



International Trade Union Confederation Statement on the Trans-Pacific Partnership Agreement (TPP)

“It is time for a new trade framework that will make a positive difference in the lives of working people. We cannot afford another trade agreement that privileges substantial new opportunities for investors over good jobs for workers.”

- Labor Declaration on the Negotiation of the Trans-Pacific Partnership Trade Agreement,
March 15, 2010

The Trans-Pacific Partnership Agreement (TPP) signed today, February 4th, undermines sustainability and social justice, decreases the power of labour and communities, and increases the power of corporations.

National interest must become the interest of the people again

The TPP is promoted by large corporations and aims at institutionalising the economic power of the one percent and fortifying it with legal instruments. This agreement has little to do with actual trade and economic growth, and it intends to reduce policy space, discipline regulation and legislation, and reshape governance. Governments agree to promote the new agenda for trade and investment chiefly because in the perception of decision-makers national interest is defined as the interests of their strongest economic actors. The repercussions for democracy and development are immensely adverse.

The TPP was negotiated in secret, out of the view of the public, the Parliaments and the judicial authorities. In some instances, civil society, labour and business were invited to contribute to debates at the negotiating rounds giving an illusion of inclusiveness. Judging from the published text of the TPP, it is clear that while civil society, labour and small businesses may be heard, it is only big business that is listened to. In fact, big business played a key role in defining the agenda and goals of the negotiations by lobbying their governments early.

Governments pursued TPP negotiations blindly, even when all commissioned impact studies showed negligible gains. Contrary to these assessments, a Tufts University study, that was not commissioned by any government and uses more realistic assumptions and economic modelling, finds that workers' income share will decline. The study also showed 771,000 job losses in TPP countries and other adverse impacts on small producers, SMEs, workers and the environment. The TPP would also lead to losses in GDP and employment in non-TPP countries. In large part, the loss in GDP (3.77 percent) and employment (879,000) among non-TPP developed countries would be driven by losses in Europe, while developing country losses in GDP (5.24 percent) and employment (4.45 million) reflect projected losses in China and India.

The TPP undermines democracy

The TPP establishes national mechanisms of Regulatory Coherence and international cooperation among them. In such mechanisms governments have to answer to corporations and defend their planned regulation on a narrow basis of cost-benefit assessments and impacts on trade. This would lead to a de-politicised process of regulation-making which excludes social and environmental goals and values. The obligation of states to regulate in order to protect and promote social rights and the environment, which is referred to as “the right of states to regulate in pursuit of legitimate objectives” in the TPP, is to be curtailed and become subject to market interests.

Further, the TPP consolidates and expands the ability of corporations to sue governments in order to challenge regulation, and even decisions of national courts, in a process named “Investor-State Dispute Settlement”. Although some marginal improvements to address the well-documented legal deficiencies of the tribunals have been proposed, none of them resolves the multitude of flaws of this arbitration system, which lacks transparency, accountability and independence. The main concern remains: the creation of a private justice system reserved only to foreign investors.

Corporations should not be able to co-write the laws and rules of sovereign states. In democracies, this is the responsibility of elected and duly appointed officials. Because laws and rules serve public goals, they are created in processes that are inherently political. Corporations should not be able to challenge the laws and rules of sovereign states in tribunals other than those of the sovereign states. Sovereign states could establish bilateral cooperation for the amicable settlement of investment disputes instead of agreeing to legal instruments that deprive them of sovereignty and allow investors to hold measures for ransom.

While pretending that it guarantees social rights, the TPP actually undermines them

At the same time that foreign investors are provided the right to use the Investor-State Dispute Settlement tribunals to attack minimum wage, public health and environmental regulation that would increase their costs, workers and communities are left with legal instruments that were designed to give them merely an illusion of justice. Disputes relating to the ineffective implementation of labour and environment standards are to be advanced by state actors, not the aggrieved parties themselves. Experience from other trade agreements demonstrates that such instruments, when they exist, are not put into use because they are deemed too politically costly to use. There has been only one international labour dispute submitted to trade instruments similar to that established by the TPP. The case has been ongoing for nearly eight years now without any resolution or improvement of conditions for workers. Such instruments have been proved too weak to address the magnitude of challenges the global labour force and the environment are facing.

The TPP jeopardises public services and health

The TPP provides excessive intellectual property protection for medicines, and plant and animal species. The prices of medicines are likely to increase, and countries that cover the cost of medicines will have to cut back on coverage, raise taxes, or resort to borrowing to control spiralling pharmaceutical costs. Excessive patent protection could increase public debt creating the conditions for the private sector to argue for further privatisation and austerity. At the same time, there is no guarantee that extensive IP protection will lead to greater innovation because many pharmaceutical corporations have shifted resources from Research and Development to the legal protection of patents. Access to affordable medicines and the ability of governments to decide which medicines they subsidise is an important component of universal healthcare. The TPP threatens healthcare as a human right by putting profits before patients and public health.

The TPP will open the markets of public services to private contractors and limit the ability of governments to use government procurement to achieve economic and social goals. Local authorities and communities all over the world have been pushing for remunicipalisation of public services after the first wave of privatisation because the quality of the services and access to them deteriorated. These decisions should be under the control of citizens, not the binding rules of a trade agreement in which the communities concerned had no voice.

The TPP promotes economic prosperity for the few and unbearable adjustment costs for the rest

A direct outcome of trade opening is the creation of economies of scale in which companies of scale benefit while smaller producers and suppliers, and their workers, have to compress costs, retreat to informality or exit the market. In this setting, bigger companies use their increased power to hike up prices of final products that consumers pay, and to reduce the profit margins of small producers and wages of workers all along the supply chain.

The trend of market power consolidation and expansion is nowhere more clearly demonstrated than in financial services. Consolidation of markets has led to the creation of huge financial institutions that are “too big to fail”. The deregulation of financial markets and the market opening in financial services that is achieved through the TPP will only exacerbate the causes of the 2008 financial crisis which have yet to be effectively addressed.

The international trade union movement opposes the TPP, as it prioritises corporate interests over those of people and the planet.