Understanding the Trans-Pacific Partnership Agreement (TPPA)

A Study, by BAYAN-USA

Part of an educational track on U.S. Intervention in the Asia-Pacific Region
Part One

Defining the TPPA
What is the Trans-Pacific Partnership Agreement (TPPA)?

- The TPPA is a multilateral Free Trade Agreement (FTA) led by the United States
  - In theory, all countries involved should have equal say, but with the U.S. as its leader, the U.S. has overwhelming influence on the provisions of the TPPA

- It has been negotiated upon since 2010, its text kept secret from the public by participating countries until negotiations are complete
What does it do?

- The TPPA promotes a **neoliberal economic agenda**, dictated by U.S. economic interests.

- **NEOLIBERALISM** has 3 basic tenets:
  - **Privatization** – private control of otherwise public resources and social services that should be accessible to all e.g. water, electricity, education, health care
  - **Liberalization** – open trade and import/export of goods/people, with no limits; the aim to make as much profit as possible
  - **Deregulation** – dissolving of borders; lack of policies that can control and guide the movement of trade, people, and capital across nations
How does the TPPA promote a neoliberal economic agenda?

In three ways:

- Opens every sector of the economies of involved countries to private foreign investments
- Removing barriers and tariffs that restrict trade (zero tariffs by 2015)
- Granting foreign investors and corporations the right to sue governments if their investments are threatened by the latter’s policies

*Explain how these are examples of the three basic tenets of neoliberalism: privatization, liberalization, and deregulation*
In other words...

- The TPPA is **branded as a free trade agreement**, but what it really does is:
  - Secure rights for private corporations of developed nations to conduct their business in the Asia-Pacific region as they see fit
  - Weaken the sovereignty of underdeveloped countries in the Asia-Pacific in which these corporations seek to conduct business
  - Perpetuate neo-colonial relationships between developed and underdeveloped countries
Part Two

Countries involved in the TPPA

Negotiations to date
What countries are currently involved with the TPPA?

- There are 9 countries including:
  - The United States
  - Malaysia
  - Peru
  - Australia
  - Vietnam
  - Singapore
  - Chile
  - New Zealand
  - Brunei
What countries seek to be included in TPPA negotiations?

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These countries openly expressed their intent in joining, but have not yet been included:

- The Philippines
- Taiwan
- South Korea
- Japan
- Canada
- Mexico
What have negotiations reached so far?

❖ The 9 countries have focused on various topics that have been divided into separate working groups:

❖ business mobility, customs, competition, cooperation, e-commerce, environment, financial services, horizontal issues, government procurement, investment, intellectual property, labor, legal issues, market access, rules of origin, sanitary and phyto-sanitary measures, technical barriers to trade, and telecommunications
Shhh...the TPPA is a secret!

✦ Aside from these working groups, however, the public has no access to specific provisions.

✦ The negotiators agreed not to release documents until four (4) years after the TPPA will have been completed and implemented.

✦ There is no set date for completion.

✦ Basically, civil society will have to live with the outcomes of the TPPA, while being literally barred from giving input during the negotiation process.
Part Three

The TPPA serving U.S. imperialist interests
An “American Pacific Century” through the TPPA

- The TPPA is part of the renewed U.S. offensive (economic, political, military, diplomatic) in the Asia-Pacific to establish its hegemony in the region.

- Deeply shaken by the current global economic crisis, the US looks towards Asia’s growing economies in the hope of tapping their markets to save its own economy.

- US Secretary of State Hillary Clinton announced during the November 2010 Asia Pacific Economic Cooperation (APEC) meeting in Honolulu, Hawaii that the US will pursue an “American Pacific Century” through renewed political, economic, and security ties in the region.
Why target the Asia-Pacific?

- The Asia Pacific region is home to 61% of the global population. [http://www.unescap.org/stat/data/syb2011/I-People/Population.asp](http://www.unescap.org/stat/data/syb2011/I-People/Population.asp)

- It is the world’s largest market for US exports. Two-thirds of US agricultural exports go to this region, for instance.

Why target the Asia-Pacific?

JP Morgan Asset Management described the Asia Pacific as the 'workshop of the world' because most of the goods used worldwide are produced in the region.

