What is the TPP and why should we worry?

by Emily Wirzba at Friends Committee on National Legislation

What is the Trans-Pacific Partnership (TPP)?

The TPP is the massive, controversial free trade deal currently being negotiated by the U.S. and 11 other countries (Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam). As Edie Rasell, Minister for Economic Justice at the United Church of Christ says, the TPP will “write and re-write the laws governing our international and national economy in a secret, undemocratic process guided by corporate interests. Nearly everything is potentially at stake.”

The countries involved are responsible for 40% of the world’s GDP and 26% of the world’s trade (Source: Washington Post). The TPP is meant to be a docking agreement, meaning that the U.S. hopes that other countries will join the agreement once it has been finalized. Out of its 29 draft chapters, only five address traditional trade issues. The other chapters focus on topics like environmental standards, food safety, financial regulations, protections for workers and consumers, patent law, energy policy, and even whether local, state, and federal governments can preferentially “buy American.”

The TPP has been negotiated in almost completely secrecy, and led by corporate interests. Most of what we know about the actual text of the agreement comes from leaked chapters, since the text is not available to the public. Members of Congress are able to view the text upon request (and with supervision), but the text cannot leave the room. With such secrecy, it’s hard to know if the trade agreement will truly be in the best interest of the people, rather than corporations, especially given that 85% of the 566 U.S. negotiators represent corporate interests. It’s also important to remember that if Fast Track legislation passes, Congress will be relinquishing their ability to amend the trade agreement or decide its contents.

What is Fast Track?

Fast Track Trade Promotion Authority (TPA) allows the White House to submit trade agreements to Congress without giving members of Congress the opportunity to amend the deal. Congress has 20 hours to debate the legislation, and then must either vote to approve the trade agreement in its entirety, or reject it. According to Public Citizen, “Fast Track has only been used 16 times in the history of our nation, often to enact the most controversial of “trade” pacts, such as the North American Free Trade Agreement (NAFTA) and the establishment of the World Trade Organization (WTO).” According to the Citizens Trade Campaign, “Fast Track is a Nixon-era trade negotiating and approval process that strips power to influence the terms of trade agreements away from the public and our elected representatives, while maintaining and amplifying the influence of large corporate interests.”

What is its current status?

The Obama Administration and some in Congress want to pass Fast Track legislation as soon as possible. Sen. Harry Reid is against Fast Track, and it remains highly unlikely that he will allow Fast Track legislation to be voted on in the lame-duck session of Congress. However, the soon-to-be Majority Leader, Sen. Mitch McConnell, has already stated that trade agreements and Fast Track legislation could be a place where Republicans in Congress find some common ground with the Obama Administration. However, members from both political parties are against the TPP and Fast Track legislation.

It’s worth noting that Obama is breaking his campaign promise to protect Americans from harmful free trade agreements. According to Barack Obama on the campaign trail, “We will not negotiate bilateral trade agreements that stop the government from protecting the environment, food safety, or the health of its citizens; give greater rights to foreign investors than to U.S. investors; require the
privatization of our vital public services; or prevent developing country governments from adopting humanitarian licensing policies to improve access to life-saving medications.” The TPP would do all of those things.

We should be deeply concerned because the TPP will:

1. **Erode our current environmental, health, industry standards:** The provision of regulatory “coherence,” also called “harmonization” or “cooperation,” has the potential to deeply undermine U.S labor, health, and environmental regulations that have taken decades of tireless work by activists to enact. With regulatory coherence, the aim is to make each country’s regulations consistent, thereby making trade between multiple countries “seamless and efficient.” However, it is unclear which country’s standards will become the common regulations, and how those common regulations will be chosen. How can we be sure that a race-to-the-bottom doesn’t occur, given that U.S. has stricter standards than many other participating countries?

2. **Empower corporations to attack our environmental and health safeguards:** Through Investor-State Dispute Settlements, multinational corporations and investors are able to sue sovereign governments for loss of expected profits. These cases, decided by secret 3-member private-sector lawyer panels, allocate tax-payer dollars to corporations, bypassing the national legal system. While ISDS cannot force a country to change a law, the threat of paying massive sums of money often motivates the country to do so. Examples:

- U.S. tobacco company Philip Morris International is currently using ISDS to sue the governments of Uruguay, because of their tobacco regulations, and Australia, because of their cigarette plain packaging law (to curb cigarette smoking). Despite the World Health Organization’s praising of Uruguay and Australia’s initiatives as model public health efforts, Philip Morris is able to demand compensation for lost profits. These pending lawsuits are keeping other nations from enacting similar tobacco regulations. In February 2013, New Zealand announced that it would wait to move on plain packaging legislation until the lawsuit with Australia had been resolved.

- The Peruvian government is now being sued for $800 million by Doe Run – owned by the U.S.-based Renco Group Inc. – because it asked Doe Run to clean up its metal smelting plant that had caused 99 percent of the children in the town of La Oroya to have unsafe levels of lead in their blood.

- Vattenfall, which is a Swedish energy company, is now suing Germany for over one billion dollars over their decision to phase out nuclear energy, following the Fukushima disaster in 2011. This is after it successfully forced Germany to roll back environmental requirements for a coal-fired power plant also owned by Vattenfall.

- Lone Pine Resources, a U.S.-based oil and gas company, is now suing Quebec for $250 million worth of “lost profits” after the citizens of Quebec pass a moratorium against fracking under the St. Lawrence river.

- “Under U.S.-Ecuador’s Bilateral Investment Treaty, which mimics the investor-state system enshrined in the North American Free Trade Agreement (NAFTA), the largest ever reward from one of these tribunals has hit the poor country of Ecuador hard. In a decision by a World Bank tribunal last year, Ecuador lost to Occidental Petroleum and now is being forced to pay a penalty of $2.4 billion for ending their oil contract. Ecuador, reeling from decades of environmental pollution by Chevron/Texaco in the Ecuadorean Amazon, had concerns with Occidental illegally selling off portions of the agreed-upon oil contract without government authorization, a move that abrogated the contract. Now the country is billions of dollars in debt.” Source.

- To read more about ISDS, click here.

3. **Ban “Buy American” or “Made in America” policies needed to create green jobs:** Through what’s known as “National Treatment,” all firms, governments cannot preference domestic firms over foreign, and all firms can bid on government contracts or provide services and utilities. Note that this is the complete opposite of how the U.S. and all major industrialized companies developed. Read more.
4. **Offshore millions of American jobs**: The TPP includes many incentives for offshoring jobs, including the pressure to prevent wage increases (to stay competitive); multinational employers displace local and regional firms; production shifts towards exports, rather than the domestic market. Read more.

5. **Roll back Wall Street reforms**: Deregulation of the financial service sector – including banking, insurance, asset management, pension funds, securities, and more – is among the most important aspects of free trade agreements. Read more.

6. **Sneak in SOPA-like threats to Internet freedom**: Leaked chapters of the TPP show that the intellectual property chapter would have extensive negative ramifications for users’ freedom of speech, right to privacy and due process, and hinder peoples’ abilities to innovate. Read more.

7. **Jack up the costs of medicines**: 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. For people in developing countries involved in the TPP, these rules could be deadly – denying consumers access to HIV/AIDS, tuberculosis and cancer drugs. Read more.

8. **Expose the U.S. to unsafe food and products**: The TPP would require us to allow food imports if the exporting country claims that their safety regime is "equivalent" to our own, even if it violates the key principles of our food safety laws. These rules would effectively outsource domestic food inspection to other countries. Read more.

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