The Trans-Pacific Partnership
A Bad Deal for America
Updated and Revised December 2014

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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. 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. 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. 2

Service sector jobs. Corporations have off-shored an estimated 3.4 million U.S. service jobs. 3 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. 4 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—less than ½ of China’s minimum wage. 5 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. 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. 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.
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.

The TPP has been shrouded in mystery. 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.

Now, TPP supporters want to “fast track” the TPP with legislation that would prevent members of Congress from amending a single provision of it – provisions crafted in secret with the help of corporate lobbyists. Instead of giving a blank check to these corporate interests and the Administration, Congress should assert its constitutional authority and vet every word of the TPP to make sure the agreement’s many provisions are in the interest of American families.

What is Fast Track?

Fast Track (also called Trade Promotion Authority) is a procedure by which Congress agrees to delegate its Constitutional authority over trade policy to the U.S. President. The U.S. Constitution gives Congress exclusive authority to set U.S. trade policy and gives the executive branch authority to conduct international negotiations. This smart check and balance means Congress controls the substance of U.S. trade agreements and can alter any agreement the executive branch negotiates that does not meet Congress’ specifications. But in 1973, then-President Nixon developed Fast Track as a tactic to grab control over all trade policy for the White House.

How Fast Track Works

Fast Track allows a president to sign a deal before Congress votes on it and then provides expedited procedures for moving trade agreements through Congress with all amendments banned. The Fast Track process can only go into effect if Congress explicitly authorizes it by passing special legislation.

■ Negotiation – Keeping Congress out of the Negotiations

— 90-day notification by the President to Congress of intent to begin negotiations. This is a formality that does not require any action by Congress. Nor can Congress stop a pact’s launch.
— There are no enforceable requirements that Congress be meaningfully involved in negotiations.
— 90-day notification by the President to Congress of intention to sign an agreement

■ President Provides Legislation and Reports to Congress AFTER an agreement is signed

— Within 60 days after an agreement is signed, the president provides a list of the changes to all domestic laws that are needed to ensure compliance with the language of the trade agreement. Domestic federal laws must conform to the trade pact, which also would supersede already existing state laws.
— President – at a date and time of his choosing — submits the following to Congress
  • a copy of the final legal text of the trade agreement
  • a draft implementing bill

■ Expedited Legislative Procedures

The normal rules of the House and Senate are suspended.

— Mandatory introduction of the implementing bill in both Houses and immediate referral to the appropriate committees.
— Automatic discharge from the congressional committees after a restricted and short period of time. Unlike all other bills, the trade pact implementing bill is not subject to amendment or “markup” or committee measures. The White House is empowered to unilaterally write the legislation.
— Strict limits on floor debate and normal procedures are waived such as Senate unanimous consent, debate and the ability of opponents to filibuster the legislation in the Senate.
— The bill – and supporting legislation to change laws to conform to the agreement – must be voted on within 90 legislative days.
— No amendments can be offered.
— Each House must vote either up or down on the bill which passes with a simple majority.

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Fast Track weakens Congress and transfers Congressional authority to the President

Originally, Fast Track dealt with trade deals that were focused on reducing tariffs. However, over the years, trade deals have increasingly become economic integration agreements affecting almost every aspect of our lives including jobs, food safety, generic drugs, labor, environment and national sovereignty. Fast Track is a 20th century approach to 21st century economies.

- **Fast Track uses trade agreements as a back-door way to change domestic laws**
  - Fast Track authorizes a President to negotiate and enter into agreements that set U.S. policy on non-tariff, non-trade issues that touch almost every aspect of our lives. For example, only 5 of the TPP’s 29 chapters directly deal with trade. No other past form of trade authority permitted this incursion.
  - U.S. laws must be changed to conform with the trade agreement – not the other way around.
  - Unelected negotiators set policy without the ability of Congress to offer amendments or ensure that the provisions of the trade agreement benefit U.S. families.

- **Congressional authority is severely weakened**
  - Allows the executive branch to select the negotiating countries, set the substance of the agreements, and then negotiate and sign the agreements BEFORE Congress votes.
  - Empowers the Executive Branch to write lengthy implementing legislation on its own, without Congressional input or mark-ups in committees.
  - Congressional legislative objectives are not binding and Congress retains no leverage to ensure that its objectives were met.
  - Congress doesn’t get to write the legislation to approve the deal, which changes scores of U.S. laws
  - Recent trade deals – including the TPP – commit the U.S. to be bound by decisions of international trade tribunals that can order the United States to change its laws or face permanent trade sanctions, undermining U.S. sovereignty.
  - Allows the President to control the congressional voting schedule and voting procedure.

Fast Track is not needed to pass trade and investment agreements

- Hundreds of trade deals have been enacted without Fast Track. For example, the Clinton administration implemented 130 trade and investment deals without Fast Track.
- Fast Track was defeated on the House floor in 1998 and there was no Fast Track from 1995-2000 and from 2007 to the present.
- Fast Track has been used for only 15 trade deals since 1974 – typically for the trade deals that were the most controversial and most expansive in terms of non-trade policies.

The major trade agreements utilizing Fast Track have devastated U.S. working families

- 4 million jobs have been lost from China’s inclusion into the WTO (3.2 million jobs); Mexico’s inclusion in NAFTA (700,000 jobs) and the Korean Free Trade Agreement (60,000 jobs lost in just two years).
- A 373% increase in our trade deficit when adjusted for inflation from $105 billion in 1993 (the year before NAFTA went into effect) to $497 billion in 2013. In 1993 our trade deficit amounted to -0.9% of Gross Domestic Product; by 2013 this figure was -3%. Our trade deals have contributed to the increased loss of 2% of our entire GDP that has been transferred to other countries. In 2013, the U.S. could have generated more than 3 million jobs if we had enacted policies that supported balanced trade as opposed to fast tracked trade deals that generated massive trade deficits and lost jobs.

There IS an Alternative — Congress should reassert its Constitutional authority to promote FAIR TRADE as opposed to disastrous free trade agreements

In this way, Congress would ensure that trade agreements would lift up working families and our standard of living. There are many alternative trade authority processes that can replace Fast Track that would allow Congress to maintain a vibrant role in the process and provide for enhancing labor, environmental and public health standards both in the U.S. and around the world.

FOR MORE INFORMATION:

www.stopthetpp.org

Communications Workers of America
The Trans-Pacific Partnership (TPP) also known as “NAFTA on Steroids” is poised to become the largest trade agreement ever. The 12 countries currently negotiating the TPP account for 38% of world economic activity and include the U.S., Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam. 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. However, based on leaked text, previous trade agreements, news reports and public statements, we can safely conclude that the TPP poses a special threat to our sovereignty and democracy.

The TPP Expands Corporate Rights and Power.

In 2012, the investment chapter of the TPP was leaked. It expands corporate power by containing a range of investment rules and rights. Provisions include special guarantees for a “minimum standard of treatment” for relocating firms; undermining the ability of governments to restrict the movement of capital; compensation for loss of expected future profits as a form of indirect or regulatory takings; the right to acquire land, natural resources and factories without governmental review; and applying all such protections to a very broad definition of investment. These provisions and rights make it much safer for corporations to invest overseas further promoting the off-shoring of investment and jobs.

Examples of Corporations using Trade Agreements and ISDS to Undermine Domestic Laws.

There are over $38 billion in pending claims filed by corporations against sovereign governments using the ISDS provisions of trade agreements that have language similar to the TPP. The corporations are challenging the laws and regulations in a number of countries relating to environmental protection, labor standards, energy, public health, land use and transportation. Here are just a few examples of corporations using ISDS to challenge public interest laws in a number of sovereign nations.

— A French firm, Veolia, used ISDS to challenge Egypt’s increase in the minimum wage.
— A U.S. corporation attacked the Peruvian government’s decision to regulate toxic waste and close a dangerously polluting smelter. Peru reversed its decision after the US Renco Corp filed an ISDS case demanding $800 million in compensation.
— Phillip Morris used ISDS to challenge anti-smoking laws in Australia and Uruguay after failing to undermine the health laws in domestic courts.
— Lone Pine Corporation is using ISDS to sue Canada for $250 million because Quebec instituted a moratorium on fracking in order to conduct a study on environmental impacts.

Elevating Corporations to the level of a Sovereign Nation.

ISDS elevates corporations to equal status with sovereign nations, empowering them to privately enforce the terms of a public trade treaty.

— ISDS allows corporations to by-pass domestic court systems and directly sue national governments for cash awards to enforce the special investor protections contained in an agreement.
— The governments that are the actual parties to the trade agreement have no control over the initiation of such cases.
— Policies and actions that have withstood challenge by such corporations in domestic courts can be re-litigated before tribunals.
— There is no requirement that domestic remedies be extinguished before filing such a case.

International Tribunals By-Pass and Operate Outside Domestic Court Systems.

Foreign corporations are empowered to bring cases to closed tribunals that operate outside of the domestic court systems.

— The TPP refers directly to World Bank and United Nations tribunals.

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— Cases are heard by private-sector attorneys, unaccountable to any electorate, many of whom rotate between being “judges” and bringing cases for corporations against governments.
— Very limited conflict of interest rules in terms of who can serve as an arbitrator.
— Arbitrators are paid by the hour with a standard fee of $3,000 per day which is split between the corporation and the government.
— There are no appeals on the merits of tribunal decisions.

**CASE STUDY: PHILIP MORRIS ISDS SUITS AGAINST AUSTRALIA and URUGUAY**

- **Philip Morris v Australia:**
  In 2011, Australia passed the Tobacco Plain Packaging Bill that requires health warnings on cigarette packages to cover 75% of the front and 90% of the back of packages and banned brand logos and colorful designs. Philip Morris filed a suit challenging the law in Australia’s court system. The High Court ruled against Philip Morris. But Philip Morris also challenged the plain packaging legislation outside of Australia’s courts by using the ISDS process laid out in the 1993 Australia-Hong Kong Bilateral Investment Treaty. Philip Morris Asia Limited (which is based in Hong Kong) claimed that the tobacco legislation breached the investment provisions of the treaty, constituted an expropriation, and had a detrimental impact on its investment. Philip Morris is seeking compensation on “the order of billions of Australian dollars.” The challenge is being heard before a UN trade tribunal.

- **Philip Morris v Uruguay:**
  The Uruguayan government introduced legislation that limits marketing of tobacco to one product per brand and requires 80% of tobacco packaging to display graphic health warnings. Philip Morris International filed a request for arbitration with the World Bank’s International Center for the Settlement of Investment Disputes (ICSID) alleging, among other things, that the Uruguayan laws subjected its investments to “unreasonable” measures in violation of Article 3(1) of the Switzerland-Uruguay Bilateral Investment Treaty. The arbitration was brought by Philip Morris International, an American company with operations in Switzerland.

  Importantly, Philip Morris International not only claimed monetary damages but also sought injunctive relief, requesting that ICSID suspend the impugned regulations. Although injunctive relief of this nature lacks precedent, there is little limiting ICSID’s ability to award it either in Uruguayan or Australian arbitrations. If Philip Morris International is successful in its claim against Uruguay, particularly in the claim for injunctive relief, it could create a precedent for powerful multi-national companies to have a serious influence on the law-making ability of States who have entered into trade agreements.

- **Philip Morris and the TPP Countries:**
  Philip Morris submitted formal comments to the United States Trade Representative (USTR) – the executive branch agency that is negotiating the TPP – arguing that Australia’s plain packaging regulations would be “tantamount to expropriation” of its intellectual property rights. Philip Morris also complained about the broad authority delegated to Singapore’s Minister of Health to restrict tobacco marketing. In order to address these “excessive legislative proposals”, Philip Morris urged the USTR to pursue strong protections for Intellectual Property and to include the ISDS mechanism in the TPP.

**JOIN THE FIGHT TO PROTECT OUR SOVEREIGNTY & DEMOCRACY**

www.stoptheTPP.org

Communications Workers of America
The Trans-Pacific Partnership Free Trade Agreement (TPP) is poised to become the largest free trade agreement ever. Current negotiating countries account for 38% of the global economy and include the United States, Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore and Vietnam. No TPP text has been officially released — though there have been significant leaks. However, the TPP countries published an outline of the agreements in 2011 that makes clear that the TPP would pose a special threat to U.S. manufacturing firms, workers and communities that rely on the sale of their U.S. made goods to federal, state, and local governments.

**Buy American Programs Stimulate U.S. Manufacturing Investment and Jobs**

The Buy American Act was passed in 1933 by the U.S. Congress. The Act basically required the federal government to give a preference to goods produced in the United States when procuring goods above a certain value. Buy American preferences ensure that billions in U.S. government expenditures are recycled into our economy to create jobs, strengthen our manufacturing sector, and foster our own new cutting-edge industries. The government would purchase these goods anyway, so it makes sense that U.S. taxpayer dollars are funneled to U.S. firms employing U.S. workers. That’s why Buy American is supported by four out of five U.S. voters — Republicans, Democrats and Independents, according to a 2014 poll by the American Association of Manufacturers.

**The TPP Would Undermine Buy American Policies**

Under the proposed TPP framework, the U.S. government and the states would be obliged to bring policies into compliance with expansive rules set forth in 29 draft TPP chapters, including one imposing severe limits on government procurement policy.

- **The procurement chapter of the TPP limits the government’s ability to give preferential treatment to U.S. businesses when purchasing goods.** The TPP’s procurement chapter would require that all firms operating in any signatory country be provided access equal to that of domestic firms to many if not most U.S. government procurement contracts over a certain dollar threshold. To implement this “national treatment” requirement, the United States would agree to waive Buy American procurement policies for bids coming from firms in TPP countries for any purchases of covered goods.

**The U.S. could be subject to challenges before international tribunals and trade sanctions.** If the U.S. fails to conform our domestic policies to these terms, then the U.S. government could be subject to challenges by TPP trading partners and eventual trade sanctions.

**TPP Would Help Foreign Firms at the Expense of U.S. Firms**

Past U.S. Free Trade Agreements (FTA) have similarly required the U.S. government to waive Buy American procurement policies in favor of firms operating in FTA-signatory countries.

Effectively, in exchange for opportunities for some U.S. firms (Continued)
to bid on contracts in smaller foreign procurement markets, we traded away an important policy tool that can ensure that billions in U.S. government expenditures are recycled into our economy. This is a bad deal — the numbers don’t add up.

Under the TPP, the deal would be even worse. Consider this:

- The total U.S. federal government procurement market is about twice the size of the combined national procurement markets of all other TPP negotiating parties: Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore and Vietnam.\(^1\)
- The United States already has access to the government procurement of many TPP countries and Japan through bilateral trade deals and the WTO.

The size of the new procurement markets that the TPP may open for the United States is about $53 billion to $72 billion, while the federal U.S. procurement market is $556 billion. If the 50 states are included, the U.S. procurement market totals a whopping $1.7 trillion.\(^3\)

Of special concern is the prospect that firms from non-TPP countries that operate in TPP countries, such as the many Chinese firms in Vietnam, could also obtain waivers from Buy American policies. When it is all added up, the TPP could result in large sums of U.S. tax dollars being invested to strengthen other countries’ manufacturing sectors, rather than our own.

The TPP Could Adversely Impact Other Forms of Governmental Preferences

The TPP will limit the effectiveness of “Buy American” and “Buy State” policies intended to support U.S. workers and their jobs. This is just the tip of the TPP iceberg. Other government purchasing standards — rules requiring “renewable,” “recycled,” or sweat-free goods, local services or prevailing wage obligations — could be challenged by firms from TPP countries that bid on U.S. contracts or by the TPP countries themselves.

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1 The Buy American Act applies to all U.S. federal agency purchases of goods valued over a micro-purchase threshold (including construction materials), but does not apply to services. Under the act, all goods for public use (articles, materials or supplies) must be produced in the United States, and manufactured items must be manufactured in the United States from U.S. materials unless an exception applies. Many states and municipalities include similar geographic production requirements in their procurements. The law applies to goods purchased by the government for its use (vehicles, office supplies, etc.), and to contracts for the construction materials used in the alteration or repair of any public building or work in the United States. There are three exceptions that would allow government agencies to purchase goods made in another country: unreasonable cost, inconsistent with the public interest or non-availability.


