

How can NAFTA be seen as part of an inclusive or progressive trade agenda?

Queen's 2017 Trade Policy Institute

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“So what is ‘progressive trade,’
exactly, and why does it matter?”

Minister Champagne, May 2017

So what is “progressive trade,” exactly,
and why does it matter?

“At its most basic level, progressive trade is about ensuring that all segments of society can take advantage of, and otherwise benefit from, the opportunities that flow from trade and investment.”

Minister Champagne, May 2017

So what is “progressive trade,” exactly, and why does it matter?

“ In practical terms, that means we focus our attention more on....

... the interests and ambitions of smaller companies, including those owned by women, youth, new immigrants and Indigenous entrepreneurs, putting them front and centre to help them reach their full potential.”

Minister Champagne, May 2017

Why Progressive Trade?

“There's a perception that large corporations, multinationals, perhaps governments benefit from trade deals, but individual citizens, individual workers, small businesses don't always benefit from international trade deals.”

Prime Minister Trudeau, October 11, 2017

Why Progressive Trade?

“I think it has become imperative as we move forward on trade deals to demonstrate that we understand social anxieties and worries ...

...and that we are actively looking for ways to ensure protections and opportunities for minorities, for marginalized communities within the framework of these trade deals.”

Prime Minister Trudeau, October 11, 2017

Nomenclature: Progressive Trade vs Inclusive Trade vs. Inclusive Growth

- Progressive: (Person or idea) favouring social reform; favouring change or innovation
 - Inclusive: Not excluding any section of society or party in something
1. Inclusion: Removing barriers to participation in trade;
 2. Protection: Mitigating downside risks
 3. Equalizing opportunity: Leveling the playing field
 4. Enabling: Helping to take advantage of opportunities

Inclusive Trade: Part of an Inclusive Growth Strategy

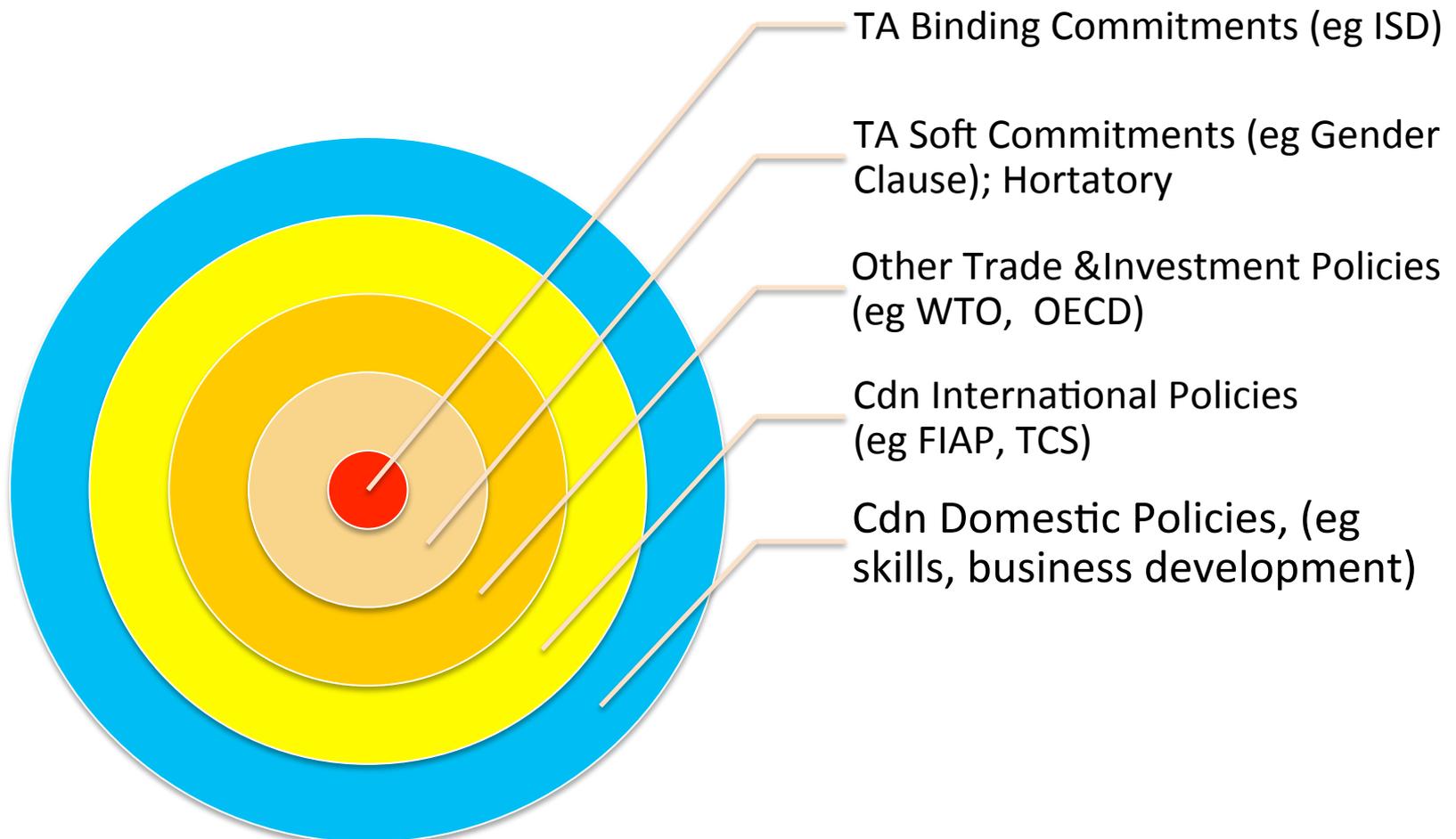
- Innovation and Skills Plan
 - Lifelong learning
 - Student loans and grants
 - Superclusters
- Social Security
 - Anti Poverty Strategy
 - Disability Act
- Children and Families
 - Canada Child Benefit
 - Early Learning and Care

