

# The Trans-Pacific globalization pact Ottawa doesn't want to talk about

By Thomas Walkom

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It gets less attention than the Mike Duffy trial.

It's not as weird as Alberta's election campaign which, according to some polls, has the provincial New Democrats in first place.

But the Trans-Pacific Partnership globalization pact currently being negotiated by Prime Minister Stephen Harper's Conservative government will affect Canadians far more than either of these admittedly juicy stories.

And its fate will be decided not in Ottawa but Washington.

Exact details of the proposed 12-country deal remain secret. Leaked draft chapters suggest that the pact, like most modern trade deals, will cover far more than trade.

It will give foreign multinationals the right to challenge domestic laws and regulations that interfere with their present or future profitability.

It will give multinational pharmaceutical companies greater patent protection, thereby putting upward pressure on the price of drugs.

It will promise environmental protection but include no real enforcement mechanism.

Ottawa has promised to protect Canada's so-called supply management system, which shelters Canadian dairy and egg farmers from foreign competition.

But many of the others involved in the TPP, including the U.S., are equally adamant that Canada's supply management should go.

Prime Minister Stephen Harper has already laid the groundwork for Ottawa's full or partial retreat on this issue. In Saskatoon last month he said Canada would have to make hard

compromises to avoid being left on the sidelines.

What distinguishes the TPP from other economic pacts is its sheer size and scope.

Unlike the recently signed pact between Canada and the European Union, it will include both developed and developing nations.

Australia, New Zealand, the U.S., Singapore, Brunei and Japan are parties to the TPP. But so are Malaysia, Vietnam, Chile, Mexico and Peru.

The new deal will also effectively replace the 22-year-old North American Free Trade Agreement linking Canada, the U.S. and Mexico, as well as more recent agreements tying Canada to Peru and Chile.

Thanks to NAFTA, much of Canada's auto manufacturing has already migrated to Mexico. Indeed, as the Star reported last week, Ottawa is now in the strange position of subsidizing auto manufacturers to build plants in foreign climes.

In the latest case, the government's Export Development Canada provided Germany's Volkswagen with a \$525-million, low-interest loan to build assembly plants in the Southern U.S. and Mexico.

In return, all that Volkswagen need do is meet small and medium-sized Canadian auto parts manufacturers trying to pitch their wares.

Expect much more of this bizarre behaviour if the Pacific trade deal is signed.

Whether the TPP succeeds depends almost entirely on the internal politics of Washington.

America and Japan are the big players in this. Both see the pact as a defensive measure

against China (which wants to establish its own economic zone.)

Japan may agree to give up some of its protectionist rules to attain this political end. But neither it, nor any of the other participating nations will complete negotiations until the U.S. Congress gives President Barack Obama so-called fast-track authority to make a deal that sticks.

Under fast-track, Congress can only approve or reject a trade treaty. It cannot amend it — that is to say, it cannot renegotiate unpopular bits and pieces.

The odds now are that Obama will get his fast-track. Big business is behind the TPP as are Republican majorities in houses of Congress. Some Democratic legislators are also onside.

If Obama wins the right to forge a non-amendable deal, the Japanese are more likely to sign. If Japan and the U.S. agree, Canada is not expected to withhold its approval.

Politically, the timing is tricky. Obama and his Democratic Party will want the Pacific pact inked well before it becomes an issue in the 2016 presidential election.

But if there's anything in the final text that does annoy Quebec or Ontario dairy and chicken farmers, Harper will want it kept under wraps until after Canada's federal election this October.

Expect the Trans-Pacific Partnership. It's the latest chapter in the ongoing and disruptive globalization saga.

Just don't expect Canada's government to talk about it too much. Not for a while.