3 Ibid.
The Trans-Pacific Partnership

Good for Wall Street, Bad for Main Street

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Wall Street Ties to the U.S. Trade Representative.

The USTR is the ambassador level agency that negotiates trade agreements for the President. There are at least two levels through which Wall Street significantly influences the USTR.

- The USTR/Wall Street Revolving Door. Michael Froman is the prime example of the Wall Street/USTR revolving door. Froman served as Chief of Staff to Robert Rubin, Clinton’s Treasury Secretary. In 1999, Froman followed Rubin to Citigroup – the third largest U.S. bank with assets of $1.9 trillion. Froman – while still an employee of Citigroup – was on the Obama transition team that selected Timothy Geithner to be Obama’s first Treasury Secretary. Froman then received over $4 million in various exit payments when he left Citigroup to join the administration as U.S. Trade Representative.1 Citigroup – like many other large corporations – provides additional retirement pay upon leaving to take a “full time high level position with the U.S. government or regulatory body.”2 Mickey Cantor is another example of the Wall Street/USTR revolving door. When he retired as U.S. Trade Representative Cantor joined the law firm of Mayer Brown, many of whose largest clients are bank holding companies, commercial banks, investment banks, insurance companies….3

- Wall Street Advisors to USTR. Wall Street banks, insurance companies, law firms and investment companies, as well as their industry associations have been well represented on the Industry Trade Advisory Committees (ITAC).4 The USTR provides committee members with the text of USTR proposals and they, in turn, provide advice to the USTR.

The TPP is a Backdoor Way to Impose Wall Street’s Agenda on the U.S.

The TPP would provide big banks with a means of rolling back efforts to re-regulate Wall Street in the wake of the global economic crisis. Journalist Gretchen Morgenson neatly summarized this paradox in the New York Times, “Even as our regulators try to devise a safer financial system, our trade representatives thwart efforts to reduce risks these operations pose to taxpayers.”5 Wall Street could use the TPP to undermine current and future policies developed by Congress and regulators after the 2008 collapse. These laws and regulations address rampant speculation that proved so devastating to the U.S. economy during the housing bubble (2000s), the dot com bubble (1990s) and the savings and loan bubble (1980s).

- Domestic law must conform to the TPP. The U.S. would be bound by all the TPP’s provisions including those that impose the now-rejected model of extreme deregulation that caused and/or exacerbated the Great Recession and other economic crises.

- Giving Wall Street the power to sue the U.S. and other countries in UN and World Bank 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 or UN tribunals staffed by private lawyers. These tribunals could require governments to compensate corporations for any alleged loss of 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.

- Undermining the ability of governments to limit private banks from using taxpayer insured deposits for their own speculative investments. The TPP would threaten the use of “firewalls” – policies that are employed to stop the spread of risk between different types of financial institutions and products. For example, the TPP could undermine the Volcker Rule which was passed by Congress as part of the Dodd-Frank bill. This rule was intended to prevent financial companies from making bets for themselves with deposits backed by taxpayers. The Investment Industry Association of Canada has called the Volcker Rule “an unprecedented breach of extra-territorial regulation...as a result, the Volcker Rule may contravene the NAFTA trade agreement.”6 This is no idle threat since private financial corporations could use NAFTA or the prospective TPP to challenge the Volcker Rule in international tribunals and force the U.S. to pay compensation.

- Promoting the unfettered flow of speculative hot money. The TPP would undermine the ability of the U.S. – and each of the other 11 countries in the TPP – to adopt and enforce measures that would in any way impinge on Wall Street’s ability to move vast amounts of speculative money into and out of countries and economic sectors “freely and without delay.”

- Promoting toxic derivatives. The TPP would undermine countries – including the U.S. - from banning particularly risky financial products, such as the toxic derivatives that led to the $183 billion government bailout of AIG.

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Undermining safeguards against “too big to fail.”

The TPP would enable corporations to sue the U.S. and other countries in private UN and World Bank tribunals for policies that would limit the size of financial institutions and safeguard against “too big to fail.”

Undermining the use of policies that promote financial stability.

The TPP could ban capital controls, an essential policy tool to counter destabilizing flows of speculative money. Even the International Monetary Fund has recently endorsed capital controls as a legitimate tool for mitigating or preventing financial crises.

Undermining the ability of governments to tax Wall Street speculation.

There would be no hope of passing proposals like the Robin Hood Tax, which would impose a tiny tax on Wall Street transactions to tamp down speculation-fueled volatility while generating hundreds of billions of dollars’ worth of revenue for social, health, or environmental causes. Eleven European countries have already adopted such taxes.

Economists and International Financial Institutions Agree the TPP would Promote Global Financial Instability and Wall Street Speculation.

The TPP could promote global financial instability by prohibiting the very policies that would lead to financial stability — a fact recognized by international institutions and hundreds of economists.

The International Monetary Fund changed its position on capital flows so that it now recognizes that they create risks that can cause devastating financial instability — particularly waves of capital inflows that create bubbles and then waves of capital outflows that create crises. To avoid such instability, the IMF now recommends the regulation of capital flows — especially the inflows that cause speculative bubbles.

250+ economists from around the world submitted a letter in 2011 that expressed “particular concern regarding the extent to which capital controls are restricted in U.S. trade and investment treaties… [even though they] can stem the development of dangerous asset bubbles and currency appreciations.” This letter included many economists who support free trade agreements.

100+ economists from TPP nations submitted a letter explaining why the TPP should allow nations the flexibility to utilize capital controls and NOT replicate past FTA bans on capital controls. “We are concerned that… the TPPA… will unduly limit the authority of participating parties to prevent and mitigate financial crises…. Thus, we recommend that the TPPA permit governments to deploy capital controls without being subject to investor lawsuits, as part of a broader menu of policy options to prevent and mitigate financial crises.”

Economists at the Peterson Institute for International Economics and Johns Hopkins University have demonstrated how cross-border financial flows generate problems because investors and borrowers do not know (or ignore) the effects their financial decisions have on the financial stability of a given country. Foreign investors may well push a country into financial difficulties — even a crisis. Given that constant source of risk, regulating cross-border capital flows can correct this market failure and also make markets function more efficiently. However, the TPP, by undermining such measures, would promote financial instability.

Practical experience in a number of countries proves that the regulation of capital flows promotes financial stability. Malaysia, Brazil and South Korea have proven that “capital controls” actually promote financial stability. These regulations restricted the ability of financial firms to move vast amounts of capital into and out of these countries without any regard for the impact on the country’s financial stability.

We don’t need another free trade agreement that narrowly serves the interests of Wall Street at the expense of Main Street. Let’s develop a fair trade agreement that benefits everyone and promotes financial stability.

WHAT YOU CAN DO TO PREVENT ANOTHER WALL STREET MELTDOWN

www.stoptheTPP.org

Communications Workers of America

1 Lee Fang, Obama Administration’s TPP Trade Officials Received Hefty Bonuses from Big Banks, Republic Report, February 24, 2014 http://www.republicreport.org/2014/big-banks-tpp/
6 Morgenson, Gretchen, op.cit.
8 Ibid.
9 http://www.ase.tufts.edu/gdae/policy_research/CapCtrlLetter.html#statement
10 http://www.ase.tufts.edu/gdae/policy_research/TPPAletter.html
The Trans-Pacific Partnership

Rewarding Vietnam’s Government for the Systematic Violation of Human Rights

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. 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. However, based on leaked text, previous trade agreements, news reports and public statements, we can safely conclude that the TPP will reward Vietnam’s government for the systematic violation of human rights.

WHY VIETNAM IS IMPORTANT

- Vietnam has a population of 90 million – behind only the U.S., Japan and Mexico in the TPP.
- Vietnam is the 2nd largest exporter of garments to the U.S. in the world behind only China.¹
  — The garment and textile industry is Vietnam’s largest single source of formal private sector employment, with a direct labor force of more than two million workers.²
  — The TPP would vastly expand Vietnam’s apparel exports. In 2011, Vietnam exported $8.6 billion worth of clothing items to the U.S.³ According to the Vietnamese Textile and Apparel Association this figure is projected to increase to $13 billion by 2020. But, if the TPP is completed and signed, Vietnam has the potential to increase such exports to the U.S. to $22 billion.⁴ This would represent a 70% increase due solely to the TPP.

VIETNAM’S INCLUSION IN THE TPP COULD COST HUNDREDS OF THOUSANDS OF U.S. JOBS AND ERODE OUR WAGES

- According to industry projections, the U.S. could lose more than 600,000 jobs just in the auto and textile industries.⁵
- Vietnam’s 2014 minimum wage averages just 52 cents an hour.⁶ This is less than ½ of China’s minimum wage and just 8% of the U.S. minimum wage.⁷ Increasingly relying on products produced in Vietnam will put downward pressure on our wages.

VIETNAM’S INCLUSION IN THE TPP WILL REWARD A REGIME THAT SYSTEMATICALLY VIOLATES HUMAN AND WORKERS’ RIGHTS

Many organizations have documented Vietnam’s violation of human and workers’ rights including Amnesty International, Human Rights Watch and the U.S. Departments of State and Labor. In addition, the Workers’ Rights Consortium issued a report entitled “Made in Vietnam: Labor Rights Violations in Vietnam’s Export Manufacturing Sector” that reached the following conclusions:⁸

- “Advocating for labor rights is more difficult in Vietnam than in China.”
- Trafficking of Child Labor. “Trafficking of children from rural communities to urban areas

(Continued)
remains a significant problem... According to media accounts, garment factory owners... paid parents $50-$100 to send [their children] to the city to work.” The U.S. Government corroborated this finding when it issued a final determination that Vietnam utilizes “forced child labor in garment production.” Fed Register 7/23/13

**Unsafe Working Conditions.** “80% of factories surveyed from 2009-2011 violated safety requirements by locking fire exits and failing to provide protective equipment. For example, in July 2011 a footwear manufacturing facility in Hai Phong burned, killing 17 workers and severely injuring 23 more.”

**Violent Suppression of Internationally Recognized Workers Rights.** “Vietnam’s government enforces its prohibition of independent unions, in part, through the targeted prosecution and imprisonment of citizens who attempt to establish such organizations”

**Female workers in Vietnam face pervasive pregnancy-based discrimination** “ranging from termination of employment to denial of statutory maternity benefits.”

**Excessive Working Hours.** “Sixty percent of factories...failed to provide workers with the legal minimum of four rest days per month. In other words, during some portion of the period surveyed, a majority of factories were having their employees work seven days per week – without a single day of rest... in many cases, working hours reflect employer coercion rather than worker choice.”

**Inadequate Wages.** “Oxfam estimated that the monthly living expenses of a worker with a single dependent child were actually... three times greater than the minimum wage.... The Worker Rights Consortium... estimated that prevailing straight time wages for Vietnamese garment workers... provided less than a third (29%) of an actual “living wage.”

**VIETNAM’S SUPPRESSION OF HUMAN RIGHTS AND LABOR STANDARDS HAS DETERIORATED SINCE IT JOINED THE TPP NEGOTIATIONS**

The United States Trade Representative contends that including Vietnam in the TPP will “improve adherence to labor rights and working conditions in Vietnam.” However, this carrot approach has already failed because the situation in Vietnam has worsened since it entered the TPP negotiations.

**Human Rights Watch.** The conviction and jailing of human rights advocates has worsened each year from 2010 through the first five months of 2013 when “more people have been convicted in political trials than the whole of last year [2012]. The trend-lines show a worsening situation.”

**Amnesty International.** “Vietnam is fast turning into one of South East Asia’s largest prisons for human rights defenders and other activists... Authorities have arrested, charged, detained or imprisoned hundreds of dissenting voices [including] bloggers, labor and land rights activists, human rights defenders and those calling for peaceful democratic reform. Members of religious groups have also been targeted.”

**U.S. Department of Labor.** In July 2013, the Department of Labor issued a final determination that Vietnam utilizes “forced child labor in garment production.” Vietnam is one of only three countries in the world to be placed on the Department of Labor’s list of countries that produce garments using child labor and forced labor.

**Vietnamese Government.** On September 1, 2013 – just five weeks after Vietnam’s President met with President Obama – the government implemented a new decree severely restricting internet use, with harsh penalties for sharing news reports on blogs and social media, or online activity deemed a threat to national security.
WHAT TO DO: SUSPEND TRADE DISCUSSIONS WITH VIETNAM UNTIL IT MEETS BASIC INTERNATIONAL STANDARDS

- Last year, the U.S. suspended trade preferences for Bangladesh due to the suppression of workers’ rights and the proliferation of unsafe and lethal work places — conditions that are similar to those in Vietnam.

- The U.S. ambassador stated that the U.S. will continue an arms embargo on Vietnam until there is “progress on human rights.”16

- The U.S. State Department in its 2013 report on human rights concluded that Vietnam increasingly limited freedoms of association, press, speech, religion, and internet as well as suppressing workers’ rights and violence and discrimination against women.17

- The recommendation that Vietnam be suspended from the TPP until it meets basic international standards for human rights and workers’ rights has been endorsed by a broad range of groups including Human Rights Watch, United Students Against Sweatshops, the Citizens Trade Campaign and a number of unions.

WHAT YOU CAN DO TO STOP THE GLOBAL RACE TO THE BOTTOM

www.stopthetpp.org

Communications Workers of America

1 Congressional Research Service, U.S. Textile Manufacturing and the Trans-Pacific Partnership Negotiations, October 5, 2102, p. 12
6 Socialist Republic of Vietnam, Decree Stipulating Region Based Minimum Wage Levels, November 14, 2013 http://d0hun.gov.vn/vn/766304555.php, 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.
9 Letter from USTR Ambassador Froman to Congressman George Miller, August 14, 2013
10 Testimony of John Sifton, Asia Advocacy Director, Human Rights Watch, Committee on Foreign Affairs, June 4, 2013: Continuing Repression by the Vietnamese Government.
12 Federal Register/Vol. 78, No. 141/Tuesday July 23, 2013/Notices, Department of Labor, Notice of Final Determination
13 The other two countries placed on the list for forced labor and child labor in apparel production were India and Thailand. U.S. Department of Labor, List of Goods Produced by Child Labor or Forced Labor, 2012, p. 29.
14 Committee to Protect Journalists, Decree targets on line freedom in Vietnam, July 22, 2013 http://cpj.org/2013/07/decree-targets-online-freedom-s-in-vietnam.php
The 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 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. However, based on leaked text, previous trade agreements, news reports and public statements, we can safely conclude that the TPP would lead to the loss and off-shoring of many jobs, reduce our wages, and erode labor rights.

LOST U.S. JOBS

- The TPP will reduce U.S. jobs in the service, public and manufacturing sectors
  - Service Sector and Call Center Jobs. Corporations have off-shored an estimated 3.4 million U.S. service jobs. The TPP will further promote the off-shoring of jobs in call centers, computer programming, engineering, accounting, medical diagnostics and more by including both investment rules (making it safer to invest overseas) and service sector rules (guaranteeing access for cross border services here).
  - Public Sector and Related Jobs. We lost over 700,000 public sector jobs from 2008 through 2013. 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.
  - Manufacturing. The TPP will provide special benefits and rights to firms that off-shore investment and jobs. These new rights would reduce the risks and costs usually associated with off-shoring to countries like Vietnam that impose low wages and unsafe working conditions by violently suppressing workers’ rights.

- Hundreds of thousands of U.S. jobs could be lost just in the auto and textile sectors
  - Projected loss of 91,500 U.S. auto jobs to Japan with a reduction of 225,000 automobiles produced in the U.S. according to the Center for Automotive Research.
  - Projected loss of 522,000 jobs in the U.S. textile and related sectors to Vietnam over an eight year period according to the National Council of Textile Organizations.

