Texas: Lost Jobs, Surging Deficits, Rising Inequality under “Free Trade” Deals

The **Trans-Pacific Partnership (TPP)**, being negotiated behind closed doors with 11 Pacific Rim nations, would expand the North American Free Trade Agreement (NAFTA) “trade” pact model that has spurred massive U.S. trade deficits and job loss, downward pressure on wages, unprecedented levels of inequality and new floods of agricultural imports. The TPP expands NAFTA’s special protections for firms that offshore U.S. jobs. And U.S. negotiators literally used the 2011 Korea Free Trade Agreement (FTA) – under which exports have fallen and trade deficits have surged – as the template for the TPP.

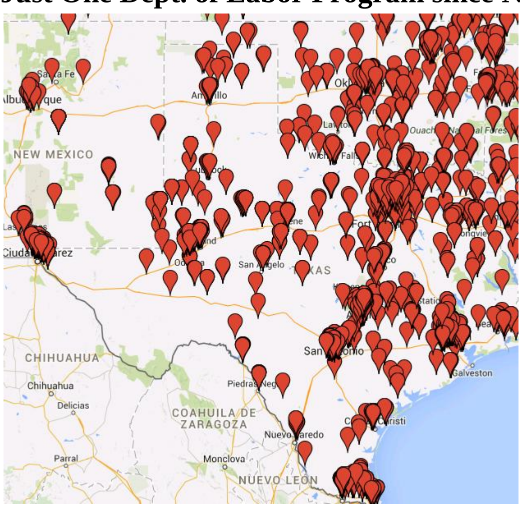
Massive Trade-Related Job Losses for Texas

Texas has lost more than 70,000 manufacturing jobs since the 1994 NAFTA and the World Trade Organization agreements took effect. Nearly five million manufacturing jobs have been lost nationwide.

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 greater than 20 percent, according to Department of Labor data.

More than 172,000 specific Texas jobs have been certified under the Trade Adjustment Assistance (TAA) program as lost to offshoring or imports since NAFTA. These numbers significantly undercount trade-related job loss as TAA only covers a subset of jobs lost to trade.

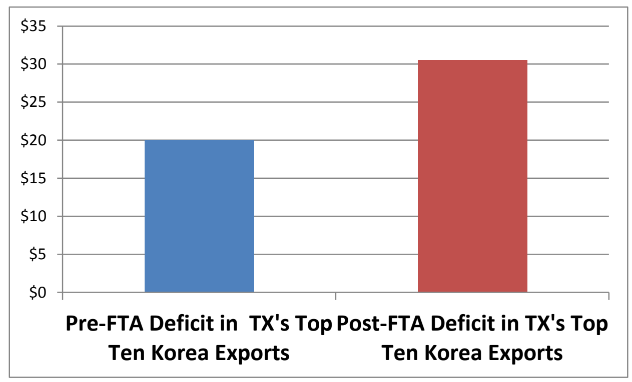
172,104 Trade-Related Texas Job Losses Certified Under Just One Dept. of Labor Program since NAFTA



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

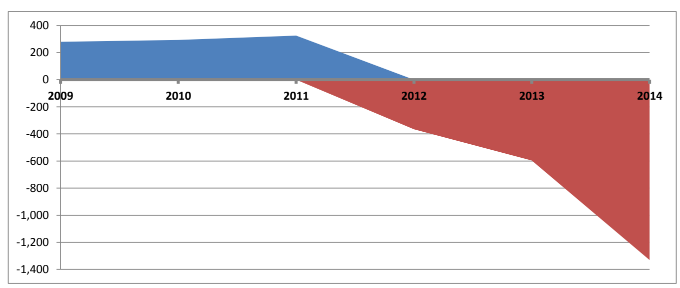
U.S. Trade Deficit with Korea in TX’s Top 10 Korea Exports Grows 52% under Korea FTA

The U.S. trade deficit with Korea in the top 10 products that Texas exports to Korea – including everything from machinery to automotive equipment – grew 52 percent in the FTA’s first three years.



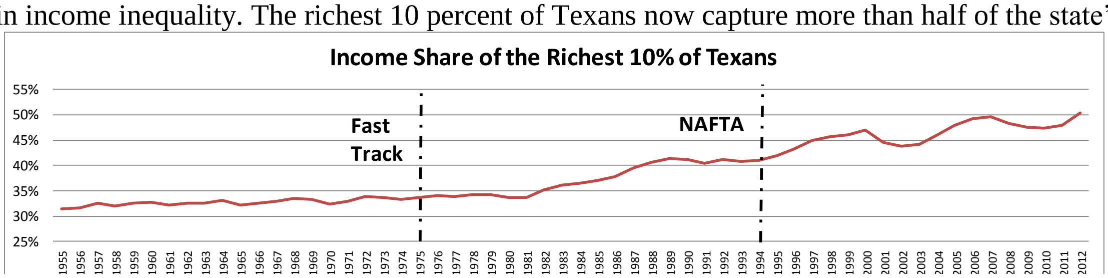
TX Ag. Surplus Becomes Deficit under NAFTA

Since 2009, Texas’ exports of agricultural products to NAFTA partners Mexico and Canada has dropped 23 percent, while agricultural imports from those countries has more than doubled. As a result, Texas’ $280 million NAFTA agricultural surplus in 2009 became a $1.3 billion NAFTA agricultural *deficit* by 2014.



