

## **USW Standing Up for Canadian Steel and Aluminum Workers**

October 2018

*This report is designed to give you an overview of the developments regarding the U.S. / Canada trade dispute and the steel and aluminum tariffs, as well as the United Steelworkers strong reaction to these measures.*

### **Steel and Aluminum Tariffs**

#### **Section 232 Decision**

In March 2018, the U.S. announced **tariffs of 25% on steel and 10% on aluminum**, to be applied on much of the world. Canada, the EU and Mexico were all initially exempt. At this time, **the USW in both the U.S. and Canada** was clear that these tariffs should not be applied to Canada. The U.S. applied the initial tariffs under Section 232 of the *Trade Expansion Act of 1962* a previously obscure clause that allowed the U.S. to bypass congress to impose tariffs on imports deemed a threat to national security.

In May 2018, U.S. President Donald Trump announced that the Section 232 tariffs would be extended to Canada (and the EU, Mexico and several other countries that had been exempt).

#### **The USW's Response to Section 232 Tariffs on Canadian Steel and Aluminum:**

The union in *both* Canada and the U.S. immediately called out the absurdity of labelling Canadian steel and aluminum products a security threat and condemned the tariffs:

“This decision is unacceptable and calls into serious question the design and direction of the Administration’s trade policy. Section 232 relief is founded on national security interests and U.S. law. Our history shows that there is no stronger ally and partner on national security than Canada.”

**International President Leo W. Gerard, Canadian National Director Ken Neumann and the rest of the Canadian and American leadership have continued to call for the cancellation of these tariffs:**

**All three Canadian district directors, Canadian National Director Ken Neumann and International President Leo W. Gerard condemned the imposition of steel and aluminum tariffs:**

**[Unjustified U.S. Tariffs on Canadian Steel, Aluminum Will Harm Jobs, Economy in Both Countries](#)**, USW media release, May 31, 2018

“Canada is not the problem. The decision to remove Canada’s exemption is unacceptable and calls into serious question the design and direction of the U.S. Administration’s trade policy,” said Leo W. Gerard, the USW’s International President.

“The decision also ignores the fact that Canada’s steel and aluminum exports to the U.S. are fairly traded and that Canada has shown its willingness to strengthen its laws as well as its co-operation with the U.S. to fight unfair trade,” Gerard said.

**The USW International specifically condemned Trump’s decision to impose tariffs on Canada.**

[Canada Must be Exempt from Tariffs](#), USW media release, May 31, 2018

“Today the United Steelworkers union (USW) expressed its profound disappointment in the Trump Administration’s decision to remove Canada’s exemption from Section 232 tariffs on steel and aluminum products. ...

“The decision not to exempt Canada ignores the fact that Canada’s steel and aluminum exports to the United States are fairly traded and that Canada has shown its willingness to strengthen its laws as well as its cooperation with the United States to fight unfair trade.”

**In addition to calling for an end to the tariffs, Ken Neumann called for immediate counter-tariffs on the United States:**

[Canada Must Impose Retaliatory Tariffs Now: Ken Neumann on CBC](#), CBC News, June 14, 2018

### **USW Response to the Canadian Government**

Ken Neumann spoke to the House of Commons Standing Committee on International Trade on June 26, where **he strongly advocated on behalf of Canadian workers** and outlined the USW’s position on tariffs, counter-tariffs and worker supports.

**Summary of our main points on behalf of members of the United Steelworkers union:**

**USW called for:**

- An immediate end to the tariffs
- Absent that, immediate and reciprocal counter-tariffs
- **Support for workers and industry**
  - Loans and loan guarantees to ensure plants stay open
  - Use of Canadian steel and aluminum in infrastructure projects to promote long-term health of the industry
  - Specific supports for communities particularly dependent on steel and aluminum jobs
  - Safeguards or other trade remedies to prevent dumping
  - Ability for unions to initiate trade complaints
  - Improved access to Employment Insurance (EI) *if necessary*
  - Job sharing to prevent layoff

**Here is the full text of USW Director Ken Neumann’s speech:**

[USW Submission to Standing Committee on International Trade Re Section 232 Tariffs on Steel and Aluminum](#), USW Submission, July 31, 2018

“Our aim must be to mitigate as much job loss as possible. We must also target predatory and unfair trade practices, while using domestic policy measures to promote the long-term health of the Canadian steel and aluminum industries.”

