WTO had effectively abolished the industry-building Canada-U.S. Automotive Products Agreement (commonly referred to as the Auto Pact), declaring it illegal (see Box 5: *What was the Auto Pact?).* The WTO was also responsible for striking down marine conservation laws in the U.S., European food-safety regulations and, more recently, killing 'buy-local' manufacturing requirements for green energy products in Ontario. All in the belief these policies were barriers to trade.

In 1999, the WTO attempted to facilitate an ambitious international trade pact that would include both developed and developing economies, referred to as the Doha trade talks. This deal was met with fierce opposition from a large swath of civil society organizations worried it would disproportionately benefit private investors and rich-world nations. Massive protests erupted in Seattle on November 30, effectively shutting down the opening round of talks. These protests (and others that ensued) opened the world's eyes to the dangers of this wrong-headed approach to global trade and inspired an entire generation of activists who viewed corporate-led globalization as the new frontier for domestic and international solidarity.

Other multilateral trade agreements proposed near the turn of the millennium were also scuttled by substantial public protest, including the Multilateral Agreement on Investment (MAI) in the late 1990s and the Free Trade Area of the Americas (FTAA) in the early 2000s. Global protests were successful in raising the level of public consciousness on the pitfalls of this corporate-led, investor-friendly regime of trade agreements. Public pressure ensured none of these agreements came into force.

Reframing the debate on trade: moving past "no"

Global solidarity efforts proved a potent counterforce to the powers of multinational corporations and global financiers, eager to establish investment-friendly terms of trade.

In truth, solidarity movement voices – including trade unions – understood the value of trade. The links drawn between activists across the Global North and Global South fostered a new appreciation of the common struggles workers face. On the right terms, global trade in goods and services could help lift millions out of poverty. There is a growing awareness that the scale of the environmental and climate crisis facing humanity can only be solved through effective cross-border cooperation as well.

The global chorus that said "No" to corporate-led trade agreements have been brandished by its powerful opponents as "anti-trade" and "protectionist," both of which are great misnomers. If anything, this so-called 'anti-globalization' movement is more accurately defined by its pro-development, pro-justice, pro-sustainability and pro-democracy spirit and values. But years of relentless campaigning against constantly evolving, far-reaching and twisted approaches to freeing capital from investment regulations has kept progressive forces on the defensive. "No" might not be what we want to say, but it has been the most appropriate response to the challenges we face.

If anything, this so-called 'anti-globalization' movement is more accurately defined by its pro-development, pro-justice, pro-sustainability and pro-democracy spirit and values.

The formation of Unifor gives us a new opportunity and inspiration to advance our thinking around trade, to envision and articulate a more humane trade policy for Canada built on core values that governments, policy-makers and citizens can rally behind.

Principles for a fair trade future

International trade, like the market, is not an end in itself. Trade is a means to higher ends, namely sustenance, economic security and material prosperity. From a labour perspective, the problem with Canada's current free trade regime is that it elevates capital above labour, privileges proprietors at the expense of workers and strengthens the social position of business to the detriment of the public. Accordingly, any attempt to reform our approach to global trade should take account of the following principles:

- **Fairness.** Significant power imbalances between individuals, organizations and nations often translate into unjust exchange. Exchange must be fair, Aristotle tells us, otherwise 'quarrels and complaints break out'. The global trade regime must be structured in such a way that those who partake in international exchange are treated fairly, i.e., equitably.
- **Transparency.** In past trade negotiations, the public was kept uninformed until a final agreement was reached. This is unacceptable. The public has the right to full disclosure, along with the right to informed input into the negotiations.
- **Inclusiveness.** Modern societies contain a diverse collection of groups. The current trade regime was initiated, authored and approved by dominant corporations. Unsurprisingly, most agreements benefit large firms at the expense of other groups, including workers. A modern trade regime must be inclusive, which means that the interests and values of all stakeholders need to be reflected in the agreement.
- **Mutual benefit**. The power imbalance within and between societies often means that trade agreements disproportionately benefit the affluent and the powerful at the expense of the poor and powerless. As the largest global economic groups, working people, women and the poor should be the main beneficiaries of trade. The trade regime should be poverty-alleviating, not poverty-maintaining or poverty-creating.
- **Protection of public services.** Any agreement should fully protect public services as delivered by the current system, as well as the ability to create new public services, without reservation, and without negative impacts from a trade agreement. Governments must retain the authority to favour public delivery of services, such as water treatment and distribution, without fear that such a policy would be considered a barrier to trade in services by foreign corporations.
- **Industrial and social development.** The trade regime should be a tool in the service of industrial and social development. This means two things: on the negative end, the agreements should help alleviate a portion of socially unnecessary suffering (the suffering associated with, for example, unemployment, low income and poverty); and on the positive end, the agreements should help develop natural, technological and human resources.
- **Cultural sovereignty.** There should be a complete carve-out for culture, since Canada and the provinces must be free to regulate to ensure there is space for Canadian artists and cultural

producers. The 2005 UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expressions is not sufficient to protect Canadian cultural sovereignty against commitments made in trade and investment treaties.