- Past Trade Deals – Bad Precedents for Jobs
  - NAFTA 1994: a net loss of 700,000 U.S. jobs despite White House estimates that it would create 170,000 new jobs.
  - China into the WTO 2001: a net loss of 3.2 million U.S. jobs despite promises it would increase jobs.
  - Korea Free Trade Agreement 2012: a net loss of nearly 60,000 U.S. jobs in just two years despite U.S. International Trade Commission estimates it would create 70,000 jobs.

LOWER U.S. WAGES

- The 2014 hourly minimum wage in Vietnam averages just 52 cents an hour. This is less than ½ of China’s minimum wage and just 8% of the $7.25 U.S. minimum wage.
- A recent report from the Center on Economic and Policy Research found that the U.S. median wage would fall as a result of the TPP. “Taking into account the un-equalizing effect of trade on wages, this paper finds the median wage earner will probably lose as a result of any such agreement. In fact, most workers are likely to lose…”

EROSION OF WORKERS RIGHTS

Politicians routinely promise that trade agreements will improve the rights of workers in the U.S. and other countries. And they point to the existence of labor side agreements or labor chapters in these trade deals. However, the reality is that workers’ rights have been eroded. Only two of many examples are discussed.

(Continued)
below: the North American Free Trade Agreement and the U.S-Colombia Free Trade Agreement.

NAFTA included a specific labor side agreement that enumerated “guiding principles that the Parties are committed to promote...to the maximum extent possible.” These principles included the rights of workers to organize and collectively bargain; the right to strike; labor protections for children and young people; minimum employment standards; the elimination of employment discrimination, protection of migrant workers, and more.³

■ Erosion of Workers’ Rights in the U.S.¹²
— Employers are now twice more likely to use ten or more coercive tactics in their anti-union campaigns than they were before the adoption of NAFTA in 1993.
— Employer threats made during organizing campaigns to close plants if workers voted for a union rose from 29% in the mid-1980s to 50% in the two years following the adoption of NAFTA to 57% during the mid-2000s.
— Actual plant closings where these threats were made following union elections rose from 2% to 15% during this period. While there are many reasons for plant closings, the incentives to off-shore jobs and investment due to trade agreements are clearly important.

■ Erosion of Workers’ Rights in Mexico
— “The Mexican government’s general failure to enforce labor and other laws left workers without much recourse with regard to violations of freedom of association, working conditions and other problems.” (U.S. Department of State).¹³

— “Although the law prohibits all forms of forced or compulsory labor, the government did not effectively enforce such laws. Forced labor persisted in both the agricultural and industrial sectors.” (U.S. Department of State).¹⁴
— “Migrants in transit continued to face abduction, murder and forced recruitment into criminal gangs. Migrant women and children were at particular risk.” (Amnesty International).¹⁵

■ Erosion of Workers Rights in Colombia

In April 2011, Colombia and the U.S. negotiated the “Colombian Action Plan related to Labor Rights” in an effort to kick-start the stalled Colombia Free Trade Agreement negotiations. The Colombia Free Trade Agreement was passed by Congress in October 2011.
— “Violence, threats, harassment and other practices against trade unionists continued to affect the exercise of the right to freedom of association and collective bargaining.” (U.S. Department of State).¹⁶
— “The law prohibits all forms of forced or compulsory labor. The government did not effectively enforce the law in all cases...” (U.S. Department of State).¹⁷
— “…figures on violence against trade unionists… vouch for the existence of a human rights crisis not consistent with random and indiscriminate violence. They reflect a policy of extermination, implemented over a sustained period and manifested by the thousands of lives claimed.... Although some progress has been made, the longstanding violence against the Colombian trade union movement continues to plague the country and trade unionists are still being killed, forcibly disappeared and intimidated.” (International Trade Union Confederation).¹⁸

We don’t need another free trade agreement that provides incentives for corporations to pad their profits by off-shoring our jobs, reducing our wages and eroding our rights. Instead, we need a real Fair Trade agreement that benefits all Americans.

www.stopthetpp.org

3 Sean McArdle 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.
6 Robert Scott, China Trade, Outsourcing and Jobs, Economic Policy Institute, December 11, 2014
7 Robert Scott, U.S.-Korea Trade Deal Resulted in Growing Trade Deficits and Nearly 60,000 Lost Jobs - See more at: http://www.epi.org/blog/korea-trade-deal-resulted-growing-trade-#hash/KxqFV9dI.pdf
8 Socialist Republic of Vietnam, Decree Stipulating Region Based Minimum Wage Levels, November 14, 2013 http://08mnl1TbY51u78cDbAbQl5p-eqmpg涅.netdna-cdsc.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.
12 Kate Bronfenbrenner, “No Holds Barred: The Intensification of Employer Opposition to Organizing,” American Rights at Work and Economic Policy Institute, 2009
14 Ibid.
17 US Department of State, “Colombia 2012 Human Rights Report,” p. 59
The 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-

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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.

— 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.
The 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 group accounts for 38% of global economic activity. 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. However, based on leaked text, previous trade agreements and public statements, we can safely conclude that the TPP would result in the off-shoring of even more high-paying middle class manufacturing jobs. These job losses will, in turn, further devastate communities and public services.

U.S. Manufacturing Is Critical for the U.S. Economy

Every new manufacturing job we create adds another 1.6 jobs to the local service economy, and for every dollar in manufacturing sales, another $1.34 is added to the economy. Investments in manufacturing have a stronger impact than investments in any other economic sector. Manufacturing also is one of the pathways to stable, middle class employment for millions of workers across the country. Workers in manufacturing jobs earn 22 percent more in annual pay and benefits than the average worker in other industries.

Trade Deals Have Already Destroyed Millions of Manufacturing Jobs and Lowered Wages

The U.S. suffered a net loss of nearly 4 million jobs due to just three trade deals: NAFTA, China WTO and Korea. Most of these were jobs in manufacturing. Overall, sixty thousand U.S. manufacturing facilities closed since NAFTA. One study calculated that the downward pressure on wages and benefits caused by offshoring costs the majority of American households $2,560 each year.

The TPP Will Mean Even More Off-Shoring of U.S. Manufacturing Jobs

The TPP would enable foreign corporations to sue a sovereign nation for any law, rule or regulation that could breach the expansive investment rights granted in the TPP and demand compensation for any expected future profits allegedly inhibited by the policy. Those rights include a government obligation to provide a stable regulatory environment that does not frustrate investors’ expectations. The TPP language expands on the rights given to corporations under other trade agreement. These suits would be heard by UN and World Bank tribunals staffed by private sector lawyers that could order governments to use taxpayer dollars to compensate the corporations.

Competition with Countries Paying Low Wages and Using Forced Labor

The TPP will place U.S. workers in competition with corporations operating in countries with little-to-no labor protections, like Vietnam.

- Vietnam’s 2014 hourly minimum wage averages just 52 cents an hour – less than ½ of China’s minimum wage and just 8% of the $7.25 U.S. minimum wage.
- Vietnam prohibits the formation of independent labor unions and violently suppresses any labor activism or organizing.
- Vietnam systematically undermines human and labor rights as documented by the U.S Department of State, Human Rights Watch and Amnesty International.
- The U.S. Labor Department has certified Vietnam as one of just three countries in the world to traffic in forced child labor in its apparel industry.

Yet, the U.S. will reward this bad behavior by the Vietnamese regime – and the corporations operating there – by giving their products tariff free access to the U.S. market through the TPP.

(Continued)
Projected Loss of Hundreds of Thousands of U.S. Auto and Textile Jobs

According to industry projections, the U.S. could lose more than 600,000 jobs just in the auto and textile sectors.

- Projected loss of 91,500 US auto jobs to Japan with a reduction of 225,000 automobiles produced in the U.S. according to the Center for Automotive Research.
- Projected loss of 522,000 U.S. textile and related jobs over an eight year period according to the National Council of Textile Organizations.

Undermining Buy American Policies

The U.S. Congress passed the Buy American Act in 1933. This law requires the federal government to give a preference to U.S. made goods when awarding procurement contracts. These laws have been extremely popular and successful in ensuring that U.S. government contracts – and taxpayer dollars – go to companies employing workers in the U.S.

- The TPP would undermine Buy American policies enacted by the federal government and many state governments. In addition, 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.
- Under the TPP, foreign firms could gain equal access to U.S. government contracts. For example, the many Chinese firms operating in Vietnam could obtain waivers from Buy American preferences. This could result in large sums of U.S. tax dollars flowing to these firms and being invested to strengthen other countries’ manufacturing sectors, rather than our own.

Destruction of Local Communities and Economies

The loss of factories and jobs has a cascading effect throughout the economy. Other firms that provide goods and services to the factories and their workers suddenly lose business and end up laying-off their own workers to reduce costs. The loss of all these firms, factories, jobs, and wages also extinguishes a significant portion of the tax base of many communities.

Local governments are simultaneously hit by declining revenue and increasing demand for services from residents adversely impacted by trade deals and globalization. This process has strained state and local finances and led to a major crisis for local governments in the areas hardest hit.

- **Michigan** – 352,000 manufacturing jobs lost from 1998-2011 (the earliest and latest years with comparable data). But these figures mask a larger problem at the local level. Detroit is the most famous victim of unfair trade deals, losing 50% of its automobile sector – 66,300 jobs – between 1998 and 2011. This caused major ripples throughout the entire local economy, reducing the tax base and eventually contributing to the loss of 26,000 public sector jobs.
- **Ohio** – 381,000 manufacturing jobs lost during the same time period. Cleveland alone lost 85,100 manufacturing jobs.
- **New Jersey** – 171,100 manufacturing jobs lost while Trenton alone lost 36% of its manufacturing jobs.
- **Tennessee and Mississippi** – 285,000 or 40% of their manufacturing jobs lost combined. The Memphis metro area, which includes communities in both Tennessee and Mississippi, lost 20,000 manufacturing jobs.

The TPP Would Be Forever

Once the TPP is signed, unlike domestic laws, it would have no expiration date and could only be altered by a consensus of all signatories – locking in failed, extreme policies. Also, the TPP is intended as a “docking agreement” that other countries could join over time if accepted by the signatory countries.

What you can do to protect American manufacturing jobs and communities

[www.stoptheTPP.org](http://www.stoptheTPP.org)
The Trans-Pacific Partnership (TPP) 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 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. However, based on leaked text, previous trade agreements, news reports and public statements, we can safely conclude that the TPP would pose a special threat to public services and workers at the federal, state and local levels which will exacerbate our economic and fiscal crises, fray our social safety net and erode public accountability. Furthermore, the TPP will undermine our sovereignty and democracy by allowing foreign corporations to use international tribunals to sue the U.S. for the enforcement of state and federal public interest laws.

Destruction of Local Economies and Public Services

The U.S. suffered a 4 million net job loss due to just three trade deals: NAFTA, China WTO and Korea. Most of these were jobs in manufacturing. Overall, sixty thousand U.S. manufacturing facilities closed since NAFTA. One study calculated that workers displaced by trade with China experienced an average annual wage loss of more than $13,500 even after accounting for the wages from replacement jobs. The loss of these firms, factories, jobs, and wages extinguished a significant portion of the tax base of many communities. Local governments were simultaneously hit by declining revenue and increasing demand for services from residents adversely impacted by trade deals and globalization. This process has strained state and local finances and led to a significant crisis for local governments in the areas hardest hit. Here are just a few examples.

- **Michigan** lost 352,000 manufacturing jobs from 1998-2011 (the earliest and latest years with comparable data). But these figures mask what's going on at the local level. Detroit is the most famous victim of globalization and unfair trade deals. From 1998-2011, Detroit lost 111 or 20% of its automobile factories, 66,300 jobs or 50% of its entire automobile workforce, and $6 billion or 58% of the annual wages paid in the automobile sector. These factors contributed to a loss of 26,000 public sector jobs or 22% of Detroit's entire public sector workforce.

- **Ohio** lost 381,000 manufacturing jobs during the same time period. Cleveland alone lost 85,100 manufacturing jobs, $4.5 billion in annual wages paid in the manufacturing sector and 1,200 manufacturing establishments.

- **New Jersey** lost 171,100 manufacturing jobs while Trenton alone lost 36% of its manufacturing jobs.

- **Tennessee and Mississippi** together lost 285,000 or 40% of their manufacturing jobs. The Memphis metro area which includes communities in both Tennessee and Mississippi lost 20,000 manufacturing jobs and $762 million of the annual wages paid in the manufacturing sector.

States and communities throughout the country have been severely impacted by globalization and trade. The TPP will exacerbate these trends - more offshored jobs, more plant closings, lower wages and less revenue to fund vital public services and their associated public and private sector jobs.

**AT RISK** – The economies of communities that are tied to firms and jobs sensitive to off-shoring and/or competition from imports.

Privatization of Public Services

The TPP – just like some other U.S. trade agreements – would include rules limiting how governments may regulate the service sector including utilities, transportation, education and more. These rules cover all services, except those exclusively offered by a government without a fee for use, unless a government negotiates an exception. In the U.S., federal, state and local governments provide almost all public services through a mixed delivery system that includes both public and private components. Such government services would be treated like those of any private sector company under terms of the TPP. For example, public utilities would be subjected to provisions of the TPP, because fees are charged, and services provided both by governments and private firms. The TPP will lead to even more instances where local and state governments privatize public services. For example, municipal water systems would be especially vulnerable to companies like Veolia – the largest water and wastewater privatization firm in the world. Veolia has a tainted history in the U.S. Examples include a suit filed by Burlingame CA for dumping more than 10 million gallons of untreated wastewater into San Francisco Bay; a suit filed by Richmond CA for dumping more than 17 million gallons of sewage; a suit by Indianapolis for overcharging 250,000 residents; and multiple examples of corruption in the awarding of contracts in cities such as New Orleans LA, Rockland MA and Bridgeport CT.

**AT RISK:** Wastewater, water distribution, sanitation, solid waste, electric and gas utilities, medical and hospital services, environmental services, transportation, landscaping, museums, libraries, state lotteries, and many more public service jobs.

(Continued)
Undermining of Government Preferences for American Made Goods and Services

The procurement chapter would undermine the ability of the U.S. government—and many state governments—to give preferences to U.S.-based firms (and workers) when awarding contracts for the purchase of goods. The TPP would require that firms operating in any TPP signatory country 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. Situations like the recent revelation that foreign companies obtained the vast majority of clean-energy stimulus funds would be commonplace under the TPP. In addition, 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 also could not be barred because of their own horrible human rights conditions or that of their home countries.

**AT RISK:** All firms that benefit from government contract preferences for American made goods and services as well as preferences for “renewable/recycled” or “sweatshop free”.

Off-Shoring Government Jobs

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. For example, public sector call center work currently conducted by government employees or contracted out to private firms in the U.S. (ranging from E-ZPass to Medicaid eligibility centers) could be shifted to firms operating and employing workers in other countries.

**AT RISK:** Any jobs in information technology, human resources, financing, accounting, purchasing, and call centers whether staffed by public workers or contracted to private U.S. firms.

Undermining American Democracy

The leaked investment chapter of the TPP includes a special provision that allows foreign corporations the right to challenge any domestic law, rule or regulation that breaches the expansive investment rights included in the agreement. This procedure is called Investor-State Dispute Settlement (ISDS). Specifically, corporations could demand compensation for any alleged loss of expected future profits. In addition, the TPP establishes that corporate rights include a government obligation to provide a stable regulatory environment that would not frustrate investors’ expectations at the time of their investments. These challenges would be heard by UN and World Bank tribunals staffed by private sector lawyers that could order governments to use taxpayer dollars to compensate the corporations. ISDS enables corporations to bypass and operate outside our entire federal legislative and judicial systems. 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. Here are just two examples of how corporations are using ISDS to undermine public interest policies

- Phillip Morris is using ISDS to challenge anti-smoking laws in Australia and Uruguay after failing to undermine the health laws in domestic courts. The corporation is asking a private UN tribunal to impose billions of dollars in compensation and to actually suspend the health laws in compensation. These laws were enacted to reduce the incidence of lung cancer and other diseases caused by tobacco products. A victory by Philip Morris will open the floodgates for corporations to challenge similar public health laws in countries that signed trade agreements with ISDS provisions.

