

# The Trans-Pacific Partnership

## It's the Biggest and Most Destructive Trade Agreement You've Never Heard Of

**Who is involved:** The Trans-Pacific Partnership (TPP) also known as "NAFTA on Steroids" is poised to become the largest free trade agreement ever. Current negotiating countries include the U.S., Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore and Vietnam. This grouping accounts for 38% of global economic activity. And the U.S. trade representative wants many other countries to join including China and South Korea.

**Another back-room secret corporate deal.** The TPP has been shrouded in secrecy. Negotiators have refused to release the text of the TPP to the public but have given access to members of special advisory committees which are dominated by hundreds of corporate officials, lawyers and lobbyists.<sup>1</sup> Indeed, all journalists and nearly all businesses and public interest groups and the majority of Congress and their staffs have been denied effective access to the negotiating texts.<sup>1</sup> Representative Alan Grayson (one of the few members of Congress who got to view the text of the TPP) stated that the TPP is "a punch in the face of the middle class...but I can't tell you why." Fortunately, we can get a good sense of what is happening based on major leaks of negotiated text, public statements by negotiators, news reports and previous trade agreements.

**Workers, consumers, the environment and democracy will be harmed.** The TPP is much more than a "free-trade" agreement. It is part of the overall corporate and Wall Street agenda to make the world safe for corporate investment and profits by reducing labor costs; undercutting workers' rights; dismantling labor, environmental, health, food safety and financial laws; and by allowing corporations to challenge our laws in special international tribunals rather than our own court system.

### 10 WAYS THE TPP WOULD HURT U.S. WORKING FAMILIES

**1. The offshoring of U.S. manufacturing, service, and even public sector jobs will increase.** According to industry projections, the U.S. could lose more than 600,000 jobs just in the auto and textile industries. Specifically, the Center for Automotive Research estimates the loss of 92,100 auto jobs to Japan and the National Council of Textile Organizations estimates the loss of 522,000 jobs in textile and related sectors to Vietnam over eight years.<sup>2</sup>

**■ Service sector jobs.** Corporations have off-shored an estimated 3.4 million U.S. service jobs.<sup>3</sup> The TPP will make such offshoring easier. The TPP will include both investment rules (making it safer to invest overseas) and service sector rules (guaranteeing access for cross border services here) that will further promote the offshoring of jobs in call centers, back-office operations, computer programming, engineering, accounting, medical diagnostics and more.

**■ Manufacturing jobs.** Previous trade deals have devastated the U.S. manufacturing sector. Trade agreements with China cost us 3.2 million jobs; NAFTA cost us nearly 700,000 jobs; and the Korea agreement cost us nearly 60,000 jobs in just two years.<sup>4</sup> Corporations would love to produce more of their products in places like Vietnam with a 2014 minimum wage that averages just 52 cents per hour<sup>5</sup> – less than ½ of China's minimum wage.<sup>6</sup> Moreover, there may be problems with "rules of origin." For example, the Korea trade agreement gave duty free access to the U.S. market to products which only had 35% of their content from

Korea – the other 65% could come from parts made in other countries like China. Similarly, the TPP could be used as another backdoor way for Chinese products to come into the U.S. duty free.

**■ Public sector jobs.** The TPP will give foreign firms operating in the U.S. equal access to the vast majority of federal procurement contracts creating even more incentives for privatization and contracting out.

**2. U.S. sovereignty will be undermined by giving corporations the right 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 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. All of these challenges related to environmental, energy, financial, public health, land use and transportation policies – not traditional trade issues. This entire process undermines our sovereignty and subverts democratically passed laws.

**3. Our wages, benefits and collective bargaining rights will be eroded.** We know that trade agreements have helped drive down wages and benefits and erode our collective bargaining rights. The TPP will exacerbate this race to the bot-

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tom because it places our workers in competition with corporations operating in countries like Vietnam with a 2014 average minimum wage that is less than 8% of the U.S. minimum wage.

**4. Our ability to protect the environment will be undermined.** Environmental and energy laws are a special target of corporations using the ISDS provisions of various trade agreements that are similar to those proposed for the TPP. For example, a significant portion of the \$38 billion in pending claims filed by corporations using similar ISDS provisions just in other U.S. trade agreements are directed against environmental and energy laws in a number of countries.<sup>7</sup> The TPP would make matters even worse because its ISDS provisions give private corporations the right to sue any of the sovereign nations signing the TPP.

**5. Food safety standards will be eroded.** The TPP would subject our food standards, labeling programs and specific-pesticide regulations to challenge by foreign corporations. The FDA has already detained hundreds of seafood exports from TPP countries due to salmonella, e-coli, methyl-mercury and drug residues. But the FDA only inspects 2% of our imported seafood, vegetables, spices and fruits and will be further swamped by the vast expansion of such imports due to the TPP.<sup>8</sup> There are also health-related problems with dairy and meat products exported from TPP countries.