**Our main points are summarized in this article:**

[Trump Tariffs Could Tip Canada into Recession, Trade Committee Told](#), USW media release, June 27, 2018

“Canada needs to stand its ground in its ongoing tariff fight with the United States, witnesses from steel companies, manufacturers and the steelworkers union warned MPs Tuesday as President Donald Trump continued to hint there could be more hurt to come.”

### **Government Action on Section 232 Tariffs:**

After Section 232 tariffs were imposed on Canada, the government announced counter-tariffs, to be applied on July 1, 2018.

On June 29, 2018, the government announced industry and worker supports worth about \$2 billion. Of this, \$1.7 billion went to industry supports in the form of loan guarantees for business in order to prevent plant closures, help for business to innovate and better integrate into Canadian supply chains, and to expand into other markets. The government also announced funding for job-sharing and for labour market transfer agreements with the provinces.

### **Service Canada and ESDC**

Employment and Social Development Canada (ESDC), through Service Canada, delivers the worker supports for the steel and aluminum industry. Information is provided to employers on accessing services such as job sharing and tracking the impact of the tariffs on business and on communities, in particular those that are heavily reliant on either steel or aluminum.

### **USW Response to Government Decisions**

The USW generally supported the government’s counter-tariffs and support package, **but demanded improvements in certain** areas, in particular, the worker support section of the package. Additionally, our union advocated for safeguard measures to address increased imports from non-NAFTA countries that resulted from the initial tariffs the U.S. imposed on the rest of the world.

[Canadian Counter-Tariff Measures and Industry/Community Supports a Good First Step](#), USW media release, June 29, 2018

"The counter-tariff and community support measures announced today by the federal government are a good first step that will need to be expanded if the trade dispute continues beyond the short-term," said Ken Neumann, United Steelworkers (USW) National Director.

**[USW made the following recommendations](#) to provide more comprehensive support and policy changes to support Canadian steel and aluminum industries and workers:**

“Absent a quick cancellation of the Section 232 tariffs, Canada must provide immediate worker and industry supports for those affected. We must also strengthen our ability to remedy predatory and unfair trade practices as well as use domestic policy measures to ensure the long-term health of the Canadian steel and aluminum industries.”

## Impact of Tariffs

### Layoffs and Uncertainty

**Layoffs were announced almost immediately at Algoma Tube in Sault Ste. Marie, due to a heavy reliance on exports to the United States.**

There is a particularly strong impact on morale with the uncertainty the tariffs create. The price of steel is currently very high, so we are still dealing with *threats* of layoffs if the tariffs continue. Additionally, in part because of the advocacy of the USW, we have been able to soften the blow of the tariffs for our Canadian members through the imposition of counter-tariffs, the industry support package, and additional trade remedies to prevent import surges.

**USW will continue to stand up to the Trump administration and call for an end to these tariffs.**

### Steel Trade and Monitoring Committee

To monitor the impact of the tariffs, the Canadian government set up a monitoring committee to track data on steel imports and exports. The Steelworkers have taken a leading role in the committee that includes participants from labour, industry and government. It has found that imports of certain steel products, including rebar, energy tubulars and wire rod have increased significantly since the U.S. imposed its initial 232 tariffs in March.