- Veolia—the water privatization firm previously mentioned—is suing Egypt because it increased the minimum wage. Veolia is using the ISDS provisions set in the France-Egypt bilateral trade agreement. A special World Bank tribunal is hearing this suit. The TPP would enable corporations to challenge any significant change in the minimum wage in any country signing the agreement because it could constitute a change from their expectation of a stable regulatory environment.

ISDS undermines our national sovereignty and subverts democratically passed laws, including those dealing with labor, health, consumer safety, and the environment. This was recognized in 2012 by the National Conference of State Legislatures (NCSL) when it stated that “NCSL will not support any [Bilateral Investment Treaty] or [Free Trade Agreement] that provides for investor/state dispute resolution. NCSL firmly believes that when a state adopts a non-discriminatory law or regulation intended to serve a public purpose, it shall not constitute a violation of an investment agreement or treaty, even if the change in the legal environment thwarts foreign investors’ previous expectations.”

**AT RISK:** Policies that promote the public interest such as financial stability, job creation, wages, consumer safety, public health, environmental quality and educational access.

2 Robert Scott, Trading Away the Manufacturing Advantage, Economic Policy Institute, September 30, 2011
3 The following statistics for both state and metropolitan areas are from the U.S. Census Bureau, MSA Business Patterns (NAICS) 1998 and 2011 using code 31 for manufacturing which can be found at http://www.census.gov/econ/cbp/
sect.pl. Annual wage figures were adjusted for inflation by using the Consumer Price Index.
8 International Centre for Settlement of Investment Disputes, Case Details, Veolia Proprete v Arab Republic of Egypt. Icisid.worldbank.org/ICSID/common/Print.jsp

WHAT YOU CAN DO TO PROTECT PUBLIC SECTOR JOBS AND SERVICES

www.stoptheTPP.org

Communications Workers of America
The Trans-Pacific Partnership Free Trade Agreement (TPP) is currently being negotiated by 12 countries including the U.S., Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam. 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. However, based on leaked text, previous trade agreements, news reports and public statements, we can safely conclude that the TPP would pose a special threat to food safety, health policy and affordable access to life saving drugs.

The TPP would erode our food, safety and health standards by expanding the rights of foreign corporations to initiate proceedings against the U.S. government – or any of the other sovereign governments signing the TPP – that would contravene 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 public health, environmental, energy, financial, land use and transportation policies – not traditional trade issues. The TPP would also enable other TPP governments to challenge our standards if they were higher than international standards or could otherwise be considered as a technical barrier to trade.

For example, utilizing similar language from other trade agreements, tribunals have ruled against U.S. laws that required the certification of “dolphin safe” tuna, a ban against clove cigarettes, and labels that identify the country of origin of meat and other products. It is bad enough that these cases were brought by other countries. The TPP would be much worse because it grants private corporations the right to challenge sovereign nations before international tribunals.

The TPP would enable corporations to challenge many standards and laws that currently protect millions of people including the following:

- **Tobacco.** The U.S. is proposing language that would allow tobacco companies to challenge product labeling and other public health policies that save millions of lives. The American Cancer Society, the American Heart Association, the American Lung Association and the Campaign for Tobacco Free Kids have all denounced this development.

- **Dairy.** Dairy standards that protect consumers could be challenged. New Zealand-based Fonterra, the world’s largest dairy exporter, has been banned from a number of countries due to products tainted by botulism.

- **Seafood.** 84% of the seafood we eat is imported – much of it from TPP countries. Yet, the FDA only inspects about 2% of our imported seafood, vegetables, spices and fruit.¹ A 2011 report by the Government Accountability Office on seafood safety found that the FDA only tested 0.1% (1/10th of 1 percent) of imported seafood for

(Continued)
drugs that may be present in imported seafood but are illegal in the U.S. because they can cause cancer, allergic reactions and antibiotic resistance.²

Yet, even with this inadequate system, the FDA has detained hundreds of seafood imports from TPP countries because they were contaminated. For example, in Fiscal Year 2012, the FDA detained 206 imported seafood products from Vietnam alone because of the presence of salmonella, e-coli, methyl mercury, filth and other drug residues. In 2014, the Japanese government found that shrimp imported from Vietnam had chloramphenicol, an antibiotic which causes a lethal blood disorder and is banned in the U.S.³ The TPP, by greatly expanding our seafood imports, would result in even more uninspected, untested and tainted seafood imports entering into the U.S.

■ Outsourcing food inspections. Four of the key participants in TPP – the U.S., Canada, Australia, and New Zealand – have agreed to privatize meat and poultry inspections by removing government inspectors from the slaughter lines and replacing them with company-paid employees. They have already deemed these privatized inspection schemes to be “equivalent” and are already accepting imports from one another using this new inspection model. These countries are setting the stage for other countries to deregulate meat and poultry inspection.

■ Prescription Drugs. The AARP, Consumers Union and other groups have warned that the TPP could lock in higher prices for popular drugs and place a number of Medicare and Medicaid programs at risk. For example, AARP warned that the TPP could prevent $3.8 billion in savings because it would prohibit a reduction in the period during which the big drug companies have exclusive rights to biologic test data. But the impact of the TPP would extend far beyond the U.S. Doctors without Borders stated that “Unless damaging provisions are removed before negotiations are finalized; the TPP agreement is on track to become the most harmful trade pact ever for access to medicines in developing countries.”

■ Back-Door Entry by Food and Pharmaceuticals from Non-TPP Countries like China. Various parts of the agreement will allow TPP countries to ship products with inputs from non-TPP countries – thus escaping even the reduced TPP standards. This could include fish raised in China and processed in TPP countries like Vietnam and Malaysia, which already have problems meeting U.S. food safety standards.

■ Country of Origin Labeling for Meat, Seafood, Vegetables. Our country of origin labeling law was passed in 2002 and expanded in 2008. It requires labels to inform consumers where various products were raised or grown including beef, pork, fresh vegetable, seafood and peanuts. In 2012, the WTO issued a final ruling against the law based on a suit filed by Canada and Mexico. The TPP would expand the number and scope of these challenges by allowing corporations – and not just countries – to challenge such laws.
The Trans-Pacific Partnership (TPP) 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 women.

**Off-Shoring Women’s Jobs.** Globalization and trade deals have impacted service sector jobs held by women. It has been projected that more than 3.4 million service sector jobs will have been offshored from 2003-2015. Many of these jobs are traditionally held by women. Call center jobs provide a good example. Many call center jobs have been offshored. There are more than 600,000 call center agents in the Philippines primarily serving the U.S. market. The Philippines has formally announced a “road map” to enter the TPP.

The TPP will speed up this process since it includes a number of incentives for corporations to offshore service sector jobs and investment. Specifically, 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.

**Loss of High Paid Women’s Jobs.** Forrester Research and the Hackett Group have identified the following sectors as being especially sensitive to off-shoring: information technology, human relations, finance, purchasing, and call centers. These sectors include 5 of the Top 20 Highest Paying occupations for women which are at risk of being offshored:

- 145,000 women are employed as Computers and Information System Managers
- 197,000 women are employed as Software Developers including applications and systems software
- 202,000 women are employed as computer systems analysts
- 100,000 women are employed as computer programmers

**Medicare and Medicaid Cuts.** In a 2012 YWCA poll, Medicare and Medicaid ranked highest among women’s chief economic concerns. AARP, Consumers Union and thirteen other groups have 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 nine 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.

**Higher Prescription Drug Prices.** AARP warns 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 document shows that the TPP includes the 12-year period that would prevent any shortening of the period because a trade agreement takes precedence over domestic laws.

**Loss of Retirement Security.** Globalization and previous trade deals have eliminated 6.8 million U.S. manufacturing and service sector jobs, which have removed $284 billion in wages from our economy. This has resulted in an annual loss of $35 billion in Social Security revenue per year. The TPP will speed up this race to the bottom. Social Security is especially important to people of color.
**Health**

The TPP would enable corporations to challenge many public health standards and laws that currently protect millions of people. For example, the U.S. is proposing language that would allow tobacco companies to challenge tobacco product labeling and other public health policies that save millions of lives. The American Cancer Society, the American Heart Association, the American Lung Association and the Campaign for Tobacco Free Kids have all denounced this development. Phillip Morris is using similar terms in other trade agreements to challenge anti-smoking laws in Australia and Uruguay after failing to undermine the health laws in domestic courts. The corporation is asking a private UN tribunal to impose billions of dollars in compensation and to actually suspend the democratically passed health laws. Philip Morris has stated that it supports using similar language in the TPP.

**Tainted Food**

The TPP would erode our food safety standards including — but not limited to the — following examples:

- **Dairy.** Dairy standards that protect consumers could be challenged. New Zealand-based Fonterra, the world’s largest dairy exporter, has been banned from a number of countries due to products tainted by botulism.

- **Seafood.** Seafood standards could also be challenged. The FDA has detained hundreds of seafood exports from TPP countries because they were contaminated. For example, in Fiscal Year 2012, the FDA detained 206 imported seafood products from Vietnam alone because of concerns including salmonella, e-coli, methyl mercury, filth and drug residues.

- **Country of Origin Labeling for Meat, Seafood, and Vegetables.** Our country of origin labeling law was passed in 2002 and expanded in 2008. It requires labels to inform consumers where various products were raised or grown including beef, pork, fresh vegetables, seafood and peanuts. In 2012, based on a suit filed by Canada, the WTO issued a final ruling against this law. The TPP would expand the number and scope of these challenges by allowing corporations — and not just countries — to challenge such laws.
The 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 document 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 economy.
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 exported 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

www.stoptheTPP.org

Communications Workers of America
Minority Workers Lose a Disproportionate Number of Jobs to Free Trade Agreements

Past trade deals and globalization have disproportionately impacted people of color. The TPP will speed up the elimination of U.S. manufacturing and service jobs since corporations will tend to offshore investment to countries like Vietnam, which has a 2014 minimum wage that averages just 52 cents per hour – just 8% of our minimum wage.

- Nearly 4 million net U.S. jobs have been eliminated by trade deals with Mexico (NAFTA), China (World Trade Organization) and Korea. People of color accounted for more than 30% of the total number of displaced workers.
- Globalization and trade deals have also impacted service sector jobs. It has been projected that more than 3.4 million service sector jobs will have been offshore from 2003-2015. Call center jobs provide a good example. People of color account for 56% of the customer service representatives in the wireless telecommunications sector and 40% in the wired sector. Overall, women account for two-thirds of these jobs. Yet, many call center jobs have been off-shored. There are 400,000 call center agents in the Philippines primarily serving the U.S. market. The Philippines has formally announced a “road map” to enter the TPP.

Displaced Minority Workers Suffer a 29.6% Cut in Wages due to Free Trade Agreements

The almost 1 million minority workers who lost their jobs because of the increased deficit following the China trade deal also suffered a 29.6% cut in net pay. Their average pay dropped by almost $10,500 a year – from $45,800 in the jobs displaced to $35,340 in the new jobs. These minority workers are losing a total of $10.1 billion in net wages per year. The TPP will make things even worse since it provides incentives for corporations to offshore jobs to countries that pay lower wages and have fewer worker and environmental protections.

Central Cities Devastated by Trade and Globalization

The loss of firms, factories, jobs, and wages had a significant impact on many cities where people of color constitute a large share of the population. This entire process has frayed the social safety net as local governments were simultaneously hit by declining revenue and increasing demand for services from residents adversely impacted by trade deals and globalization. The result has been a significant crisis for local government services – including education – in the areas hardest hit.

The U.S. landscape is littered with many communities suffering significant economic stress due to trade deals. Here are some examples of the impact of globalization on good paying manufacturing jobs in cities with a large percentage of people of color. The following figures are for the 1998-2011 time period (these are the earliest and latest years for which comparable data is available) and all dollar figures are adjusted for inflation.

- **Detroit** – People of color constitute 92.2% of Detroit’s population of more than 700,000. Detroit is the most famous victim of globalization and unfair trade deals – especially in terms of the devastation of the auto industry caused by NAFTA. From 1998-2011, Detroit lost 111 or 20% of its auto factories, 66,300 jobs or 50% of its auto workforce, and $6 billion or 58% of the total annual wages paid by the auto sector in Detroit. These factors contributed to a loss of 26,000 public sector jobs or 22% of Detroit’s entire public sector workforce.

- **Cleveland** – People of color constitute 63% of Cleveland’s population of 391,000. From 1998-2011, Cleveland lost 85,100 of its manufacturing jobs, $4.5 billion of its annual wages in manufacturing and 1,200 manufacturing establishments.

- **Memphis** – People of color constitute more than 70% of the 655,000 people living in Memphis. From 1998-2011, the Memphis metro area lost 20,000 or 36% of its manufacturing jobs, $762 million or 30% of its annual manufacturing payroll, and 289 or 25% of its manufacturing establishments.

- **Chicago** – People of color constitute 55% of Chicago’s population of 2.7 million. From 1998-2011, Chicago lost 206,000 or 35% of its manufacturing jobs, $9.3 billion in annual wages paid by its manufacturing sector, and 2,600 or 20% of its manufacturing establishments.

The impact of the TPP will be similar to other free trade agreements – more off-shored jobs, more plant closings, lower wages, and less revenue to fund vital public services and their associated public and private sector jobs.

(Continued)
Loss of Retirement Security

Globalization and previous trade deals have eliminated 6.8 million U.S. manufacturing and service sector jobs, which have removed $284 billion in wages from our economy. This has resulted in an annual loss of $35 billion in Social Security revenue.1 The TPP will speed up this race to the bottom. Social Security is especially important to people of color.2

- About 80 percent of African Americans and Hispanics and 70 percent of Asians age 65 and older depend on Social Security for part of their family income.
- People of color are much more likely to receive Social Security than any other source of retirement income. Although people of color typically receive lower Social Security benefits than other groups, they rely on them more. One-third of older African Americans and Hispanics in families receiving Social Security depend on it for more than 90 percent of their family income.
- Social Security keeps roughly one-third of older African Americans and Hispanics and 20 percent of older Asians out of poverty.

Medicare and Medicaid Cuts

AARP, Consumers Union, and other groups have 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.3 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:4

- 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

People of color will be directly affected by these changes because they disproportionately rely on Medicare and Medicaid.5

- People of color account for 14% of the nation’s elderly but about 16% of the total Medicare population.
- People of color are far more likely than whites to rely solely on the traditional Medicare program for insurance protection.
- African Americans and Hispanics are more likely than whites to rely on Medicaid to supplement Medicare. More than a third of African American beneficiaries and over a quarter of Hispanics receive some level of Medicaid assistance compared with 11 percent of whites.

Higher Prescription Drug Prices

AARP warns 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.6 Unfortunately, a leaked document shows that the TPP includes the 12-year period that would prevent any shortening of the period because a trade agreement takes precedence over domestic laws.

