



The SPP and public safety

How regulatory harmonization threatens our health and the environment

The first priority of the Security and Prosperity Partnership’s so-called Prosperity Agenda is to “develop a tri-lateral Regulatory Cooperation Framework by 2007.” The goal is to eliminate differences in Canadian, Mexican and U.S. standards on everything from food safety and the environment to financial services, labour and manufacturing. Proponents of this idea claim it will reduce the cost of doing business in North America and increase the continent’s competitiveness. In reality, eliminating country-specific standards is simply a way to increase corporate profits by limiting what governments can do to protect their citizens from corporate abuse. It is about letting big businesses set their own rules and having the public bear all the environmental and health risks of a deregulated market.

“Smart regulation” or deregulation?

On March 24, 2005, the day after North America’s leaders announced the creation of the Security and Prosperity Partnership, Treasury Board initiated a Smart Regulation Action Plan aimed at changing how the government regulates the economy. In the words of former Treasury Board president Reg Alcock, “Smart Regulation understands that we cannot continue to do things as they have always been done; that in today’s world, regulation can—and must—become a competitive advantage and a key instrument for achieving our social, environmental and economic objectives.” Historically, “how things have always been done” was that government rules would make sure our food is safe and properly labelled, and our air and water is clean. In other words, regulation is about protecting the public from corporate abuse.

The “smart” regulation agenda, which was later incorporated into the Cabinet Directive on Streamlining Regulation, reverses this historical logic by:

- Entrenching trade and commerce promotion—as opposed to health and safety protection—as the primary consideration before regulating;
- Committing to “seamless” provincial, territorial and federal regulations with the likely outcome being the national adoption of the weakest rules;
- Protecting the regulator from liability for bad decisions;
- Approving food, drugs and other products faster so they can get to market;
- Increasing the onus on the regulator to prove the need for regulations; and
- Relying on voluntary measures and industry-based performance targets instead of enforceable standards.

“Smart regulation” and the SPP

The Cabinet Directive on Streamlining Regulation, which was completed and released to the public on April 1, 2007, has more to do with copying the U.S. regulatory process, which is much weaker than in Canada, than with bringing Canada’s own process up to date. It is about North American regulatory harmonization as described in the SPP and in North American Competitiveness Council documents. In February 2007, the NACC recommended that, “an overarching principle” of a North American Regulatory Cooperation Framework, “should be to require agencies to take into consideration, as part of their cost-benefit analysis, the trade effect of regulations that differ from North American standards.” In other words, regulators like Health Canada, Environment Canada or the Pest Management Regulatory Agency would have consider how the U.S. or any other government would feel about stricter rules and regulations than exist in their countries.

Obviously businesses in the U.S. would be irritated by almost any Canadian rule that was stricter than in the U.S. and pressure would be incredible for Canada to lower its standards. In fact it is already happening.

Nothing “smart” about pesticides and trans-fats

Part of the SPP agenda involves developing common North American standards on how food is produced, how it is inspected, how it is processed and how it is moved from one place to another. Current differences in food standards have been labelled as “trade irritants.” So regulators in all three NAFTA countries are working to eliminate them. A 2006 SPP report identified stricter pesticide residue limits in Canada as a “barrier to trade.” So Canada is raising pesticide limits on hundreds of fruits and vegetables in an effort to merge its policies with the United States. Using the same logic, it becomes apparent that a highly popular ban on trans-fats in Canada would never fly because it too would be a significant “trade irritant” with the U.S. While common food safety standards developed in the public interest might be a good idea, regulatory harmonization as spelled out in the SPP clearly has nothing to do with our health and safety.

Bush plans even more deregulation

Under the SPP, Canada is harmonizing its regulatory practices with a U.S. government that is busily deregulating its entire economy. In July 2007, a new executive order came into effect requiring all U.S. departments to prove a “market failure” before any new rules or regulations can be passed. Approval for regulations is to be centralized in a new Regulatory Policy Office within the White House and headed by a presidential appointee. “This can only further delay implementing health, safety and environmental protections,” Gary Bass, executive director of OMB Watch, told the Associated Press at the beginning of July. Like Canada’s “Smart Regulation” agenda, the U.S. order also encourages corporations to set their own standards. The SPP will force Canada to adopt whatever regulatory policy is set in Washington.

The SPP and TILMA

Many regulations in Canada are set by the provinces, not by the federal government, and can differ in small or large ways across the country. That means that the federal government would have to first eliminate these differences across Canada before moving ahead with continental regulatory harmonization. As it turns out, a little-known agreement between Alberta and British Columbia is quietly achieving that goal. The Trade, Investment and Labour Mobility Agreement (TILMA), which came into effect on April 1, 2007, requires that Alberta and B.C. mutually recognize standards and regulations affecting inter-provincial trade and investment. Regulations that are stricter in one province than the other can be legally challenged as an impediment to trade (i.e. profits). If a province refuses to lower its regulations it faces penalties of up to \$5 million – stiff enough to discourage most new rules affecting the economy. But this is precisely the point of TILMA—deregulation—and B.C. and Alberta’s premiers, as well as the federal Conservatives, are currently trying to get other provinces to sign on. This would pave the way for Canada-U.S. regulatory harmonization as mandated in the SPP.

There are rules for a reason

Canada deserves a regulatory policy that puts our health and the health of our environment first. The SPP will force Canada to regulate the American way, which is to barely regulate at all and to let corporations set and enforce their own rules.

Are you concerned about the SPP? Visit www.canadians.org, or phone us at 1-800-387-7177, for more information on what you can do to fight deep integration.