**Below is the most recent summary of the Steel Trade and Monitoring Committee meeting, held on Oct. 2:**

1. There was unanimous disappointment on behalf of the entire steel industry and, of course, the USW, at the fact that the Government of Canada had failed to negotiate an end to the 232 steel tariffs imposed by the U.S. Although Minister Freeland has said that the 232 issue is separate from the USMCA negotiations, that is clearly not the case. Canada was able to negotiate a protocol on future 232 tariffs (which does not cover steel and aluminum), and it was able to negotiate terms to avoid an Auto 232. So clearly the 232 tariffs were very much discussed in the USMCA negotiations, but Canada was not able to negotiate an end to the steel tariffs. If anything, the negotiation of the protocol and the auto exemption legitimates Canada as a target of 232 tariffs – which are based on US National Security. This means that despite the USMCA, the U.S. could impose further 232 tariffs

2. When asked, the government provided NO timeline for the elimination of the current 232 steel and aluminum tariffs. The government indicated that talks are ongoing, but that there is no deadline for the elimination of the tariffs. Some in the steel industry pointed out that Canada *had* the leverage during the USMCA negotiations to get the tariffs removed (because of the U.S./Mexico legislative deadline of Oct. 1) and now that leverage was gone. So it was not clear what, if any, leverage remains.
3. There was considerable discussion about the possibility of replacing the tariffs with a quota – or really a *voluntary export restraint* on steel from Canada entering into the U.S. The problem, as the Canadian Steel Producers Association pointed out, is that we have a lot of unused steel capacity in Canada, and different steelmakers are in very different circumstance. So coming up with a quota that will not harm parts of the Canadian industry is very, very difficult, if not impossible. Steel is not like Auto on this point. As Stelco pointed out, there is no “one size fits all” solution to a quota. On balance, it appears that Algoma Steel (that exports a LOT to the U.S.) and ArcelorMittal would be in favour of quotas, while Stelco and Tenaris would be opposed – and might prefer to keep the tariffs. The Government agreed that before any quota is implemented, there should be regular and ongoing consultation with the industry, including the USW. Either way, everyone agreed that by far the optimal outcome was an elimination of any tariff or quota against Canadian steel into the U.S.
4. Meanwhile, since the U.S. announced its steel 232 tariffs on March 1, we have seen a significant surge in offshore (non-NAFTA) steel imports into the Canadian market. Specifically, so far this year we have seen a **75% increase in flat steel imports into Canada** since March, a **41% increase in long steel product imports since March** and a **351% increase in the import of semi-finished products since March**. We have seen a **54% increase in pipe and tube imports into Canada in 2018 when compared to the same period in 2017**.
5. There were many questions on the long-awaited **safeguards**. You may recall that as soon as Trump announced his initial tariffs on March 1, the USW and the industry called for safeguards immediately. On July 1, the Government of Canada finally announced that it would pursue a **safeguard action** to protect the industry. It had consultations on a safeguard action in August. But the federal government still has not implemented safeguards. At the meeting the government indicated that recommendations on the safeguard action had gone to the minister and there should be an announcement in the coming week or 10 days.
6. There was also quite a lot of discussion on the process for companies seeking an exemption to the retaliatory tariffs imposed by Canada on July 1 (we know, for example, of Novelis and A Raymond Timmerman who have sought our help in getting such exemptions). The Finance Department indicated that they are working as hard as possible to work through the exemption requests and there should be orders on exemptions within the next two weeks.
7. Finally, on July 1, the federal government announced a \$2 billion support package for the steel industry. Of this, \$1.7 billion is for loan guarantees to the industry, \$250 million is for innovation funds for the industry and only 50 million is for support for workers through the extension of the EI job sharing program. Back in July, we had hoped that the tariffs would be eliminated once the new NAFTA agreement was signed. But it now appears that the tariffs will continue for some time, and the employment effects will only get worse with time. On increasing worker-support programs, the government indicated it would communicate that the ESDC and get back to us.

## Safeguard Inquiry and Measures

The Steel Trade and Monitoring Committee identified abnormal increases of imports from non-NAFTA countries in several product categories. The USW advocated for the implementation of safeguard measures in to curb these import gluts. As a result, the Ministry of Finance initiated a safeguard investigation on **seven steel products** on Aug. 16, 2018.

### Import surges:

In particular, imports of rebar, energy tubulars and wire rod experienced import surges. Additional surges have been seen with steel plate, hot-rolled, pre-painted and stainless steel.