Join the Fight to Protect Your Jobs, Wages, Health and Retirement

www.stoptheTPP.org

Communications Workers of America

4 The Economist, At the front of the back office: How the Philippines beat India in call centers, June 23, 2012.
6 The following statistics for both state and metropolitan areas are from the U.S. Census Bureau, MSA Business Patterns (NAICS) 1998 and 2011 using code 31 for manufacturing which can be found at http://www.census.gov/econ/csb/ and for population statistics from the Census Bureau at http://quickfacts.census.gov/qfd/index.html
7 U.S. Census Bureau, State and County Quick Facts, Detroit http://quickfacts.census.gov/qfd/states/26/282000.html
11 Communications Workers of America, Department of Research calculations based on loss of jobs to globalization and trade deficits, average U.S. wage and social security tax.
12 The following statistics were taken from AARP Public Policy Institute, Social Security: A Key Retirement Income Source for Older Minorities, November 2012 http://www.aarp.org/content/dam/aarp/research/public_policy_institute/econ_sec/2012/10/key-retirement-income-source-older-minorities-AARP-ppi-econ-sec.pdf
14 Letter from AARP and 14 other civil society to Obama on the Trans-Pacific Partnership and Medicine prices, November 8, 2013 http://infojustice.org/archives/31196
The 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 — including those representing big PhrMA — who get to see the text and work with the negotiators. Not surprisingly, the TPP primarily benefits large corporations at the expense of everyone else — including those who rely on prescription drugs and expensive medical treatments.

UNAIDS — the joint UN program on HIV/AIDS — issued a report that included a stern warning “countries – at a minimum should avoid entering into FTAs [free trade agreements]…that can impact on pharmaceuticals price or availability.”

UNITAID — a global health initiative supported by 28 countries and administered by the World Health Organization — issued a stern rebuke of TPP proposals made by the U.S. “Policy-makers should be wary of the effect of the USA’s TPPA proposal on the gains achieved in global public health. For example, the massive investment of effort and funds in the global battle against HIV/AIDS has resulted in tremendous gains in meeting treatment goals in developing countries, but the implementation of the USA’s TPPA proposal may well undermine these gains and prevent further progress toward meeting public health targets in TPPA signatories. The strategies and tools that have been so successfully employed to reduce the prices of antiretroviral medicines may no longer be available. At a time when financing is threatened by funding cuts, the need for the widest range of options to reduce costs is paramount. Without effective approaches to reduce costs, medicine prices will stand in the way of access. This scenario will be applicable not only to HIV/AIDS but also to other diseases and medicines.”

■ Reduced access to affordable HIV/AIDS treatment

— The increasingly effective treatment of HIV/AIDS has relied on decreasing the price and, thus, increasing the availability of drugs. For example, in 2000 the cost of treatment for HIV/AIDS was $10,000 per patient per year. But the introduction of competition from generics drove down the price to $140 per patient per year. Competition from generics reduced the cost of AIDS treatment by 99%. This price reduction has been critical to saving many lives by increasing access to affordable care in the U.S. and other countries.

— Leaked text from the TPP negotiations revealed that the U.S. Trade Representative (USTR) — the government agency that negotiates our trade agreements — is strongly advocating language that would extend the patent monopolies of the big pharmaceutical companies. These extended monopoly protections would severely restrict the development and marketing of generic drugs. The result: increased prices for critical prescription drugs, higher profits for big pharmaceutical firms and decreased access to affordable medicine for millions of people.

■ Higher prices for HIV/AIDS drugs and other critical medicines

— The high cost of patent monopolies, particularly for newer second and third line HIV/AIDS medicines — still commonly thousands of dollars per person per year — will seriously limit the ability of governments and donors to scale up treatment access. High prices will force impossible choices for health departments and government programs with fixed budgets that are already strained to meet their public health obligations.

— AARP warned that the TPP could lock in higher prices for popular drugs. For example, biologics (drugs developed through biological processes) are used to treat a variety of ailments including multiple sclerosis, rheumatoid arthritis, different forms of cancer and the treatment of HIV-related anemia as well as anemia related to kidney failure and chemotherapy. Insulin and vaccines are also long-established examples of biologic products. Biologics are unique because they are made from living organisms that are immunogenic and thereby able to elicit an immune response. 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 document shows that the TPP includes the 12-year period which would prevent Co-

(Continued)
gress from adopting a shorter time frame because a trade agreement takes precedence over domestic laws.

**Possible Medicare and Medicaid Cuts**

— Consumers Union and nine other groups issued a letter to the USTR stating 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 methods

— Higher medical costs due to the TPP could undermine public programs like Medicare and Medicaid. For example, AARP warned that 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. Furthermore, the TPP would also allow medical device corporations to actually patent surgical methods leading to increasing costs for Medicare and Medicaid.

**Less Access to Affordable Care for Millions**

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 number of organizations have issued serious warnings about the impact of the TPP.

— Doctors without Borders stated that “Unless certain damaging provisions are removed, the TPP has the potential to become the most harmful trade pact ever for access to medicines… These demands [by the US] will roll back public health safeguards and flexibilities enshrined in international law, and put in place far-reaching monopoly protections that will restrict generic competition and keep medicine prices unaffordable.”

— AARP, Consumers Union and 13 other organizations signed a letter warning 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.”

**The TPP could set the standard for all future trade agreements**

Doctors without Borders issued a report warning that the TPP “would roll back public health safeguards enshrined in international trade law in favor of offering enhanced patent and data protections to pharmaceutical companies, making it harder to gain access to affordable generic drugs and hindering innovation. If the U.S’s demands are accepted, the TPP agreement will impose new IP rules that could severely restrict access to affordable, life-saving medicines for millions of people… The norms that emerge from these negotiations are expected to serve as a baseline for future trade agreements, potentially impacting a much wider group of countries.”

**You don’t — but Big PhrMA and other corporate representatives do have access to the TPP text and advise our negotiators**

Not one word of the TPP’s text has been officially released to the public. However, members of special Advisory Committees are given access to the text and advise the United States Trade Representative – the agency that negotiates our trade agreements. These privileges are not granted to the public, media, Congressional staff and most members of Congress. Unfortunately, hundreds of the “cleared advisors” on these Advisory Committees represent corporate interests, account for the vast majority of committee members, and dominate the entire process. For example, the Industry Trade Advisory Committee on Chemicals, Pharmaceuticals, Health Science Products and Services features representatives from Johnson and Johnson and such industry lobbying groups as the Pharmaceutical Research and Manufacturers of America (also known as Big PhrMA), American Chemistry Council, Society of Chemical Manufacturers and Affiliates, and the Advanced Medical Technology Association. Johnson and Johnson and PhrMA also have representatives on the Industry Trade Advisory Group on Intellectual Property Rights.

JOIN THE FIGHT TO PROTECT YOUR HEALTH

www.stoptheTPP.org

Communications Workers of America
The Trans-Pacific Partnership (TPP) 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 young people.

**TPP is Not about “Trade”** – Today’s Free Trade Agreements (FTAs) are primarily concerned about economic integration and have very little to do with actual trade (tariffs and duties on goods.) The TPP is a perfect example. The current draft of the agreement is reported to contain 29 chapters, but only about 5 of those chapters actually deal with trade issues. The remaining chapters deal with economic integration issues like intellectual property rights, investor-state dispute settlement, environmental regulations, and more. There is no end date to the TPP, which means young Americans could be dealing with this bad trade deal for most of their adult lives.

**Secret Deal for the 1%** – The special advisory committees utilized the U.S. negotiators are dominated by representatives of corporate interests. These are the same lobbyists who have hogtied Washington and used their outsized influence to stack the deck against average Americans. The public and even many members of Congress and their staff aren’t allowed to see what’s going on in these negotiations, but we’re supposed to trust that our best interests are kept in mind as this deal moves through negotiations.

**Fewer Jobs and Lower Wages for Younger Workers** – Young Americans entering the workforce already face a tough time finding jobs. In June 2014, the overall unemployment rate was 6.1% but the unemployment rate among 16-19 year olds was 21% and among 20-24 year olds it was 10.5%. And these unemployment rates do not even include the 1.24 million additional workers under 25 years of age who are neither employed nor actively looking for work because job opportunities remain so scarce. Under the TPP, this problem will only get worse. Globalization and trade deals have resulted in the loss of 6.8 million jobs. About half of these are service sector jobs concentrated in information technology, human resources, finance, purchasing, and call centers. The balance is primarily composed of good-paying manufacturing jobs. In addition, the majority of American households lose at least $2,560 in income a year due to the downward pressure on wages and benefits caused by offshoring.

**Putting Our Youth in Competition with Sweatshops** – The TPP includes countries like Vietnam whose 2014 average minimum wage amounts to just 52 cents an hour – less than half of China’s minimum wage and just 8% of the U.S. minimum wage. Vietnam keeps its wages low through the brutal suppression of human rights including the right to form independent unions, freedom of expression, open access to the internet, freedom of religion and much more. Vietnam’s terrible human rights record has been well documented by Amnesty International, Human Rights Watch and even the U.S. State Department. The U.S. Department of Labor has cited Vietnam as one of only three countries in the world to engage in forced child labor in its apparel industry. Surveys have also cited unsafe working conditions in the apparel factories. All of
this is important because Vietnam is the 2nd largest exporter of apparel to the U.S. behind only China. The TPP will reward Vietnam’s government for bad behavior by giving it duty free access to the U.S. market and putting our workers – especially young workers – in direct competition with sweatshop and slave labor. Instead, trade talks with Vietnam should be suspended until it meets basic international standards for human and workers’ rights.

**Long-Term Environmental Damage** – The TPP could sharply increase U.S. exports of natural gas – creating incentives for more fracking. The Department of Energy could lose its authority to regulate exports of natural gas to countries that have signed a “free trade” agreement with the U.S. that includes “national treatment for trade in gas.” The TPP could eliminate the government’s prerogative to determine whether the mass export of natural gas to TPP countries – including Japan, the world’s largest natural gas importer – is in the public interest. The resulting surge in natural gas exports would not only raise gas and electricity prices for consumers, but would ramp up the dangerous, chemical-laden practice of fracking and exacerbate the looming global environmental crisis our young people will inherit.

Additionally, the TPP includes special provisions that allow foreign corporations the right to challenge any domestic law, rule or regulation that breaches the expansive investment rights included in the agreement. These challenges would be heard by UN and World Bank tribunals staffed by private sector lawyers that could order governments to use taxpayer dollars to compensate the corporations for the loss of their expected future profits.

There are over $38 billion in pending claims filed by corporations against sovereign governments using similar provisions in U.S. trade agreements. Most of these claims have targeted pollution clean-up requirements, climate and energy laws, medicine patent policies and other public interest policies. This system could make passing tougher environmental protection laws more difficult, ensuring increased pollution and environmental damage for years to come.

**Tainted Food** – 84% of the seafood we eat is imported – much of it from TPP countries. Yet, the FDA only inspects about 2% of our imported seafood, vegetables, spices and fruit. A 2011 report by the Government Accountability Office on seafood safety found that the FDA only tested 0.1% (1/10th of 1 percent) of imported seafood for drugs that may be present in imported seafood but are illegal in the U.S. because they can cause cancer, allergic reactions and antibiotic resistance.

Yet, even with this inadequate system, the FDA has detained hundreds of seafood imports from TPP countries because they were contaminated. For example, in Fiscal Year 2012, the FDA detained 206 imported seafood products from Vietnam alone because of the presence of salmonella, e-coli, methyl mercury, filth and other drug residues. In 2014, the Japanese government found that shrimp imported from Vietnam had chloramphenicol, an antibiotic which causes a lethal blood disorder and is banned in the U.S. The TPP, by greatly expanding our seafood imports, would result in even more uninspected, untested and tainted seafood imports entering into the U.S.
Those at the top have never done better,” President Barack Obama reported in his 2014 State of the Union address, “but average wages have barely budged. Inequality has deepened.”¹ The income gap is expanding as a result of specific policies that favor large multinational corporations and the wealthiest Americans at the expense of everyone else. Nobel Prize winning economist Joseph Stiglitz stated, “Widening and deepening inequality is not driven by immutable economic laws, but by laws we have written ourselves.”² These include tax policies that provide incentives to off-shore jobs, investment and profits and that favor speculative over productive investment; deregulation of Wall Street and other sectors which has benefited corporations over consumers and workers; and court rulings regarding political contributions that have resulted in even more power for corporations, multinationals and the wealthy.

But two other, often overlooked, policies have exacerbated income inequality - the concerted attack on workers' rights and U.S. trade policy. Along with the policies noted above, these have combined to increase the power of corporations to accumulate more profits and reduce the power of workers to collectively bargain for better wages, benefits and working conditions.

There has been a precipitous decline in private sector collective bargaining coverage. The loss of union representation for millions of U.S. workers has eroded the presence of unions in the private sector to just 6.6% of the workforce – levels not seen since the early 1900s.³

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The decline in union representation is not accidental but the result of specific governmental policies that aid and abet corporate interests. Here are a few examples of management responses when workers attempt to organize a union.4

- 31% of employers illegally fire at least one worker during the organizing campaign.
- 92% of employers force workers to attend mandatory closed door meetings where management attacks unions while not allowing such access for union supporters.
- 51% of employers threaten to close if the union wins the election.
- 45% of employers do not agree to a first contract even after workers vote to join a union.

To make matters even worse, the government routinely allows corporations to misclassify workers as private contractors making them ineligible for union representation.

The decline in union membership represents both the absence of worker power in the workplace – the power to negotiate wages, benefits and working conditions, a dynamic that influences standards for workers both inside and outside the bargaining unit – and the absence of organizations with the ability to engage in policy and political campaigns that affect general social and economic conditions. For example, the loss of collective bargaining and union representation has been directly linked to the shrinking share of national income obtained by the middle class.5

Indeed, as President Obama said, the real wages of American workers have “barely budged.” More precisely, real average weekly earnings dropped from $747 in the early 1970s to $678 in 2013. For almost three decades following World War II, there had been a connection between wages and productivity – as the nation’s productivity increased, so did workers’ wages. That linkage was severed in the 1970s. By 2013, there was a gap of more than $600 between real average wages and the amount wages would be if they were linked to productivity.

The continued growth of U.S. productivity has resulted in the creation of wealth in the U.S.; however, the suppression of U.S. wages has meant that this wealth is not being shared equitably. The richest one percent of Americans has been accumulating wealth at a markedly faster pace than for the rest of us. While incomes for most families increased at less than the rate of inflation, income for the top 1 percent of families has been increasing by approximately 10 percent per year since 1979. Of all new income generated in the U.S. since 2009, 95 percent has gone to the top 1 percent.6

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5 David Madland and Nick Bunker, “Unions Make Democracy Work for the Middle Class,” Center for American Progress, January 2012.
U.S. globalization policy – as expressed in so-called “free trade” agreements – is the second overlooked factor depressing real wages for working families. Chart 4 depicts the yearly balance of trade as a percentage of the gross domestic product and overlays the dates of key trade agreements. The trade deficit increased significantly following NAFTA, the formation of the World Trade Organization (WTO) and allowing China into the WTO. Note how the timing of the trade agreements and the related growth of the trade deficit in Chart 4 coincide with the timing of the decline in worker wages in Chart 2. This correlation is not coincidental. Trade deals act to suppress workers’ wages in at least two ways:

1. Trade deals stimulate the export of investment and jobs from the U.S. and the import of cheaper goods to the U.S. These policies decimated the U.S. manufacturing sector which had higher rates of union representation and paid relatively higher wages. The loss of production and corresponding loss of jobs depressed wages. The trade deficit in manufacturing goods and the number of lost jobs has grown with each new agreement.

2. Commencing in the 1970s but really taking off in the 1990s, the U.S. entered into a series of trade agreements with lower-waged countries, putting U.S. workers in direct competition with corporations employing workers in developing countries, further depressing U.S. wages.

U.S. negotiated trade agreements have had a significant impact on rising income inequality due to the rise in the trade deficit, the corresponding loss of millions of jobs, the reduction in wages and the erosion of labor rights. This rest of this report examines these dynamics of U.S. trade policies. We rely on a number of studies for our analysis – some of which are described in the Appendix.

**Trade Agreements Have Increased our Overall Trade Deficit**

In 1993, the year before NAFTA, our trade deficit in goods and services amounted to -$70.3 billion or -0.9% of GDP. In 2013, the overall trade deficit amounted to -$475 billion or -3% of GDP. This represents an increased drain of 2% of our entire domestic product to other countries.7

The trade deficit in goods – which is especially critical for manufacturing jobs – is even worse. In 1993, the trade deficit in goods amounted to $132.45 billion or -1.9% of GDP. By 2013, our trade deficit in goods amounted to $704 billion or -4.4% of GDP. We exported $1.59 trillion in goods but this was overwhelmed by $2.29 trillion in imports.

