

NAFTA 2.0: For people or polluters?

This following is an excerpt of the report *NAFTA 2.0: For people or polluters?* produced jointly by the Council of Canadians, Greenpeace Mexico and Sierra Club U.S. It was written by leading economists from each of the three NAFTA countries and presents original research and analyses on the climate implications of NAFTA.

Communities across North America are enduring falling wages and rising climate threats. Instead of reducing these problems, the North American Free Trade Agreement (NAFTA) is exacerbating them. NAFTA was written before broad awareness of climate change, and negotiated with input from fossil fuel executives, not workers, climate scientists, or climate-impacted communities. Predictably, the negotiation prioritized the profits of multinational firms, not the well-being of working families who face increasing climate hazards. As a result, NAFTA includes an array of little-known rules that bind North America to fossil fuel dependency rather than supporting a just transition to a clean energy economy. NAFTA is an obstacle to climate progress.

After more than two decades of NAFTA, the deal is finally being renegotiated, offering an opportunity to invert its backwards priorities. Civil society organizations, academics, and legislators across North America have offered a litany of specific ideas for a more

equitable, climate-compatible deal. This time around, will negotiators prioritize the workers and communities that have been hardest hit by the fossil fuel economy, or the CEOs who profit from it?

The track record so far is not encouraging. While some important proposals for change reportedly sit on the negotiating table, many of NAFTA's handouts to corporate polluters remain untouched.

Even worse, negotiators are entertaining new corporate-backed rules for NAFTA 2.0 that would pose additional barriers to the bold climate action that science and justice demand. Such terms, if accepted, would be an exercise in climate denial, with long-lasting consequences for workers and communities across North America. We cannot shift to a clean energy future if a corporate trade deal tethers us to the fossil fuel past.

Climate-friendly NAFTA replacement

A new North American trade deal should close NAFTA's climate pollution loophole that allows corporations to evade climate policies by offshoring jobs and emissions.

If a trade deal allows corporations to cross borders, it also must ensure cross-border protections for workers and communities.

To prevent climate and other public interest policies from being challenged in private tribunals, NAFTA's replacement

must eliminate investor-state dispute settlement (ISDS) provisions. Corporations can use domestic courts, just like everyone else.

Instead of ISDS, a deal should encourage investments that are compatible with the public interest (e.g., not fossil fuels) by offering investors basic protections in exchange for meeting basic legal obligations.

The deal that replaces NAFTA should allow the governments of North America to swiftly phase out fossil fuel exports as they pursue a just transition to a clean energy economy.

That means deleting NAFTA's proportionality rule that locks in fossil fuel exports, climate pollution, and toxic practices like fracking and tar sands oil extraction.

NAFTA's renegotiation is long overdue. But we cannot afford to lock North America's communities into another multi-decade pact that ignores climate change. To replace NAFTA with a deal that protects people, today's negotiators should listen to the workers and communities on the front lines of climate change, not the corporations fueling it.

To obtain a full copy of *NAFTA 2.0: For people or polluters?* please call the Council of Canadians toll-free at 1-800-387-7177, or email us at inquiries@canadians.org

