The Trans-Pacific Partnership: Expanding the power of corporations

The Trans-Pacific Partnership (TPP) is a multilateral investment and corporate rights agreement involving 12 Pacific Rim countries. Canada joined the negotiations in 2012.

The text of the agreement was developed in secret. Parliamentarians were kept out of the loop. Corporate lobbyists, on the other hand, were given full access. The deal is now finalized and cannot be modified as it awaits ratification of the signatories. The countries involved (Australia, Brunei Darussalam, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, United States of America and Vietnam) make up approximately 40 per cent of the global economy.

The agreement is a "docking" agreement, meaning that other countries can join the existing text without negotiations, which is significant due to the failure of previous multilateral efforts. Countries, such as the Philippines, Thailand, South Korea, Colombia and Taiwan, are considering joining.

Of the 30 chapters in the TPP only six relate to trade issues. The TPP is not a "trade" agreement – it is about entrenching and expanding the rights of corporations.

What's in the TPP?

The TPP will affect issues as wide ranging as internet freedoms, food sovereignty, health care costs, environmental standards and banking regulations. In all of these instances the rights of corporations are promoted at the expense of the rights of communities.

Here are a few examples of what we can expect from the TPP:

- **Increases in some drug costs**. The TPP includes the expansion of patent regimes to support pharmaceutical companies. Consumers and public health care providers will see higher prices. For communities in the global South who rely on low-cost generic drugs, this can be a matter of life and death.
- **A global race to the bottom in wages**. Lax corporate rules will mean continuously lower wages everywhere. Union organizing will be undermined while the exploitation of more temporary foreign workers and of workers in the Global South will increase. Ultimately this leads to increased profits for corporations while many workers are paid less.
- **Softening country of origin rules**. This makes it easier for corporations to produce product components in countries outside of the TPP and still have preferential tariffs. These rules of origins are weaker than those in NAFTA.
- **Deregulation of financial institutions**. TPP rules would require domestic law to conform to the now-rejected model of deregulation. The TPP would undermine bans on particularly risky financial practices, such as the derivatives that led to big bank bailouts during the 2008 financial crisis.
- **Undermining community and government efforts to buy local**. Corporations in the TPP must have access to bid on most government contracts. This means a country cannot give preference to local suppliers or enact "buy local" policies.
- **Encouraging a carbon-intensive economy**. Trade agreements encourage the expansion of a shipping-based export economy. They also promote large, global transnational agriculture instead of locally produced food. These are important factors in creating climate change. The TPP text does not have a single reference to climate change.
- **Reducing environmental protection and indigenous sovereignty**. The TPP includes special rules for corporations that allow them to take environmental policies and laws to court. Environmentally destructive companies, such as oil companies or mining companies, are particular users of these rules. Indigenous lands, which are on the front lines of mining and oil resources, are often impacted by these environmentally damaging projects.

- **Canadian dairy markets opened to more rBGH milk**. The TPP will open up the Canadian market to U.S. milk as part of harmonizing dairy standards. Canada has banned recombinant Bovine Growth Hormone, produced by Monsanto, while the U.S. has not. Cows injected with rBGH, pushed to yield unnaturally large quantities of milk, suffer from more stress and a higher incidence of udder infections, reproductive disorders, swollen legs and premature death.
- **Restrictions on internet freedoms.** People's internet freedom would be restricted through expanded copyright terms, new rules for enforcement of the intellectual property rights of corporations online and the protection of digital locks, which prevent downloads. People will be limited in using and creating digital content and the protection of "trade secrets" could impede whistleblowers working in the public interest. Few privacy protections for users are provided.

Investor state dispute settlement (ISDS) provisions

Investor-state dispute settlement (ISDS) provisions are included in the TPP as well as many other international "trade" agreements. These provisions are the most obvious example of how trade deals are a corporate bill of rights. The ISDS provisions allow corporations to sue governments for policy decisions or regulations that negatively impact corporate investments and their ability to profit off of them.

Say, for example, a company invested in a mine or an oil field. The communities whose health and safety are affected could ask the government to stop the project to protect their health and safety. But if the government changes policy or rules that affect a TPP country's investment, the company can sue for lost profit – and not just what it invested, but also the "future profits" the company projects it would lose.

With ISDS provisions communities are likely to be bombarded with investment in resources extraction and infrastructure projects even though unresolved land claims, indigenous title and environmental opposition would otherwise be major risks to investment. These investments leave lands vulnerable to plunder and displacing people.

Public resources as corporate insurance

It used to be corporations that assumed the risks of doing business in another country. Now, with ISDS provisions, corporations are ensuring that bad investments and questionable projects are compensated for by governments. The funds used to compensate these multinational corporations could otherwise be used for spending on housing, public health, education and other social services.

The chill effect on public interest policy

Governments faced with continuous financial losses to ISDS claims may be discouraged to pass policies in the public interest that can impact the profits of multinational corporations. We have seen corporations challenge pesticide bans, public health labeling on cigarettes, the rejection of pipeline projects, fracking bans and much more. Governments will either continue to pay these corporations for their ISDS claims, or they will stop enacting policies and regulations in the public interest in order to save money. Either way people and the environment will suffer.

To learn more about what you can do to stop the Trans-Pacific Partnership visit www.canadians.org/tpp or call toll-free 1-800-387-7177.

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