JP Morgan further described it as home to "commodity-rich Australia, technology-focused markets of Korea and Taiwan, and the fast-growing China". (http://www.jpmorganassetmanagement.co.uk/Investor/OurInvestmentRange/InvestmentsByRegion/Asia-Pacific.aspx)
Why target the Asia-Pacific?

- The US will use the TPPA, combined with increased military presence in the region, to re-channel emerging Asian regionalism, and to counter the expanding influence of China, thereby, securing US influence in the region.

And that means leaving out competing countries in the Asia-Pacific region from negotiations…
Major competitors left out of the TPPA

- China
  - The U.S. wishes to keep China subservient to its own economic interests in the region. With China as a growing power, having a competitor on board may hurt U.S. hegemonic influence.

- Japan
  - Japan has many trade regulations that uphold its sovereignty, so the U.S. may not have included Japan in negotiations to sidestep their assertion of power.

- Canada
  - The U.S. views Canada’s economic interests in the Asia-Pacific as competition too, so it has so far left them out.
Part Four

The impacts of the TPPA on the people of the Asia-Pacific region
A. Attacks on Jobs and Justice, More Migration of Workers
TPPA, anti-worker

- If implemented, the TPPA will weaken worker’s rights. It will attack:
  - Job security
  - Wages and benefits
  - Occupational safety
Neoliberalism, anti-worker

- Liberalization and deregulation of economies can cause migration of industries to countries where the rate of profit is higher due to
  - Cheap labor
  - Raw material inputs
  - Weak environmental and labor protection laws
- The migration of industries causes mass lay-offs in origin countries and a superficial kind of industrial development in the recipient countries.
1. Corporations from developed nations relocate their manufacturing operations to underdeveloped nations, enticed by cheap labor and lax labor laws in the latter.

2. Workers in developed nations experience layoffs and unemployment where these factories have left. Or corporations can bargain lower wages with these workers by threatening to move their factories to other countries.

3. Assisted by local governments, the companies can now set up shop in underdeveloped countries, without having to guarantee workers' rights or respect country's sovereignty. Local governments threatened with lawsuits if they don't comply with companies.

4. Companies operate with increased profit margin, at the expense of receiving countries and their workers. Industries of receiving country do not flourish because work force has been committed to foreign industries. Country relies on imports for subsistence.

Free Trade?
Looking at the NAFTA experience

- US manufacturing industries moved to Mexico where labor is cheaper.

- Workers in the manufacturing cities of California, New York, Michigan, and Texas suffered lay-offs.

- Companies that stayed in the US threatened to migrate to Mexico and used this as a leverage to be able to freeze the wages and benefits of US workers.

- Workers in the Mexican maquiladores (export processing zones) on the other hand suffered severe exploitation. They had no labor rights, no health benefits, and worked for as long as 12 hours.
Migration of companies = Migration of workers

- The collapse of local economies and communities caused by the flooding of imports and ecological breakdown will intensify rural-to-urban and international migration, as workers and communities move from one place to another in the hope of finding new sources of livelihood.

- This creates another set of compounding problems such as brain drain, international security, overcrowding of urban centers, food insecurity, downward pressure on wages, and even ethnic and racial discrimination against migrant workers.
Moreover, investor rights give corporations more leverage in pressuring the governments to change their labor and social protection policies if these are seen as infringing on investment opportunities.

Corporations entice receiving governments with the supposed jobs and taxes that their investments will generate, on one hand, and threaten to file hefty lawsuits or look elsewhere for more ‘accommodating’ governments if it chooses not to give in to their demands.
Neoliberalism and “The Hobbit”

- The New Zealand government changed its labor laws upon being pressured by the Time Warner Company in filming the Hobbit movies.

- Aside from allowing the company to remove the actors’ rights to unionization, strike, and benefits such as holidays and sick pay, the New Zealand government also arranged a $25-million tax break for Time Warner when it threatened to shift filming elsewhere.
B. Privatization of Social Services
Privatization of Social Services

- Corporate control of social services will make these vital and important services inaccessible to the people, especially to the poor and marginalized sectors.
Access to water and energy will also become costlier once big corporations take over through privatization.

The residents of Buenos Aires, Argentina paid higher water bills after the US water company Azurix took over the operation of the water facility.