Since March 1, imports of flat steel have increased by 75%, long steel has seen a 41% increase, semi-finished is a 351% increase and pipe and tube imports have increased by 54% compared to the same period in 2017.

After Trump's initial tariffs, imports of rebar into Canada, from countries such as Turkey and Belarus, increased by almost 200% compared to the previous year. Numbers for energy tubulars are similar, with imports from Turkey increased by almost 2000% for certain products, compared to the previous three-year average.

**USW made a detailed and comprehensive submission advocating for surtaxes (tariffs) to be imposed on the rest of the world in order to protect Canadian workers. Interim safeguards have since been announced by the Ministry of Finance.**

On Oct. 11, the ministry released an interim decision to implement temporary safeguards on the seven products.

### Overview of interim safeguard measures:

As you may have seen, yesterday the federal government made its long-awaited announcement on safeguards for the Canadian Steel Industry. We have been advocating for the imposition of safeguards since March, after Trump announced his initial round of steel duties. We were concerned that steel products intended for the U.S. market would be diverted into the Canadian market, and indeed, there has been a surge of imported steel into the Canadian market. The government held a consultation on safeguards in August, and yesterday it finally announced the measures. Although somewhat late, this is a positive announcement.

This safeguard action is designed to protect certain parts of the Canadian market that are under threat. Specifically, beginning Oct. 25, imports of seven steel products will be subject to a 25 per cent surtax when the level of those imports exceeds historical norms from specific countries.

The seven products are:

- Steel Plate
- Concrete reinforcing bar (rebar)
- Energy tubular products
- Hot-rolled sheet
- Pre-painted steel
- Stainless steel wire
- Wire rod

These measures are in place for 200 days, until such time as they are either affirmed by the Canadian International trade Tribunal or not. As a result, yesterday we also received the attached notice from the Trade Tribunal advising us that the CITT will be holding hearings into these safeguard measures from **Jan. 3 to Jan. 22, 2019**. The hearings will go through each product category and consider whether to extend the safeguard protection. The committee will be looking for evidence from local unions for many of these product categories.

In addition, the government also announced the first set of remission orders from the retaliatory tariffs imposed on U.S. imports on July 1. We know of some of our employers that were seeking remissions from these tariffs because they could not find alternative supply. We will be reviewing the remission order in the coming days to see if some of our employers are covered.

### Summary of Provisional Safeguards

#### Tariff-Rate-Quota Overview:

- will be in place for 200 days, to be applied in 50-day increments with the possibility of review after each 50-day time period.
- Imports up to a certain tonnage will be NOT be subject to a tariff (surtax).
- However, once the quota is met, a 25% surtax will be applied.
- No single country can use fill the entire quota.
- For each category, the limit is based on average volume of goods in each of the previous three years.
- While there is a total quota for each 50-day time period, the maximum allotment to any one country will be limited based on historical import volumes for the specific product. Once the limit is reached, the surtax will apply on all product in that category on imports from that country

Product	Quota for each 50-day Period (tonnes)	Total 200-day Quota (tonnes)	Maximum Share of Total Quota per Country
Heavy Plate	12,918	51,672	23%
Concrete Reinforcing Bar	35,332	141,328	23%
Energy Tubular Products	64,348	257,392	23%
Hot-rolled sheet	15,299	61,196	37%
Pre-painted steel	11,635	46,540	35%
Stainless steel wire	467	1,868	25%
Wire rod	11,513	46,052	47%

Source: Ministry of Finance

[Department of Finance Backgrounder – Relief for Canadian Businesses from Countermeasures on Certain U.S. Imports](#)

[Department of Finance Backgrounder – Support for Canadian Steel Producers Through Provisional Safeguards on Certain Steel Imports](#)

## Exports to the U.S.

Decrease in Steel Exports from Canada to the U.S. (May-August 2018)				
Flat	Long	Pipe and Tube	Semi-finished	Stainless
-26.00%	-40.95%	-9.61%	-84.97%	-46.08%

### Exemptions and Remission Order:

Many manufacturers in Canada have expressed concern with the counter-tariffs on U.S. products, particularly on those that are not currently produced domestically. The government allowed for companies to request remission for particular products if they could prove the difficulty in obtaining products. USW supports a strong Canadian manufacturing sector, where we represent many members.