- **No investment chapter**. There should be no right for an investor or private company to directly challenge in private tribunals, the laws or regulations of a foreign government that is a party to the trade agreement, but this right to challenge should reside solely with the competent government jurisdiction. Canada should immediately begin negotiations with the United States and Mexico to remove the investor-rights provisions in Chapter 11 of NAFTA.
- **Worker's rights.** Fair compensation. A safe working environment. Paid time off. Sick leave. Overtime. Secure retirement. These are some of the things that many Canadian workers enjoy as a consequence of generations of workplace struggle. By freeing capital to move over national borders and by enhancing the power of investors generally, investor rights agreements like the NAFTA pit workers in Canada with workers in the United States and Mexico. And because the conditions and compensation of work in Canada are generally better, the NAFTA exerts downward pressure on the quality of work-life that Canadians enjoy. Instead of high wages, generous benefits, safe working conditions and a habitable social environment being viewed as a social goal, under the current trade regime they are often viewed as a 'competitive disadvantage'. The trade regime must recognize and protect worker's rights. An improvement in the conditions and compensation of work should be understood as a goal to be pursued, not a threat to be neutralized.
- **Respect and protect Indigenous rights.** Free, prior and informed consent from Indigenous peoples are required if their rights are affected by a government decision. Given that many new generation trade agreements are encompassing, it is likely that they will impact Indigenous rights. These agreements must uphold the maximum protections for the rights of Indigenous peoples in compliance with the United Nations Declaration on the Rights of Indigenous Peoples as the highest international standard, especially in the case of foreign industries operating in Indigenous lands, territories and water.
- **Sustainability**. Societies that trespass on ecological boundaries put their very existence in jeopardy. Human beings have a duty to each other and to future generations to act as responsible stewards of the environment. The trade regime must not undermine the ecological sustainability upon which social sustainability rests.
- **Autonomy and national self-determination**. The current generation of trade agreements often 'lock in' unpopular measures, including investor-state dispute settlement procedures and other measures that limit democratic planning. Any attempt to limit public control over national development, including regulation, public procurement, public ownership and other social policies, is an affront to autonomy. Autonomous societies are free to choose their future, but this presupposes the ability to select from a variety of policy measures. The trade agreements must be modifiable, revocable and should not impair participatory and democratic control of national development.

Harper's ambitious trade and investment liberalization strategy

It's no secret that since coming to power in 2006 the federal Conservatives have prioritized the negotiation of new trade and investment agreements. Recall the government's *Advantage Canada* economic plan, released shortly after Stephen Harper came into office. It spelled out an ambitious plan to explore new (and deepen existing) bilateral and regional trade, investment, tax and other treaties – largely for the benefit of Canadian business.

Under Harper, Canada has doubled the number of free trade deals it has signed – from five prior to 2006 to 10. The Harper government has 14 more agreements in the works, along with a series of proposed Foreign Investment Promotion and Protection Agreements (FIPAs) which provide NAFTA-like rights and privileges to foreign investors, and a raft of other bilateral cooperation agreements and investment treaties covering everything from air transit to government procurement. These agreements could have a significant impact on Canada's export industries, trade performance, jobs, labour mobility and other matters.

The number of active negotiations is dizzying. However, the substance of what's being negotiated is far more worrisome. Some of these deals (most notably the Canada-European Union Comprehensive Economic and Trade Agreement) have been dubbed "next generation" trade deals. And while there is no official definition of a "next generation" deal, it typically signifies a deal that covers jurisdictions (like municipalities), industries (like telecommunications and other services) and policy matters (like local procurement, intellectual property) that have not been included in trade deals of the past.

Next generation deals also grant NAFTA-like investor protections and aim to curtail governments' ability to make decisions in the public interest, limiting the use of economic levers like "buy-local" purchasing policies, environmental regulations, expanding and protecting publicly-run services as well promoting public ownership.

Did you know?

