# NAFTA must protect people and the planet, not corporate interests

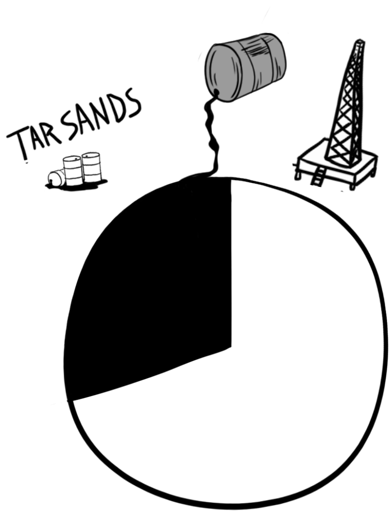
## NAFTA puts the U.S. in control of our energy production

U.S. President Donald Trump has made it clear that he thinks the North American Free Trade Agreement (NAFTA) has been a bad deal for the United States. He has called Canada and Mexico to the table to renegotiate the deal. President Trump wants to put "America First" in NAFTA, or walk away from the deal.

For years, we have seen the ravages of NAFTA – the Chapter 11 corporate lawsuits that have cost Canada millions of dollars and eroded our environmental and public policy, hollowed out manufacturing towns and hundreds of thousands of people put out of work, and greater inequality in Canada, the U.S. and Mexico.

*The Council of Canadians is calling for three major things to make NAFTA a fairer deal:*

- ✓ **Eliminate Chapter 11, the investor-state dispute settlement (ISDS) process**. ISDS provisions give corporations the right to sue the Canadian government, often for millions – even billions – of dollars, if any public policy or government action denies them investment or profit opportunities.
- ✓ **Remove all references to water as a good, service or investment.** Canada is vulnerable to bulk water exports and increased water privatization with this NAFTA rule.
- ✓ **Eliminate NAFTA's energy proportionality rule.** This rule requires Canada to export a locked-in percentage of our energy production to the U.S. This means more production in the environmentally destructive tar sands, which will stop us from meeting our climate commitments.




### NAFTA's dirty energy secret

As Maude Barlow, Council of Canadians Honorary Chairperson, explains in her recent report, *Water For Sale*, Canada gave up control of its energy sector in NAFTA. The "proportionality clause" of NAFTA obligates Canada to maintain a fixed share of energy exports to the U.S. The more Canada exports, the more Canada is obliged to export. This has led to a dramatic increase in energy exports to the U.S., accelerating the depletion of Canada's conventional oil. It has meant exponential growth in the water-destructive tar sands and has facilitated the trade in environmentally dangerous fossil fuels. This NAFTA rule has compromised Canada's energy security because it has restricted Canada's legal capacity to regulate the extraction and trade in tar sands oil. It has also made it harder for Canada to protect water.

**If there was ever an energy shortage, or environmental concerns that meant we wanted to cut back on energy production, under NAFTA we can't eliminate or scale back our exports to the U.S. even to meet our own domestic needs.**

This energy-sharing clause will also make it very difficult – if not impossible – for Canada to meet its climate commitments. Although Prime Minister Justin Trudeau has tried to position Canada as a climate leader, NAFTA rules force us to keep producing tar sands oil and fracked natural gas, both of which produce greenhouse gas emissions. In fact, the tar sands are Canada's fastest growing source of climate pollution.

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## Problems with the proportionality

NAFTA doesn't allow us to change the mix of energy. If Canada ever tried to transition from oil and natural gas to renewable energies such as wind and solar – which cannot be exported – we would violate NAFTA's energy sharing rules. This is problematic as conventional sources of oil become less available and Canada is forced into even more fracking and tar sands production.



## NAFTA and the petroleum economy

- During the NAFTA years, energy exports to the U.S. increased 527 per cent making Canada the U.S.'s largest supplier of crude oil.
- During the same period, Canada's economy became more de-industrialized as we shifted more to oil production. According to a report by economist Jim Stanford**,** in 1999, the resource sector represented 25 per cent of the economy and high-value added industries represented 60 per cent. In 2014, the export sector had grown to 40 per cent of the economy.
- Stanford adds that our decline into a resource economy was so bad, that in 2013 we had the least technically complex economy in the OECD, according to the Observatory of Economic Complexity.

## NAFTA'S Chapter 11 ISDS provisions help the petroleum industry

Under NAFTA's Chapter 11 ISDS provisions, corporations can sue governments over laws that restrict their profits.

For example, TransCanada sued the U.S. government for $15 billion after former U.S. President Obama rejected the Keystone XL pipeline.  TransCanada withdrew the case only after newly-elected President Donald Trump approved the pipeline.  Keystone XL – if it goes ahead – will take 830,000 barrels of tar sands oil, the dirtiest oil in the planet, to the U.S. Gulf Coast.

## Take action!

Canada must be in control of its energy resources and be able to say no, if needed, to the U.S.'s demands. Call on Prime Minister Trudeau to stand up to Trump on NAFTA! Demand that the Canadian government eliminate NAFTA's energy proportionality rule.

*For more information about the Council of Canadians' campaign for a better and fairer NAFTA, visit canadians.org/NAFTA or call us toll-free at 1-800-387-7177.*

The Council of Canadians / Le Conseil des Canadiens
The Council of Canadians
300-251 Bank Street
Ottawa, ON, K2P 1X3
canadians.org | 1-800-387-7177

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