



Concerns about a Canada-China Trade Agreement

International Brotherhood of Boilermakers
June 9, 2017





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Introduction: What is a Boilermaker?

Boilermakers today are far removed from their counterparts in the 19th century. Today's Boilermakers still make and maintain boilers and connecting systems that produce steam. But today, we work in nuclear plants, energy installations and other facilities that are the strategic bedrock of our economy.

The scope of our trade has also expanded to include containers of all types that hold gases, liquids and chemicals, often under pressure. It includes connections to distribution systems into and out of these containers. Because of the size of the installations we build and maintain, Boilermakers also rig cranes and fit huge components to tolerances of hundredths of an inch.

Boilermakers are the airline pilots and locomotive drivers of our industrial economy. Our qualifications and our training regime, including a four-year apprenticeship program, are the most stringent in the world for our trade. The facilities we work to build and maintain are massive, complex and potentially dangerous.

Boilermakers have grave concerns about a possible trade and economic agreement with China.

Labour Mobility and Economic Impact

According to media reports, the Chinese government wants to include, in the proposed Canada-China free trade agreement, a provision to allow Chinese companies to import entire project workforces in constructing or maintaining large-scale industrial facilities, such as oil and natural-gas processing and refining plants.

The proposal is no surprise, since the Chinese government has negotiated similar provisions elsewhere. The China-Australia Free Trade Agreement (ChAFTA), signed in 2015, permits Chinese investors in projects worth more than AU\$150 million to bring temporary migrant workers into Australia without labour market testing such as occurs under the Labour Market Impact Assessment provision of Canada's Temporary Foreign Workers program.

A \$150-million construction project would be a small one in Canadian terms. For example, the investment in the first of three phases of Alberta's new Sturgeon Refinery is more than \$8 billion. A low threshold such as this would place virtually the entire construction industry in Canada's resource sector in a position of risk.

In the Boilermaker trade alone, such a provision could have a significant economic impact. Although employment varies from year to year, we estimate that in 2016, the value of our trade's work in terms of payroll was about \$250 million in Saskatchewan, Alberta and British Columbia, the three provinces that would probably be most



affected. This is the equivalent of about 3,000 full-time jobs in a time of higher-than-average unemployment due to low oil prices.

However, Boilermakers are one of many trades in the construction and maintenance industries. When we add the work of other skilled and licensed trades, we can multiply these numbers by a factor of 10 or more to get a more complete picture of the economic value of the skilled trades in industrial-scale construction and maintenance projects.

The value to the Canadian economy of construction and maintenance projects in the strategic industrial and energy sectors is almost incalculable. We must ask ourselves, therefore, who would benefit from allowing foreign workforces to build and maintain our strategic industrial infrastructure?

Allowing this to happen would also have a detrimental impact on the skilled-trades training and apprenticeship programs administered by employers and unions. If foreign workers were admitted in large enough numbers, there would be a negative effect on the employment of Canadian Boilermakers and other skilled trades. In turn, this could lead to decreased interest in the trades by the young people who are the core of our apprentice cohort. The ability of China to import entire project workforces cannot but provide a disincentive to young Canadians who consider a career in the skilled trades.

Training

Moreover, the training of the workers who would replace Canadian skilled trades is suspect at the least. Canadian training at both the apprenticeship and post-apprenticeship levels is more comprehensive than its Chinese equivalent.

Canada's system for training Boilermakers is made up of two major components: a world-leading four-year apprenticeship program, and continuous, career-long learning through our national network of training centres.

Our apprenticeship program is based on co-operation between our union, employers and governments. It has developed over the years and has made some significant achievements. For example, most provinces have accepted a standard, national curriculum developed by the union and its employers. This (along with the Red Seal qualification) allows our members to more easily travel across Canada to work, providing a benefit of great value to our employers.

Our post-apprenticeship training is administered by the National Training Trust Fund, a joint venture between our union and our employers. This structure allows us to respond instantly to industrial or technological innovations.

In addition, it informs our members in areas that are unique to Canadian geographical, climatic and industrial conditions. For example, our project management courses, much in demand from our journeyman members, teach invaluable best practices and techniques for working with other trades in the uniquely Canadian operating environment.