Inclusive Growth 'Tests'

(Advisory Council on Economic Growth,
February 2017)

- Will it drive income growth, e.g. +\$15,000 in real, pretax median annual household income by 2030?
- Will it drive sustainable growth (consistently and over time)?
- Will it drive inclusive growth (i.e., not just for the most advantaged) ?
 - improve financial well-being and upward mobility for low-income Canadians...

Inclusive Growth, Inclusive Trade



So what are the elements of an “inclusive trade” strategy?

- Process
 - People
 - Businesses
 - Countries
- “ In practical terms, that means we focus our attention more on the interests and ambitions of smaller companies, including those owned by women, youth, new immigrants and Indigenous entrepreneurs, putting them front and centre to help them reach their full potential.”

Minister Champagne, May 2017

NAFTA and Progressive Trade

- Minister Freeland: **“We can make NAFTA more progressive by”**:
 - Strong labour safeguards
 - Enhanced environmental provisions
 - Full support for efforts to combat climate change
 - New chapter on gender rights
 - New chapter on Indigenous
 - Reforming Investor State Dispute Settlement
 - Unassailable right to regulate in the public interest

Minister Freeland, 14 August 2017

Elements of Inclusive Trade Policy: Gender

- **Canada-Chile 2017 FTA as Prototype**
 - Apply gender perspective to ensure benefits shared
 - Enforce respective International Agreements on gender from rights perspective
 - Framework for cooperation (eg women's entrepreneur, indicators)
 - Trade and Gender Committee to oversee

Elements of Inclusive Trade Policy: Labour

- **NAFTA: Labour side agreement** (not enforceable)
- **Renegotiation: Canada**
 - Reflect ILO fundamental principles and rights at work (eg fair compensation, gender equality, work conditions)
 - Enforceable, progressive labour standards
 - US “Right to Work” laws
 - Mexico “yellow” unions

“ Canada has put forward the strongest, most progressive labour provisions ever put forward by Canadian negotiators.”

- Minister Freeland

Elements of Inclusive Trade Policy: Environment

- **NAFTA: Environment side agreement** (not enforceable)
 - Innovative at the time
 - Created NA Commission on Environment Cooperation
 - Spawned wide-ranging continental data sharing and research
- **Renegotiation? Options range from, e.g.,**
 - Strip down, narrow
 - TPP-like
 - CETA-like

Elements of Inclusive Trade Policy: Indigenous

- **NAFTA Renegotiation: Possible elements**
 - ‘Concept paper’ not chapter?
 - Involvement of Indigenous communities (in recognition that Government should not act unilaterally)
 - Acknowledgement of Indigenous trade before ‘contact’
 - Cross border mobility
 - Support for Indigenous businesses to benefit from cross border trade

Elements of Inclusive Trade Policy: Other

- **Canada-Chile 2017 FTA as Prototype for “other progressive elements”**
 - Reaffirmed commitment to Corporate Social Responsibility standards (eg OECD Guidelines for Multinational Enterprises)
 - Strengthened transparency provisions
 - Upgraded provisions regarding ability to regulate in the public interest

Elements of Inclusive Trade Policy: Development

- **TPP Development Chapter as Prototype**
 - Acknowledgement of Parties' different levels of development and need for all Parties to benefit
 - Explicitly affirms goal of improving economic opportunities in support of development, inclusive growth, and regional economic integration with specific focus on:
 - Broad-based economic growth
 - Women and economic growth
 - Education, science and technology, research and innovation
 - Permanent committee to help ensure developing country members can take advantage of opportunities

NAFTA and “Progressive” Trade” Reality Check

- **United States**
 - Conservative
 - Isolationist
 - Minimal government;
Deregulation
 - Jobs *versus* Environment
- **Canada**
 - Progressive
 - Multilateralist
 - Activist government
 - Pro-union
 - Jobs *and* Environment/
Green growth

Potential Areas of Common Ground

Jobs and growth, middle class

Women’s economic empowerment/entrepreneurship

Investor-State?

Other?

NAFTA and “Progressive” Trade: What does “success” look like for Canada?

- Process: Undertaking open consultation and engagement with wide range of stakeholders
- Communications: Sustaining the narrative, ie all segments of society can benefit from the opportunities that flow from trade and investment
- Inputs: Tabling ambitious policy positions in key domains
- Outcomes: Demonstrably moving the yardsticks
- Long game: Establishing new norms that can be built upon in other negotiations and adopted by other countries