

Trans-Pacific Partnership (TPP) “Free Trade” Agreement: Talking Points

The TPP has been negotiated behind closed doors for seven years between the United States and eleven countries, including notorious human rights violators like Vietnam and Malaysia. While the public, press and Congress have been locked out, 600 official U.S. trade advisors mainly representing corporate interests have had a seat at the table and access to the secret text. A TPP deal was announced on October 5, 2015. But the TPP can only become reality if the U.S. Congress approves it. Even with the extreme secrecy and the administration refusing to release the “final” text, we know a lot about because of leaks and admissions made by the TPP negotiators. On the basis of what we already know, we know the TPP would:

- **Offshore tens of thousands of American jobs**
- **Lower our wages by throwing Americans into competition with Vietnamese workers making less than 65 cents per hour and increase U.S. income inequality**
- **Flood us with unsafe imported food and products**
- **Waive Buy American & “buy local” policies that create green jobs and rebuild our economy**
- **Increase medicines prices**
- **Empower corporations to attack our environmental and health safeguards before tribunals of corporate lawyers, and demand unlimited taxpayer dollars as compensation**
- **Free the Banksters from oversight**
- **The Trans-Pacific Partnership (TPP) “trade” agreement is terrible news for most Americans:** The first thing to know is that the TPP is not really mainly about trade. By keeping the text secret the White House can make all sorts of claims. But what we know is only 6 of the deal’s 30 chapters even cover traditional trade matters. **Most TPP chapters make it easier for firms to offshore our jobs, impose limits on domestic food and product safety, undermine our health, environmental quality, and financial stability, ban Buy American procurement and other policies – or establish new corporate rights to longer patent monopolies for medicines.** The usual gang of American job offshorers, Banksters, oil, gas and mining giants, and agribusiness monopolists that got us into the North American Free Trade Agreement (NAFTA) see the TPP as their stealthy Trojan horse strategy. They are using the TPP, branded as “trade agreement,” to make it easier to offshore American jobs and impose many policies that could undermine our basic needs and rights.
- **TPP Would Mean More American Jobs Offshored:** From a recently leaked text, we know that the final deal includes the extreme foreign investor privileges that help corporations offshore jobs to low wage countries. These NAFTA-style terms give special benefits to firms that relocate investment and jobs – and this deal includes Vietnam, the low-cost offshoring alternative to even China. And, the demand from Congress that the deal include enforceable disciplines to stop TPP countries from manipulating their currency – lowering it to gain an unfair trade advantage – was ignored. This despite the TPP including known currency cheaters such as Japan, Vietnam and Malaysia.
- **TPP Would Mean lower Wages and Greater Income Inequality:** TPP would push down Americans’ wages by putting them in direct competition with workers in Vietnam who make less than 65 cents per hour. We don’t need to see a final TPP text to know that! Since NAFTA and the global WTO, the U.S. has lost more than five million (one out of every four) of its manufacturing jobs while more than 60,000 manufacturing plants have closed. (Check trade jobs loss in your state: www.citizen.org/trade-data-center) At the same time, we are offshoring service sector jobs in computer programming, engineering, accounting, medical diagnostics and more. Government data shows that when manufacturing workers lose jobs to trade, or professional service sector jobs are offshored, wages across the economy are pushed down. The result: real median wages today hover at 1970s levels, even as American worker productivity has doubled, and income inequality has risen to a level not seen since the Robber Baron days.
- **“Buy American, Buy Local” Waived:** The administration has already confirmed that the TPP would give all firms *operating* in any signatory country equal access to U.S. procurement contracts, rather than us recycling our tax dollars here to create American jobs. Chinese government-owned firms in Vietnam would get equal treatment with U.S. firms in getting contracts for goods and service bought by the government paid for with our tax dollars. And, the TPP would limit the sorts of conditions required in such contracts, turning what is now an important policy tool to create jobs and develop new green technologies into a new corporate offshoring opportunity. Requirements like “renewable/recycled” or “sweat free” and obligations for firms to meet prevailing wages could be challenged. Corporations could not be barred because of horrible human rights conditions in their home nations or the firms’ record.
- **Floods of Unsafe Imported Food:** Even before we see the final text, we knew that the TPP would require the United States to import seafood, meat and poultry that does not comply with our safety standards. And food

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labels, such as those informing consumers about the country of origin of their food, have been considered “trade barriers” in recent trade suits. Efforts to stop imports of seafood that do not meet our standards could be challenged as an illegal trade barrier. TPP countries Vietnam and Malaysia have major farm-raised-shrimp export industries. Already these shrimp and also farm raised fish from these countries have had high rejection rates even though the Food and Drug Administration only inspect one percent of imported seafood. Antibiotics and other substances are poured into the shrimp ponds before harvest time in Vietnam to counter the effects of one of the “food” sources, which are human feces. Yet, if TPP goes into effect, the seafood firms operating in TPP countries could directly attack the United States in foreign tribunals and demand taxpayer compensation if our safety standards undermine their expected future profits from the shrimp farms in which they have invested. In effect, the TPP poses a backdoor attack on the gains made in the Food Safety Modernization Act signed into law in 2011 and a threat to core tenets of our food safety system.