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7 Department of Commerce, Bureau of Economic Analysis, U.S. International Transactions, Table 1.1; Percentage Shares of Gross Domestic Product, Table 1.1.10.
The following chart examines our trade balance as a percentage of GDP with the overlay of major trade agreements. Our trade deficit was fairly steady under Presidents Nixon, Ford and Carter. Yet, a significant increase in the trade deficit occurred following the passage of NAFTA under President Clinton and was exacerbated by the inclusion of China into the WTO in 2001. Indeed, the combined impact of these two deals resulted in a massive increase in the trade deficit.8

Trade Pacts with Mexico, China and Korea Eliminated 4 million Jobs and Increased Our Trade Deficits

A central argument made by free trade proponents is that the free trade agreements (FTAs) will create thousands of U.S. jobs. The reality is that these FTAs have resulted in a net loss of millions of U.S. jobs. This loss of largely manufacturing jobs has worsened inequality in the U.S.

President Clinton promised that NAFTA would “create 200,000 jobs in this country by 1995 alone.” But the U.S. actually experienced a net loss of almost 700,000 jobs to Mexico.9

President Clinton promised that allowing China to join the World Trade Organization in 2001 would create thousands of jobs. Yet, the U.S. has experienced a net loss of 3.2 million jobs.10

President Obama claimed that the U.S.-Korea Free Trade Agreement which took effect in 2012 would support “70,000 American jobs from increased goods exports alone.” But the U.S. has already lost 60,000 jobs to Korea in just two years.11

Supporters routinely promise that FTAs will boost exports, reduce our trade deficits and lead us into prosperity. These promises often focus solely on exports and ignore the job-killing, wage-shrinking effect of imports. In reality, our FTAs have increased imports (which destroy U.S. jobs) significantly more than any increase in exports. As a result, our trade deficits have increased dramatically.12

In 1993, the year before NAFTA went into effect, the United States had a $1.6 billion trade surplus in goods with Mexico; by 1995, just one year after NAFTA went into effect, we had a deficit of $16.8 billion. In 2013, the deficit with Mexico was $96 billion.

In 2001, when China was admitted to the WTO, the U.S. had a trade deficit in goods with China of $82 billion. By 2013, this deficit had ballooned to $324 billion.

By March 2014, just two years after the U.S.-Korea FTA took effect, our trade deficit in goods with South Korea increased from $14.6 billion to $22.6 billion – an increase of $8 billion or 55 percent.

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8 The downward trend in our trade deficits that was ushered in with the Global Agreement on Trade and Tariffs was only reversed in the late 1980s by the Plaza Accords – an international agreement to devalue the dollar with the result that our exports became cheaper and imports more expensive. This policy was reversed and a high dollar policy introduced along with larger trade deals. The Great Recession also led to a decline in our trade deficit.
10 Robert Scott, China Trade, Outsourcing and Jobs, Economic Policy Institute, December 11, 2014
12 The following information is based on CWA’s analysis of data from the US International Trade Commission Trade DataWeb.
These trade deficits represent lost manufacturing jobs in the U.S. – many of which were covered by union-negotiated collective bargaining agreements. In the past, unions had succeeded in negotiating productivity gains for working families. Without the power of collective bargaining workers’ wages have stagnated as shown previously.

**Trade Agreements Reduce Workers’ Wages**

Increased trade is associated with downward pressure on wages. President Obama described the dynamic perfectly in a recent interview: “You have an economy that is ruthlessly squeezing workers and imposing efficiencies that make our flat-screen TVs really cheap but also puts enormous downward pressure on wages and salaries. That’s making it more and more difficult not only for African-Americans or Latinos to get a foothold into the middle class but for everybody—large majorities of people—to get a foothold in the middle class or to feel secure there.” President Obama identified income inequality as the defining moral issue of our time.

The agreement to admit China into the WTO is a prime example. In 2011, this deal alone resulted in the net loss of 2.7 million jobs with an average wage loss of $13,500. Net wage losses totaled $37 billion per year.

**Minority Workers Are Especially Hit Hard**

Minority workers are hit especially hard by the job loss associated with FTAs and the decline in collective bargaining coverage. Almost 1 million of the workers displaced by the China trade agreement were members of minority groups – representing a disproportionately large 35% of the total jobs displaced. These minority workers suffered an annual 29.6% cut in their average wage. Net wage losses totaled $10.1 billion for the 959,000 minority workers displaced by China trade deficits.

The displaced jobs paid minority workers more than their replacement jobs: 6.1% more for Hispanics, 12% more for blacks, 35% more for Asians, and 45.5% more for all others.

Some of the best minority job opportunities in the country were displaced. For example, 1.1 million jobs in computer and electronic products were displaced including 369,000 jobs held by minority workers. Blacks working in this sector earned 15.9% more and Asians earned 29.4% more than workers of the same race/ethnicity in all manufacturing.

The Bureau of Labor Statistics also provides data that corroborates these conclusions. From 2009-2011, the BLS calculated that 6.1 million workers were displaced from jobs they had held for at least three years because their plant or company closed or moved, there was insufficient work, or their position or shift was abolished. While trade is only one reason for such job displacement, the results are illustrative. Of the 6.1 million, only 1.38 million found work in which they earned as much or more than they did at their lost job. This means that 4.72 million, or 77% of the total, were hired into jobs that paid less, were still unemployed or dropped out of the labor force. The BLS survey also found that one-third of the workers who found full time work actually experienced a wage reduction of 20% or more.

**Trade Agreements Lower Wages for U.S. Workers Who Must Compete with Lower-Waged Countries**

There has been a dramatic increase in the export of U.S. jobs to lower-waged countries and the import of goods to the U.S. from countries like China where labor costs are just 3% of U.S. levels. Importantly, one study concludes that off-shoring and the increased exposure of U.S. firms to cheap imports account for 85% of the decline in labor’s share of U.S. income over the past quarter century. “Strikingly, we find that increases in import exposure of U.S. businesses can explain about 3.3 percentage points of the 3.9 percentage point decline in the U.S. [labor] share over the past quarter century.”

In testimony before the Senate Finance Committee, Larry Cohen, the President of CWA, provided a real world example of how competition from low waged countries adversely affects the wages of employed U.S.

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13 David Remnick, Going the Distance: On and Off the road with Barack Obama, The New Yorker, January 27, 2014, Section 5.
17 Ibid.
workers. President Cohen stated, “When I talk to CEOs they tell me about the competitive global markets they are operating in and their need to be competitive. They say they must benchmark their operations against low wages in other countries. For example, we successfully negotiated with AT&T to bring some 5,000 technical support jobs at AT&T back to this country, but at wage levels the company defined as competitive – meaning competitive with wage rates for overseas call centers. Our subsequent efforts to boost the living standards of those workers is stymied because of the competitive pressures from AT&T competitors like Sprint and T-Mobile who have focused on outsourcing and offshoring their call center operations. So we have seen firsthand that the global economy does not translate into better wages for workers.”

**Trade Deals Erode Workers’ Rights**

The bargaining power of workers is greatly enhanced when they belong to unions. Workers with unions get paid higher wages and better benefits, obtain more training, have lower rates of turnover and are protected by due process in relation to firings and discipline. But free trade agreements provide U.S. corporate management with effective weapons to roll back labor rights and worker gains.

- Employers have stepped up their anti-union crusade and are now twice more likely to use ten or more coercive tactics in their union-busting campaigns than they were before the adoption of NAFTA in 1993.
- Employer threats made during organizing campaigns to close plants if workers voted for a union rose from 29% in the mid-1980s to 50% in the two years following the adoption of NAFTA to 57% during the mid-2000s.\(^{19}\)
- Actual plant closings where these threats were made following union elections rose from 2% to 15% during this same period. While there are many reasons for plant closings, the incentives to off-shore jobs and investment due to trade agreements are clearly important factors. The example of the movement of auto-assembly plants from the U.S. to Mexico is well documented.

**The Trans-Pacific Partnership Will Exacerbate Income Inequality**

The Trans-Pacific Partnership (TPP) is poised to become the largest free trade agreement in history. Current negotiating countries include the U.S., Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore and Vietnam a group that accounts for 38% of global economic activity. Moreover, the U.S. trade representative stated that he wants many other countries to join, including China and South Korea. The TPP will exacerbate income inequality in the U.S. in a number of ways:

1. **The off-shoring 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 sectors due to the TPP. The Center for Automotive Research projects the loss of 91,500 auto jobs to Japan along with a reduction of 225,000 automobiles produced in the U.S.\(^20\) The National Council of Textile Organizations projects the loss of 522,000 U.S. textile and related jobs over an eight year period.\(^21\) But this is simply the tip of the iceberg.

- **Service sector jobs.** Corporations have already off-shored an estimated 3.4 million U.S. service sector jobs. The TPP will make such off-shoring 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 off-shoring 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 2.7 million jobs; NAFTA cost us 700,000 jobs; and the Korea agreement cost us nearly 60,000 jobs in just two years. The TPP would make things worse by giving special benefits to firms that off-shore investment and jobs and reducing the risks normally associated with operating in low-wage countries. Corporations would love to produce their products in places like Vietnam which has a minimum wage that averages just 52 cents an hour – less than half of China’s minimum wage. Moreover, there may be

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20 Sean McAlinden and Yen Chin, The Effects a U.S. Free Trade Agreement with Japan would have on the U.S.
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. Thus, 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.

- **Wages, benefits and collective bargaining rights will be further eroded.** Trade agreements have driven down wages and benefits while eroding our collective bargaining rights. The TPP will only exacerbate this race to the bottom as it places our workers in competition with Vietnamese workers who have a minimum wage that averages just 56 cents an hour (just 8% of our minimum wage) with no effective labor rights.  

- **The policies of the federal government – and maybe state governments – to stimulate job creation by giving preferences to American made goods would be undermined.** The TPP’s procurement chapter would require that firms operating in any signatory country be provided equal access to that of domestic firms to many, if not most, U.S. government procurement contracts over a certain dollar threshold. To implement this “national treatment” requirement, the U.S. would agree to waive Buy American procurement policies for bids coming from firms in TPP countries for the purchase of any goods. If the U.S. fails to conform our domestic policies to these terms, then the U.S. government could be subject to challenges by TPP trading partners and possible trade sanctions. Other government purchasing standards could also be undermined including rules requiring “renewable” or “recycled”, or “sweat free” goods or prevailing wage obligations – all of which could be challenged by firms from TPP countries that bid on U.S. contracts or by the TPP countries themselves.

- **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 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. 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.

**Conclusion**

Trade agreements have primarily worked to benefit the bottom line of large multinational corporations. Such deals allow corporations to reduce their operating costs by shifting jobs and investment from the U.S. to foreign affiliates or contractors while still obtaining un-tariffed access to the U.S. market. Consumers may feel they also benefit from these policies through cheaper goods and services. But the evidence demonstrates that open markets and cheaper goods actually come at a much higher cost: lost U.S. jobs and reduced incomes.

If income inequality is truly an imperative economic and social justice issue to be addressed through public policy, then we must take care that trade agreements are structured to revive U.S. wage growth and to expand U.S. jobs. The Trans Pacific Partnership does not meet these goals. Moves to “fast track” Congressional oversight of the TPP will only fast track an increase in income inequality in the U.S.

We live in a global economy, but any trade agreement must be thoroughly and thoughtfully examined to assure that its framework supports our common goals of democracy, economic justice, and consumer and environmental protections.

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22 Socialist Republic of Vietnam, Decree Stipulating Region Based Minimum Wage Levels, November 14, 2013. The Vietnamese average was calculated as a simple average of the minimum wage in the four regions. The Vietnamese dong was converted to dollars using the exchange rate of 21,196 dong to the U.S. dollar effective June 5, 2014.
APPENDIX– Studies of the Impact of Trade on U.S. Inequality

Standard economic theory predicts that increasing trade liberalization will contribute to increased income inequality. A number of studies were conducted in the 1990s that tried to explain the relationship of increased trade flows to increased income inequality. This research produced an array of estimates. For example, in 1997 Cline estimated that trade and immigration together explained 40 percent of the growth in wage inequality over the last quarter century. Paul Krugman in 1995 concluded that trade accounted for 10 percent of the increase in inequality over this period – a figure that was located at the lower end of the range of estimates.²³

However, the landscape of trade and trade flows has changed since the 1980s and the early 1990s. Specifically, there has been a dramatic increase in the export of U.S. jobs to lower waged countries and the import of goods to the U.S. from countries like China with labor costs that are less than 10% of U.S. levels.

Accordingly, there has been a growing body of more recent analyses which conclude that trade has contributed significantly to the rise in inequality in the U.S. Importantly, one study concludes that off-shoring and the increased exposure of U.S. firms to cheap imports accounts for 85% of the decline in labor’s share of U.S. income over the past quarter century. Here is a summary of some of these analyses.

- **Brookings Panel on Economic Activity 2013.** This 2013 study states, “Our analysis identifies offshoring of the labor-intensive part of the U.S. supply chain as a leading potential explanation for the decline in the labor share [of income]. Strikingly, we find that increases in import exposure of U.S. businesses can explain about 3.3 percentage points of the 3.9 percentage point decline in the U.S. [labor] share over the past quarter century.”⁴ The study concludes, “Thus, if globalization continues during the next decades, then the labor share will most likely continue to decline, especially in sectors that face the largest increases in foreign competition.”²⁵

- **World Bank 2011.** In a 2011 survey of the literature, a World Bank study concluded that “there is now fairly strong evidence...that offshoring can raise wage inequality in both countries [i.e., the country that is off-shoring the jobs and the country receiving the jobs].”²⁶ The survey also states that newer, more sophisticated analyses have resulted in a “vigorous resurgence of the idea that trade can lead to a rise in inequality – with the new features that it can do so through North-North trade; in countries of the South; and within each industry and within each class of workers.”²⁷

- **Paul Krugman 2008.** Krugman, who won a Nobel Prize for economics, issued a 2008 paper that revised a previous analysis he wrote in 1998. In the new paper Krugman states that “Standard economic analysis predicts that increased U.S. trade with unskilled labor-abundant countries should reduce the relative wages of U.S. unskilled labor, but empirical studies in the 1990s found only a modest effect.”²⁸ However, since that time there has been a massive surge of imports from lower-waged countries. Krugman’s new study takes these changes into consideration and reached the following conclusion: “the analysis presented here indicates that the rapid rise in manufactures imports from developing countries probably is, indeed, a greater force for growing inequality, and that factor content calculations suggesting otherwise are missing the essence of what is happening.”²⁹

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²⁵ Elsby et.al. U.S. Labor Share, p. 32.
²⁶ Ann Harrison, John McLaren, Margaret McMillan, Recent Perspectives on Trade and Inequality, the World Bank, August 2011, p. 40.
²⁷ Harrison, et.al. Recent Perspectives, p. 43
²⁹ Krugman, p. 134.
As negotiations for the mega 12-country Trans-Pacific Partnership (TPP) trade agreement enter a critical stage, supporters are making bigger and bigger promises about its purported benefits. We have heard all these promises before in support of previous free trade agreements (FTAs). A review of the actual impacts of these FTAs proves that these promises are worthless. In fact, trade agreements have failed to deliver on promises to create good U.S. jobs, trade surpluses, improved workers’ and human rights, and a cleaner and more sustainable environment. There is nothing in the TPP—or in the contentions of its proponents—to show that it will be different than the previous record of broken promises. Indeed, the TPP will be worse because it expands and extends the failed policies of past trade agreements to a region that accounts for 38% of total world economic activity.