The liquefied natural gas processing plants that are planned for British Columbia have long been a subject of contention. The BC government went so far as to sign,



in 2014, an agreement with China to facilitate importing Chinese workers en masse to build them, In the Boilermaker trade alone, construction of these facilities require skills that are not taught to Canadian standards in Chinese training programs.

Pressure welding, for example, is a crucial specialty that is regularly called upon in the construction and maintenance of Canadian natural-resource processing facilities. Pressure welders weld components that hold liquids and gasses, frequently of a volatile nature, that are under pressure. This form of welding has higher standards and requires specialized training. Yet from our own experience, there are very few countries that train pressure welders to Canadian specifications, and China is not one of them.

Another barrier is language. Many Boilermakers on a job site are required to be able to read complex blueprints. In Western Canada, a knowledge of English is absolutely essential to the safe construction and maintenance of these facilities. Yet, as shown below, the ability to read English-language blueprints can be a problem in a situation where a Chinese workforce is building a Canadian project.

Another, simpler language problem is workplace signage. Someone who cannot read jobsite safety signage is a potential hazard to other workers on the site and the project itself.

An important part of training is knowing the specialization of each trade. For example, Pipefitters and Boilermakers share certain skills. But there are areas in which these skills do not overlap. Because of our specific training, Boilermakers are qualified to make connections to boilers, reactors and other vessels that require the use of certain techniques and skills. In our experience, a Chinese contractor in a test ignored these detailed but important special situations, and used workers who were not qualified Boilermakers to perform the work. This can and has put both workers and the public at grave risk.

In 2007, the Alberta government participated in an experiment to train and bring 185 Chinese Boilermakers to Canada to work on building a tank storage facility. During that experiment, the Canadian instructor discovered that China lacked the training infrastructure that would help the Chinese workers to pass their Red Seal exams. A small minority of the workers managed to do so after being trained by a Canadian instructor.

At the project, the Chinese workforce was kept isolated from its Canadian counterpart. There was none of the interaction and co-operation among trades that characterizes successful Canadian projects. The contractor even erected barriers to keep the two workforces separated. When a tank under construction collapsed, killing several workers, the Canadian workforce could not reach the Chinese workers to offer help.

Worker and Public Safety

The experience justified our major reservations about the experiment from the point of view of both worker and public safety. The analysis of the fatal Alberta accident by provincial investigators (Workplace Health and Safety Compliance, *Workers Crushed by Collapse of Tank Roof Support Structure*, Sept. 2017) pointed out that the



imported workforce was not properly trained and could not read the project blueprints, which were in English. (This document may be downloaded in its entirety at <https://goo.gl/Iij30I>.)

Immense industrial facilities like LNG and oil-sands plants process volatile substances that are frequently under pressure. An accident caused by improper procedure or faulty construction can cause significant environmental and physical damage to surrounding communities and ecosystems.

It is a tribute to Canadian construction standards, training and skill that such disasters do not occur in Canada.

Existing Safeguards

There is no doubt that, from time to time, Canada does need skilled foreign workers. Before oil prices dropped, for instance, demand for our own trade was so strong that there were not enough qualified Boilermakers in Canada to complete maintenance and construction projects in large-scale industrial projects.

In the instance of our own union, Canada's Temporary Foreign Workers (TFW) program was able to fill the gap, when used conscientiously. Our own union, because of the unique nature of our trade, used the TFW program from time to time in order to supply contractors with needed Boilermaker workers.

For us, the TFW program was necessary because without enough qualified Boilermakers, some of our projects could not have proceeded. Delays in these projects would have meant unemployment not only in our own trade, but also in other trades that depend on the completion of Boilermaker work.

Our TFW program, however, was much different from the popular image of the job-stealing, exploitative actions of some companies that have used it. From the beginning, our program paid TFWs the same wages as they would have received had they been Canadian. The TFWs we hired worked under our union contracts, with the same rights and benefits as our Canadian members. Our union charged no fees, and ensured that housing and transportation were provided free of charge. We called on TFWs only for short periods, and only when they were needed.

