THE COUNCIL OF CANADIANS · LE CONSEIL DES CANADIENS

Northumberland Chapter - Trade Justice Group

# STATEMENT: CUSMA - Change it, or drop it

The Trade Justice Group of the Northumberland Chapter of the Council of Canadians calls on the Canadian government to either fix the Canada-U.S.-Mexico Agreement's (CUSMA) many problem areas or withdraw from the pact altogether.

<u>Background:</u> The CUSMA signing in 2018 included a mandatory joint review on its sixth anniversary i.e. July 1, 2026. By that date there had been no agreement among the three North American countries to extend the Agreement for 16 years. So the process has now become a series of annual reviews until an expiration of 2036.

<u>Canada is so far getting the cold shoulder from the Trump government</u>
While U.S. negotiators have been meeting bilaterally with Mexico in recent weeks, no formal talks have been reported between Washington and Ottawa. Canada should be concerned by this 'cold shoulder' treatment and the U.S. separating Canada off from talks that should be happening on a tri-national basis. A classic Trump negotiating strategy is admittedly to divide and conquer. There are media reports that the U.S. administration's preference is for separate bilateral agreements with Canada and Mexico, which would relegate the continental relationship to one of a hub and spokes as the U.S. seeks to gain maximum unilateral advantage. In other words, the hub always wins. Furthermore, under such a hub and spokes model, we should not for a moment doubt that the U.S. would attempt to undermine any bilateral agreement between Canada and Mexico, should those two nations attempt to recover any ground lost due to earlier U.S. arm-twisting.

<u>Canadian negotiators holding their cards close to their chests</u>
While revolving door consultations are reported happening with corporate heads in Ottawa, the critical stakeholders in CUSMA (workers, farmers, etc.) are being kept in the dark. Canadians will recall that prior to the North America Free Trade Agreement (NAFTA) going into operation in 1994, PM Mulroney promised more and better paying jobs for all Canadians. However, the actual 'beneficiaries' under NAFTA were the wealthy 1% - the owners of capital. The gap between ultra-rich and poor grew rapidly under NAFTA, and has continued to widen more rapidly under CUSMA.

**<u>Improvements to CUSMA to benefit all three North American countries must include:</u>**

- **The establishment of a North American living wage** (not a subsistence wage) for a family to be able to cover their basic expenses and participate with dignity in their community. To oversee this function, future CUSMA negotiations need to come up with an agreement to strike a three-country Board enabled to make the appropriate calculations and to build in a progressive/upward wage trajectory to close the income (if not wealth) gap between the rich 1% and the rest of society;
- **Binding and enforceable environmental standards,** buttressed by the establishment of a new tri-national body to protect the continental ecology;
- **The complete elimination of investor-state dispute resolution (ISDS) provisions.** These undermine national self-determination related to policy making covering a wide range of human and ecological rights in all three countries,

- **Support farmers and food sovereignty:** Canada must ensure no further interference with our Marketing Boards and promote strict public oversight over the many risks associated with private sector experimentation with genetically modified organisms (GMOs) so as to keep these out of peoples' and businesses' kitchens. Publicly supported research into natural pesticides required immediately so that dangerous products containing glyphosate et al. can be removed from the agricultural marketplace.
- **Take back internet control from U.S. Big Tech:** it should serve people and not the billionaire tech. bros. In particular, domestic taxing rights, which are a cornerstone of sovereignty, like Canada's domestic digital services tax (DST) should not have, and should not in the future, be used as a 'bargaining chip' in negotiations around the fair trade of goods and services with other nations—rescinding the DST in June of 2025 was tantamount to interference in domestic rule-making by foreign tech oligarchs;
- **Respect indigenous rights and guarantee informed consent re. any proposed investments affecting indigenous lands:** Canada's commitment to "free, prior, and informed consent (FPIC)" is incorporated in Canadian law under the *United Nations Declaration on the Rights of Indigenous Peoples Act* **;**
- **Promote investment in clean energy in all three countries, not new pipelines.** As the world outside of North America implements a transition to clean energy, and demand for Canadian fossil fuels is expected to decrease, Canada and the U.S. are consistently ranked as laggards in this transition—status quo commitment to "strip and ship" bitumen shortchanges our workforces and ill-prepares them for the careers and industries of the future;
- **Repurpose car plants in Canada** abandoned by the Big Three automakers in their shift to car manufacturing in the U.S. (as a result of the Trump tariffs) to now focus on research and production of electric cars domestically. At the same time we call on the Canadian government to invest in new facilities as part of a total shift to an exclusively-electric car market in Canada. These changes could also enable future exports abroad. During the transition period Canadian autoworker jobs must be guaranteed;
- **Rebuild Canada's universal health care system, and protect its public nature by eliminating the CUSMA intellectual property rules** that keep drug prices artificially high and that promote Big Pharma market exclusivity;
- **Promote migrant justice and human rights -** future CUSMA changes must include provisions guaranteeing human rights, and inclusive policymaking to address displacement, exploitation, and inequality driven by decades of corporate-driven trade;
- **Implement the Bilateral Security Dialogue with Mexico to keep our populations safe from U.S. made firearms.** We call for research into new technologies that can allow for instant traceability of firearms coming into Canada illegally (some 75% of shootings in Canada are with guns manufactured in the U.S.). Mexico is also suffering from criminal violence and it's government has been calling on the U.S. to enact robust control measures to stop illegal shipments of firearms from going in to Mexico;
- **Introduction of a new tax on ultra-wealthy individuals and corporate profiteers** to be determined in each country. A robust tax on the ultra-rich could build on the pioneering work of the EU Tax Observatory, and must go hand-in-hand with a heavy 'departure tax' for those trying to dodge such taxes by moving their money into offshore accounts or by changing their individual residency;
- **Establishment of a tri-national Sovereignty Fund** to draw from the new taxes targeting the wealthy elite. This Fund is to assist in operationalizing the CUSMA transformations demanded in this Statement.

The Northumberland Chapter's Trade Justice Group recognizes that these suggested changes can not happen overnight. Since the CUSMA negotiations are now on a year-by-year schedule to conclude by year 10 if no satisfactory progress is made, the TJG recommends that in Canada's case the timeline for significant change to CUSMA as outlined in this Statement be shortened to 5 years.

**With no significant 'Change to it' (CUSMA) in 5 years, we call on Canada to 'Drop it' and invoke the 6 month option to exit CUSMA by 2031.**

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