We should look at the facts and not fall for the same litany of broken promises. We do not need any more free trade deals that accelerate a race to the bottom. Instead, we need fair trade deals that create a race to the top where we actually benefit from more and better jobs, an improved quality of life and a strengthening of rights.

The following report includes a brief overview of some of the major broken promises made in support of past FTAs and provides five case studies illustrating the specific broken promises made in relation to labor rights associated with the trade agreements with Mexico, Colombia, Honduras, Guatemala and Bahrain.

**Broken Promises for Jobs**

One of the central arguments made by proponents is that the TPP will create thousands of U.S. jobs. The promise of jobs is trotted out every time a trade bill is considered. However, the reality is that these FTAs have resulted in a net loss of millions of U.S. jobs.

- President Clinton promised that NAFTA would “create 200,000 jobs in this country by 1995 alone.” But, the U.S. actually experienced a net loss of almost 700,000 jobs to Mexico.¹

- President Obama claimed that the U.S.-Korea Free Trade Agreement, which took effect in 2012, would support “70,000 American jobs from increased goods exports alone.” But the U.S. has already lost nearly 60,000 jobs to Korea in just two years.²
President Clinton promised that allowing China to join the World Trade Organization in 2001 would create thousands of jobs. Yet, the U.S. has experienced a net loss of 3.2 million jobs.³

**Broken Promises for Trade Surpluses**

Supporters routinely promise that FTAs will boost exports, reduce our trade deficits and lead us into prosperity. These promises often focus solely on exports and ignore the job-killing, wage-shrinking effect of imports. In reality, our FTAs have increased imports (which destroy U.S. jobs) significantly more than any increase in exports. As a result, our trade deficits have increased dramatically.⁴

In 1993, the year before NAFTA went into effect, the United States had a $1.6 billion trade surplus in goods with Mexico; by 1995, just one year after NAFTA went into effect, we had a deficit of $16.8 billion. In 2013, the deficit with Mexico was $96 billion.

In 2001, when China was admitted to the WTO, the U.S. had a trade deficit in goods with China of $82 billion. By 2013, this deficit had ballooned to $324 billion.

By March 2014, just two years after the U.S.-Korea FTA took effect, our trade deficit in goods with South Korea increased from $14.6 billion to $22.6 billion – an increase of $8 billion or 55 percent.

**Broken Promises for Improved Human Rights and Labor Standards**

U.S. Trade Representative (USTR) Ambassador Michael Froman claimed that the TPP would “improve adherence to labor rights and working conditions in Vietnam.” This is very similar to promises made, and broken, in previous FTA negotiations. A more detailed analysis of the major FTAs that supposedly addressed labor rights follows in the next section. These examples prove that any promises made in support of the TPP and its purported positive impact on rights in Vietnam should not be accepted.

The NAFTA side agreements on labor standards have failed to improve labor standards and working conditions for workers both in the U.S. and Mexico. Worsening conditions and eroded standards have been documented by Human Rights Watch, Amnesty International and the U.S. Department of State.

The failure of the Colombia Labor Action Plan (LAP) of 2011 to improve labor rights and reduce violence against labor leaders has been verified by Amnesty International, Human Rights Watch and even the U.S. State Department. In August 2013, hundreds of thousands of Colombians took to the streets to protest a number of issues including the U.S.-Colombia FTA, high fuel prices, and the neglect of rural areas.

During CAFTA negotiations in 2005, President Bush said, “…CAFTA… means good jobs and higher labor standards for their workers.” Yet, worsening conditions and standards have been documented by Human Rights Watch, Amnesty International and the U.S. Department of State.

In May 2004, the USTR reassured America that Bahrain had reaffirmed “its obligations as members of the International Labor Organization (ILO), and …that its laws provide for labor standards [would be] consistent with internationally recognized labor rights” as part of FTA negotiations. Yet in April 2011, hundreds of union members and half of the leaders of the General Federation of Bahraini Trade Unions (GFBTU) were dismissed from their jobs for taking part in trade union activities. In a 2013 report, the U.S. Department of State concluded that “Freedom of association was generally not respected…The law does not provide for the right to collective bargaining.”
The North American Free Trade Agreement (NAFTA) provided the model for all subsequent U.S. free trade agreements. It was an economic integration agreement between Canada, Mexico and the United States. It was signed in 1993 and went into effect in 1994. At that time, it was the largest U.S. trade agreement. However, the Trans-Pacific Partnership is much larger since it includes 9 other countries in addition to the NAFTA countries. The TPP has been called “NAFTA on Steroids.” The broken promises made in support of NAFTA can serve as a guide to what we can expect from the TPP.

The Promise of Improved Labor Rights and Conditions

President Clinton promised that a labor side agreement would improve labor rights and standards. This side agreement called the North American Agreement on Labor Cooperation included 7 basic objectives, the second of which was “to promote labor principles set forth in the Annex.” The Annex itself contained 11 principles including freedom of association and the right to organize; the right to strike; the prohibition of forced labor; the elimination of employment discrimination; equal pay for women and men; and labor protection for children and young people.

President Clinton: “In all of trade history, this is the first agreement that ever really got any teeth in environmental standards, any teeth in what another country had to do with its own workers and its own labor standards…There’s never been anything like this before.”

President Clinton: “We will press for workers in all countries to secure rights that we now take for granted, to organize and earn a decent living…I ask those who opposed NAFTA to work with us to guarantee that the labor and side agreements are enforced.”

USTR Ambassador Kantor: “The fundamental objectives of the labor and environment agreements are to work cooperatively to improve conditions for labor and the environment throughout North America and to improve national enforcement of national laws relating to labor and the environment. They commit all three nations to fair, open and equitable administrative and judicial processes for the enforcement of environmental and labor laws.”

United States — The Reality of Worsened Labor Rights and Working Conditions

Labor rights and working conditions in the U.S. have eroded since the passage of NAFTA. While there are many factors causing this erosion – deregulation, economic policies that accelerated offshoring, attack on voting rights – trade agreements have had a direct impact on this entire process.
**BROKEN: Freedom of Association and the Right to Collectively Bargain**
The most comprehensive research study of the impact of NAFTA on labor rights in the U.S. reached the following conclusions:

- Employers are now twice more likely to use ten or more coercive tactics in their anti-union campaigns than they were before the adoption of NAFTA in 1993.

- Employer threats made during organizing campaigns to close plants if workers voted for a union rose from 29% in the mid-1980s to 50% in the two years following the adoption of NAFTA to 57% during the mid-2000s.

- Actual plant closings where these threats were made following union elections rose from 2% to 15% during this period. While there are many reasons for plant closings, the incentives to off-shore jobs and investment due to trade agreements are clearly important.

**BROKEN: Prohibition of Child Labor and Minimum Age for Employment**

- **Human Rights Watch:** “Hundreds of thousands of children work on American farms. The 1938 Fair Labor Standards Act exempts child farmworkers from the minimum age and maximum hour requirements that apply to other working children. As a result, child farmworkers often work 10 or more hours a day and risk pesticide exposure, nicotine poisoning, heat illness, injuries, life-long disabilities, and death. Seventy-five percent of children under 16 who died from work-related injuries in 2012 worked in agriculture. Federal protections that do exist are often not enforced. Congress has still not closed a legal loophole allowing children to do hazardous work in agriculture starting at age 16; hazardous work is prohibited in all other jobs until age 18.”

**BROKEN: Minimum Employment Standards**

- **Human Rights Watch:** “Millions of US workers, including parents of infants, are harmed by weak or non-existent laws on paid leave, breastfeeding accommodation, and discrimination against workers with family responsibilities. Inadequate leave contributes to delaying babies’ immunizations, postpartum depression, and other health problems, and causes mothers to stop breastfeeding early.”

**BROKEN: Protection of Migrant Workers**

- **Amnesty International:** “The proliferation of state laws targeting migrants put them at increased risk of discrimination and impeded access to education and essential health care services. Increased immigration enforcement along certain stretches of the US-Mexico border continued to push irregular migrants to use particularly dangerous routes through the US desert, resulting in hundreds of deaths. Increased collaboration between local law enforcement and immigration authorities put communities living along the US-Mexico border at risk of racial profiling by state and local law enforcement officials. Irregular migrants who were victims of crime, such as human trafficking and domestic violence, faced a range of barriers to justice.”
MEXICO — The Reality of Worsened Labor Rights and Working Conditions

**BROKEN: Freedom of Association & the Right to Collectively Bargain**

- **Human Rights Watch:** “Agreements negotiated between management and pro-management unions continue to obstruct legitimate labor-organizing activity. These agreements often restrict workers’ ability to obtain effective representation, undermining their ability to bargain collectively and earn benefits beyond the minimum mandated by Mexican law. Workers who seek to form independent unions risk losing their jobs, as loopholes in labor laws and poor enforcement generally fail to protect them from retaliatory dismissals. In November 2012, Congress passed a far-reaching reform of labor law that imposes onerous preconditions for striking and makes it easier for employers to replace regular employees with workers on short-term contracts supplied by third-party brokers, further undermining fundamental labor rights and protections for workers.”

- **U.S. Department of State:** In 2012, the Mexican government passed a major labor reform law that “provides workers the right to form and join unions, the right to strike in both the public and private sector and the right to bargain collectively. However the law places several restrictions on these rights… [The Mexican government’s] general failure to enforce labor and other laws left workers without much recourse with regard to violations of freedom of association, working conditions or other problems…. The process for official recognition of unions was politicized, and the government occasionally used the process to reward political allies or punish political opponents…. Few formal strikes occurred in part because of the numerous restrictions on strikes… Protection (company-controlled) unions continued to be a problem in all sectors [which is a] violation of International Labor Organization Convention 87 regarding freedom of association…. Workers were excluded from official unions for trying to organize their colleagues into separate, independent unions.”

**BROKEN: Prohibition of Forced or Compulsory Labor**

- **U.S. Department of State:** “Although the law prohibits all forms of forced or compulsory labor, the government did not effectively enforce such laws. Forced labor persisted in the agricultural and industrial sectors, as well as in the informal sector. Women and children were subjected to domestic servitude. Migrants, including men, women, and children, were the most vulnerable to forced labor.”

**BROKEN: Prohibition of Child Labor and Minimum Age for Employment**

- **U.S. Department of State:** “The December 2012 labor reform law made it a federal crime to employ children under the age of 14… The government did not effectively enforce such prohibitions.”

**BROKEN: Discrimination and Violence against Women and Girls**

- **U.S. Department of State:** “The law provides women the same rights and obligations as men and ‘equal pay for equal work performed in equal jobs, hours of work and conditions of efficiency’… According to the World Economic Forum, women earned 42 percent less than men for comparable work.”

- **Amnesty International:** “Violence against women and girls, including beatings, rape, abduction and murder, was widespread in many states. Legislation to prevent and punish violence was not enforced effectively and the training of officials on dealing appropriately with gender-based crimes was not adequately monitored to ensure
compliance. Despite commitments to improve investigation of gender-based violence, new police investigation protocols were not introduced during the year and perpetrators usually evaded justice. Protection orders remained inoperative in many states and victims faced continued threats.”

**BROKEN: Protection of Migrant Workers**

- **Amnesty International:** “Migrants in transit continued to face abduction, murder and forced recruitment into criminal gangs. Migrant women and children were at particular risk of abuses. Public officials were often suspected of colluding with criminal gangs and committing other abuses against migrants, such as extortion and arbitrary detention. Despite government commitments to combat all abuses against migrants, measures remained ineffective and state governments failed to prevent and punish crimes against migrants.”
In April 2011, Colombia and the U.S. negotiated the “Colombian Action Plan related to Labor Rights” in an effort to kick-start the stalled Colombia Free Trade Agreement negotiations. The Colombia FTA was passed by Congress in October 2011. The Labor Action Plan (LAP) required Colombia to adopt and maintain in domestic law five fundamental labor rights included in the ILO Declaration including the right to form and join a union; the right to negotiate collective bargaining agreements; the elimination of all forms of compulsory or forced labor; effective abolition of child labor; and the elimination of employment and occupation discrimination based on gender or race. In addition, the Labor Plan required the Colombian government to effectively enforce fundamental labor rights, as well as minimum wage, hours of work, and occupational safety and health laws; to raise labor complaints to the same level as commercial disputes and to improve labor standards as well as cooperate on matters including labor inspection systems, social assistance programs, occupational safety and health, and labor relations.

**The Promise of Improved Labor Rights and Conditions**

- **President Barack Obama, 2012:** “This agreement is a win for our workers and environment because of the strong protections it has for both, commitments that we are going to fulfill.” 19

- **USTR Ambassador Ron Kirk, 2011:** “The Action Plan significantly expands the protection of labor leaders and organizers, bolsters efforts to punish those who perpetrate violence against union members, and strengthens labor laws and their enforcement.” 20

**The Reality of Worsened Labor Rights and Working Conditions**

**Broken: Freedom of Association and the Right to Collectively Bargaining**

- **International Trade Union Confederation:** “…figures on violence against trade unionists…vouch for the existence of a human rights crisis not consistent with random and indiscriminant violence. They reflect a policy of extermination, implemented over a sustained period and manifested by the thousands of lives claimed…. Although some progress has been made, the longstanding violence against the Colombian trade union movement continues to plague the country and trade unionists are still being killed, forcibly disappeared and intimidated.” 21

- **U.S. Department of State:** “Violence, threats, harassment and other practices against trade unionists continued to affect the exercise of the right to freedom of association and collective bargaining.” 22

- **Human Rights Watch:** “The number of trade unionists killed annually….remains high…Threats against trade unionists are widespread: the ENS [National Labor School] reported 539 such cases in 2011, and 255 between January and September 15, 2012…No one has been held accountable for the vast majority of the more than 2,900 trade unionists killings…reported since 1986.” 23
**U.S. Congressional Monitoring Group on Labor Rights in Colombia:** “The right to organize is denied and a lack of justice prevails. Only four percent of workers in Colombia belong to a union, largely due to anti-union violence and fear of reprisals from employers….Death threats continue to be levied against union leaders and workers attempting to organize.” 24

**BROKEN: Inspection System for Effective Enforcement of Labor Rights**

**U.S. Congressional Monitoring Group on Labor Rights in Colombia:** “A critical provision of the LAP was the implementation of a robust enforcement regime for labor rights through increased inspections and the imposition of fines. [However,] flagrant labor violations often go unpunished with the Government of Colombia failing to collect fines for violations…” 25

**BROKEN: Forced or Compulsory Labor**

**U.S. Department of State:** “The law prohibits all forms of forced or compulsory labor. The government did not effectively enforce the law in all cases…”26

**BROKEN: Child Labor**

**U.S. Department of State:** “Significant incidences of child labor occurred in the production of clay bricks, coal, emeralds, gold, coca and pornography. Commercial sexual exploitation of children also occurred…Prohibitions against children working in mining and construction were largely ignored…There continued to be instances of forced child labor in mines quarries and private homes.” 27

**BROKEN: Discrimination Against Women**

**U.S. Department of State:** “Although women enjoy the same legal rights as men, serious discrimination against women persisted. Women faced hiring discrimination, were affected disproportionately by unemployment and received salaries that generally were not commensurate with their education and experience.” 28

**BROKEN: Acceptable Conditions of Work**

**U.S. Department of State:** “While the government’s labor inspectors undertook administrative actions to enforce the minimum wage in the formal sector, the government remained unable to enforce the minimum wage in the informal sector, which…employed approximately 49 percent of workers who earned the minimum wage or less during the year.” 29
Broken Promises: CAFTA Labor Chapter and Honduras

In 2005, the Central America Free Trade Agreement (CAFTA) was signed by a number of countries including Honduras. In doing so, Honduras (as well as the other countries) agreed in Article 16.2 that it “shall not fail to effectively enforce its labor laws…” The labor laws specified in the agreement include “the a) right of association; b) the right to organize and bargain collectively; c) a prohibition on the use of any form of forced or compulsory labor; d) a minimum age for the employment of children and the prohibition and elimination of the worst forms of child labor and e) acceptable conditions of work with respect to minimum wages, hours of work and occupational safety and health.”

