**USMCA**

The Hamilton Spectator published the following article I wrote regarding the USMCA in the Thursday November 15, 2018 issue of the newspaper. The USMCA is a hot issue in Hamilton, especially the imposition of tariffs on steel and aluminum products still in place.

***Is the USMCA a good deal for Canada and Canadians?***

Minister Freeland claims that the tentative United States, Mexico and Canada Agreement [USMCA] is an updated, modernized North American Trade Agreement that is good for Canada and good for Canadians. But is it? You be the judge.

***The Good News -*** No Chapter 11.The USMCA eliminates the Chapter 11 Investor-State Dispute Settlement [ISDS] provisions. ISDS allowed foreign corporations and investors to sue Canadian governments if they believed they were unjustifiably harmed by a government’s laws or policies. In effect Chapter 11 prioritized the rights of foreign investors over the rights of sovereign governments.

No Energy Proportionality. The existing NAFTA Energy Chapter contained a provision that Canada could not reduce U.S. access to Canada's oil, natural gas, coal and electricity without a corresponding reduction in Canada's own access to these products.

Retains Chapter 19. The USMCA retains in its entirety Chapter 19 , the impartial State-to-State dispute system, an independent tribunal that judges disagreements between sovereign states.

Improved Labour Rights. The USMCA Labour Chapter requires the three partners to uphold fundamental labour rights contained in the International Labour Organization's Declaration on Fundamental Principles and Rights at Work. The Labour Chapter includes clear language that commits each country to implement policies that protect workers against wage and employment discrimination on the basis of sex, including sexual harassment and sexual orientation. The USMCA contains an Annex that commits Mexico to legislative actions to provide for the recognition of the right to collective bargaining for workers.

Auto Sector Improvements. Under NAFTA, the total North American content requirement for vehicles was 62.5%. The USMCA increase the North American requirement to 75% by 2023. When the USMCA is fully phased in, 40% of the material and manufacturing costs of an automobile and 45% of a truck will have to originate in facilities where direct production workers have an average hourly base-wage of at least US $*16 per hour.*

***The Bad News -***Extension of Data and Patent Protections for Pharmaceuticals. Canada caved in under the pressure from the high-powered pharmaceutical industry in Washington at the expense of Canadian patients struggling to foot the cost of their pricey medications. Canada agreed to extend data protection for biological drugs from the current eight years to at least ten years. This will result in further delay of manufacturing generic medications and this in turn keep drug prices high.

Concessions in Canada's Supply Managed Agricultural Industries. The USMCA opens Canada's market to more U.S. dairy, eggs and poultry products. In terms of dairy products, this includes products that contain bovine growth hormone [BGH], a genetically modified hormone that is injected in cows to make them produce more milk. BGH has been banned in Canada due to its link to serious health concerns.

Climate Change is not addressed. The USMCA Environment Chapter doesn't mention climate change and there is no references to the Paris Agreement or other important multinational environmental agreements. The USMCA doesn't contain an exemption for climate change adaption and mitigation policies needed to make a rapid transition to a low-carbon economy.

Maintaining of Trade Tariffs. The USMCA fails to eliminate tariffs on Canadian steel, aluminum and forestry products. There is also the possibility that the U.S. will impose future tariffs on Canadian uranium exports. These illegal, unfair and unjustified tariffs pose a serious threat to Canadian jobs and communities. The U.S. Administration has made it clear that they have the power to over-ride the "free-trade" elements of the USMCA for reasons of "national security". There is no protection in the USMCA to stop the U.S. from imposing tariffs on whatever it wishes in the name of U.S. national security.

***The Poison Pills -*** State-Owned Enterprises. USMCA Chapter 22 classifies State-Owned Enterprises [SOE's] such as Canada Post, public hydro producers, public hospitals, etc, as non-market entities subject to restrictions. The USMCA targets SOE's and demands that they not compete with private sector companies. The USMCA text spells out specific penalties to be paid for non-compliance if a non-market entity uses public money to develop an enterprise in the public interest as a part of nation building. This has serious implications for the Bank of Canada and the Infrastructure Bank that uses public money to fund major infrastructure projects.

Macroeconomic Policies and Exchange Rate Matters. USMCA Chapter 33 gives the U.S. power over Canada's currency, government spending and taxation. Canada has agreed to let a tripartite committee monitor its exchange rate and tax policies. Chapter 33 in effect has the potential to undermine the Bank of Canada's mandate and independence.

Article 32.10 Non-Market Country. This Article will give the U.S. a veto over any future trade agreement between Canada and a non-market economy [code name: China]. Ottawa now must notify the USMCA partners if it just intends to pursue a trade deal with a non-market economy. If the U.S. doesn't like what Canada negotiates, then Canada gets kicked out of the USMCA. By agreeing to Article 32.10, Canada has sacrificed its independent trade and foreign policy on the alter of the USMCA.

The government is urged to do the following prior to the USMC being ratified:

**♦**Renegotiate the Extension of Data and Patent Protections for Pharmaceuticals to ensure that drug patents are not extended but reduced to five years.

**♦**Chapters 22 and 33 and Article 32.10 be redrafted to ensure Canadian sovereignty and trade independence is guaranteed.

**♦**All existing tariffs imposed by the U.S. on Canadian steel, aluminum and forestry products must be lifted.

**♦**That language be included in the USMCA text to ensure that no tariffs will be imposed by any partner on any product during the life of the USMCA.

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