Between 1994 and 2014, there have been 73 cases filed under NAFTA's Chapter 11 Investor-State Dispute Settlement (ISDS) mechanism. Nearly half of the cases have been filed against Canada. The United States and Mexico has each been the target of roughly one-quarter of the cases, despite being much more populous countries. Foreign investors have employed NAFTA's ISDS mechanism to challenge numerous areas of Canadian public policy, including environmental protection, resource management, financial regulation, taxation and health care. Canadian Governments have paid a total of $170.5 million dollars in damages to foreign investors on account of these cases. The Mexican Government has paid $341 million USD. The United States Government has paid $0.

Table 1: Trade deals in the works

Trading partner	Start of negotiations	Current status	Expected completion
Honduras	October 2010	*SIGNED:* Agreement reached November 2013.	Not yet in force
South Korea (CKFTA)	July 2005	*SIGNED:* Agreement reached March 2014	Not yet in force
European Union (Comprehensive Economic and Trade Agreement – CETA)	May 2009	*ACTIVE*: Agreement "in-principle" reached in October 2013. Negotiations still ongoing.	Final agreement is expected in the Fall of 2014. Full ratification among EU member states could take 18-24 months.
Japan (Economic Partnership Agreement – CJEPA)	March 2012	*ACTIVE*: Entering sixth negotiating round.	N/A
India (Comprehensive Economic Partnership Agreement – CEPA)	November 2010	*ACTIVE*: Entering ninth negotiating round (eighth round held in June 2013).	Originally slated for "early 2014", but no revised timetable has been set.
Australia, Brunei, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the United States and Vietnam (Trans-Pacific Partnership – TPP)	Originally negotiated as Trans-Pacific Strategic Partnership struck in 2005 and included New Zealand, Brunei, Singapore and Chile (as of 2006).	*ACTIVE*: Talks ongoing. Latest round held in Ottawa in July 2014.	Originally scheduled for completion in 2012. TPP considered a key goal of the Obama administration.
Caribbean Community (CARICOM)	July 2007	*ACTIVE*: Entering eighth negotiating round (seventh held in June 2014).	Originally scheduled for completion in June 2014
Honduras, El Salvador, Nicaragua, Guatemala (Central American 4)	November 2001	*STALLED*: Talks have stalled after twelve rounds of negotiations.	No timeline on the resumption of talks.
Dominican Republic	June 2007	*STALLED*: Talks have stalled as of December 2009.	No timeline on the resumption of talks.
Singapore	October 2001	*STALLED*: Talks have stalled as of November 2009.	No timeline on the resumption of talks.
Morocco	January 2011	*ACTIVE*: third round of talks took place in June 2012.	N/A.
Ukraine	June 2010	*ACTIVE*: fifth round of talks held in September 2012.	N/A
Israel ***(modernizing existing trade agreement)***	January 2014	*ACTIVE*: second round of talks held in May 2014.	N/A
Costa Rica ***(modernizing existing trade agreement)***	August 2011	*ACTIVE*: fifth round of talks held in August 2012.	N/A

Moving toward a fair trade future

There's no denying that globalization continues to change the political, economic and social landscape of our world. Transportation, communication and other expanding technologies are bringing to life Canadian philosopher Marshall McLuhan's famous prophesy of a "global village." One thing is clear: the debate over free trade and its role in facilitating economic expansion, prosperity and development is far from settled.

> ...there remains space to organize and mobilize around a different set of guiding principles that govern trade.

Trade policy can take a variety of different forms, yet the Canadian Government – along with other rich world nations – has approached trade from a rigid, pro-investor point of view. It does not have to be this way. Even modest efforts to rein in corporate privilege in trade deals by sister nations like Australia and South Africa are a sign of changing headwinds (see *Box 6: Doing it right on global trade*).

Are these and other challenges to the current corporate-rights model of trade reasons for hope or simply hairline fractures in a hopelessly imbalanced, profit-driven global trade regime? That remains to be seen. What's certain is that there remains space to organize and mobilize around a different set of guiding principles that govern trade. The secretive nature of trade negotiations and the highly speculative nature of their social benefits provide an entry point for progressive voices, agitating for an alternative, pro-development trade framework.

What's also certain is that the campaigns of the past continue to bear fruit. Global corporate-rights deals were quashed in the past decade. Few have resurfaced in any meaningful way. Fair trade

Box 6: Doing it right on global trade

- Australia: In 2011, the Gillard government made a commitment to not include investor-state dispute settlement mechanisms in any future trade agreement, limiting the ability of private investors to challenge government policy). This preserved the country's right to regulate in the public interest.
- South Africa: the South African government has opted to cancel its existing Bilateral Investment Treaties, originally designed to protect foreign investors, and has decided to align its trade policy with other economic and social objectives.
- EU: responding to public concern over the inclusion of extraordinary investor protections in its proposed trade agreement with the U.S. (and also Canada), the European Commission launched an online consultation to solicit views on the appropriateness of investor-state dispute mechanisms.
- Allianza Bolivariana para los Pueblos de Nuestra America (ALBA): the socialist governments of Venezuela and Cuba launched an alternative trade pact in 2004 built on the notion of advancing the social welfare of citizens and mutual economic support. ALBA now includes nine Latin American nations, such as Antigua, Barbuda, Bolivia, Dominica, Ecuador, Nicaragua, Saint Lucia and Saint Vincent and the Grenadines.

