

# Retirees and Seniors Beware

## Your health, food, drug prices, Medicare and Social Security are at Risk

**T**he Trans-Pacific Partnership (TPP) also known as “NAFTA on Steroids” is poised to become the largest free trade agreement ever. Current negotiating countries account for 38% of the global economy and include the U.S., Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore and Vietnam. Negotiators have kept the TPP text secret from the public but allowed access to members of special Advisory Committees which are dominated by hundreds of corporate advisors. However, based on leaked text, public statements, news reports and previous trade agreements, we can safely conclude that the TPP poses a special threat to seniors and retirees.

### Higher Prescription Drug Prices

AARP warned that the TPP could lock in higher prices for popular drugs and undermine public programs like Medicare and Medicaid. For example, biologics (drugs developed through biological processes) are used to treat a variety of ailments including multiple sclerosis, rheumatoid arthritis and different forms of cancer. Annual costs for such drugs can reach \$400,000. These high prices reflect the drug makers’ 12-year exclusive right to the test data which makes it very difficult for generic versions to enter the market. Last year, the Obama administration’s budget proposed a reduction of the exclusivity period to 7 years which would generate more competition, lower prices and significant savings for Medicare and Medicaid. Unfortunately, a leaked docu-

ment shows that the TPP includes the 12-year period which would prevent Congress from adopting a shorter time frame because a trade agreement takes precedence over domestic laws.

### Possible Medicare and Medicaid Cuts

AARP has also warned that the TPP could undermine public programs like Medicare and Medicaid. For example, the TPP would prevent \$3.8 billion in savings because it would prohibit a reduction of the period during which big drug companies have exclusive rights to biologic test data. The TPP would also allow medical device corporations to actually patent surgical methods leading to increasing costs for Medicare and Medicaid. Consumers Union and 9 other groups stated that the TPP places the following policies at risk.

- Medicare Part D discounts for those who fall in the donut hole
- Use of preferred drug lists by state Medicaid programs
- Medicaid prescription drug rebates
- Mechanisms that discourage the use of costlier treatments that are no more effective than existing treatments.

### Loss of Jobs and Social Security Revenue

Globalization and previous trade deals have eliminated 6.8 million U.S. manufacturing and service sector jobs. This has removed \$284 billion in wages from our

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economy resulting in an annual loss of \$35 billion in Social Security revenue. The TPP will speed up this race to the bottom – after all, corporations will tend to offshore investment and jobs to countries like Vietnam which has an average minimum wage of only 52 cents per hour – just 8% of our minimum wage.

### **Less Access to Affordable Health Care**

Big pharmaceutical companies are working hard to insure that the TPP extends their patent based monopolies. This would expand their profits and keep drug prices artificially high. A letter signed by AARP, Consumers Union and 13 other organizations warned that “... the proposals [in the TPP] related to pharmaceutical, biologic and medical device industries could [undermine] access to affordable health care for millions in the United States and around the world.” Other countries will also be impacted. Doctors without Borders stated that “the TPP agreement is on track to become the most harmful trade pact ever for access to medicines in developing countries.”

### **Unsafe Food**

The TPP would allow foreign corporations the right to challenge our food standards, labeling programs and specific-pesticide regulations. There are also health related problems with dairy and meat products ex-

ported from TPP countries. Many more food products will slip into the U.S. because the TPP will greatly expand the quantity of food exported to the U.S. – further swamping the FDA that only inspects around 2% of imported seafood, fruits, and vegetables and the USDA that only inspects 4-5% of meat and poultry imports.

### **Undermining U.S. sovereignty by allowing foreign corporations to challenge our laws before international tribunals**

The TPP creates a special Investor-State Dispute Settlement (ISDS) process that allows foreign corporations to initiate proceedings against a sovereign government for failure to enforce the expansive investor rights and protections contained in the agreement. These challenges would be heard before World Bank and UN tribunals that are staffed by private lawyers. These tribunals could require governments to compensate corporations for any alleged loss of expected future profits. There are over \$38 billion in pending claims filed by corporations against sovereign governments using the ISDS provisions of U.S. trade agreements that are similar to the TPP. This entire process undermines our sovereignty and subverts democratically passed laws including those dealing with health, prescription drugs, food safety, labor and the environment.



**JOIN THE FIGHT TO PROTECT  
YOUR HEALTH AND RETIREMENT**

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