**6. Buy American policies would be undermined.** Firms operating in any

TPP signatory country must be given equal access to the vast majority of U.S. federal procurement contracts – rather than allowing us to recycle our tax dollars here to create American jobs. Programs requiring federal and state government purchases from U.S.-based providers like “Buy American” would be forbidden. Rules requiring “renewable/recycled” or “sweat-free” standards and obligations for firms to meet prevailing wages could be challenged by TPP governments before international trade tribunals. Companies could not be barred because of the horrible human rights conditions of their home countries or their own record.

**7. Medicine prices would increase, access to life saving drugs would decrease and the profits of big pharmaceutical companies would expand.** Big pharmaceutical companies are working hard to ensure that the TPP extends their patent based monopolies. This would expand their profits, keep drug prices artificially high and leave millions of people without access to life saving drugs. 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.”

**8. Wall Street would benefit at the expense of workers, businesses and global financial stability.** Governments would be prohibited from instituting “capital controls” that have been successfully used to avoid financial crises. These controls range from limiting the massive flows of speculative capital into and out of

countries to implementing a financial speculation tax. The TPP would expand the rights and power of the same Wall Street firms that already wrecked our economy and would create the conditions for even more global financial instability in the future.

**9. The TPP will reward authoritarian regimes like Vietnam that systematically violate human rights.** The U.S. Departments of State and Labor, Human Rights Watch, Workers' Rights Consortium and Amnesty International have documented Vietnam's widespread violation of basic international standards for human rights. Yet, the TPP will reward Vietnam's bad behavior by giving it duty free access to the U.S. market. This policy is quite different from our approach to Bangladesh where the U.S. has suspended trade benefits because of similar violations of workers' rights and safety. The “carrot” approach with Vietnam has already failed: human rights violations have increased since Vietnam entered the TPP negotiations.

**10. The TPP would be forever.** Once the TPP is signed it would have no expiration date and could only be altered by a consensus of all signatories – locking in its failed, extreme policies. Also, the TPP is intended as a “docking agreement” that other Pacific Rim countries could join over time if accepted by the signatory countries. For example, Canada and Mexico joined in 2012 and Japan joined in 2013.

[www.stopthetpp.org](http://www.stopthetpp.org)

**CWA**

**Communications Workers of America**

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1 See the following expose in the Washington Post <http://www.washingtonpost.com/blogs/wonkblog/wp/2014/02/28/how-companies-wield-off-the-record-influence-on-obamas-trade-policy/>

2 Sean McAlinden and Yen Chin, The Effects a U.S. Free Trade Agreement with Japan would have on the U.S. Automotive Industry, Center for Automotive Research, August 21, 2012. Inside US Trade, NCTO-Sponsored Study Predicts Huge U.S. Textile Job Losses from TPP, June 6, 2013

3 John C. McCarthy, *Near-Terms Growth of Offshoring Accelerating*, Forrester Research Inc. May 14, 2004. Note that the estimate is for the 2004-2015 time period.

4 Robert Scott, China Trade, Outsourcing and Jobs, Economic Policy Institute, December 11, 2014; U.S.-Korea Trade Deal Resulted in Growing Trade Deficits and Nearly 60,000 Lost Job; Robert Scott, “Heading South: US-Mexico Trade and job displacement after NAFTA, May 3, 2011

5 Socialist Republic of Vietnam, Decree Stipulating Region Based Minimum Wage Levels, November 14,

2013 [http://36mfj1a0yt01ki78v3bb46n15gp.wengine.netdna-cdn.com/wp-content/uploads/2013/11/2014-Minimum-Wage\\_Decree-182-EN.pdf](http://36mfj1a0yt01ki78v3bb46n15gp.wengine.netdna-cdn.com/wp-content/uploads/2013/11/2014-Minimum-Wage_Decree-182-EN.pdf) Vietnam has different minimum wages for four separate regions. The average minimum wage was calculated as a simple average of the minimum wage in the four regions. The Vietnamese dong was converted to U.S. dollars using the average exchange rate of 21,138 dong to the U.S. dollar as calculated over the six-month period extending from January 15, 2014 to July 13, 2014.

6 WageIndicator.org, China Minimum Wage Levels, <http://www.wageindicator.org/main/salary/minimum-wage/china-custom>

7 Public Citizen Global Trade Watch, Table of Foreign Investor State Cases and Claims Under NAFTA and Other U.S. Trade Deals, February 2014.

8 FDA, 2013 Annual Report on Food Facilities, Food Imports and FDA Foreign Offices, November 2013.