Our TFW program was also very concerned about proper training and safety. Our TFW program required that all the welders test and pass the welder Red Seal qualification equivalency theory and practical tests. This is a national Red Seal program overseen by the Canadian Council of Directors of Apprenticeship. These same TFWs then had to pass the Alberta Boilers Safety Association pressure welding tests to be certified to pressure weld in Alberta. After that and before they went to work, they also had to pass all the jobsite welding tests and take and achieve certification in four required safety training programs.

At the very least, Chinese tradespeople entering Canada under the auspices of any trade and economic agreement must meet these same qualification standards. To accept anything less would be negligent.



Economic needs test

To prove TFWs are needed, federal legislation and regulations mandates that a Labour Market Impact Assessment (LMIA) be done before the appropriate approvals are issued. The LMIA examines the employment situation in the area where foreign workers were needed, and assesses the effectiveness of recruiting efforts to hire Canadians first.

The LMIA is an “economic needs test,” something that is frequently prohibited in contemporary trade agreements. However, the LMIA serves an important purpose. It guarantees, insofar as possible, that Canadians have the first opportunity to fill jobs in the skilled trades.

Labour and human rights

A basic concern with modern trade agreements is that they tend to pit the workers of a less developed country against those of a fully industrialized nation. Trade can help to raise living standards among our trading partners but should not do so at the expense of Canadian workers.

Especially since elements of economic integration are being discussed along with trade in the present exploratory talks with China, it's important that the field be a level one where workers are concerned.

A level field in wages and benefits is a primary concern. Canadians count on the federal government to represent their interests in international negotiations. It is to the benefit of our nation that Canada should protect the jobs and living standards of its citizens.

But perhaps of even more concern is the tilted playing field when it comes to labour and human rights. In the case of labour rights, we are concerned in particular the right to a living wage, the right to work safely, the right to harassment- and discrimination-free workplaces and above all, the right to form independent unions and engage in free collective bargaining.

While wages in China have increased over the last number of years, Chinese wages are still half (or less) of those earned by Canadian workers. The federal government's TFW program sought to rectify imbalances such as this by requiring employers to pay a prevailing wage. Given past experience with Chinese companies, we can in no way be confident that their workers would actually receive a Canadian wage, even if they agreed to pay it.

We have already discussed the disastrous safety record of the Alberta pilot project that used a Chinese contractor and Chinese workers to build a tank farm. With their lack of training and inability to read important information on the jobsite, the Chinese workers were deprived of their right to a healthy and safe workplace. We are skeptical that Chinese companies would afford any more consideration for these workers and their families today than they did in 2007.

Underpinning the lack of fundamental labour rights in China is the structure of its unions. The All-China Federation of Trade Unions is basically a branch of the



government, in much the same way as its state-owned companies. There is no free collective bargaining. Workers cannot form their own, independent unions.

If Chinese companies are to be allowed to export workers to Canada, there must be a level playing field in the way those companies are required to treat their employees. A principled stand by Canada in the area of labour rights will help to lift the wages and working conditions of Chinese workers, as it protects the fundamental labour rights that we recognize in Canada.

Conclusion

Boilermakers are members of a skilled trade that is essential in the construction and maintenance of strategic industrial infrastructure. It is in the national interest to ensure that, as much as possible, Canadians make up the Boilermaker workforce on these projects. The role of our trade, and of other skilled trades, is worthy of protection in the interests of Canadian prosperity, the safety of our workers and communities and the health of our industrial infrastructure.

We in the Boilermakers union support fair trade with other nations. We recognize that Canada's economy—and the prosperity of our members—depends on trade. We also recognize that as the world's second largest economy and our second largest trading partner, we need to engage with China; it's not a country we can ignore.

However, the political and economic differences between Canada and China call for a cautious approach. China will be reluctant and slow to introduce reforms that will permit the formation of free trade unions, recognize labour rights and help lift living standards for its workers.

Until China introduces such reforms and until we can find mechanisms to compensate for Chinese companies acting as arms of the state, we believe that a cautious approach is called for. Such an approach will help Chinese workers win more rights and attain a higher standard of living at the same time as it protects Canadians against a non-level playing field in regards to destructive competition between the workers of the two countries.