



Washington Fair Trade Coalition



**Trans-Pacific Partnership
Impacts on WA State**

**Joint Legislative Oversight
Committee on Trade**

November, 2012

Who is the WFTC?

Washington Fair Trade Coalition

***63 labor, faith, environmental, family farm, student
and social justice organizations, fair trade
businesses and cooperatives***

in WA State,

***committed to creating a fair, balanced
& sustainable global trading system***



New Corporate Norm

- Corporate Business Models
 - Demand for the latest models and scale of production mandate off-shoring production-Apple
 - Maximize profits even in economic downturn by producing cheaper and cheaper goods-that need to be replaced more often
- Consumer demand
- US Trade Policies



Impact of Free Trade Policy in WA

- **North America Free Trade Agreement (NAFTA) 1994**
 - WA State lost **28,309 manufacturing jobs from 1994-2011, 9.4% of the sector** (Bureau of Labor statistics)
 - **65,193 workers were certified under Trade Adjustment Assistance 1994-2011 as directly losing their job because of US trade policy.** (US DoL statistics)
Jobs associated with these jobs such as drivers, suppliers, small businesses do not qualify and so are not counted.
 - **10,800 jobs have been lost in WA because of the rising trade deficit with Mexico** (Economic Policy Institute)
 - Agricultural trade surpluses in wheat, dairy and fruits decline and turned into trade deficits
 - Mexican farmers unable to compete with cheaper American corn lose their land and migrate to cities to find work in maquiladoras (sweatshops) or to the US and WA State as farm workers

Andean Trade Preference Act: Enacted in 1991, amended in 2002

- The United States agreed to subsidize asparagus as a substitution crop for Coca in the Andes
- The United States lowered importation tariffs, which encouraged Washington State asparagus businesses like Green Giant and Del Monte to leave the state and set up factory farms in the Andes
- **Washington lost more than half of its asparagus industry**, and the jobs on factory farms in Peru do not adhere to ILO standards, fair work practices or the environmental protection
- Cheap asparagus is shipped back to Washington State to compete with more expensive asparagus grown closer to home

Colombia, Panama, S. Korea Free Trade Agreements, 2011

- At least **60,000 jobs are at risk in WA State** in motor vehicles and parts, other transportation equipment, electronic equipment, metal products and textiles and apparel
- **IT and Green jobs sector are also at risk for outsourcing** and pitting foreign and domestic workers against each other for less secure contracting jobs
- **Wheat**-Washington State 3rd most lucrative agricultural commodity, according to the US International Trade Commission (USITC)-is a net loser under KorUS FTA **suffering an estimated \$14-69 million**
- According to the US International Trade Commission (USITC) the U.S. **wood products trade deficit is supposed to worsen by at least \$171 million**
- **The paper products trade deficit is also supposed to worsen by at least \$96 million**

Current Free Trade policy has proven to be a losing battle for workers, farmers, and communities in WA State and around the world.

International Dislocation

- ❑ **In the first 5 years of NAFTA implementation, migration from Mexico to the US increased 75%**
- ❑ **By 2003, 1.3 million Mexicans lost their livelihoods** due to NAFTA
 - Subsidized corn, pork
- ❑ Destabilization of farming communities by loss of livelihoods led to mass migration from the countryside to cities to find work in maquiladoras
- ❑ Forced economic migration and labor trafficking
- ❑ Migrant workers from the Mexican states of Michoacan and Oaxaca make up a majority of the 43,500 apple industry labor force in WA.



Trans-Pacific Partnership Free Trade Agreement

*What do we know &
What does this mean for
WA State?*

What Do We Know?

- ❑ Origins in Bush Administration, built upon a 2006 trade agreement with Brunei, Chile, New Zealand & Singapore
- ❑ After delaying for a year, President Obama took ownership of this so called '21st century Trade Agreement' to increase exports & create jobs
- ❑ The US has trade deals with many of these countries already
- ❑ Docking Clause-might be the last trade deal the US negotiates

Who is at the Table?

- **11 countries**
 - **Peru, Chile, New Zealand, Australia, Malaysia, Singapore, Brunei, Vietnam, US + Canada & Mexico**
- **Docking Clause**
 - **Japan, Thailand & others want in**
- **Corporations (600+)**
 - **Monsanto (the US trade negotiator for agriculture is a 'former' lobbyist)**
 - **Dow Chemical**
 - **Philip Morris (USTR 'former' lobbyist)**
 - **PhRMA**
 - **Chevron**
 - **Walmart**

What is on the Table in the TPP?

- ❑ Access to cheap labor particularly in Vietnam, where there are no independent trade unions
- ❑ Financial services deregulation handcuffing government's ability to regulate banks and insurance companies
- ❑ Longer drug patents preventing competition from low-cost generic medications
- ❑ Create ceilings for food safety rules — and block labeling



The TPP could Trump Domestic Laws & Regulations

- ❑ Ban Buy American & other domestic preferences. All firms in TPP countries get same access to U.S. government contracts and our tax dollars, as U.S. firms
- ❑ Forbid policies to keep call centers in U.S.
- ❑ Constrain environmental, labor, human rights conditions on government procurement. TPP would even control how we use public funds for construction projects, government purchases of goods, services...