The commitment by Honduras in CAFTA was merely to enforce its own labor laws. Yet, Honduras has failed to achieve even this limited goal as documented by various reports issued by the U.S. Department of State, the U.S. Department of Labor, the International Trade Union Confederation (ITUC), Amnesty International, and Human Rights Watch.

The Promise of Improved Labor Rights and Conditions

President George W. Bush, 2005: “To ensure that Central American factories abide by acceptable labor standards, CAFTA insists on stiff fines for violations. And the United States government has committed about $180 million over five years to ensure that labor laws are enforced. CAFTA is a trade agreement that will be enforced. And we’ve got the money in the budget to do so.”

President George W. Bush, 2005: “By opening up Central America and the Dominican Republic to U.S. trade and investment, CAFTA will help those countries develop a better life for their citizens…And by helping those economies improve, CAFTA will help the nations strengthen their democracies.”

The Reality of Worsened Labor Rights and Working Conditions

BROKEN: Freedom of Association and the Right to Collective Bargaining

U.S. Department of State: “Workers exercised with difficulty the rights to form and join unions and to engage in collective bargaining, and the government failed to enforce applicable laws effectively… Anti-union discrimination continued to be a serious problem… Employers commonly threatened to close unionized factories and harassed or dismissed workers seeking to unionize. They also fired leaders with impunity soon after workers formed unions to prevent the union from functioning… Employers often failed, with impunity, to comply with court orders requiring them to reinstate workers fired for engaging in union activity.”

Coalition of Honduran Unions: “…employers… violate [the right to freely unionize] through massive lay-offs, blacklists, interference in the creation of workers’ associations … severe repression, illegal work stoppages; instilling of fear in workers to prevent them from joining the union…”
BROKEN: Prohibition of Child Labor and Minimum Age for Employment

■ U.S. Department of State: “The government did not devote adequate resources or inspections to monitor compliance with child labor laws or to prevent or pursue violations. The [Government] did not effectively enforce child labor laws outside the apparel assembly sector, and there were frequent violations. The vast majority of children who worked did so without [Government] permits.”

BROKEN: Acceptable Conditions of Work

■ U.S. Department of State: “…the government did not allocate adequate resources for labor inspectors to perform their duties. Authorities did not effectively enforce worker safety standards, particularly in the construction, garment assembly, and agricultural sectors. Employers rarely paid the minimum wage in the agricultural sector and paid it inconsistently in other sectors. Agricultural workers frequently reported being penalized for taking legally established days of rest and holidays.”

■ Coalition of Honduran Labor Unions: “The Ministry of Labor and Social Security fails to exercise its power to impose administrative sanctions for labor law breaches… Labor inspectors confine themselves to poorly investigating allegations and remain unable to effectively penalize employers… Widespread discontent exists among workers because labor inspectors demand payment of inspection costs… as a prerequisite to consideration of the workers’ claims…. Labor inspectors accept bribes from employers…”

BROKEN: Discrimination Against Women

■ U.S. Department of State: “Although the law accords women and men equal rights, including property rights in divorce cases, many women did not fully enjoy such rights. Most employed women worked in lower-status and lower-paid informal occupations, such as domestic service, without legal protections or regulations. Women participated in the labor force at approximately half the rate of men. Employers paid women on average 16 percent less than men for comparable work. Female workers in the textile export industries continued to report that they were required to take pregnancy tests as a condition for employment. Job seekers older than 30, particularly women, faced discrimination based on their age when applying for jobs.”
In 2005, the Central America Free Trade Agreement (CAFTA) was signed by a number of countries including Guatemala. In doing so, Guatemala (as well as the other countries) agreed in Article 16.2 that it “shall not fail to effectively enforce its labor laws…” The labor laws specified in the agreement include “the a) right of association; b) the right to organize and bargain collectively; c) a prohibition on the use of any form of forced or compulsory labor; d) a minimum age for the employment of children and the prohibition and elimination of the worst forms of child labor and e) acceptable conditions of work with respect to minimum wages, hours of work and occupational safety and health.”

By signing CAFTA, the Guatemalan government made the commitment to enforce its own labor laws. Yet, Guatemala has failed to achieve even this limited goal as documented by various reports issued by the U.S. Department of State, the U.S. Department of Labor, the International Trade Union Confederation (ITUC), Amnesty International, and Human Rights Watch.

**The Promise of Improved Labor Rights and Conditions**

- **USTR Peter Allegier, 2005**: “Some in Congress are concerned about labor and environment issues. We are too, and that's why CAFTA includes specific mechanisms for cooperation in the areas of labor and the environment.”

- **President George W. Bush, 2005**: “…I’m also for fair trade. It’s one thing to advocate free trade; I believe the government has a role to make sure that trade is fair for all of us. In other words, we want people treating us the way we treat them.”

**BROKEN: Freedom of Association and the Right to Bargain**

- **U.S. Department of State**: “The government did not effectively enforce legislation on freedom of association, collective bargaining, or antiunion discrimination… Violence and threats against trade unionists and worker activists remained serious problems. Several labor leaders were killed or reported death threats and other acts of intimidation… Procedural hurdles, union formation restrictions, and impunity for employers refusing to receive or ignoring court orders limited freedom of association and collective bargaining.”

- **International Trade Union Confederation (ITUC)**: The ITUC labeled Guatemala as the “most dangerous country in the world for trade unionists.” Since 2007, at least 63 union leaders and members have been murdered. The ITUC also stated, “Freedom of association has long been denied in law and practice in Guatemala… Despite efforts to engage in a constructive dialogue with past governments in order to find solutions to these extremely serious violations, the fact remains that serious violations of the right to freedom of association continue unabated and without meaningful sanction (if any), leading to a situation of near total impunity. Despite many years of promises by successive governments to take the steps necessary to respond to this crisis, the situation has only worsened with each passing year.”

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*The Trans-Pacific Partnership: A Broken Record of Broken Promises* 11
BROKEN: Prohibition of Forced or Compulsory Labor

- **U.S. Department of State:** “The law prohibits all forms of forced or compulsory labor. The government lacked sufficient resources... to conduct effective and regular inspection or to pursue remediation for forced labor cases. Reports continued that men and women were subjected to forced labor in agriculture and domestic service.” 45

BROKEN: Prohibition of Child Labor and Minimum Age for Employment

- **U.S. Department of State:** “Child labor was a widespread problem. The NGO Conrad Project Association of the Cross estimated that the workforce included approximately one million children between the ages of 5 and 17.” 46

- **UNICEF:** Despite the minimum age for work being 14, UNICEF reports that in 2012, 24.8% of children aged 5-14 were involved in child labor. 47

BROKEN Acceptable Conditions of Work

- **U.S. Department of State:** “Labor inspectors reported uncovering numerous instances of overtime abuses, but effective enforcement was undermined due to inadequate fines by labor courts, labor court inefficiencies, employer refusals to permit labor inspectors to enter facilities or provide access to payroll records and other documentation, and inspectors’ lack of effective follow-up in the face of such refusals. Fines were insufficient to deter violations. Moreover, labor inspectors were not authorized by law to sanction employers but had to send alleged violations to the labor courts, where often inefficient and lengthy court proceedings delayed resolution to cases (in many instances for years). Decisions favorable to workers were rarely enforced…”

“The government sets occupational health and safety standards, which were inadequate, not current for all industries, and poorly enforced. 48

**CAFTA’s Drawn-Out Adjudication Process to Resolve Formal Labor Complaints**

In 2008, the U.S. AFL-CIO and Guatemalan unions filed a formal complaint with the U.S. Department of Labor’s Office of Trade and Labor Affairs alleging violations of the labor chapter of CAFTA. In the CAFTA agreement, the government of Guatemala committed to “effectively enforce its labor laws” related to the right of association, the right to organize and bargain collectively and acceptable conditions of work. 49 The Government of Guatemala has disregarded this minimal standard since the trade agreement went into effect.

In 2009, the U.S. filed a formal complaint against Guatemala utilizing the CAFTA process. Since the case against Guatemala was suspended a number of times. On September 18, 2014, the U.S. announced the decision to proceed with the case against Guatemala.

In the six years since the complaint was filed, the situation for workers has not improved. As detailed previously, even the U.S. Department of State has documented the inability and/or refusal of the Government of Guatemala to enforce its own laws. Meanwhile, workers are still involved in the struggle to organize without retribution, receive the pay promised for work performed, and improve working conditions – a struggle that is taking place as they are targeted with violence including murder for merely asserting their rights under Guatemalan law.
Bahrain is an archipelago in the Persian Gulf, east of Saudi Arabia. The economy is heavily dependent on oil production and refining. It has a population of 1.3 million – 55% of which are immigrants, mostly from Asia. The government is called a constitutional monarchy; however, the ruling Khalifa family effectively controls the government, the king is the supreme authority, and family members hold the main political and military posts.

In early 2006, the U.S. Bahrain Free Trade Agreement went into effect. The Labor Chapter (15) specifically required each party to “strive to ensure that such labor principles [as contained in the International Labor Organization’s Declaration on Fundamental Principles and Rights at Work] and internationally recognized labor rights set forth in Article 15.7 are recognized and protected by its law.”

The labor laws specified in Article 15.7 include “the a) right of association; b) the right to organize and bargain collectively; c) a prohibition on the use of any form of forced or compulsory labor; d) labor protections for children and young people, including a minimum age for the employment of children and the prohibition and elimination of the worst forms of child labor and e) acceptable conditions of work with respect to minimum wages, hours of work and occupational safety and health.”

In 2011, massive peaceful protests broke out in support of greater democracy and economic justice especially in relation to growing inequality, a lack of decent jobs, plummeting wages, discrimination and eroded standards of living. The major trade unions initiated a general strike. The government responded with a wave of violent repression – especially targeting political and labor activists – and labor law reforms that undermined labor rights.

The significant erosion of labor and human rights in Bahrain has been documented by the U.S. Department of State, Human Rights Watch, the International Trade Union Confederation and Amnesty International

**BROKEN: Freedom of Association and the Right to Bargain**

- **U.S. Department of State:** “The constitution and labor code recognize the right to form independent trade unions and the right to strike, with significant restrictions. The law does not provide for the right to collective bargaining… The law prohibits trade unions in the public sector... Freedom of association was generally not respected.”

- **International Trade Union Confederation on the 2011 Attack on Independent Trade Unions.** “Around this time [the declaration of martial law following pro-democracy protests and a general strike in 2011], prominent trade union leaders and hundreds of rank and file members were fired; some faced criminal prosecution for their role in organising and participating in strikes and/or demonstrations. In demanding the dismissal of workers who went on trade union endorsed strikes or who otherwise demonstrated for political and socio-economic reforms, largely in state owned or invested enterprises, the government actively worked to intimidate and dismantle an independent, democratic and non-sectarian trade union movement.”
International Trade Union Confederation of the 2012 Labor Law Reforms. “In 2012, the government of Bahrain unilaterally and without notice amended the trade union law in an effort to silence the independent and democratic voice of Bahraini workers. The purpose of these amendments is clear – to further undermine the GFBTU and thereby eliminate an important voice for economic and social reform in Bahrain. The amended articles of the trade union law include: Article 8(1) requires that trade unions be “similar” to form a union federation. This prohibits the formation of multi-sector federations, a move in violation of principles of freedom of association. The ILO Committee on Freedom of Association expressed “deep concern” that the provision was not in conformity with the principles of freedom of association. … Article 8(3) allows the Minister of Labour to determine which trade union may represent Bahraini workers in international fora and in national level bargaining. … We fear this article could be used to promote government-backed unions that will parrot a defence of the government’s anti-union and anti-democratic policies to the international community.” 56

BROKEN: Prohibition of Forced or Compulsory Labor

U.S. Department of State: “The law prohibits all forms of forced or compulsory labor except in national emergencies, but the government did not effectively enforce the law. There were reports of forced labor in the construction and service sectors. Foreign workers are covered by labor laws, but enforcement was lax, and cases of debt bondage were common. There were also reports that forced labor practices occurred among domestic workers and others working in the informal sector, most of whom are not protected by labor laws. In July 2012 the government amended the labor law to provide domestic workers the right to see their terms of employment. The government did not undertake specific efforts to enforce laws against forced labor.” 57

U.S. Central Intelligence Agency: “Bahrain is a destination country for men and women subjected to forced labor and sex trafficking; unskilled and domestic workers from India, Pakistan, Nepal, Sri Lanka, Bangladesh, Indonesia, Thailand, the Philippines, Ethiopia, Ghana, and Eritrea migrate willingly to Bahrain, but some face conditions of forced labor through the withholding of passports, restrictions on movement, nonpayment, threats, and abuse; many Bahraini labor recruitment agencies and some employers charge foreign workers exorbitant fees that make them vulnerable to forced labor and debt bondage; domestic workers are particularly vulnerable to forced labor and sexual exploitation because they are not protected under labor laws; women from Thailand, the Philippines, Morocco, Jordan, Syria, Lebanon, China, Vietnam, Russia, Ukraine, and Eastern European countries are forced into prostitution in Bahrain.” 58

BROKEN: Rights of Migrant Workers

Human Rights Watch: “Approximately 460,000 migrant workers, primarily from Asia, make up 77 percent of Bahrain’s private workforce. Due to shortcomings in Bahrain’s legal and regulatory framework and failure to enforce laws, they endure serious abuses such as unpaid wages, passport confiscation, unsafe housing, excessive work hours, physical abuse, and forced labor. Conditions for domestic workers are of particular concern. A regional Gulf Cooperation Council unified contract for domestic workers, expected to be approved in early 2014, falls short of the minimum standards outlined in the Domestic Workers Convention that the International Labour Organization adopted in 2011.” 59

BROKEN: Discrimination Against Women

U.S. Department of State: “Women faced discrimination under the laws... Family law is based on sharia as interpreted by Sunnis and Shia... Labor laws prohibit discrimination against women, but discrimination against women was systemic, especially in the workplace.” 60
FOOTNOTES

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3 Robert Scott, China Trade, Outsourcing and Jobs, Economic Policy Institute, December 11, 2014
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8 Kate Bronfenbrenner, “No Holds Barred: The Intensification of Employer Opposition to Organizing, American Rights at Work and Economic Policy Institute, 2009
10 Ibid.
12 Human Rights Watch, Country Summary: Mexico, January 2013.
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19 The White House, Office of the Press Secretary, Remarks by President Obama and President Santos of Colombia in Joint Press Conference, April 15, 2012
20 United States Trade Representative, Remarks by Ambassador Kirk at the U.S. Customs and Border Protection Annual Trade Symposium, April 13, 2011
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24 Congressional Monitoring Group on Labor Rights in Colombia, U.S. House of Representatives, October 2013, p.20
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28 U.S. Department of State, Colombia 2013 Human Rights Report, p. 39
29 U.S. Department of State, Colombia 2013 Human Rights Report, p. 39
31 Organization of American States, U.S. President Discusses CAFTA-DR, July 21, 2005
32 Ibid.
33 U.S. Department of State, Honduras 2013 Human Rights Report, pp. 24-26
34 General Confederation of Workers (CGT), Confederation of Honduran Workers (CUHT), Center for Women’s Rights (CDM), Coordinator of the Banana and Agroindustrial Unions of Honduras (COSIBAH), Independent Workers Federation of Honduras (FITH), Craft Union of Dock Workers (SGTM), Reformed Union of Honduran Merchant Marines (SIREMAH), Recommendations for a Remediation Plan for the State of Honduras to Achieve Labor Law Compliance Related to the DR-CAFTA Agreement, January 9, 2013, pp. 10-11. (subsequently referred to as the Coalition of Honduran Unions)
35 U.S. Department of State, Honduras 2013 Human Rights Report, p. 27
36 U.S. Department of State, Honduras 2013 Human Rights Report, p. 27
37 Coalition of Honduran Unions, pp. 4-5.
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