2-12-2016

Chile Signs TPP Trade Deal with US, 10 Other Pacific-Rim Nations

Benjamin Witte-Lebhar

Follow this and additional works at: https://digitalrepository.unm.edu/notisur

Recommended Citation
https://digitalrepository.unm.edu/notisur/14401

This Article is brought to you for free and open access by the Latin America Digital Beat (LADB) at UNM Digital Repository. It has been accepted for inclusion in NotiSur by an authorized administrator of UNM Digital Repository. For more information, please contact amywinter@unm.edu.
Chile Signs TPP Trade Deal with US, 10 Other Pacific-Rim Nations

by Benjamin Witte-Lebhar
Category/Department: Chile
Published: 2016-02-12

In a show of optimism that contrasts sharply with mounting resistance to the initiative back home, Chile’s top diplomat visited Auckland, New Zealand, last week to sign the controversial Trans-Pacific Partnership (TPP), a wide-reaching commercial accord that promises—provided it can be ratified in the 12 participating countries—to create the world’s largest trading bloc.

“This is a balanced agreement that will bring more progress, more employment,” Foreign Affairs Minister Heraldo Muñoz told reporters present at the Feb. 4 signing ceremony. “We’ve protected our interests,” he added. “In some cases, we did so in coordination with other countries that opposed some of the items that were included [in the deal] two or three years ago and were absolutely unacceptable for Chile and other countries.”

The other nations involved in the trade pact are the United States, Canada, Mexico, Peru, Japan, Singapore, Brunei, Malaysia, Vietnam, Australia, and host New Zealand. Together the TPP members represent nearly 800 million people, or 11% of the world’s population, and have a combined nominal Gross Domestic Product (GDP) of approximately US$27.6 trillion, equivalent to more than 35% of the total global output, according to the International Monetary Fund (IMF).

The two dominant players in the TPP are the US, and to a less degree, Japan, the world’s number one and number three economies respectively, with a combined GDP of approximately US$22 trillion—four times what the other 10 members of the trade bloc produce all together. The TPP does not include China, whose US$11.4-trillion GDP is second only to the US. Analysts say the omission is by design, calling the TPP a “counterweight” to China’s economic might and growing influence abroad, including in Latin America (NotiSur, Jan. 23, 2015). Chile, with an annual GDP of US$258 billion, ranks 41st on the IMF list, just behind Finland and ahead of Ireland.

‘We’re happy to be part of this’

The Auckland gathering took place exactly four months after Chile and the other TPP parties concluded what had been more than five years of hush-hush negotiations. The result of those talks is a 6,000-page, 30-chapter behemoth of a deal that seeks to boost trade among the Pacific Rim nations by lowering tariffs and standardizing commercial practices. The TPP also establishes uniform employment and environmental guidelines as a way to crack down, for example, on child labor, workplace discrimination, illegal logging and the trafficking of wildlife.

“We expect this historic agreement to promote economic growth; support higher-paying jobs; enhance innovation, productivity and competitiveness; raise living standards; reduce poverty in our countries; and to promote transparency, good governance, and strong labor and environmental protections,” the TPP members said in a joint statement upon completing the negotiations in Atlanta early last October.
The administration of President Michelle Bachelet says that in the case of Chile, the TPP will help increase and diversify exports and improve the country’s reputation regarding things like intellectual property rights and sanitary and labor standards. The deal could be especially favorable, the government insists, for Chilean agricultural producers, as it would improve trade conditions with countries such as Canada, Japan, and Vietnam.

“We have the arguments necessary to show that the TPP is beneficial, and we’re going to defend it at every opportunity,” President Bachelet said during a November forum of business leaders in the Philippines. “We’re happy to be part of this. I have to say that the five years of negotiations weren’t always easy,” she added. “But in the end we got a TPP from which Chile will benefit.”

