

TRANS-PACIFIC PARTNERSHIP (TPP): THE TRADE DEAL YOU AREN'T ALLOWED TO KNOW ABOUT UNTIL IT HITS YOU!

WHAT IS IT?

The TPP is a trade agreement being secretly negotiated between the U.S. and 11 other countries—Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam—amounting to 40% of global GDP and one third of world trade.

The TPP is billed as a 21st century model trade agreement that aims at becoming a global standard. Every Pacific Rim nation from China to Russia could eventually be included. According to Wikileaks, the TPP is set to be the forerunner to an equally secret agreement between the US and EU, the TTIP (Transatlantic Trade and Investment Partnership). Combined, the TPP and TTIP will cover more than 60 per cent of global GDP. The third treaty of the same kind, also negotiated in secrecy is TISA, on trade in services, including the financial and health sectors. It covers 50 countries, including the US and all EU countries. WikiLeaks released the secret draft text of the TISA's financial annex in June 2014.

TPP has been described as NAFTA on steroids.

It represents the U.S. government's fear of Chinese economic clout and is part of Obama's so-called "pivot to Asia." The U.S. is afraid that if China is able to set the rules of international trade in the Pacific region, US companies will lose market share to China. "We have to write the rules," he said in his State of the Union address. But who is the WE? Of course, it is pitched as "protecting" American workers and our stronger regulatory climate, growing our economy and creating more jobs, but the reality is just the opposite.

The TPP is basically a corporate driven and written document. The lead negotiator, Michael Froman, was a protege of former Treasury secretary Robert Rubin, and followed him from Treasury to Citibank, the bank whose excesses helped blow up the economy before it had to be bailed out. We only know something about the agreement because of Wikileaks. And it is not only about trade. Only 5 of the 29 draft chapters, according to Public Citizens' Trade Watch, pertain to trade. The rest pertain to corporate protectionism. Elizabeth Warren and Sherrod Brown had this to say about the trade pact's origins:

'Executives of the country's biggest corporations and their lobbyists already have had significant opportunities not only to read [the TPP text], but to shape its terms. The Administration's 28 trade advisory committees on different aspects of the TPP have a combined 566 members, and 480 of those members, or 85%, are senior corporate executives or industry lobbyists. Many of the advisory committees — including those on chemicals and pharmaceuticals, textiles and clothing, and services and finance — are made up entirely of industry representatives.'

TPP is being sold through a full court press of the economists who brought us the financial crisis and the Great Recession and the multiple Great Depressions in Spain, Italy, and Greece.

Obama is trying to get Fast Track passage, which means an up or down vote with only 90 days for debate. It can't be amended to remove even the worst provisions of the bill.

Obama did not simply allow lobbyists to largely draft TPP in secret – he *classified* their drafts – treating them as national security secrets. Only members of the House and Senate are currently allowed to view the text of the deal, and even they are forbidden from discussing what it contains. As a new report from *Politico* details, "If you're a member who wants to read the text, you've got to go to a room in the basement of the Capitol Visitor Center and be handed it one section at a time, watched over as you read, and forced to hand over any notes you make before leaving."

Obama is lobbying heavily for passage, more heavily than he did on other major bills. *Huffington Post* senior political economy reporter Zach Carter wrote last week "that Obama's trade transparency record is worse than that of former President George W. Bush. They note that Bush published the full negotiation texts of a major free trade deal with Latin America several months before Congress had to vote on giving the deal fast track benefits. The Obama administration has resisted calls to follow suit with TPP."

WHAT THE AGREEMENT WOULD DO

Jobs and Wages

The so-called jobs protections come from the Peterson Institute, a pro-corporate organization that plays a disproportionate role in influencing US economic policy.

What we know about the effect on jobs and wages comes largely from our experience with other trade agreements like NAFTA.

Since the passage of NAFTA and other fast tracked trade deals there has been an estimated net loss of 5 million manufacturing jobs (1 out of every 4), a major factor in the erosion of the middle class and the growth of inequality. Studies estimate that the U.S. economy could have supported 7 million more manufacturing jobs if not for the massive trade deficits that have accrued under current U.S. trade policy.

Offshoring or even the threat of it has been a major factor in the erosion of trade union power. After NAFTA passed, 62% of corporations threatened offshoring.

A recent study by the Center for Economic and Policy Research finds that even with a conservative estimate of trade's contribution to inequality, the result would be wage losses for all but the richest 10 percent of U.S. That is, for anyone making less than \$88,000 per year.

The TPP not only replicates, but expands NAFTA's special protections for firms that offshore U.S. jobs to low-wage countries and would eliminate many of the usual risks that make firms think twice about moving to low-wage countries. The TPP's offshoring incentives include a guaranteed minimum standard of treatment in the offshore venue and compensation for regulatory costs.

"Buy American" policies would be gutted, and American jobs lost, under proposed TPP rules. To implement this TPP requirement, the United States would agree to waive "Buy American" procurement policies for all firms operating in TPP countries.

Drugs

The TPP would provide large pharmaceutical firms new rights and powers to increase medicine prices and limit consumers' access to cheaper generic drugs. This would include extensions of monopoly drug patents that would allow drug companies to raise prices for more medicines and even allow monopoly rights over surgical procedures.

A leaked TPP text would set broad limits on governments' prerogatives to negotiate or mandate lower drug prices, including for taxpayer-funded programs such as Medicare, Medicaid and veterans' and military health programs.

Access to affordable cancer treatments in the U.S and 11 other countries would be delayed for years if terms revealed in the leaked draft Intellectual Property Chapter of the TPP were to go into effect

The TPP proposes to lower the bar of patentability and mandate the granting of secondary patents for modifications to existing treatments even in the absence of therapeutic benefit for patients.

