Submission by United Steelworkers to the Standing Committee on International Trade regarding Bill C-30, *An Act to implement the Comprehensive Economic and Trade Agreement between Canada and the European Union*

November 30, 2016

UNITED STEELWORKERS
MÉTALLOS

Ken Neumann
National Director/ Directeur national

November 30, 2016

Submission to the Standing Committee on International Trade Re: Concerns regarding Bill C-30, *An act to implement the Comprehensive Economic and Trade Agreement between Canada and the European Union…*

The United Steelworkers is the largest industrial union in North America representing more than 225,000 members in Canada. Our members work in virtually every tradable sector, from mining and metals, glass and rubber, paper and forestry, automotive and aerospace, energy and countless other areas including services, universities, healthcare and security.

On behalf of our hard-working members I would like to thank the Committee for holding these consultations and for allowing the USW the opportunity to submit our serious concerns regarding Bill C-30, the Comprehensive Economic Trade Agreement between Canada and the EU and the impact this will have on Canadian workers and their families.

We are troubled by the government's continued effort, despite evidence to the contrary, to brand the CETA as a "progressive" trade deal. A progressive trade policy should be transparent, inclusive and focused on enhancing the lives of people and protecting the environment. Ratifying CETA, in its current form, moves us in the opposite direction. If ratified, CETA will further bind our economy to a currently-flawed global economic system that has not only hurt Canadian workers, but one which will also undermine our democracy, environment and national autonomy.

Moreover, CETA is result of secret negotiation process between the previous Conservative government and the European Commission. The final CETA text and accompanying declarations ignore almost all of the detailed and practical amendments proposed by the labour movement and other civil society groups to address the problems with the agreement. Now, only an up or down vote on the 1,600 page treaty is possible. Unsolicited submissions to this Committee were allowed only after considerable pressure from civil society to expand the consultation process. This is not indicative of an inclusive, transparent or "progressive" process for pursuing trade liberalization.

In the CETA text, we see little to suggest the deal will provide a net benefit to ordinary Canadians.

The economic rationale which the government has presented in support of CETA does little more than recycle the Conservatives' old talking points. This rationale is based on government-commissioned studies that assume constant full employment, zero job losses as a result of economic restructuring, no international capital flows or exchange rate fluctuations. Moreover, these studies do not assess the distributional consequences of implementing CETA, and assumes that income gains as a result of trade are distributed equally. We believe that it is irresponsible for a government to inflate the positive aspects and down play the risks.

More recent studies of the economic benefits of CETA are less sanguine. The latest study from Tufts University's Global Development and Environment Institute, *CETA Without Blinders*, examines the likely impact of CETA on jobs, wages and income distribution. It predicts that CETA will lead to a reduction of the labour share of national income and that, by 2023, workers will have foregone average annual earnings increases of €1776 in Canada and between €316 and €1331 in the EU. The Tufts study also predicts that CETA will lead to 23,000 Canadian job losses in the first seven years. Demand shortfalls caused by rising unemployment will lead to a 0.96 per cent net loss in national income. Likewise, research from the Canadian Centre for Policy Alternatives argues that ratifying CETA will cost 46,000 jobs, mostly in high-value-added manufacturing and automotive.

Opposition to CETA has been vocal and widespread. Trade unions, farmers' associations, environmental and public health groups, human rights organizations and digital rights advocates in both Canada and the EU have called for the rejection of CETA. CETA has also been found to be undemocratic by legal scholars, small and medium-sized businesses, as well as a number of economists.

Recently, the USW signed onto an open letter with over 450 European and Canadian civil society groups urging legislators to reject CETA. We identify some of civil societies' fundamental concerns with CETA in the points provided below:

- CETA's investor rights provisions would empower corporations to sue governments over regulations and legislation intended to protect workers, citizens and the environment. CETA even allows for the "compensation" of corporations with respect to expectations of future profits when a change in policy affects their investment. CETA does not "radically" reform the investor-state dispute settlement processes; CETA expands and entrenches it as an international norm.

- CETA's Investment Court System (ICS) grants highly enforceable rights to foreign investors, but no corresponding obligations. In effect, it is discriminatory because it grants rights to foreign investors that are neither available to citizens nor domestic investors. It does not enable citizens, communities or trade unions to bring a claim when companies violate environmental, labour, health, safety, or other rules.
- CETA's provisions on labour rights cannot be effectively enforced through meaningful sanctions. These provisions do nothing to address the dangers that other CETA provisions pose to workers' rights, environmental protection and measures to mitigate climate change.

- CETA also significantly impedes governments' ability to regulate public services and contract-in privatized public services. CETA treats liberalization of public services as the rule and public interest regulation as the exception. CETA also goes further than existing trade deals by putting restrictions on local governments. CETA will infringe on the right of municipal governments to provide public services directly to its citizens. In fact, CETA is the first trade deal to penetrate to the municipal level of government. More than 50 municipalities have demanded that "buy local" and other public spending policies should be excluded from CETA.

- CETA will increase Canadian prescription drug costs by at least $850-million per year. Bill C-30 devotes fully 30 pages of amendments to the Patent Act to accommodate CETA. Analysis conducted by Prof. Marc Andre Gagnon and Dr. Joel Lexchin estimates that CETA's provisions will increase Canadian drug costs by between 6.2 per cent and 12.9 per cent starting in 2023. This is in line with federal government's own estimates that expect the patent changes to cost between $1-billion to $2-billion per year.

- By further liberalizing financial markets and restricting the public's ability to regulate the financial sector, CETA makes both Canada and the EU more vulnerable to financial crises.

- CETA will also expose farmers to competitive pressures that undermine their livelihoods with questionable gains to consumers. It will weaken supply management and increase corporate control over seed and environmental regulations.

- Precautionary measures to protect consumers, public health and the environment could be challenged under CETA based on claims that they are burdensome, not "science based" or are disguised as trade barriers.

In conclusion, CETA is a regressive and even more invasive version of the same old free trade agenda that puts the rights of corporate multinationals before citizens, workers and the environment. Adopting this treaty as it stands would create a disastrous precedent for future trade agreements.

This government has tried to rush through ratification of this agreement in a manner that is both undemocratic and in violation of the government's own policy on the tabling of treaties in Parliament. The government's own policy requires the government to table the treaty, along with an explanatory memorandum summarizing the treaty, at least 21 sitting days before legislation is presented. The Trade committee has made it clear that it only wants to hear from groups that will benefit from CETA, and was nearly successful in preventing written submissions such as this one from being submitted to the committee for review.

UNITED STEELWORKERS
USW
MÉTALLOS

Ken Neumann
National Director/ Directeur national

Neither the CETA nor the process for negotiating or ratifying it has been democratic or "progressive."

The United Steelworkers union is not anti-trade. We are acutely aware that trade is, and always has been, an important feature of the Canadian economy. And while we would support a truly "progressive" trade deal that puts citizens and workers before corporate interests, CETA does not meet this standard. We call on the government to remove investor-court provisions from CETA and Bill C-30, and to eliminate provisions that will increase drug and healthcare costs, eroding the government's ability to regulate in the public interest.

Without these key changes we cannot support Bill C-30 and encourage MPs to vote no to its ratification/implementation.

Respectfully submitted,

Ken Neumann

United Steelworkers National Director for Canada

cc. Leo W Gerard – International President

Canadian Directors