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Contact: Maggie Henderson (202) 454-5108

U.S. Laws Would Be Exposed for Attacks by Japanese Corporations if Japan is Included in Trans-Pacific Partnership (TPP)

Statement of Lori Wallach, Director of Public Citizen's Global Trade Watch

Concerns about today's announcement that the United States is green lighting Japan's entry into the Trans-Pacific Partnership (TPP) negotiations have focused largely on new threats that would be posed to the U.S. auto industry, which the Obama administration has highlighted as a sector that they rescued from the brink of disaster and touted as evidence of the administration's successful plans for economic recovery.

An equally important concern is the threat of attacks in TPP tribunals from the 7,633 Japanese establishments operating in the U.S., any of which could threaten our domestic policies and demand compensation from U.S. taxpayers if a key Obama administration TPP proposal on foreign investor privileges remains in the text.

The leaked investment chapter of the otherwise secret TPP draft text reveals the "trade" pact would allow foreign investors to skirt domestic laws and courts and directly sue the U.S. before foreign tribunals. This "investor-state" enforcement provision would empower Japanese corporations to demand taxpayer compensation for wide swaths of non-trade related policies if the corporations feel such policies undermine their future profits. The mechanism elevates foreign corporations to the same status as sovereign governments to privately enforce a public treaty.

The U.S. has largely avoided such attacks because our past trade agreements were with developing countries that did not have a large number of firms invested in the United States, in contrast to Japan.

By inviting Japan to enter the TPP negotiations, the Obama administration is inviting a wave of corporate attacks on domestic laws through a system that is a threat to our sovereignty and solvency. Given how many Japanese corporations actually operate here, having Japan in TPP would increase the risk the pact will undermine important public protections and expose our Treasury to mass liabilities highlighting the fact that this so-called "free trade deal" is in fact a major corporate power grab.

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