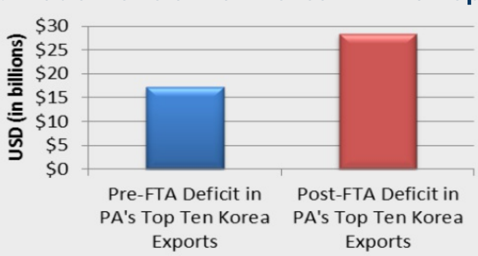
PENNSYLVANIA: LOST JOBS, LAGGING EXPORTS, RISING INEQUALITY UNDER "FREE TRADE" DEALS

The Trans-Pacific Partnership (TPP) was negotiated behind closed doors between the United States and eleven Asian and Latin American countries. More than 500 advisors representing corporate interests had an official role while the public, press and even Congress were shut out. The TPP is branded as a "free trade" deal, but most of its text expands and locks in new rights and privileges for corporations and investors. The TPP is modeled on previous agreements that resulted in large U.S. trade deficits and job loss, downward pressure on wages, and new floods of agricultural imports. Even the U.S. International Trade Commission's official report on the TPP projected an increased trade deficit for 36 of 55 U.S. economic sectors.

U.S. Trade Deficit with Korea—in PA's Top 10 Exports—Grows 66% under Korea Agreement that Served as Template for TPP

In 2012, the Obama administration announced it had fixed the problems in past trade agreements and its new Korea deal would create more exports and more jobs. In reality, the U.S. trade deficit with Korea in the top 10 products that Pennsylvania exports to Korea – from machinery to metal manufacturing – ballooned 66 percent in the FTA's first four years as exports actually fell and imports rose. The overall U.S. goods trade deficit with Korea surged $15.4 billion (99 percent). The increase in the U.S. trade deficit with Korea equates to the loss of more than 102,500 American jobs in the first four years of the Korea FTA, counting both exports and imports, according to the trade-jobs ratio that the Obama administration used to promise job gains from the deal.

U.S. Trade Deficit with Korea in PA's Top 10



NAFTA Deficit in Top PA Products Surges

Time and again, defenders of the trade status quo have tried to sell NAFTA-style deals to Congress with the promise that they would reduce U.S. trade deficits. Time and again, they have been wrong. The U.S. NAFTA deficit in the 10 sectors that constitute Pennsylvania's top exports to Canada and Mexico has risen more than 25-fold in the last 18 years – a more than $97 billion increase. That includes large increases in the NAFTA deficits in computer products and transportation equipment.

Nationwide, the aggregate U.S. goods trade deficit with FTA partners has increased 418 percent since the deals took effect, while declining 6 percent with all non-FTA partners during the relevant period.

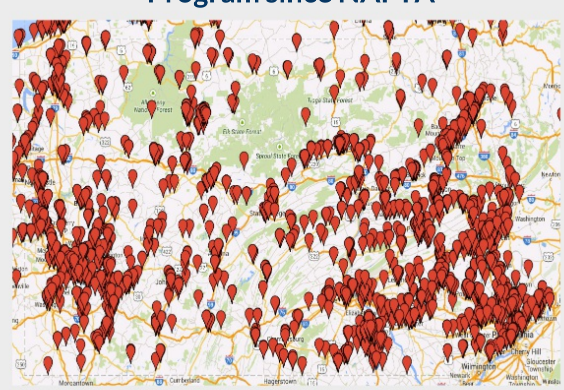
Exports of PA Ag. Products Fall under FTAs

U.S. exports to Canada and Mexico of cattle – one of Pennsylvania's top five agricultural products – fell 59 percent in the first 22 years of NAFTA. And in the first four years of the Korea FTA, U.S. exports to Korea of eggs and corn – two more of Pennsylvania's top five agricultural products – fell 45 and 57 percent, respectively, comparing annual averages of the four years before the FTA and the four years after the FTA went into effect.

Massive Trade-Related Job Losses for Pennsylvania

Pennsylvania lost more than 308,000 manufacturing jobs since the 1994 NAFTA and the World Trade Organization agreements took effect. U.S. manufacturing workers that lose jobs to trade and find reemployment are typically forced to take pay cuts. Three of every five who were rehired in 2014 took home smaller paychecks, and one in three lost more than 20 percent, per Department of Labor data. More than 174,000 specific Pennsylvania jobs have been certified under the Trade Adjustment Assistance (TAA) program as lost to offshoring or imports since NAFTA. These numbers are a significant undercount as TAA only covers a subset of jobs lost to trade.

