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TPP Foreign Policy Arguments Mimic False Claims Made for Past Pacts as Use of Perennial Trade Deal Sales-Pitch-of-Last-Resort Increases

New Report Debunks Notion of the Trans-Pacific Partnership as a Bulwark Against China, Catalogues Outcomes of Similar Geopolitical Claims Made About Pacts Since NAFTA

WASHINGTON, D.C. – As President Barack Obama’s Asia trip looms and proponents of the Trans-Pacific Partnership (TPP) increasingly pitch the deal as a bulwark against China’s rising influence, a report released today by Public Citizen reveals that nearly identical foreign policy arguments have consistently proven baseless when used to sell trade deals over the past two decades. The report reviews foreign policy claims made to promote the TPP, ranging from the absurd to the counterfactual, to those that repeatedly have been disproved by the actual outcomes of similar claims made for past pacts.

“The same old foreign policy arguments get trotted out to sell trade agreements after the economic case fails,” said Lori Wallach, director of Public Citizen’s Global Trade Watch. “Repeatedly, Congress has approved bad deals based on dire predictions that failure to do so would mean diminished U.S. power, the takeover of important markets by competitors or foreign instability, only to find that many of those predictions came true in spite of, and sometimes even because of, pacts’ enactment.”

While U.S. concerns about the implications of China’s rising economic power and influence are legitimate, the notion that the establishment – or not – of any specific U.S. trade agreement would control this process is contradicted by the record. [Public Citizen’s study](#) examines the outcomes of claims that past trade pacts would counter economic gains by Japan, Europe and China in trade-partner markets; strengthen U.S. foreign policy allies or thwart enemies; and improve U.S. national security.

Among the report’s findings:

- Past free trade agreements (FTAs) failed to counter the rising economic influence of China (or Japan): From 2000 to 2011, U.S. FTAs with eight Latin American countries were sold as bulwarks against foreign economic influence in the hemisphere. The U.S. pacts were implemented *and* China’s exports to Latin America soared more than 1,280 percent, from \$10.5 billion to more than \$145 billion, while the U.S. saw only modest export growth. The U.S.-produced share of Latin America’s imported goods fell 36 percent, while China’s share increased 575 percent. Similarly, under the North American Free Trade Agreement’s (NAFTA) first 20 years, the U.S.-produced share of Mexico’s imported goods dropped from almost 70 percent to less than 50 percent, while China’s share rose more than 2,600 percent. Similarly, after hysterical claims that Japan would seize U.S. market share in Latin America by signing

its own free trade agreements *unless* the United States approved NAFTA and other FTAs, such Japanese FTAs were signed anyway.

- The TPP will not “contain” or isolate China: The report cites repeated statements by U.S. officials welcoming China as a prospective TPP member. How can the TPP isolate China if China is welcome to become a member? Administration officials note that China could join only if it agreed to the TPP’s rules, but those rules would give Chinese products duty-free access to the U.S. market and new foreign investor rights and privileges that would enhance China’s relative economic might within the United States. This may explain China’s statements of increased interest in joining the TPP. The TPP will not empower Pacific allies to act as a bulwark against Chinese influence, given that many of those nations see China as a partner. The report cites officials from TPP countries stating that if the TPP were to become a China-containment tool, they would no longer participate in TPP negotiations.
- The TPP is not a vehicle to impose “our” rules: The proposed TPP rules undercut the false, but conveniently scary, dichotomy used to sell the TPP: that we have a choice between using the pact to impose “our” rules internationally or living with rules set by China. This argument presumes the TPP to represent “our” rules, but in fact many of the TPP’s terms reflect the narrow special interests of the 600 official U.S. corporate trade advisors that have shaped them. TPP investment rules would promote more U.S. job offshoring and further gut the U.S. manufacturing base that is essential for both our national security and domestic infrastructure. TPP procurement rules would ban Buy American policies that reinvest our tax dollars to create economic growth and jobs at home. TPP service sector rules would raise our energy prices and undermine our energy independence and financial stability. TPP drug and copyright terms would raise health care costs and thwart innovation. The study summarizes a recent U.S. Department of Defense report that concludes that U.S. deindustrialization poses a threat to national security and our nation’s economic wellbeing.

“Some politicians and pundits seem to hope that raising geopolitical issues that the TPP cannot affect will activate Americans’ anxieties about a rising China and distract from the real issue: Would the TPP benefit most Americans?” Wallach said.

The report also catalogues decades of trade-pact foreign policy claims, revealing that recent administration arguments for the TPP echo, nearly word-for-word, the sales pitches used for past pacts. For example, Vice President Joe Biden recently called the TPP “a symbol of American staying power,” mirroring the 1993 NAFTA pitch by then-U.S. Rep. Dan Glickman (D-Kan.): “NAFTA has become a critical and yes, symbolic test of U.S. leadership.”

The many unfounded foreign policy claims that repeatedly have been used to push past FTAs and that are being recycled today to pitch the TPP include:

- NAFTA: In 1993, then-U.S. Sen. John Kerry (D-Mass.) advocated for NAFTA, saying it would “contribute to the growth and the maturity of the Mexican economy and thereby alleviate some of the potential for social and political explosions which could set back progress.” But after 20 years of NAFTA, Mexico’s average growth rate ranked 18th out of the 20 Latin America nations. Indeed, NAFTA contributed to significant poverty and instability within Mexico by enabling a flood of subsidized U.S. corn that eliminated the livelihoods of 2.5 million Mexican farmers and agricultural workers. The mass dislocation contributed to a doubling of migration to the United States in NAFTA’s first seven years and fueled the violence of Mexico’s spiraling drug war. NAFTA failed to prevent the “social and political explosions” Kerry feared; if anything, it contributed to them.
- CAFTA: In 2005, then-U.S. Sen. Bill Frist (R-Tenn.) argued for the Central America Free Trade Agreement (CAFTA) by saying: “Hugo Chavez moves Venezuela closer and closer to Castro every day.

These regimes tend to work to spread their brutal methods and totalitarian philosophies, trying to infect the rest of Latin America and we simply cannot let them succeed. . . . By linking [Central America's] economies with democratic capitalism, CAFTA will help gird these nations against the threats at their door." Soon after CAFTA took effect, most CAFTA nations established close economic and political ties with Venezuela – the Dominican Republic, Honduras, Guatemala and Nicaragua all signed pacts with Venezuela to receive subsidized oil soon after CAFTA took effect.

- Colombia FTA: In 2011, then-U.S. Rep. Geoff Davis (R-Ky.) pushed for passage of the Colombia FTA by arguing, "The trade agreement with Colombia will advance our national security interests by providing Colombians with alternatives to the drug trade." Davis' argument directly contradicts that of Colombia's own Minister of Agriculture. Before the FTA was passed, the minister predicted that if the deal took effect, Colombian farmers would be unable to compete with an FTA-enabled influx of subsidized U.S. crops and "would have no more than three options: migration to the cities or other countries (especially the United States or bordering countries), leaving to work in drug cultivation zones, or affiliating with illegal armed groups." In August 2013, thousands of Colombian farmers, facing falling incomes and displacement, blocked highways, launched a national strike and called for the repeal of the FTA.

"The TPP should be debated on the merits of its actual provisions and their likely outcomes, not on the basis of rehashed foreign policy talking points and national security hyperbole that have proved false in the past and that bear little connection to the actual TPP text," said Wallach.

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