

## The Trans-Pacific Partnership

# Accelerating the Offshoring of U.S. Service Sector Jobs

**T**he Trans-Pacific Partnership (TPP) is a free trade agreement currently being negotiated by 12 countries including the U.S., Vietnam, Japan, Mexico, Canada, Australia and Malaysia. 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 service sector jobs.

### **Globalization and Free Trade Agreements have led to the offshoring of a significant number of U.S. service sector jobs**

■ 3.4 million service sector jobs were projected to be offshored from 2003 up to 2015 (Forrester Research 2004)

■ 700,000 IT, HR, finance and purchasing jobs in large U.S. companies have been offshored since 2002 (The Hackett Group 2012)

■ 375,000 additional IT, HR, finance and purchasing jobs will be offshored by 2016 (The Hackett Group 2012)

■ 200,000 U.S. call center jobs were lost from 2006-2012 (BLS)

### **The TPP will speed-up the offshoring of U.S. service sector jobs**

■ **Incentives for corporations that offshore service sector investment and jobs.** The TPP includes a number of incentives for corporations to offshore service sector jobs and investment. These incentives will cost U.S. jobs, wages and tax revenue.

— The investment chapter of the TPP includes an expansion of corporate rights

that will make it even safer to invest offshore in lower-wage countries.

— The procurement chapter would undermine the policy of the federal government - and many state governments - that gives a preference to U.S. based firms (and workers) when awarding contracts for the purchase of goods. Thus, firms incorporated in any TPP country would have to be given equal rights to bid on these service contracts.

— The “trade in cross border services” section of the TPP would explicitly forbid the U.S. - or any country - from requiring that a foreign firm set up a domestic operation to provide services. This would allow corporations in other countries to supply services to the U.S. without employing any U.S. workers.

■ **Penalties for the U.S. or any other TPP country that seeks to provide preferences for domestic service jobs.** The TPP will give corporations the right to challenge our democratically adopted laws before international tribunals that could require the payment of unlimited cash compensation from national treasuries to these corporations.

— Corporations could challenge laws that in any way undermine the new rights and privileges provided in such TPP chapters as investment, procurement, financial services and services. 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 gov-

*(Continued)*

ernments 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.

— Laws subject to challenge could include a call center bill previously introduced by Representative Tim Bishop. This bill would require call center workers to tell customers where they are located AND give a preference for government contracts to call center companies located in the U.S. Corporations could challenge the law based on an adverse impact on expected future profits; the prohibition against any preference given to firms located in the U.S.; or a contention that the new law represents a change in the “stable regulatory environment.”

— Corporate challenges would be heard in international UN or World Bank tribunals thus bypassing our democratic legislative and judicial system.

— U.S. taxpayers could be liable to pay the corporations for the alleged loss of expected future profits.

■ **Other countries that are offshore job havens can join the TPP at any time.** The threat of offshoring is not limited to the 11 other countries currently in the TPP negotiations. The TPP is a “docking agreement” that allows other

countries like the Philippines and even India to join in the future. The TPP already expanded to include Mexico and Canada in 2012 and Japan in 2013.

## **The Philippines—a major destination for service sector offshoring—is preparing for TPP membership**

### ■ **The Philippines is an offshore haven for U.S. jobs.**

— The Philippines has more than 600,000 call center agents primarily serving the U.S. market.

— In 2013, Capital One announced that it is setting up a call center in the Philippines that would employ 2,200 workers. Meanwhile the Tigard Oregon call center currently operated by Capital One cut employment from 950 to 300.

— In 2013, Capital One announced that it was setting up a call center in the Philippines that would employ 2,200 workers. T-Mobile moved many of these jobs to the Philippines.

— In 2012, Bank of America closed call centers in Ohio, Michigan, Pennsylvania and California eliminating 1,800 jobs. Bank of America operates call centers in the Philippines.

■ **The Philippines government has unveiled a roadmap for participation in the TPP.** In a March 2013 press release, the Philippine ambassador to the U.S. “outlined Manila’s interest in joining” the TPP and “laid-down the roadmap” for its participation that was prepared by the Philippine Department of Trade and Industry.



**WHAT YOU CAN DO TO PROTECT  
U.S. SERVICE SECTOR JOBS**

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

**CWA**

**Communications Workers of America**