



by **Stuart Trew**

The Council of Canadians was on Parliament Hill in September, telling CETA negotiators to stop gambling with the cost of prescription medicines in Canada. Drug costs are one of many concerns in the contentious trade deal. The TPP is also contentious because it advances free market globalization.

## An Inconvenient Trade Agreement: Canada begs its way into Trans-Pacific Partnership negotiations, but at what cost?

This past August, Rob Merrifield, the Conservative chairperson of the parliamentary trade committee, said a remarkable thing about the Trans-Pacific Partnership (TPP) trade agreement.

*"It's kind of like Doha-lite. And you know where Doha went."*

Merrifield was responding to media questions about the Harper government's trade agenda this fall, which includes solidifying Canada's new role in the two-year-old, 11-country TPP negotiations, concluding a free trade agreement with the European Union, ratifying another one with Panama, and exploring the idea of a trade agreement with Japan. What made his Doha-lite comment so odd was how noticeably it clashed with the Harper government's well-publicized campaign to get a seat at the TPP negotiating table – to the point that Canada accepted humiliating entry conditions from the Obama administration just to join.

If the TPP was destined to suffer the same fate as the long-stalled WTO

Doha Round, why did Canada reportedly compromise its negotiating position with up-front concessions and accept a second-rate status? The impression is that Canada will accept an Asia-Pacific deal at any cost, even if it means sacrificing important domestic programs and policies that have long irritated U.S. trade officials.

### **The Controversial TPP**

The TPP has been described as a new Free Trade Area of the Americas because of its goal to take the NAFTA model and expand it throughout Latin America and the Pacific. There are nine full negotiating partners: Australia, Brunei, Chile, Malaysia, New Zealand, Peru, Singapore, the United States and Vietnam; and two newcomers with diminished negotiating powers: Canada and Mexico.

Japan has expressed interest in joining the TPP, and the U.S. hopes that once the agreement is in place, other countries will be able to “dock,” or join the TPP zone with the same up-front concessions new country members make when they join the WTO.

The TPP is globally controversial in general because it advances a model of free-market globalization that has been fundamentally undermined by current events. Trade, investment and financial liberalization are among the main causes of runaway carbon emissions and climate changes. The globalization model has done little to create good, sustainable jobs, or to reduce poverty in Canada or worldwide. The TPP will also strip governments of their capacity to respond to the related social and environmental crises by enhancing corporate powers and entrenching corporations’ right to sue governments when public policies interfere with how, when and where investors make money.

Fair trade activists, including the Council of Canadians, in all TPP-participating countries are challenging the inclusion of an unaccountable investor-state dispute settlement process that has resulted globally in hundreds of millions of dollars in fines paid to multinational corporations. Activists also oppose strong intellectual property rights for brand-name pharmaceutical firms and the U.S. entertainment industry, which will compromise access to cheap medicines while upsetting privacy and innovation on the Internet.

### **Canada’s concessions**

In Canada, the chapters on regulatory coherence, investment protection and intellectual property will be controversial. Already, the prospect of rising drug costs from patent and other intellectual property rights changes in the Canada-EU Comprehensive Economic and Trade Agreement (CETA) have sparked a backlash from Canadian

municipalities, provinces, political parties and health groups.

More than 40 municipal governments have officially asked to be excluded from CETA procurement rules that forbid local purchasing strategies to create jobs or protect the environment. The federal and B.C. NDP have called for drug issues to be taken off the table – a position that a majority of TPP countries would prefer, but which Canada is not guaranteed to support. CETA negotiators are talking about “triangulating” the EU and TPP negotiations, which could imply the government is willing to side with Big Pharma over cheaper generic drugs in both sets of negotiations.

As an added insult, in the TPP, Canada and Mexico have apparently agreed to entry conditions that block them from making any changes to existing TPP negotiating texts. Neither country will be able to veto decisions by the others to close chapters in the future. Canada will finally get to see the TPP text in October, but will only make it to the December negotiating round, likely in New Zealand, missing the round that took place in Leesburg, Virginia, September 6 to 13. It should be noted that while 600 corporate lobbyists have seen the negotiating texts, they are not made available to the public in any participating country. This information is shielded from public input and scrutiny.

The Harper government has, in some ways, handed a blank cheque to U.S. and other TPP member countries looking for no-risk access to the Canadian market. Some reports indicate that Canada has made promises to weaken the supply management regime for dairy, which benefits Canadian farmers with a living wage, and consumers with a safe, stable supply of locally produced dairy products. Assurances from the government that supply management will, in fact,

be protected ring hollow after the dismantling of the Canadian Wheat Board, which the Harper government accomplished on August 1, 2012 (court challenges pending).

A 2012 United States Trade Representative report of foreign trade barriers lists Ontario’s Green Energy Act, foreign ownership restrictions in telecommunications, Canadian content in broadcasting, and the Investment Canada Act as problem areas in Canadian policy. It raises the question of where else the Harper government has made promises for the sake of a place at the TPP table.

### **Marginal gains for the Canadian economy**

The gains to the Canadian economy from a successful TPP negotiation are marginal to the point of being meaningless according to the few assessments that have been done of the deal. Canada’s biggest business lobby group, the Canadian Council of Chief Executives, must recognize this fact since they now claim Canada’s participation in the TPP is a defensive move. We should be at the table so North American supply chains aren’t compromised, says CCCE President John Manley without showing how this would be the case. In other words, politics and peer pressure have won out over good economic sense and democracy.

The threats the TPP poses to Canadian public policies and farmers, health costs and access to medicines, our country’s imbalanced negotiating position, the intense secrecy and the pro-corporate bias to the TPP negotiations are all points that will fuel opposition, the same way they have for the Canada-EU trade deal. Rob Merrifield’s blasé attitude towards the TPP is perplexing and irritating but – we should hope – ultimately correct.

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