activists who cut their teeth on the streets of Seattle, Quebec City and other sites at the turn of the millennium are now playing vital roles in cross-border solidarity networks, women's advocacy groups, Indigenous rights communities, trade unions and environmental organizations.

It's no surprise that pro-business forces have hunkered down on trade talks. Centralized and well-publicized multilateral negotiations were moved from big cities to remote resort-towns – away from media scrutiny and public protest. Today, bilateral and regional deals are being negotiated quietly, behind closed doors. Public awareness is limited to rumour-chasing and information leaks. Citizens are peppered with positive spin from government officials and business lobbyists. Scant evidence is presented to address fears over job loss, the protection of human rights or the environment. In fact, the premise of trade negotiations often rests on spotty economic models that tell us free trade can only be good. The quality of information and debate on trade is poor, at best.

Unifor leadership and activists need to be vigilant on matters of global trade, now more than ever. We not only have to continue exposing the dangers of corporate-led trade negotiations, but we have to work hard to build and articulate our vision for a fair trade future.

The following is a list of some of the ways Unifor members can engage on trade issues through the union, at their workplace and in the community.

1. **Trade as a federal election issue in 2015**

   The Harper Government has staked its claim on negotiating corporate-rights deals with a number of targeted jurisdictions, including Europe, India and Japan as well as establishing a free trade zone across the Pacific Region, among other deals. Despite having many irons in the fire, the Harper Government has not delivered. Misleading announcements (like the October 2013 announcement of a Canada-EU deal "in-principle," when no deal was actually done) have been met with public skepticism. Downplaying the risks over investor-protection rules (like in the Canada-China FIPA) created a massive public outcry. The over-exaggerated benefits of these deals (like the Canada-Korea Free Trade Agreement) have been easily refuted. There is a great misunderstanding among the citizenry about how trade works and who it benefits.

   The 2015 federal election is an opportunity for progressive voices to promote a vision of fair trade for the 21st century. This is an opportunity to challenge the federal government on their trade agenda (where they are vulnerable), and encourage opposition candidates – in all ridings – to challenge these investment liberalization deals with a new spirit and new vocabulary.

2. **Advance dialogue with international sister unions and Global Union Federations, especially in the Global South**

   How we understand and criticize the pro-investor trade and investment agenda requires a deep understanding of its impact on workers in other nations, including groups most vulnerable to exploitation – women, Indigenous Peoples and children – especially those in developing nations across the Global South.

Unifor has built an extensive network of ally organizations in Canada and across nations, through our important international solidarity work. The experiences of our sisters and brothers in these countries can better ground our perspective. Dialogue on alternative modes of trade should be fostered with these international partners, including Unifor-affiliated Global Union Federations, like IndustriALL, the International Transport Workers Federation (ITF), Union Network International (UNI) and the International Union of Food Workers (IUF), as well as other global union networks.

3. **Support a pan-Canadian dialogue on trade alternatives**

   Inspired by the work of the European Alternative Trade Mandate Alliance (a network of more than 50 European civil society organizations), trade unions and other progressive civil society groups in Canada should undertake a similar national project designed to engage citizens in a discussion on trade and solicit their views on alternative principles and priorities.

   The Trade Justice Network (a loose coalition of progressive civil society groups in Canada, including Unifor) is exploring the merits of a project such as this, that's being dubbed the Progressive Trade Alternative.

4. **Promote member education and awareness**

   Unifor's predecessor unions have produced extensive materials on trade and investment issues over the years and these remain useful educational tools for interested members and activists. The union also offers educational workshops that cover trade and globalization issues through its extensive array of Paid Education Leave programs. More information on these education opportunities can be found at www.unifor.org

   Local unions could utilize the resources at their disposal – as well as the resources of progressive ally groups – to organize member-to-member discussions, town hall sessions, teach-ins or other activities at the community level, connecting trade to the everyday lives of workers.

5. **Include trade issues in the work of industry councils**

   Trade and investment deals have a direct impact on workplaces in nearly every sector of the economy. Unifor's new industry councils provide a platform through which the implications of trade and investment deals can be explored and sector-specific action can be strategized.

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