



*Presentation to the House of Commons  
International Trade Committee*

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## Executive Summary

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*Manitoba Building Trades represents thirteen skilled trades and construction unions. Our member unions represent over 7,000 trades and construction professionals in Manitoba. We are part of a national network of over half a million Canadians that build essential infrastructure across the country.*

*In the past, Canada has utilized the Temporary Foreign Worker Program (TFWP) to supplement the Canadian workforce on an as needed basis and upon demonstration of a shortage so that Canadian workers were not displaced. The Trans-Pacific Partnership (TPP) is much broader in that a large category of workers is included without specific labour market availability constraints.*

*Infrastructure investments, particularly public projects, are often intended to maximize local/national employment impacts. Construction activity yields a very high multiplier (estimated at 1.7). Using temporary foreign workers will result in a significant repatriation of wages out of the Canadian economy thus exacerbating the negative impacts where Canadians have been displaced by a temporary foreign workforce.*

*The Canadian construction industry, especially the unionized segment, invests heavily in workforce training and development. The union construction sector is second only to the community college system in education and training delivery. Foreign firms bidding on Canadian projects already have a narrow project focus and do not invest in long term strategic workforce development initiatives. Again, adding a larger temporary workforce element will further diminish investments in training workers to satisfy future demand.*

*Canada has a significant opportunity to economically engage a young and growing indigenous population. Education levels and employment rates for indigenous Canadians lag the mainstream population. A greater reliance on temporary workers will reduce training and educational opportunities for this demographic segment as far as construction careers are concerned. As we look to engage indigenous people in the economy, a concurrent reduction in employment opportunities will be counterproductive.*

*Construction industry careers yield middle class status for over 550,000 Canadians. Canada is making significant investments to grow its middle class. The temporary entry provisions of the TPP will reduce the number of jobs and quite likely result in lower wages due to supply side disruptions. A stronger middle class is essential to Canada's economic success.*

*Manitoba Building Trades recommends due consideration of these impacts and absent means of mitigating these risks, recommends against approval of the TPP.*

*Thank you for this opportunity to make a submission before this Committee. Manitoba Building Trades represents thirteen skilled trades and construction unions. Our member unions represent over 7,000 trades and construction professionals in Manitoba. We are part of a national network of over half a million Canadians that build essential infrastructure across the country.*

*Manitoba Building Trades is not at all opposed to trade agreements that open new markets for Canada and indeed, exposes Canadian enterprise to fair competitive pressures. Trade agreements that include reasonable reciprocity and fair trading provisions for all parties, can serve to strengthen our economy.*

*However, our submission today focuses specifically on labour mobility and temporary work entitlements as contained in Chapter 12 of the Trans-Pacific Partnership (TPP). The rest of my comments will address these provisions.*

### *TPP Chapter 12 Entry Provisions*

*Chapter 12 provides for entry of persons engaged in any occupations that fall within National Occupation Classification Codes O, A and B. Virtually all of the skilled workers we represent fall within Groups 72 and 73. Of Category B.*

*In the past, Canada has utilized the Temporary Foreign Worker Program (TFWP) to supplement the Canadian workforce on an as needed basis and upon demonstration of a shortage so that Canadian workers were not displaced. Under NAFTA, mobility provisions provided for eased entry for a select category of professional designations or specialized skills.*

*The TPP is very different. It imposes no such requirement and opens the Canadian Labour Market to larger group of trading partners. To our knowledge, the entry rights are very liberal and we have not noted any restrictions related to adverse employment impacts in Canada with the limited exception of using foreign workers where there is an ongoing labour dispute.*

*In effect, we read Chapter 12 as a door wide open with Canada only having the ability to delay entry with applicants having final recourse to the dispute resolution mechanisms under Chapter 28. The international trade dispute resolution process is far less than perfect. International arbitration is a quasi-judicial tribunal system not unlike labour arbitration. That places Canada at significant risk of adverse decisions when it has elected to deny entry applications.*

## Impact on Canada's Construction Labour Market and Economy

Our review of Chapter 12 as well as other TPP provisions suggests that Canada's construction and skilled trades workforce will face adverse impacts with the magnitude of these impacts amplifying over time.

Further, we submit that eased entry is also contrary to Canada's economic interests both in terms of employment and ability to leverage infrastructure investments for sustainable growth.

### Industry Impacts

As part of the unionized construction industry, building trades organizations make extensive investments in training and development of a skilled workforce that will be critical for delivery of the infrastructure program announced by Canada in the 2106 budget.

The Canadian construction industry, especially the unionized segment, invests heavily in workforce training and development. The union construction sector is second only to the community college system in education and training delivery. Foreign firms bidding on Canadian projects already have a narrow project focus and do not invest in long term strategic workforce development initiatives. Adding a larger temporary workforce element will further diminish investments in training workers to satisfy future demand. That is not in Canada's strategic interest. We must maintain systemic capacity to train Canadians for future careers in this important industry.

As Canada ramps its infrastructure investment program, it will need skilled Canadians to deliver the projects funded by the program. We cannot envision a future where Canadians remain unemployed while a temporary foreign workforce works on Canadian projects.

The retraction in the resource industry has resulted in extensive layoffs and in Alberta, Canada has already been forced to introduce special measures to support displaced workers. We submit easier entry of temporary foreign workers will place additional burdens on federal and provincial support and insurance programs.

Whenever Canada has experienced a shortage of skilled workers, the TFWP has provided an avenue for addressing short term needs. Under the TPP provisions, we suggest there will be a larger and sustained impact on supply beyond what short term fluctuations may justify. As with any profession, a surplus supply beyond market equilibrium will result in declining wages. Forcing wages down is only reasonable if significant supply shortages

have created excessive leverage for an occupation. Given our economy, that is clearly not the case now nor will it be so for the foreseeable future.

### Economic Impacts

The federal government has placed considerable emphasis on growing the size of the middle class. We believe that a focus on the middle class will be beneficial to Canada and a sustainable economy will require a robust and thriving middle class.

Construction and skilled trades professionals are quintessentially middle class Canadians. As they build Canada, our members earn decent middle class wages that allow their families to buy homes and cars, buy goods and services, support their children's educations and often, put some money away for retirement. The middle class makes Canada work.

If Canada is to lift more of its citizens to the middle class, it will need to create more employment opportunities in various middle class professions including the skilled trades and construction professions.

Infrastructure investments, particularly public projects, are often intended to maximize local/national employment impacts. Construction activity yields a very high multiplier (estimated at 1.7). Using temporary foreign workers will result in a significant repatriation of wages out of the Canadian economy thus exacerbating the negative impacts where Canadians have been displaced by a temporary foreign workforce. That is, there would be fewer jobs for Canadians while more foreign workers are repatriating wages to their home countries.

Canada has a young and growing Aboriginal population. Manitoba is home to the fastest growing urban aboriginal population in Canada. Providing education, training and ultimately employment opportunities for these young Canadians is a high priority for Manitoba and Canada. To that end, both levels of Government have programs to creating apprenticeship opportunities for young Aboriginal Canadians.

Imagine if temporary foreign workers take up meaningful employment opportunities and the opportunity to engage this demographic segment are missed. The economic and social implications are enormous. Instead of realizing a demographic dividend from engaging a young population in the workforce, we could end up with the exact opposite; economic marginalization and disengagement.

In conclusion, Manitoba Building Trades submits that Chapter 12 mobility provisions present greater risk than benefit. If realized, Canadian workers would likely suffer

*sustained and irreparable harm. For that reason, we cannot support the labour mobility provisions of Chapter 12.*

*That concludes my presentation. I would be pleased to answer any questions the Committee may have.*