

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

The **Trans-Pacific Partnership (TPP)**, just 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.

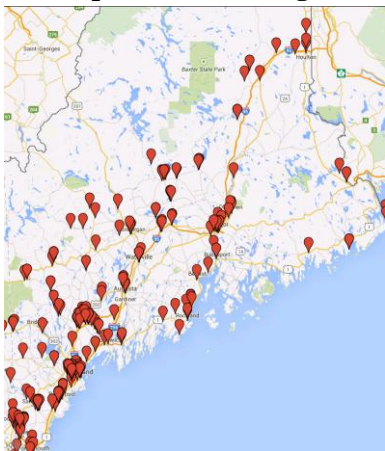
Trade-Related Job Losses for Maine

Maine has endured the net loss of more than 32,000 manufacturing jobs – about two out of five – 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 24,000 specific Maine 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.

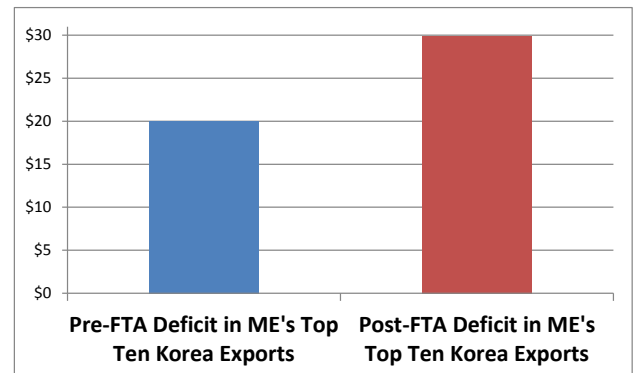
24,306 Trade-Related Maine Job Losses Certified Under Just One Dept. of Labor Program since NAFTA



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

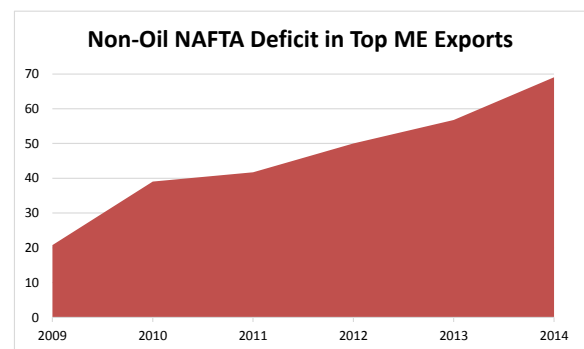
U.S. Trade Deficit with Korea in ME’s Top 10 Korea Exports Grows 49% under Korea FTA

The U.S. trade deficit with Korea in the top 10 products that Maine exports to Korea – including everything from metal products to paper – grew 49 percent in the FTA’s first three years.



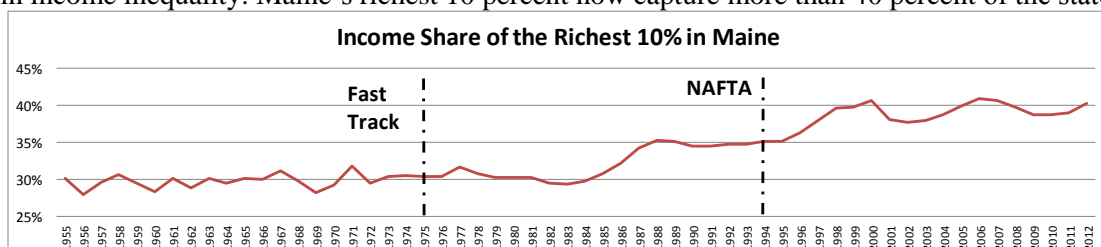
NAFTA Deficit in Top ME Products Surges

The non-oil U.S. trade deficit with NAFTA partners Mexico and Canada in the top 10 products that Maine exports to those countries has more than tripled since 2009 – an increase of more than \$48 billion.



Maine 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. Maine’s richest 10 percent now capture more than 40 percent of the state’s income.



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

Exports of ME Agri. Products Fall under FTA

In the first three years of the Korea FTA, U.S. exports to Korea of milk/dairy and poultry products – two of Maine's top agricultural exports – fell 91 and 31 percent. U.S. exports to Korea of *all* agricultural products have increased less than 1 percent under the FTA while U.S. agricultural exports to the world have risen 14 percent.

NAFTA Deficit in Top ME 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. Even after removing oil and gas, the U.S. NAFTA deficit in the 10 sectors that constitute Maine's top exports to Canada and Mexico has more than tripled since 2009 – a more than \$48 billion increase. That includes large increases in the NAFTA deficit in transportation equipment, machinery and agricultural goods. **Nationwide, the aggregate U.S. goods trade deficit with FTA partners has increased 427 percent since the deals took effect, while declining 11 percent with all non-FTA partners during the relevant period.** The attempt to use the same old promises of trade deficit reduction to sell the TPP defies the evidence.

Net Exports of ME Goods Fall under Korea FTA

Maine's exports have fared poorly under the most recent Fast-Track 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 ten products that Maine exports to Korea – including everything from paper to metal products – grew 49 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.**

Maine Inequality Soars during FTA Era

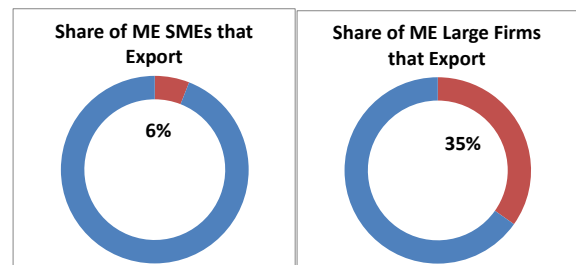
The richest 10 percent of Mainers are now capturing more than 40 percent of all income in the state – a degree of inequality not seen in the 100 years for which records exist. Study after study has produced an academic consensus that status quo trade has contributed to today's unprecedented rise in income 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 Maine, only 6 percent of SMEs export any good to any country. In contrast, 35 percent of large firms in Maine are exporters. Exporting is primarily the domain of large corporations, not small businesses.

94% of Maine's Small and Medium Businesses Do Not Rely on Exports

Exporting is primarily the domain of large corporations – only 6 percent of Maine's small and medium enterprises export any products, compared with 35 percent of the state's large firms.



TPP and TTIP Would Empower Foreign Firms to Attack Maine Policies

The TPP and the Transatlantic Trade and Investment Partnership (TTIP) would empower foreign corporations to bypass domestic courts and challenge U.S. and Maine 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 Maine and U.S. policies to an unprecedented increase in ISDS liability, given the many firms in Maine 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 TAA, Prof. Mark W. Frank, Uniworld, Center for Economic and Policy Research, Economic Policy Institute