Texas 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. The richest 10 percent of Texans now capture more than half of the state’s income.



Texas Cannot Afford the TPP's Expansion of the NAFTA "Trade" Pact Model

Exports of TX Agri. Products Fall under FTAs

U.S. exports to Canada and Mexico of cattle – Texas' top agricultural product – fell 46 percent in the first 21 years of NAFTA. The downfall contributed to the emergence of Texas' agricultural trade deficit with NAFTA countries, which topped $1.3 billion in 2014. And in the first three years of the Korea FTA, U.S. exports to Korea of nursery and chicken products – two more top Texas agricultural products – fell 14 and 34 percent.

Automotive Trade Deficits Surge under FTAs

Texas' emerging automotive sector has been growing in spite of FTAs, not because of them. In 2009, Texas had a $219 million trade surplus in automotive and other transportation equipment with NAFTA partners Mexico and Canada. By 2014, it became a $4.7 billion *deficit* as imports swamped exports. Similarly, the U.S. automotive trade deficit with Korea increased 36 percent in the first three years of the Korea FTA. While U.S. automotive exports to Korea rose $0.7 billion under the FTA, automotive imports from Korea increased $6.4 billion, displacing U.S. auto jobs.

Net Exports of TX Goods Fall under Korea FTA

Texas' exports have fared poorly under the most recent Fast-Tracked expansion of the NAFTA trade model – a 2011 FTA with Korea that literally has served as the U.S. template for the TPP. In the first three years of the Korea FTA, the U.S. trade deficit with Korea in the top 10 products that Texas exports to Korea – including everything from machinery to automotive equipment – grew 52 percent as exports actually fell and imports rose. **The overall U.S. goods trade deficit with Korea surged $13.6 billion (90 percent). According to the administration's trade-jobs ratio, that equates to the loss of over 90,000 U.S. jobs in three years of the FTA**.

Texas Inequality Soars during FTA Era

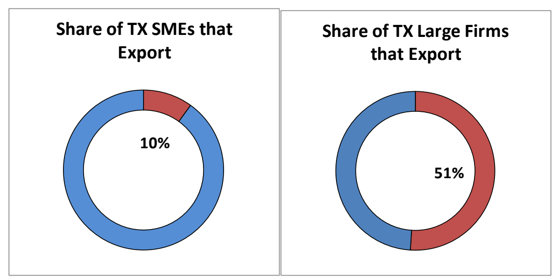
The richest 10 percent of Texans are now capturing more than half of all income in the state – a degree of inequality not seen in the 100 years for which records exist. Study after study has produced an academic consensus that status quo trade has contributed to today's unprecedented rise in income inequality. 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.

Small Businesses Are Not Helped by FTAs

NAFTA-style pacts are often sold to Congress as promoting the interests of small and medium enterprises (SMEs) on the basis that they comprise most exporters. Even if setting aside the government data showing that FTAs have not actually increased export growth, SMEs comprise most exporters simply because they constitute 99.7 percent of U.S. firms. The more relevant question is what share of SMEs actually depend on exports for their success. In Texas, only 10 percent of SMEs export any good to any country. In contrast, 51 percent of large firms in Texas are exporters. Exporting is primarily the domain of large corporations, not small businesses.

Nine out of Ten Texas Small and Medium Businesses Do Not Rely on Exports

Exporting is primarily the domain of large corporations – only 10 percent of Texas' small and medium enterprises export any products, compared with 51 percent of the state's large firms.



TPP and TTIP Would Empower 3,030 Foreign Firms to Attack Texas Policies

The TPP and the Transatlantic Trade and Investment Partnership (TTIP) would empower foreign corporations to bypass domestic courts and challenge U.S. and Texas health, environmental and other public interest policies that they claim undermine new foreign investor rights not available to domestic firms under U.S. law. This controversial "investor-state dispute settlement" (ISDS) system would authorize foreign tribunals of three private attorneys unaccountable to any electorate to rule against policies and order unlimited taxpayer compensation for foreign firms' "expected future profits." Tribunals have ordered governments to pay foreign investors $3.6 billion under existing U.S. pacts in ISDS attacks on environmental protections, health and safety measures and more, while more than $34 billion is pending. The TPP and TTIP would expose Texas and U.S. policies to an unprecedented increase in ISDS liability, given the 3,030 firms in Texas owned by corporations in EU or TPP countries, any one of which could launch an ISDS claim.

Sources: *International Trade Administration, U.S. International Trade Commission, U.S. Census Bureau, U.S. Bureau of Labor Statistics, U.S. Department of Agriculture, Office of Trade Adjustment Assistance, Prof. Mark W. Frank, Uniworld, Center for Economic and Policy Research, Economic Policy Institute*