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Testimony on the Trans-Pacific Partnership (TPP)

by Elizabeth Swager, Director, Oregon Fair Trade Campaign

before the House Committee on Agriculture and Natural Resources

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Mr. Chairman, members of the committee, thank you for the opportunity to testify today about the Trans-Pacific Partnership.

My name is Elizabeth Swager. I direct the Oregon Fair Trade Campaign, a statewide coalition of labor, environmental and human rights organizations working together to promote just and sustainable international trade policy that allows Oregon producers to compete on a level playing field.

The Trans-Pacific Partnership, or TPP, is of deep concern to our members, and we very much appreciate this committee's attention to it, as it has the potential to greatly affect the economy, the environment, consumer safety and public policymaking space in our state and beyond.

Starting with the basics, the TPP is a trade and investment pact under negotiation between the United States and eleven other countries throughout the Pacific Rim: Australia, Brunei, Canada, Chile, Malaysia, Mexico, New Zealand, Peru, Singapore, Vietnam, and very shortly, Japan.

Just among those twelve nations, the TPP is poised to set rules for international trade and investment that cover approximately 40% of the global economy. But the TPP is also being explicitly negotiated as what's called a docking agreement — meaning that other countries can dock on or join over time. The Office of the U.S. Trade Representative has said that it is their intention for the TPP to eventually cover half the countries of the world.

In terms of its timeframe, the TPP is currently in its 17th major round of negotiations this week in Lima, Peru. The pact has been under negotiation for over three years now, and is scheduled to conclude in October of this year. Whether or not negotiators meet that deadline, the window of

opportunity to influence the contents of the agreement is quickly closing.

One of the loudest and most consistent civil society complaints about the TPP to date is that, despite three years of negotiations, the U.S. Trade Representative still refuses to tell the American public what's being proposed in our names. The office of the U.S. Trade Representative has barred the public and policymakers such as yourselves from reviewing any draft texts, and, instead, has been consulting on actual language for the TPP with a select group of 600 “cleared advisors,” the vast majority of whom represent transnational corporations like Walmart, Cargill and Chevron.

This is a rollback in **transparency** from many past trade negotiations, and is something that most members of Oregon’s Congressional delegation have spoken out against. In a statement entered into the Congressional record, Senator Wyden took issue that:

[T]he majority of Congress is being kept in the dark as to the substance of the TPP negotiations, while representatives of U.S. corporations — like Halliburton, Chevron, PHRMA, Comcast, and the Motion Picture Association of America — are being consulted and made privy to details of the agreement.

The ability to influence the TPP during its formative stages is crucial, because, unlike the trade agreements of 30 or 40 years ago, which dealt strictly with issues such as tariffs and quotas, pacts like the TPP setting binding obligations that delve deeply into public policy areas traditionally in the hands of Congress and state legislatures.

The USTR has said the TPP includes some 29 separate chapters. As far as I know, the USTR office has refused to publicly issue a list of even the chapter titles, but thanks to a handful of leaked documents and reports on conversations with negotiators from other countries, I can tell you the TPP has chapters dealing with financial regulations, medicine patents, Internet protocols, energy policy, immigration and more.

TPP chapters that may be of specific concern to this committee include those on sanitary and phytosanitary standards, technical barriers to trade and government procurement.

The Sanitary and Phytosanitary Chapter covers **food safety standards** and affects, not only whether Oregon consumers will have to eat products that don’t meet our domestic safety standards, but also whether Oregon producers will have to compete with overseas fish farms, industrial fruit and vegetable operations and others that aren’t bound by the same standards as local producers.

The Technical Barriers to Trade Chapter, along with the SPS Chapter, is likely to cover **consumer labeling**, potentially handcuffing both the state and federal government’s ability to require labels on things like genetically-engineered salmon on the one hand, and country-of-origin labels, on the

other.

The Government Procurement Chapter, depending on what exemptions are written in and what levels of government purchasing it covers, could restrict **“buy local” food purchasing programs** in schools, prisons and other public institutions.

And, of course, the traditional market access offers in terms of tariffs and quotas should also be of interest.

As others will testify, unfair competition from New Zealand’s monopolistic **dairy industry** is a major concern in the TPP — threatening to undercut Oregon dairy farmers and processors alike. Farming organizations, processing worker unions and others in the dairy sector across the United States, Canada, Mexico and Japan have also raised warning flags about this issue.

In Oregon, Senators Wyden and Merkley have both written to the U.S. Trade Representative warning that if the TPP provides New Zealand full access to the U.S. dairy market without first properly addressing its anti-competitive practices, losses to U.S. dairy producers could reach \$20 billion in just the first decade of the pact.

Beyond dairy, Australia wants greater access to the U.S. market for its sugar producers — something that was fairly well restricted in the earlier U.S.-Australia Free Trade Agreement. If Australia gets its way, that certainly could have negative consequences for Oregon’s **sugar beet growers** and processors.

When it comes to **fruits and vegetables**, we don’t know yet what new access to foreign producers that the USTR will offer` and what new access to foreign markets they will obtain.

What I can say is that the U.S. State Department includes Malaysia, Peru and Vietnam on its list of countries known to use **forced labor** in their agricultural sectors. Other countries within the TPP are listed as using child labor. It is very difficult for Oregon producers who do not benefit from taxpayer subsidies to compete on cost with developing countries, especially when transnational corporations decide to go in and set up large-scale export operations there under the protection of a Free Trade Agreement.

TPP countries like Vietnam — not necessarily in agriculture, but certainly in sectors like manufacturing and computer programming — are already being marketed as low-cost labor alternatives to China for companies deciding where to locate employment. Vietnam’s average minimum wage is just a third of that in China, so it is very, very difficult for Oregon producers to compete on a level playing field.

Put simply: when it comes to food items that most shoppers buy based on price, the TPP has the potential to hurt a lot of the state’s producers.

Let me close by saying that, as the TPP debate moves forward, the pact's boosters are going to talk a lot about its potential to increase exports. I'd be surprised if they talk about the TPP's limits on food safety standards, consumer right-to-know, public procurement or any of that — and I'd be surprised if they talk about imports.

The **Korea Free Trade Agreement** was that last such pact promoted as a big job creator for the United States, and the numbers on the first year of that pact are now in. Not only is our overall trade deficit with South Korea up by a whopping 37%, but U.S. exports are actually down by 10%. Even exports of agricultural commodities that were supposed to benefit are dramatically down: poultry exports are down 41%, pork down 24% and beef down 8%.

I conclude with that, just to say that, sometimes we hear promises about how good a trade proposal will be for exports from companies that actually want to move production overseas or that want to use a trade agreement as a back-door way of shaping regulations. That doesn't mean that there isn't export potential in the TPP and other pacts, but rosy promises need to be evaluated with a little common sense.

Thank you again for the opportunity to speak with you today.

Elizabeth Swager
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