When the local government attempted to cap water prices, Azurix with the King & Spalding law firm filed a lawsuit. The investor-state tribunal decided in favor of the water company and awarded it $165 million from the taxes of the Argentinean public.
Education

- The TPPA will also endanger the rights of citizens on access to education. This basic right and also a social service that governments should provide will be for sale once corporations decide to profit from it.

- Liberalizing the education sector also raises questions on whether the education system is producing graduates needed for genuine industrial development, not just skilled labor for multi-national corporations.

- Already, the Vietnamese government allows foreign investment in its education sector to accommodate the demand of large multinational corporations for skilled labor.
Education

- The TPPA could also impact on educational content, especially on the formation of the national consciousness of citizens.

- The TPPA’s demand that the media policies that support local cultural content be abolished could also be applied to education policies.
Healthcare

- In health care, the US extends the patent and data monopolies of corporations. This extension will delay the creation of generic medicines and allow big pharmaceutical companies to keep the prices of medicines high.

- It also allows corporations in general to apply evergreening tactics to hold on to their patents longer even without any improvement in the use and efficiency of their products.
Healthcare

- As a result, medicines that are highly needed such as anti-AIDS/HIV drugs will continually be out of reach for those who need them.

- New Zealand’s Pharmac, which buys medicines at low prices and sells them to citizens at equally low prices, could be dismantled once the TPPA is enforced.

- Tobacco firms will enjoy more freedom in selling their goods by the abolishment of standard packaging rules countries set to control tobacco use. The strong tobacco lobby can sue governments with strict rules on tobacco packaging and demand the repeal of these laws.
C. Local Agriculture and Food Security
Cheap surplus food, hurting local industries

- Trade liberalization will further open the gates of the local economies to the tide of cheap agricultural imports that will flood local markets.

- In the NAFTA, Mexican farmers lost their livelihoods because they could not compete with the more modern and subsidized agricultural industry of the US which dumped their agricultural products in Mexico.

- Similar will happen to less developed nations who will ratify the TPPA.

- Even the agriculture sector of the developed countries of US, Australia, and New Zealand are opposed to the opening up of their markets to foreign imports of agricultural products.
Case Study: Monsanto

- The so-called “extended intellectual property rights” (IPR) awarded to corporations, including agricultural giants like Monsanto, can be expected to discourage local agriculture, as proven by various experiences.

- Monsanto is known to sue farmers near its neighboring plantations for “stealing” their patented plants, when in reality it is the GMO plants that contaminate neighboring plants through cross pollination.
Case Study: Monsanto

✧ With its superior resources, the corporate giant has the upper hand in lawsuits to discourage local farmers from planting and eventually to force them out of their lands.

✧ Terminator seeds produced by Monsanto will keep farmers dependent on its technology for them to be able to plant.

✧ Moreover, farmers cannot expect support and protection from the government since the corporation can sue the government to remove any farmer-protection policies that will affect its investments.
Corporations vs. The People

❖ For neoliberal economists, this is just an issue of rooting out weaker businesses from the market competition.

❖ However, for local producers, especially the small holder farmers, fisher folk, and workers, this means loss of livelihood, cultural identities and loss of traditional indigenous knowledge.
Deregulation of Unsafe Food

- Aside from flooding the local markets with cheap imports from foreign countries, the entry of unsafe food items because of the abolishment of proper labeling and lax border controls is also a concern.

- Agricultural companies for example will not be required to indicate whether their products were grown using GMO or not.

- On the other hand, the increase of food imports in the United States from Canada and Mexico caused by the implementation of the NAFTA was accompanied by an increase in food-borne illnesses. This purportedly stemmed from lax inspection of agricultural imports that entered the US.
D. Environment
Extracting Natural Resources

✧ Liberalized economies and greater investor rights will allow large extractive industries to enjoy unbridled plunder of the natural resources and environmental destruction of their host countries.

✧ This will further deprive the people in host countries of their right to use their own natural resources for economic development and renders their communities more vulnerable to environmental disasters.
Case Study: NAFTA

- To accommodate NAFTA demands, the Mexican government amended the country’s constitution in 1993 to allow open-pit mining, foreign ownership of companies engaged in natural resources, and the sale of protected communal lands.