- **U.S. Environmental, Health Laws Attacked, Corporate Tribunals Order Taxpayers to Compensate Foreign Corporations:** The pact would expand the notorious “investor-state dispute settlement” (ISDS) system. The administration says they reformed the system, but won’t share the text so we can decide. They also admit that the final deal provides foreign firms operating here the right to challenge the U.S. government before World Bank and UN tribunals staffed by private lawyers to demand taxpayer compensation -- if the firms think our laws violate their new TPP rights and limit their “expected future profits.” From a recent leak, we know there is no outside appeal when foreign firms skirt domestic laws and courts and sue the U.S. government before the extrajudicial tribunals. And we know the text allows the tribunals to order the government to pay unlimited sums of taxpayer compensation to foreign firms. And we know TPP’s enactment would *newly* empower 9,000 firms from Japan and other TPP nations operating here to launch cases against the U.S. government over policies that apply equally to domestic and foreign firms. The United States has faced few ISDS attacks because past pacts have been with developing nations whose firms have few investments here. But under U.S. NAFTA-style deals alone, over \$430 million has been paid to foreign investors in ISDS attacks on toxic bans, environmental protections and timber policies. Of the \$38 billion in 19 pending claims under U.S. ISDS trade deals, nearly all relate to energy, environmental, public health, and land use policies – not trade. We also know that under TPP, foreign firms can challenge government procurement contracts outside the national administrative and court system – a privilege local firms don’t get.
- **Higher Medicine Prices:** Big PhRMA would obtain new monopoly rights to lock out competition from less expensive generic medicines and jack up prices. This will cut off access to life-saving medicines, including to cutting edge biologic drugs like those used to treat cancer. The final text includes extended patent monopolies and marketing exclusivity on lifesaving medications. For Vietnam and other TPP developing countries, this is a life and death matter: a commonly-used cocktail of HIV-AIDS drugs under patent is \$10,000 per year, while the generic equivalent costs \$250. And plenty of Americans cannot afford more expensive medicines. Because the text leaked, we know that the final terms even roll back the “May 10, 2007” reforms congressional Democrats forced on the Bush administration with respect to access to medicine.
- **TPP Is Not About Expanding American Exports:** Perversely, U.S. export growth to nations that are not FTA partners has exceeded our export growth to FTA nations by 20 percent over the last decade. Our aggregate trade deficit with FTA partners has *increased* by about \$144 billion (inflation-adjusted) since FTAs were implemented. But, the aggregate deficit with all non-FTA nations has *decreased* by more than \$95 billion since 2006 (median entry date of existing FTAs). Even using the administration’s net exports-to-jobs ratio *and excluding China trade*, the FTA trade-deficit surge alone implies the loss of about 780,000 U.S. jobs. Another NAFTA-style deal – this time with Vietnam, the low-wage offshoring alternative to China – is unacceptable. (Vietnam’s minimum wages are about one-half of those in China.)
- **Recent Free Trade Deals Repeat Damaging Outcomes:** Recently, we were told that a NAFTA-style trade deal would expand exports and create U.S. jobs. But consider the first three years of the 2012 U.S.-Korea free trade agreement (FTA), which served as the template for the TPP. The U.S. goods trade deficit with Korea has more than doubled. The outcomes that are the opposite of the Obama administration’s “more exports, more jobs” promise for that pact, which it is now repeating with respect to the TPP. U.S. goods exports to Korea dropped 6 percent, or \$2.7 billion, while goods imports from Korea surged 19 percent, or \$11.3 billion (comparing the deal’s third year to the year before implementation). As a result, the U.S. goods trade deficit with Korea has swelled 104 percent, or more than \$14 billion. The trade deficit increase equates to the loss of more than 93,000 American jobs in the first three years of the Korea FTA, counting both exports and imports, according to the trade-jobs ratio that the Obama administration used to project *gains* from the deal. In contrast to the decline in U.S. goods exports to Korea in the FTA’s first three years, U.S. goods exports to the world have risen 2 percent during that time, despite the strengthening value of the dollar. And the 104 percent surge in the U.S.-Korea goods trade deficit under the FTA starkly contrasts with the 5 percent *decrease* in the global U.S. goods trade deficit during the same period. Record-breaking U.S. trade deficits with Korea have become the new normal under the FTA – in 35 of the 36 months since the Korea FTA took effect.
- **That’s just the surface of it...** Much more is at stake with this corporate power grab dressed up as a trade agreement. Benefits for Banksters to get out of common sense regulation and cause more financial crises. Weak labor rights enforcement that will lead to more displacement and migration pressures. Public services privatization and deregulation of essential services: energy, health, education.

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