**We support some exemptions to the counter-tariffs in cases where Canadian jobs are threatened.**

As a result, the Canadian government [provided a list of products subject to remission order](#).



## The United States Mexico Canada Agreement (USMCA)

**The United Steelworkers union has been deeply critical of the USMCA (the new NAFTA), in particular its sellout of Canadian steel and aluminum workers, as the Section 232 tariffs remain.** The Canadian negotiators had straddled the fence on whether or not the tariffs were related to the USMCA, alternately saying that they had nothing to do with each other OR saying that they would use these negotiations as leverage to end the tariffs. In the end, there are two side letters on 232 tariffs, where quotas are set out for auto parts and another that sets out a vague process for the implementation of future tariffs.

**As the USW has made clear, not only are the steel and aluminum tariffs in place indefinitely, the reference to these national security tariffs legitimizes the use of them against Canada.**

**USW response:** The USW has been vocal in its criticism of the USMCA and the continuation of steel and aluminum tariffs. Here is our initial response, in which we call the deal a sell-out:

[NAFTA Deal a Sell-Out for Canadian Steel, Aluminum Workers](#), USW media release, Oct. 1, 2018

“Canadians expected that an agreement on NAFTA would result in the U.S. lifting the bogus national-security tariffs on Canadian steel and aluminum. Instead, it appears Canadian steel and aluminum workers are among those being sacrificed in the concessions made by the Liberal government in this deal,” USW National Director Ken Neumann said.

### **Media coverage of our response to the USMCA:**

USW National Director Ken Neumann appeared on many news programs to speak out against the sellout of steel and aluminum workers in Canada. **Ken Neumann spoke out against international ‘bad actors’ as well as speaking out against the continuation of the tariffs after the USMCA deal:**

[Steelworkers president says tariffs should have been lifted before trade deal signed](#), CBC, Oct. 2, 2018

[USMCA is a sellout](#), National News Ledger, Oct. 1, 2018

[Continue the fight for steel and aluminum workers](#), USW National Director's Update, Sept 19, 2018

**Ken Neumann also wrote an op-ed highlighting the problems with legitimizing Section 232 tariffs in the USMCA:**

[The USMCA’s Fatal Flaw: ‘National-Security’ Tariffs](#), The Globe and Mail, Oct. 11, 2018

“The new USMCA will be a key determinant of the entire economic relationship between Canada and the United States for decades to come. For hundreds of thousands of Canadian workers in industries now vulnerable to U.S. tariffs, a key question must be

answered by their government: Why does this new trade agreement allow protectionists south of the border to impose punishing tariffs on Canadian industries without any basis whatsoever?”

## Summary of the USMCA

### Is the USMCA a totally new deal? How is it different from NAFTA?

The United States Mexico Canada Agreement has a new name, but many of the NAFTA provisions are similar or the same in the “new” deal.

Some major changes include new rules of origin requirements for autos and the deletion of Chapter 11 (the Investor State Dispute Settlement System). Requirements for energy proportionality – which forced Canada to export set amounts of energy to the U.S – are also gone. Additionally, the labour chapter is included in the main text of the agreement, rather than appearing as a side letter. Other important changes are discussed in the summary below.

### When will the changes become effective?

**The USMCA still needs to be ratified by each country.** If ratified, there is a delay of one or two years before many of the changed provisions go into effect.

For the deal to be finalized, it needs to be signed by the executive branch in each country (the Prime Minister or Foreign Affairs Minister in Canada) and then ratified by the legislative branch in each country (House of Commons in Canada), followed by implementing it into domestic law.