The agreement would also impose an unprecedented extended period of exclusivity for clinical data required to prove the safety and efficacy of drugs and vaccines that are "biologic" products.

Health, Safety and Environmental Standards

The trade pact has a particularly egregious element known as the Investor State Dispute Settlement System. Basically, it would impose on more countries a set of extreme foreign investor privileges and rights.

This system would allow foreign corporations to by-pass national courts and challenge any national, state or local public health, consumer safety or environmental regulations, or financial regulatory laws. For example, the TPP would give foreign fossil fuel corporations the right to sue city, state and national governments if climate action hurts their profits. Of the nearly \$14 billion in the 15 claims now pending under NAFTA-style deals, all relate to public health, environmental, energy, financial regulation and transportation policy – not traditional trade issues.

Corporate suits would be heard by a tribunal of 3 private sector lawyers, one of which can be chosen by the corporation. There would be no accountability to any public and no appeal of the tribunal's decisions. Such tribunals could force taxpayers to compensate foreign corporations for "expected future profits" they claim were inhibited by such policies. Philip Morris has already sued Uruguay because of its new anti-smoking regulations that have been lauded globally. A French company sued Egypt for raising the minimum wage; a Swedish company sued Germany for phasing out nuclear power.

Even when governments win, they waste scarce budgetary resources defending national policies against these corporate attacks.

In effect, this regime elevates individual corporations and investors to equal standing with each signatory country's government – and above all of us citizens. The elevation of the principle of "expectation of profits" above other principles such as "public purpose," "consent of the governed,"

"the general welfare," and "separation of powers," is tantamount to the overthrow of democracy, preserving its form in national level elections, but emptying its elections of meaningful content in mandating change and in conferring legitimacy on national authorities [Joe Firestone, Fast-Track TPP: The Death of National Sovereignty, State Sovereignty, Separation of Powers and Democracy"]

According to Wikileaks analyst, Prof. Jane Kelsey of NZ, the chapter of the TPP on the environment addresses matters of conservation, environment, biodiversity, indigenous knowledge and resources, over-fishing and illegal logging, and climate change, among others. It might be expected to provide balance to the commercial interests being advanced in the other chapters, and genuine protections that are consistent with international environmental law.

Instead of a 21st century standard of protection, the leaked text shows that the obligations are weak and compliance with them is unenforceable. Other chapters subordinate the environment, natural resources and indigenous rights to commercial objectives and business interests. The corporate agenda wins both ways.

Financial Regulation

TPP would provide big banks with a backdoor means of watering down efforts to re-regulate Wall Street.

TPP rules, written under the advisement of banks before the financial crisis, would require domestic law to conform to the now-rejected model of deregulation that led to financial ruin. The TPP would forbid countries from banning particularly risky financial products, such as the toxic derivatives that led to the \$183 billion government bailout of AIG. It would prohibit policies to prevent banks from becoming "too big to fail," and threaten the use of "firewalls" to prevent banks that keep our savings accounts from taking hedge-fund-style bets.

The TPP would also restrict capital controls, an essential policy tool to counter destabilizing flows of speculative money. Even the International Monetary Fund has recently endorsed capital controls as legitimate for mitigating or preventing financial crises. And the deal would prohibit taxes on Wall Street speculation, such as the proposed Robin Hood Tax that would generate billions of dollars' worth of revenue for social, health, or environmental causes.

WHERE IS THE BILL NOW AND WHAT ARE ITS CHANCES OF PASSAGE?

The Obama administration, many Republicans, large corporations, the tech and agricultural industries and even Hollywood — eager to strengthen copyright protections-- support the pact. Most Democrats, including labor, civil rights, peace and environmental organizations and some Republicans are opposed to this deal. Democrats oppose it for all of the reasons just cited, but some Republicans are balking because it gives Obama too much power and takes it away from Congress. Obama has come out strongly against the Democrats who oppose it, using several Republican arguments as his sole basis for pushing TPP, launching into an attack on Elizabeth Warren and labor leaders for opposing it. House Minority Leader Nancy Pelosi has criticized the bill approved last month by the Senate Finance and Ways and Means committees, but has not led a Democratic charge against the legislation.

Read more: <http://www.politico.com/story/2015/05/four-senate-dems-could-help-hand-obama-fast-track-117558.html#ixzz3ZIacyjS>Read more: <http://www.politico.com/story/2015/05/four-senate-dems-could-help-hand-obama-fast-track-117558.html#ixzz3ZIZ8Z8SM>

Fast Track legislation (H.R. 3830) is pending in the House Ways and Means Committee, waiting for a vote that will send it to the floor. The Senate Finance Committee has already approved Fast Track legislation with seven Democrats voting for it, and the floor vote will happen possibly even in the next week or two depending upon the amendment/debate process.

The investor-state system is so extreme that it is losing whatever small political support it ever had. Australia has said it will not include investor-state in its trade deals. South Africa and India are among the countries now conducting critical reviews of the regime. Brazil has always refused it. Latin American countries are pulling out of various arbitration agreements that provide venues for these private corporate attacks. President Obama even campaigned against this system! But career bureaucrats and big business want to stay the course by expanding the extreme system through the TPP, no matter the cost.

Doctors Without Borders wrote a letter to Obama in March expressing its deep concern that the TPP threatens to restrict access to affordable medicines and much-needed innovation for millions of people, and for treatment providers like MSF and Ministries of Health.

See also Fast Track's effect on governance, democracy and state sovereignty:

<http://www.truth-out.org/opinion/item/30603-fast-track-tpp-the-death-of-national-sovereignty-state-sovereignty-separation-of-powers-and-democracy#>