



NEW ZEALAND COUNCIL OF TRADE UNIONS
Te Kauae Kaimahi

Transpacific Partnership Agreement – causes for concern

The Transpacific Partnership Agreement (TPPA) currently under negotiation between New Zealand, the US and nine other countries, is much more than a trade agreement. Trade is only a small part of it. The New Zealand Council of Trade Unions is concerned that it will stop future New Zealand governments from doing things that are in the interests of working people and most New Zealanders. Similar agreements the US has signed impose policies that New Zealand voters have repeatedly voted down and would oppose if they had the choice.

What is the TPPA?

The TPPA proposal is an extension of an existing agreement between New Zealand, Singapore, Chile and Brunei. So far the US, Australia, Canada, Mexico, Peru, Vietnam and Malaysia have joined the negotiations. Japan, and Thailand have shown interest. It could eventually cover most of the Asia Pacific, though China is showing increasing concerns about it. The US wants it to be completed by the end of 2013, having missed several deadlines since 2011.

Isn't opening up trade good for New Zealand?

The TPPA isn't just about trade – in fact most of it covers areas like foreign investment rules, empowering foreign companies to sue our government, opening our services to competition, our right to regulate, pharmaceutical costs, intellectual property rights, and preventing use of government procurement to help local firms.

The big trade interest for New Zealand is agriculture – getting more dairy and other products into the US. But powerful US interests will oppose that every step of the way. Australian exporters were very disappointed at the results of their free trade agreement with the US. It would be naive to believe New Zealand can do any better.

What little we get will have to be paid for. The following are examples of what is at risk.

In their free trade agreement with the US, Australian exporters got no access for sugar. Beef, dairy, lamb and wine access were delayed for 12-17 years. US farm subsidies continue. Most independent economic studies found the agreement would have negative effects for Australia. Recent surveys show businesses feel they are getting little benefit.

Fewer controls on overseas investment

Many New Zealanders are worried about overseas ownership of our land. There are even fewer controls to ensure that New Zealand gets benefits from huge business takeovers like privatisations and private equity buyouts. The US will be trying to remove the few controls that exist.

Privileges for overseas investors

Standard US investment agreements give overseas investors the right to sue governments in private dispute tribunals. These rules privilege foreign investors and paralyse governments worried about corporate reactions.

In North and South America, private dispute tribunals have awarded corporations hundreds of millions of dollars against governments and forced changes in legislation. For example the Mexican government was ordered to pay US\$15.6 million to the US Metalclad Corporation when it was ordered to close a toxic waste dump threatening local water supplies. There have been similar awards against Canada, Argentina and other nations. Recently, tobacco multinational Philip Morris filed actions against Australia's and Uruguay's tobacco control policies, demanding compensation and change to the policies.

Higher prices for medicines

Big US pharmaceutical companies don't like the way Pharmac bargains down pharmaceutical prices. They tried to stop similar policies in Australia and will try again in the TPPA.

No assistance for local products

A powerful way to support economic development is to use the buying power of government to favour local products. Already some agreements require the government to offer contracts to firms in other countries on the same basis as New Zealand firms. The TPPA could extend that.

Privatisation of services and weakening financial regulation

The US wants government owned operations such as State Owned Enterprises to be run on a purely commercial basis if they might compete with its own corporations. That could stop their government funding and force them to be run in a purely commercial way rather than incorporating social, environmental or economic development goals.

The TPPA will try to open up to overseas competition more of the services that make up most of modern economies. For public services this means pressure to privatise (such as "public-private partnerships") and making privatisation hard to reverse. It also includes temporary movement between countries for work purposes by business people and staff. This is out of place in a trade agreement.

Possible targets include sensitive public services like health, ACC, education, post, water, waste, social services, transport, roads and utilities like electricity. It hampers local government planning rules and our right to favour non-profit providers.

Other areas of the TPPA, such as on competition, could force us to allow private provision of public services, and to cripple marketing cooperatives like Fonterra.

Financial services such as banking will be a focus for the negotiations. This could further reduce our ability to control the risky practices that created the global financial crisis, and limit the policies available to manage our exchange rate and "hot money" flows in and out of New Zealand.

Protection of consumers and the environment

We need to be able to prevent imports of unsafe products which could harm people, and to identify countries of origin, and food containing genetically engineered material. US companies want to break down our GE rules and food labelling. We need strong protections from the introduction of pests and diseases that could harm farming or our native species. The TPPA needs enforceable rules to ensure commercial interests don't trump the environment.

Labour rights

The Warner Brothers employment law change, passed because the corporation threatened to stop the production of the Hobbit in New Zealand, removed internationally recognised labour rights from film production workers. Agreements like the TPPA must prevent an international auction of work rights that working people everywhere will lose from. The provisions must be as enforceable as any other part of the agreement.

Openness

These agreements are negotiated in secrecy with the all-important text not made available to the public until everything is agreed. They are more important than many laws are, and should be subject to public scrutiny and comment as they are developed.

Our view

We are not against trade. It can provide jobs, but it must be fair. It often has not been fair to working people. But the TPPA is about much more than trade. Any trade benefits are likely to be tiny. Unless we receive assurances that the dangers such as those outlined, are being addressed, we will oppose it.

We are working with union centres in most of the other TPPA countries, and have a common view on a broad range of issues. For more details, see our web site at <http://union.org.nz/TPPA>.

We will not stand by and allow New Zealand's sovereignty - our right to make rules that benefit the people of New Zealand - to be surrendered.

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