More Power to Corporations: Investor-State Dispute Resolution

- ❑ Foreign corporations are allowed to ignore domestic laws & circumvent domestic courts.
- ❑ Corporations can sue sovereign governments before private tribunals demanding to be compensated “loss of expected future profits” when they are ‘blocked’ by environmental, health, safety, land use, & zoning laws



What Do We Want?

- Adherence to International Labor Organization (ILO) standards
 - Right for workers to organize and collectively bargain
 - Right to a living wage
 - Independent Monitoring
- Transparency in Trade Policy Negotiations
 - Farmers, workers and civil society at the table
 - Congressional/Legislator involvement in drafting trade agreements
- Rights & responsibilities for citizens, domestic businesses and global corporations on our shores to be the same
- 21st Century Trade and Market Access Act (S.3347)



**THIS IS WHAT
WASHINGTONIANS WANT
IN A 21ST CENTURY
TRADE POLICY!!**

ON BEHALF OF THE WASHINGTON FAIR TRADE COALITION



Challenge to WA Labor Values

□ EGT Grain Terminal

- Bunge North America, Japanese trading company ITOCHU and Korean shipper STX Pan Ocean, sued the Port of Longview in order to hire its own labor, ignoring the contract ILWU has with the Port
- EGT hired contractor General Construction Co. to operate the \$200 million terminal with 25 to 35 members of the Gladstone-based International Union of Operating Engineers Local 701
- Governor Gregoire intervened

□ Kimberly Clark Mill-Everett

- 2002-Kimberly Clark received millions of dollars WA State tax breaks to purchase a state of the art paper processing machine with a life span of 654 years.
- 2007-KC enjoyed tax break for production costs to turn Biomass to steam and electricity
- 2012-WA State lost 750 living wage jobs when KC moved to 'increase profits'. All TAA certified (1,000s of related jobs are not)
- The paper processing machine subsidized by WA is now bound for Brazil.

Loss of Revenue & Opportunity for WA through Off-Shoring Production

- WA facing deficit over \$1 billion dollars
 - Reduction in revenue through sales tax as unemployed workers have less buying power, takes vital resources from WA State programs such as education & healthcare
 - WA Corporations continue to get tax incentives to globalize their operations
 - Boeings 787 Dreamliner
 - 2003 announced it would stream line operations in WA & globally subcontract all but final assembly
 - Innovations both in hardware & software went to subcontractors in Japan, Italy, South Korea, France, Sweden, India, UK/France, South Carolina, Kansas & Connecticut
 - Goal was to complete May 2008
 - In 2008, Boeing seeks to gain control over its supply chain buys interests in Vought Aircraft, including the South Carolina Factory
 - First delivery Sept. 2011
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TPP's Potential Harm to Procurement Preferences

- ❑ SweatFree Procurement-a pro-business approach to leveling the playing field for all vendors wanting to do business with WA state, and for businesses adhering to labor laws wherever they do business
- ❑ WA State's Farm-to-School Program programs that promote and serve locally produced foods in cafeterias of K-12 schools, colleges, universities, hospitals, nursing homes, businesses and other institutions.

TPP Jeopardizes Environmental & Health Policies

- ❑ Under WTO, China challenged a solar-power venture in Massachusetts and a wind-power venture in Ohio
- ❑ China also named renewable-energy projects in Washington state, on behalf of Chinese exporters and renewable energy companies
- ❑ WA Health Exchange under the Affordable Care Act

Calls for TPP Transparency

- ❑ 134 Members of US Congress sent USTR letter calling for transparency & authentic stakeholder involvement including Rep. Larsen. Reps Smith & McDermott sent their own letters
- ❑ State Legislators from all 50 states and Puerto Rico, led by WA Sen. Marylyn Chase sent a joint letter TO USTR
- ❑ WA based Public Health groups including WA Physicians for Social Responsibility joined public health orgs throughout the US
- ❑ WA Citizens joined nearly 1 million people around the world in the call for TPP Transparency



WA State Sovereignty & Democracy Need to be Upheld in US Trade Deals

- ❑ WA State Legislators, elected by the people of WA to stand for our best interests, need to be part of drafting any trade agreement that impacts us
- ❑ The right of WA state legislators and citizens to create and enforce laws that reflect our values, needs to be respected
- ❑ WA state should not have to use tax payer dollars to defend our labor, environmental, and health laws against foreign nations seeking to weaken WA state standards
- ❑ Any foreign company/worker working in the state of WA has an obligation to uphold the laws of our state and our country and not be given special privileges that our domestic companies and workers do not enjoy.

Trade Justice Resources WA

Washington Fair Trade Coalition
www.washingtonfairtrade.org

Kristen Beifus
Executive Director
kristen@washingtonfairtrade.org
206.227.3079