



'Free Trade' at the Crossroads

Do you remember?

... the 1988 election where 3 of every 5 Canadians voted for parties opposed to signing the 'free trade' agreement with the US, but the Conservative government went ahead anyway...

... the 1993 election where voters installed a Liberal government on the promise of major changes to the NAFTA negotiated with the US and Mexico. Then they turned around and quickly ratified NAFTA after a few empty words from Washington...

After more than ten years of 'free trade', the government has ignored calls to undertake a review of NAFTA. We think a review is essential....and here's why.

NAFTA isn't working

- These 'free trade' deals aren't about trading one product for another so both countries benefit. Rather, they protect the rights of investors while limiting the power of governments. So corporate profit, not peoples' needs, govern 'free trade' decisions.
- Rather than delivering on more and better jobs as promised, NAFTA has led to more part-time jobs, lower wages and declining benefits.
- Under NAFTA, our economy has doubled its dependency on the United States. Over four/fifths of our exports now go to the US, with raw resources counting for a greater portion of our export earnings than finished goods. We are being driven backwards in time to an earlier status as hewers of wood and drawers of water...
- We were promised that our social model would not be in danger. But 'free trade budgets' have cut employment insurance benefits (EI), old age security and transfers to the provinces for health care and education.
- Farmers in Canada earn about what they did in the 1930s with further hardship ahead as the government moves to dismantle the Canadian Wheat Board.
- Corn farmers in Mexico have been hit hard under NAFTA as the U.S. floods their unprotected market with subsidized corn, forcing 2 million rural producers off the land. An estimated 650,000 Mexicans will migrate to the US in 2007 in search of work.

How Canada caved in on softwood lumber

Canada entered into NAFTA to secure a niche in the American market for specific goods, like softwood lumber. However, for over a decade the US has worked to stop Canadian softwood from entering the U.S. Using NAFTA rules, Canada won a number of legal decisions that should have ended the dispute. But the US disregarded the rulings. Canada finally secured a deal in 2006. But the deal calls for the US to return only 80% of the \$5 billion collected in duties – they get to keep the rest. The deal also limits the quantity of Canadian wood entering the US.

This deal shows that the ‘free trade’ model doesn’t work between unequal partners – the weaker party always loses out. The U.S. has consistently ignored legal agreements they have signed when it is not in their own interests

But the Canadian government will not re-visit NAFTA

The Canadian government has thus far refused to assess the impact that NAFTA has had on Canadians since 1994. It has not listened to a growing chorus of voices that demand that NAFTA be opened up to debate in Parliament, and to a public review. During the softwood lumber fracas Ottawa initially talked tough. When it realized that Canadians were starting to question the value of NAFTA, Harper’s government not only backed down in the face of US pressure but also went to great lengths to assure us that everything was back to *normal*. But as Bruce Cockburn has often reminded us, “the trouble with normal, is it only gets worse.”

Instead, corporations want to rev-up the ‘free trade’ agenda

On March 23, 2005 the leaders of Canada, Mexico and the US announced the Security and Prosperity Partnership (SPP) - a new program to speed up the process of ‘integration’ within North America. A year later the three heads-of-state gave large corporations what they had wanted all along by creating the “North American Competitiveness Council” (NACC) made up of 10 CEOs from each of the three countries. The NACC arrangement gives large companies exclusive access to the key government officials behind these SPP talks, bypassing legislatures and civil society in the three countries.

Since 9-11 Canadian CEOs and investors have cloaked their push for deeper integration with the US in the language of national security. This allows the corporate and political power elite to play on fear of the ‘other’ to introduce the concept of a common ‘perimeter’ to guard against terrorism. Meanwhile behind this perimeter, the remaining barriers to ‘free trade’ can be axed. (*For more details on the SPP see the Common Frontiers’ companion Fact Sheet “Integration by Stealth: The Security and Prosperity Partnership”*)

What else is on Canada's 'free trade' agenda?

More than a decade after NAFTA was implemented and following the recent de-railing of the Free Trade Area of the Americas (FTAA), the Canadian government has taken its 'free trade' agenda in some other directions.

- Canada has continued to promote the interests of wealthy northern nations via negotiations at the **World Trade Organization (WTO)**.
- While WTO talks are currently stalled, Canada has decided to pursue **bi-lateral 'free trade' agreements** with small economy countries. Canada is currently holding secretive talks with Guatemala, El Salvador, Honduras and Nicaragua. Colombia has been approached and Peru is a future candidate. Noticeably absent in these negotiations with countries that have seen their share of civil strife and natural disasters, are human rights considerations and the promotion of community development programs.
- And now **provincial 'free trade' deals...** In April, 2006 Alberta and British Columbia entered into a **"Trade, Investment and Labour Mobility Agreement" (TILMA)**. It represents a profound assault on the capacity of present and future governments in BC and Alberta to serve the public interest. Other provinces can join TILMA at any time, something that the federal Conservative government is keen to push.



TILMA at a glance

- Signed by BC and Alberta and comes into effect as of April 1, 2007. Other provinces can sign on.
- Imposes a blanket prohibition on all government measures that "operate to restrict or impair" trade, investment or labour mobility.
- Defines "government" very broadly to also include municipalities, school boards and health and social service entities.
- Includes the most dangerous feature of NAFTA where corporations can challenge public policy through arbitration.
- Expands the scope of foreign investor rights that can come under NAFTA.

What's on our agenda?

In Canada

- To counter NAFTA the SPP and TILMA, anti-free trade networks in Canada, Quebec, Mexico and the USA are working together to build a tri-national strategy that includes human rights guarantees along with recognizing the primacy of people's rights to healthcare, food, education and employment.
- The popular sector is following up on the September 2006 resolution passed by Parliament's *Standing Committee on International Trade (CIIT)* that calls for immediate release of texts being used in "free trade" negotiations currently under way between Canada and four Central American countries.
- Civil society in North America is pushing for a new approach to trade based on democratic, open discussion where social considerations trump economic gain.

In South America

- Large-scale popular sector mobilization has led to new governments who are trying to break with the traditional U.S. domination of their region. As part of their strategy, they have agreed to set up the **South American Community of Nations**.
- Several governments have proposed alternative trade models. To find out about **Bolivia's 'People's Trade Agreement'** and **Venezuela's 'Bolivarian Alternative for the Americas'**, please refer to the companion Common Frontiers' Fact Sheet, *Alternatives to 'Free Trade': Thinking Outside the Box*.



What You Can Do

- Pay attention to what our government and business leaders are up to and elect leaders who will fight for Canadian sovereignty
- Pressure our governments at all levels to use their purchasing power to create and maintain local jobs and strengthen domestic markets
- Mobilize for the '3 amigos' SPP meeting in Canada August 21-22 bringing Bush and Calderon to meet with the Prime Minister at Montebello, Quebec.
- Support worker-run factories in the Americas. <http://market.the-workingworld.org/>
- Learn more. Some websites to check out for more information: www.policyalternatives.ca www.kairoscanada.org www.canadians.org www.asc-hsa.org (click on English)

Common Frontiers is a network of Canadian organizations from different sectors working with others in the Americas to resist 'free trade' and build new trade alternatives www.commonfrontiers.ca