174,642 Trade-Related PA Job Losses Certified Under Just One Dept. of Labor Program since NAFTA



Pennsylvania workplaces with trade-related job losses – For a full list see www.citizen.org/taadatabase

Pennsylvania Cannot Afford the TPP's Expansion of Corporate Power and Job Loss

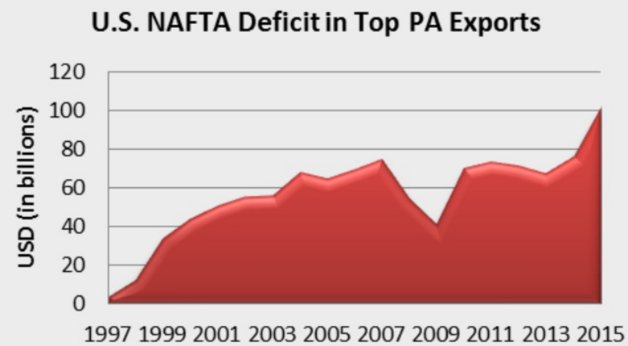
TPP and TTIP Would Empower Foreign Firms to Attack Pennsylvania Policies

The TPP covers 40 percent of the global economy, yet it was negotiated in secret with hundreds of corporate advisors while the public was locked out. The key provision in TPP grants new rights to thousands of foreign corporations to sue the U.S. government before a panel of three corporate lawyers. These lawyers can award the corporations unlimited sums to be paid by America's taxpayers, including for the loss of expected future profits. These foreign corporations need only convince the lawyers that a U.S. law or safety regulation violates their TPP rights. Their decisions are not subject to appeal and the amount awarded has no limit. The TPP and TTIP would expose Pennsylvania and U.S. policies to an unprecedented increase in ISDS liability, given the 1,387 firms in Pennsylvania owned by corporations in TPP or EU countries that are not already covered by existing agreements, any one of which could launch an ISDS claim.

Nationwide, TPP and TTIP would newly empower an additional 37,000 corporations to use the ISDS system against the U.S. if the pacts are approved with ISDS terms. To date, most U.S. ISDS-enforced pacts have been with developing countries with few subsidiaries here, which has meant little past exposure to ISDS claims against the United States. All that would change with TPP and TTIP. Tribunals have ordered governments to pay foreign investors nearly $3 billion under existing U.S. pacts in ISDS attacks on environmental protections, health and safety measures and more. Claims of more than $70 billion are pending.

NAFTA Deficit in Top PA Products Surges

The U.S. trade deficit with NAFTA partners Mexico and Canada in the top 10 products that Pennsylvania exports to those countries has risen 25-fold in the last 18 years.

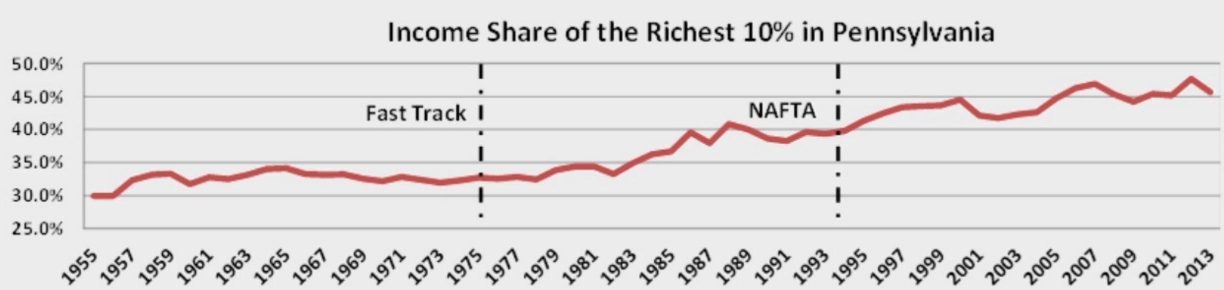


TPP Projected to Spell a Pay Cut for 90% of Americans

The richest 10 percent in Pennsylvania is now capturing nearly half of all income in the state – a degree of inequality not seen before the FTA era. Study after study has produced an academic consensus that status quo trade has contributed to today's unprecedented rise in income inequality. NAFTA-style pacts have promoted the offshoring of well-paying U.S. manufacturing jobs, spurring broad middle-class wage stagnation as trade-displaced workers compete for lower-paying, non-offshoreable service sector jobs. A Center for Economic and Policy Research study finds that under the TPP, 90 percent of U.S. workers would lose more to inequality increases than gained in cheaper goods, spelling a pay cut.

Pennsylvania's Income Inequality Soars during Era of NAFTA-Style Deals

Study after study shows an academic consensus that the status quo trade model has contributed significantly to the historic rise in income inequality. Pennsylvania's richest 10 percent now captures nearly half the state's income.



Sources: Int'l Trade Admin., U.S. International Trade Commission, U.S. Census Bureau, U.S. Bureau of Labor Statistics, U.S. Dept. of Agriculture, Office of Trade Adjustment Assistance, Prof. Mark W. Frank, Uniworld, Center for Economic and Policy Research, Economic Policy Institute

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