Under U.S. law, Congress must be notified **60 days** before the U.S. signs a trade deal, meaning the USMCA won't be signed by the three countries until the end of November (notification was given on Sept. 30). Mexico also wants to sign it before the Lopez Obrador administration takes office in December. **The three countries are using this time to review and make amendments to the USMCA.**

Once signed, ratification may take another year or longer. The Liberals will aim to have it passed before the October 2019 election.

Prior to the deal's ratification, there is opportunity to influence legislators in the three countries to target provisions unfriendly to labour.

### What happens with the Section 232 steel and aluminum tariffs?

The tariffs remain in place and there is nothing in the USMCA that references these specific tariffs, though there are side letters on 232 auto tariffs and other future 232 tariffs.

Canada's counter-tariffs remain in place, though there are [relief provisions for several steel and aluminum products](#).

Since the initial imposition of tariffs in March 2018, Canada has seen increased imports of certain steel products. As a result, Canada has commenced a safeguard inquiry and imposed temporary safeguard measures lasting 200 days on [seven categories of steel products](#). Surtaxes of 25% will be applied on these products once imports have reached a certain level.

## Key Provisions:

### 1. Tariffs

#### Steel and Aluminum:

There is **NO RESOLUTION** to the Section 232 tariffs imposed by the United States on Canada in June, 2018. Tariffs of 25% on steel and 10% on aluminum remain in place indefinitely.

The official Canadian position is that this is separate from the issue of the trade agreement, though other section 232 tariffs are referenced in the agreement's side letters.

#### Other 232 Tariffs

##### a. Auto tariffs

The possibility of auto tariffs *technically* remains, however a side letter sets out a quota above which they can be imposed. This quota allows for export growth for Canadian autos:

- 2.6 million passenger vehicles and \$32.4B of auto parts from Canada will be exempt from any tariffs [Canada currently sells 1.8 million cars in the U.S.]
- Light trucks will be exempt (there is no quota applied to light trucks)

##### b. Future tariffs

A second side letter sets out a process for future tariffs applied under Section 232 of the U.S. Trade Expansion Act of 1962. If the U.S. decides to impose new 232 tariffs on any product, there will be a 60-day delay before they are imposed. During this time, the parties will meet to discuss quota options for the product in question. The letter also reiterates Canada's ability to impose counter-tariffs and to make complaints to the WTO.

### 2. Rules of Origin

North American origin for auto parts:

**Total share of value that must be made in North America to get NAFTA benefits raised to 75% from 62.5% with the exception of heavy trucks (North American content must be 70%).**

If these aren't met, then a 2.5% tariff will be applied.

#### Steel and Aluminum used in auto production:

**70% of steel, aluminum and glass used in the production of the automobile must originate from North America** [NAFTA does not trace steel and aluminum content.]

The new rules will be phased in over five years.

### **Auto Wages:**

40% of the value of autos and 45% of the value of light trucks must be made in facilities where workers are earning at least \$16 an hour in order to qualify for duty-free treatment

### **3. Labour chapter**

The new labour chapter is in the main text of the agreement, rather than as a side letter as in the NAFTA. It will be subject to the same enforcement mechanism as other parts of the agreement (state-to-state dispute resolution). However, there are *no labour-specific* monitoring or enforcement provisions. Some key points from the chapter include:

- enshrining collective bargaining rights for Mexican workers
- protections against gender-based discrimination and workplace violence

It is not clear under which circumstances a country could bring forth a complaint against another country for violating the labour chapter or what test would have to be met for a country to be found in violation of USMCA.

### **4. Dispute settlement for trade remedy cases**

#### **Appeals on countervailing duties and anti-dumping investigation decisions:**

The dispute settlement system remains in the USMCA. Rather than using a domestic court system, a country that disagrees with a domestic decision on dumping and countervailing duties can bring its case to a separate panel.

#### **Has this been useful to Canada?**

Canada has used this process a number of times, particularly for softwood lumber. It has had some success in overturning U.S. decisions to impose tariffs or countervailing duties on lumber and other products. In total, Canada has been provided relief 12 times of 54 total complaints.