- This ushered in Canadian mining companies seeking to mine gold and silver in Mexico.
Case Study: NAFTA

- Despite people’s protest, Canadian-owned gold and silver mining company Minera San Xavier was able to operate at Cerro de San Pedro in San Luis Potosi, Mexico.

- The residents of Potosi were concerned that mining operations in an arid climate will deplete and poison the underground aquifer that they rely on for water supply.
Case Study: NAFTA

- Even after the federal tribunal ruled that the mine should not proceed because it will violate important environmental laws, the Mexican government still allowed MSX to operate.

- After another series of legal battles and civil disobedience actions, the Mexican government was forced to give in to the people’s demands and closed the mine in 2009.

- In 2010, however, it was found out the MSX has once again started its operations with the backing of the Mexican officials and the Canadian embassy in Mexico.
E. Human Rights Violations
Neoliberalism vs. Human Rights

Foreign investments on agriculture and extractive industries often encroach on the ancestral lands and territories of indigenous peoples. The TPPA can worsen these attacks of corporations on the communities of indigenous peoples.
NAFTA vs. Human Rights in Mexico

- In Mexico, part of the constitutional changes that the Mexican government made in 1993 to accommodate the NAFTA was the removal of the Article 27 which protects Indian territories from sale or privatization.

- As a result, the indigenous population in Mexico is left unprotected from the loss of their remaining lands.

- Because of this, the Zapatistas called NAFTA “a death certificate for the Indian Peoples of Mexico.”
On January 1, 1994, the day that NAFTA came into force, the Zapatista National Liberation Army declared war on the Mexican government.

They stormed and occupied four county seats in the southern part of Mexico, Chiapas.
NAFTA vs. Human Rights in Mexico

- However, their rebellion lasted only 12 days as the ill-equipped peasants were no match for the firepower of the Mexican army supported by the United States.

- Amnesty International recorded gross violations of human rights during the 12-day war and years after. Arbitrary arrests, summary executions, torture, and house-to-house raids were allowed by the Mexican government to subdue any rebellion in Chiapas.
Part Five

Conclusion on the TPPA
Free Trade Agreements and Neoliberalism

- Free trade agreements (FTAs) are notorious vehicles of the neoliberal market-driven development agenda of economic liberalization and deregulation.

- They render the economies of less developed countries vulnerable to the onslaught of investments and cheap imported products from more developed countries.

- They create conditions that allow corporations to hinder national industrialization and sustainable development and violate human rights.

- ‘Free trade’ between unequal countries in this context is an unequal trade. The unequal levels of development between countries gives the rich countries more leverage to expand and grow at the expense of the poorer countries.
The TPPA and U.S. economic interest

- It is imperative for the US to fast track the advancement of the TPPA negotiations primarily to restore economic growth through multilateral trade.

- The US experienced merchandise trade contractions, both in import and export trade, as repercussions of the global financial crisis on the US bilateral trade.

- The US is active in the TPPA negotiation to ensure the provisions that will be advantageous to US corporate interests against new participants.

- Securing the US corporate interests may also spell favorable support of the US businesses to the reelection campaign of US President Obama for the November 2012 elections.
TPPA, to the people

- The Trans Pacific Partner Agreement will not solve the continuing crisis that the US is facing.

- In their hope to consolidate hegemony in the region, the U.S. may only intensify the conflicts in the region.

- For the people, the TPPA only means that there will be further plunder of their natural resources, collapse of their local economies, loss of jobs and increasing exploitation, privatization of social services and the public commons, and violation of their human rights.
Alternative to the TPPA

✧ In the end, trade between nations should be fair and equitable.

✧ Economic development from trade deals should benefit the people and foster national industrialization and sustainable development in developing countries.

✧ We need to be vigilant and united in exposing and resisting the rusting old neoliberal swindle glittering as a gold standard deal.
Oppose the US-Lead TPPA!

- Citizens’ Rights over Corporate Rights!
- Protect Local Industries! Promote National Industrialization!
- Protect Labor Rights!
- Protect Local Farmers and Food Sovereignty!
- Protect Access to Social Services!
- Stop Corporate Environmental Plunder!