



## **THE CANADIAN GOVERNMENT SHOULD REPLACE NAFTA, OR SCRAP IT**

The North American Free Trade Agreement (NAFTA) is a trilateral trade agreement between Canada, United States and Mexico that went into effect January 1, 1994. It is the largest agreement of its kind in the world and was implemented in the face of considerable opposition in all three countries.

In the twenty-three years since NAFTA was implemented we have witnessed an unprecedented increase in profits and rights of multinational corporations, underscoring a widening economic inequality in North America. The social and economic consequences on working class people, across all three countries, has been devastating in terms of increased poverty, weakened labour rights and environmental protections, fueling a "race to the bottom" in living standards. Since 2004, 500,000 manufacturing jobs were lost in Canada, most of which were permanent, well-paid, and unionized.

People should be angry that NAFTA has served the interest of multinational corporations and pushes policies of deregulation and privatization. Power and privilege is being used to skew the economic system to increase the gap between the richest and poorest people. People in all three countries should be under no illusion about Trump's rhetoric of renegotiating NAFTA, which seeks to pit workers against workers while giving tax-dodging big businesses more tax breaks, benefiting the corporate elites in USA and further entrenching economic inequality.

NAFTA is the blueprint for the inclusion of investor-state dispute settlement (ISDS) mechanisms in most other trade deals that have followed. ISDS is a provision that gives multinational corporations the ability to sue governments over regulations they claim will affect their investment, including expected future profits. These anti-democratic, supra national corporate tribunals override the national court systems, eliminating government ability to regulate in the public interest by supporting industries that create good local jobs and by protecting the environment. Canada is already the most sued developed country in the world because of NAFTA's ISDS process.

Canada's softwood lumber is one area being targeted by Donald Trump seeking to extract more favourable terms by slapping quotas or limits on Canadian lumber exports to the United States. The softwood lumber dispute is further proof that Canadians stand to lose more than they will gain under Trump's vision of trade.

Current trade policy is designed to promote the interests of agribusinesses and other multinational corporations over those of small farmers. NAFTA has devastated rural communities and failed to address very real problems of price volatility and environmental sustainability.

NAFTA has had the effect of destroying the ability of over 2 million small scale Mexican farmers to earn a living, forcing many off their lands and across the border in a desperate search for work. The industrial jobs created in Mexico under NAFTA were primarily poorly paid and precarious.

NAFTA is inconsistent with Canada's commitment to implement the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP). It does not recognize Indigenous Rights and pushes the boundaries by allowing foreign companies to appropriate and use Indigenous peoples deeply rooted historical identity for trademark and profit.

NAFTA and other such corporate trade deals are incompatible with the Human Rights covenants as set out by the United Nations and ratified by Canada. The right of Canada to respect, protect and fulfill its human rights obligations must be ensured. NAFTA and similar investor-state agreements do not ensure the supremacy of human and cultural rights and in many cases stand in the way of their implementation. These mega-trade agreements, along with corporate tax cuts, are one of several tools, along with incentives to promote deregulation, privatization, and elimination of public services which seek to shift power away from people and governments and toward the corporate sector.

### **Key demands**

We civil society groups from across Canada believe a paradigm shift from the current global economic model is imperative in order to mitigate the threats of economic and environmental disaster. Revision to the terms of the treaty must have at its core the objective establishment of fair trade not free trade and economic relations based on social justice, sovereignty and sustainable development.

- Negotiations to replace NAFTA should be open and public.
- Canadian Indigenous people should have a seat at the negotiating table.
- NAFTA Chapter 11 should be eliminated. Corporations should use the respective national court systems to settle complaints.
- Nothing in a new agreement should prohibit governments from taking measures necessary to protect the environment and energy sovereignty.
- A new agreement should return to governments the right to use procurement policies to promote national development and job creation. The current weak and unenforceable NAFTA "side agreement" to protect labour must be replaced by enforceable provisions that fully safeguard decent work and labour rights in all three countries.
- Remove all references to water as a tradable good, service or investment.
- Any new deal to replace NAFTA should ensure the protection of Canadian Medicare and Canada's Orderly Marketing System.
- Restore local and national sovereignty over farm and food policy.
- End the energy chapter's proportional sharing provision - it stands as a major obstacle for Canada in addressing climate change.

- A global agreement on migration should not be limited to business people or certain professionals but include the International Bill of Human Rights and labour rights for all migrant workers.

It is imperative to replace or scrap NAFTA, beginning with those aspects that have proven most damaging for human and Indigenous rights, labour and environmental rights. Negotiations must conform to fundamental principles of international law, including transparency and accountability.

**For further information:**

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