#### **Currency manipulation:**

There will be increased transparency in foreign exchange activity that will be subject to USMCA's state-to-state dispute settlement mechanism. The aim is to more accurately assess whether a product has been dumped on another market through currency manipulation.

### **5. Investor State Dispute Settlement (ISDS)**

The ISDS chapter has been eliminated. It allowed private corporations to sue national governments, bypassing domestic courts and taking cases to private international tribunals,

when laws, regulations or public policies harmed investments. This has been used against Canada numerous times, in particular over environmental regulation.

- The current ISDS chapter remains in effect for three years
- ISDS still exists for certain sectors between Mexico and the U.S. (direct expropriation of oil and gas, power generation, telecommunications, transportation, management and ownership of infrastructure)

[note that the CPTPP will allow for continued ISDS rights between Mexico and Canada.]

## 6. Procurement – no gain on “Buy American”

The chapter on procurement will not appear in the USMCA; rather, WTO procurement rules will apply. Overall, there has been no real gain on “Buy American” policies, as it is difficult or impossible to apply WTO rules to subnational governments. This means that states can have “Buy American” policies and Canada will have no recourse. **Ultimately, Canada has no greater access to subnational procurement than it did under NAFTA.**

### Other impacts of the procurement chapter:

- U.S. firms’ access to Canadian market reduced somewhat (NAFTA thresholds no longer apply, which were slightly lower than the WTO’s)
- Procurement of services – move from a negative list to a positive list (meaning new services will NOT be open)

## 7. Intellectual Property and Affordable Drugs

### Biologic drug patents

The USMCA provides extended monopoly protection for certain pharmaceuticals, which will delay the entry of generic drugs into the market:

- Requires at least 10 years of government-granted marketing exclusivity for cutting-edge biologic medicines (Canada currently has an eight-year requirement)
- “evergreening” rules strengthened (extends monopoly rights to help keep older medicines under monopoly control to let pharmaceutical corporations charge higher prices)

## 8. (Lack of) Gender and Indigenous Chapters

There is neither a gender chapter nor an Indigenous chapter, though there are additional references to both in the new USMCA.

On Indigenous Rights:

- General Exception for Indigenous Rights: this allows the parties to meet their legal obligations to Indigenous Peoples and to act in the interest of Indigenous Peoples without having to consider trade investment rules
- There is no reference to the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP)

## 9. Dairy

The USMCA opens access to Canada's dairy markets:

- 3.6% of the Canadian market will be open to the U.S.
- The USMCA eliminates the Class 7 program that incentivized Canadian cheese and processed food manufacturers to use domestically produced milk protein concentrate

## 10. Culture

### **Cultural exemptions:**

The USMCA maintains existing cultural exemptions - this preserves protections for Canadian industries on cultural grounds (Canadian television and music, for example).

### **Digital content:**

On digital audio and video content, discrimination between foreign and domestic digital content prohibited (Canada not free to block access to digital content)

### **Copyright:**

Copyright extended to 70 years after an artist's death (from 50 years)

## 11. Environment

The USMCA provides a chapter on the environment.

With the new USMCA, proportional sharing rules have been eliminated. These required exports of oil, gas, timber, water, etc. to be based on previous years' export levels. Previously, energy proportionately made it difficult for Canada to reduce tar sands production, *if* it had or ever wanted to do so.

There is language stating that trade and investment should not be encouraged by weakening laws, but there is no reference to a means of assessing or redressing this.

### **Multilateral agreements:**

The environment chapter is essentially a replication of the TPP environment chapter – it references some multilateral agreements, such as those on ozone and endangered species, though enforcement mechanisms are non-existent or weak.

### **Climate change:**

There is no mention of climate change in the USMCA.

**Clean tech:**

Clean tech is promoted and referenced in a **non-binding section of the agreement.**

**12. Sunset**

The USMCA has a 16-year term with renewal talks after six years

**13. Other trade agreements**

Any party must be informed about negotiations for a free-trade agreement with any “non-market economy” and can review any such deal, with the right to terminate the USMCA with six months’ notice if a given party is unhappy with the deal.