

# TPP :

## Uses and Abuses of China Claims in TPP Sales Pitch: Foreign Policy Arguments Mimic False Claims Made for Past Pacts

Some politicians and pundits hope to activate Americans' anxieties about a rising China to distract from the real issue: Fast track for TPP will make it easier for corporations to send American jobs overseas and will undermine our wages by forcing Americans to compete with Vietnamese workers making fifty-six cents an hour. The most important question is what the TPP would mean for America's domestic producers and workers. TPP replicates and even expands on a trade agreement model that has resulted in massive trade deficits, the loss of millions of American manufacturing jobs and downward pressure on American wages. So, the administration bears the burden of convincing the American public and Congress that the TPP would do otherwise. The Administration has failed to provide official data or studies doing so. The main pro-TPP think tank study used to show job gains from TPP was thoroughly debunked by the press.

### Perennial Sales Pitch of Last Resort - Similar Geopolitical Claims Made About Pacts Since NAFTA

While U.S. concerns about the implications of China's rising economic power and influence are legitimate, the notion that the establishment – or not – of any specific U.S. trade agreement would control this process is contradicted by the record. **In fact, Chinese-owned firms operating here are lobbying for the TPP and Fast Track.**

- ◆ Time and again, the same foreign policy arguments are trotted out after the economic case fails. We were warned that unless NAFTA and free trade deals with eight Latin American nations were enacted, China would write the rules and grab our trade in the hemisphere.
  - ◇ NAFTA went into effect and in its first 20 years, the U.S. share of goods imported to Mexico dropped from 70% to under 50%, while China's share rose more than 2,600%.
  - ◇ After U.S. pacts with eight other Latin American nations were enacted, China's exports to Latin America soared more than 1,280%, from \$10.5 billion to more than \$145 billion, while the U.S. saw only modest export growth. The U.S. share of Latin America's imports fell 36%, while China's share increased 575%.

### TPP Is Not About the U.S. Writing the Rules Versus China Doing So: TPP's Rules Are Those Demanded by its 500 Official Corporate Trade Advisors

- ◆ Trying to paint TPP as a way for America to write the rules in Asia *so that China does not* is absurd. TPP is not about establishing "American" rules in Asia. It's about imposing rules that would hurt most Americans, but are favored by the 500 official U.S. corporate trade advisors calling the shots on TPP.
- ◆ The TPP rules promote more U.S. job offshoring and would further gut our manufacturing base, even as a recent Department of Defense report warned that U.S. deindustrialization poses a threat to national security.
- ◆ TPP would ban the application of Buy America procurement preferences with respect to all firms operating in TPP countries. Instead reinvesting our tax dollars at home to build a strong national infrastructure and create economic growth and jobs at home, TPP would require us to give firms from the TPP nations, including Chinese state-owned-enterprise firms operating in Vietnam, equal access to U.S. government contracts. TPP also would raise our energy prices and undermine our energy independence by banning limits on Liquid Natural Gas exports to TPP nations, such as major user Japan. TPP's expanded monopoly patents and copyrights would raise American health care costs and thwart innovation.

## **TRANS-PACIFIC PARTNERSHIP “FREE TRADE” AGREEMENT**

### **TPP Is No Bulwark Against China**

- ◆ The TPP will not “contain” or isolate China. Obama administration officials have repeatedly stated their eagerness for China to *join* TPP.
  - ◇ Administration officials say China could join only if it agreed to TPP rules, but those rules would give Chinese products duty-free access to the U.S., and new TPP foreign investor rights would enhance China’s relative economic might *within* the United States. This may explain China’s statements of increased interest in joining the TPP.
  - ◇ At the most recent APEC meeting, the U.S. government actually endorsed a Chinese proposal to explore possible negotiation of a Free Trade Agreement of the Asia Pacific that would include the United States, China and numerous other Asian nations.
- ◆ The TPP will not empower Pacific allies to act as a bulwark against Chinese influence, given that many of the TPP nations see China as a critical partner. Indeed, officials from Australia, New Zealand and Malaysia have said that if the TPP were to become a China-containment tool, they’d want out.
- ◆ And, even if you believe that TPP actually is about writing rules aimed at affecting China, who in their right mind believes that China would actually abide by those rules or that the U.S. would enforce them effectively? Fourteen years after China joined the WTO, we’re still waiting for China to comply with the commitments they made. And, we are still waiting for any U.S. administration to broadly and effectively enforce U.S. rights.

### ***TPP Would Let Us Write the Rules, not China? Wait, that’s What We Were Told in 2000 When About China Joining the World Trade Organization and We Know How Badly THAT Worked Out...***

Trade debates often begin with economic arguments. But when those prove unconvincing, proponents of more-of-the same “trade” agreements invariably resort to U.S. foreign policy and national security arguments to try to sell unpopular deals to the U.S. public and Congress. The Obama administration and Republican leadership are making the exact same arguments about China that were made for China’s entry into the World Trade Organization (WTO) and the Permanent Normal Trade Relations (PNTR) vote in 2000 – either we write the rules or China will. We know how those claimed from 2000 worked out - two million U.S. jobs lost and China’s non-compliance with the WTO later.

***Trans-Pacific Partnership (2015)*** [Pres. Obama](#): *If we are not there helping to shape the rules of the road, then U.S. businesses and U.S. workers are going to be cut out, because there’s a pretty big country there, called China, that is growing fast, has great gravitational pull and often operates with different sets of rules... [If the TPP can be concluded with high standards] “then China is going to have to at least take those international norms into account.* - 6/3/15, interview with public radio’s “Marketplace”

***Permanent Normal Trade Relations (PNTR) with China, and China’s WTO Entry (2000)*** [Pres. Clinton](#): *Bringing China into the WTO and normalizing trade will strengthen those who fight for the environment, for labor standards, for human rights, for the rule of law. For China, this agreement will clearly increase the benefits of cooperation, and the costs of confrontation...What we have granted is full members in the World Trade Organization, which brings China into a rule-based international system.* -5/24/00, speech upon House approval of PNTR with China