

Notes for a presentation to the House of Commons Committee on International Trade
hearings into the Trans-Pacific Partnership
Denis Bolduc, General Secretary, CUPE-Quebec
Quebec City
May 11, 2016

Mr. Chair, committee members, thank you for inviting us to talk about the Trans-Pacific Partnership Agreement.

My name is Denis Bolduc and I am the General Secretary of the Canadian Union of Public Employees in Quebec. With me today is Mr. Mathieu Vick from our research branch. We represent over 110,000 workers who deliver the public services all Quebec residents depend on. CUPE National is Canada's largest union, with over 635,000 members.

CUPE's goal is to protect and improve public services with the aim of creating a more equal and just society, where no one is left behind. **With this in mind, we have to recommend that the Government of Canada not ratify the TPP.**

We all know, of course, that Canada is a trading nation and that international trade is vital to every level of our economy. Good trade agreements put the interests of people ahead of the interests of multinationals, promoting job creation and social development. But since we know that trade between Canada and the other TPP countries is already 97% tariff free, this agreement is clearly intended instead to enhance the powers and profits of the largest corporations, to the detriment of workers, governments, taxpayers and all citizens.

So, here are a few of the main reasons Canada should reject the TPP.

1. The TPP weakens our democracy

First of all, the Conservatives negotiated the TPP in secret, without input from the Opposition or to the general public.

The TPP gives foreign multinationals the right to challenge, or even overturn, public policies adopted by democratically elected governments. Take, for instance, Ethyl Corp, the American company that, under NAFTA, won the repeal of a Canadian law banning MMT, a toxic fuel additive, while at the same time receiving \$13 million in compensation¹.

With its expanded Investor-State Dispute Settlement (ISDS) mechanism, the TPP allows the wealthiest multinationals to sue Canada for hundreds of millions of dollars through

¹ Public Citizen (2014): Table of Foreign Investor-State Cases and Claims under NAFTA and Other US "Trade" Deals, August, 14.

a tribunal rife with conflicts of interest. That tribunal, presided over by arbitrators who have a financial interest in interpreting the provisions as broadly as possible, operates entirely outside of our domestic legal system. It cannot be accessed by either Canadian companies or the general public.

Canada is already the industrialized country most often sued in the ISDS context². There have already been 35 claims against Canada under the NAFTA ISDS mechanism, which operates much like the TPP mechanism, and our country has paid out over \$200 million in penalties. That amount naturally came out of taxpayers' pockets. And the situation will only get worse if access to ISDS is extended to multinationals in TPP countries.

Bear in mind that Lone Pine Resources, which operates almost exclusively in Canada but was incorporated in the tax haven of Delaware, is seeking over \$250 million from the federal government to challenge the moratorium on shale gas development in Quebec. That moratorium was declared after considerable pressure was brought to bear by Quebec residents seeking to protect the St. Lawrence River, which has considerable economic and tourism value, in addition to being a source of drinking water for millions of Quebec residents. Is it appropriate for a democratically elected government that makes a decision in the interests of its people and the environment to be subject to exorbitant lawsuits? And do you think that knowing such lawsuits are a possibility has a deterrent effect on elected representatives? Of course it does. And once again the public loses.

2. The TPP threatens public services

The TPP threatens public services in a number of ways. First of all, there are the ratchet and standstill clauses. The ratchet clause prevents backtracking once a service has been privatized or a standard eliminated, even if the outcome is catastrophic. Under the standstill clause, a government cannot further regulate an industry, or contract-in a privatized service at the time the agreement was implemented. Both clauses promote privatization and tie the hands of future governments.

Shouldn't a government be able to regulate an industry to protect the health of its citizens or meet its greenhouse gas reduction targets? Shouldn't a government have the option of bringing a service back in house if outsourcing costs more and isn't delivering the expected results? Shouldn't it be possible to broaden the scope of a universal service like medicare for the good of our citizens? As you may recall, Roy Romanow once said that Canada would never have had its public health care system if NAFTA had been in force in the 1960s.

² <https://www.policyalternatives.ca/publications/reports/nafta-chapter-11-investor-state-disputes-january-1-2015>

Drug prices will also go up by \$800 million per year under the TPP, putting pressure on provincial budgets and on the budgets of large employers that offer drug coverage, which will affect services and may lead to contracting out or layoffs.

3. The TPP increases inequality

This agreement, which Nobel laureate economist Joseph Stiglitz called "the worst trade deal in history," will do nothing to reduce inequality. A study out of Tufts University predicts that Canada will lose 58,000 jobs and that its GDP will grow by only 1%...between now and 2030! The study further shows that the labour's share of GDP will shrink, entrenching inequalities even more³.

Our workers will now be competing with workers in Vietnam and Malaysia who earn just a few dollars per day. And instead of improving working conditions and strengthening protections for these workers, the TPP maintains the status quo. Foreign companies will also be able to bid on Canadian public contracts and, in many cases, bring their own labour!

For these and many other reasons, CUPE is asking the Government of Canada to reject the TPP.

³ <http://www.ase.tufts.edu/gdae/Pubs/wp/16-01Capaldo-IzurietaTPP.pdf>