A chorus of critics

Not everyone in Chile shares the president’s enthusiasm. Last Thursday, the same day Muñoz and his international counterparts met in Auckland, an umbrella group calling itself Chile Mejor Sin TPP (Chile better off without the TPP) held protests in Santiago and other Chilean cities urging the country’s lawmakers to squash the trade deal. The two-chamber Congress technically has two years to ratify the TPP but is expected to decide much earlier, perhaps in the coming months. Legislators will only be allowed to approve or reject the deal, not modify it in any way.

Chile Mejor Sin TPP, which groups together dozens of civil society organizations, held nationwide demonstrations last month as well. Turnout for the protests has been modest, and yet the movement is attracting a fair amount of coverage in the media, which has also given voice, in the form of interviews and opinion pieces, to academics and other influential figures convinced that the potential drawbacks of the TPP far outweigh its supposed benefits.

“Today Chile said no to the TPP, no to ceding to US pressure, no to more expensive medications,” Carlos Figueroa, a Chile Mejor Sin TPP spokesperson, told reporters during a Jan. 22 protest in Santiago. “Chile will be better off without the TPP, and the legislators should listen to what the people in the streets are saying.”

Tomás Hirsch, a former head of the leftist Partido Humanista who ran for president in 2005 when Bachelet won her first term in office (2006-2010) (NotiSur, Dec. 16, 2005), is one of many critics who see the TPP as a threat to Chile’s sovereignty. In an essay published Feb. 1 by the online news site El Mostrador, Hirsch noted that the deal gives multinational corporations authority to seek outside arbitration—meaning they can sue the countries in which they operate—in cases where their business interests are hurt, for example, by local environmental or labor decisions. The TPP thus discourages small countries like Chile from introducing any kind of legislation that doesn’t toe the corporate line. “It leaves the country immobilized, anchored to the way things are done now,” Hirsch wrote. “It’s a straightjacket for those who want to do things differently.”

In a late November interview with the conservative daily El Mercurio, Joseph Stiglitz, a Columbia University economics professor and 2001 winner of the Nobel Prize, was equally dismissive of the TPP, saying that Chile would derive no benefits from the deal beyond what it already enjoys through its 12-year-old free trade agreement with the US. “Approving it would only make things worse,” he said, echoing Hirsch’s concerns about corporate lawsuits. “There are interesting studies showing that when investors enter into disputes, when large corporations decide to sue relatively small countries like Chile, they almost always win.”
Market exclusivity

Another point of contention among the growing number of detractors of the trade deal is the secretive way in which it was negotiated. Participants in the years-long process agreed to strict confidentiality, leaving it to the WikiLeaks whistleblower group—which published three of the TPP’s 30 chapters in recent years—to provide the public its only glimpses of the deal as it developed. Participating countries only began unveiling the text in November, more than a month after the 12-nation talks concluded.

In Chile, the long-awaited release of the text has turned particular attention to the issue of pharmaceutical patents. The country allows drug companies exclusive control over new medications for five years. After that, competitors can introduce cheaper biosimilar (generic) versions of the products. In the US, drug companies enjoy market exclusivity for 12 years.

Early reports suggested that the TPP might adopt the US standard, thus obliging Chile and other countries to change their regulations—at great cost to consumers and the public health sector (SourceMex, Oct. 28, 2015). Chile’s top negotiator, Andrés Rebolledo, challenged the proposed extension and announced in October that the final deal keeps the cut-off at five years. The TPP’s actual text, however, tells a somewhat different story, as it guarantees market protection “for a period of at least eight years” or “a period of at least five years ... through other measures, and ... recognizing that market circumstances also contribute to effective market protection.”

Rebolledo’s claims notwithstanding, Chile does, in other words, appear to have ceded some ground on the issue.

Critics lament not only what they see as a lack of transparency by Bachelet administration officials, but also a failure of due diligence. Members of the Chile Mejor Sin TPP group claim they asked the Foreign Affairs Ministry to share its research on the projected impacts of the TPP and were told, to their surprise, that there are no studies other than the information put together by US sources.

Paulina Acevedo, a spokesperson with Chile Mejor Sin TPP who also serves as communications director for an organization called Observatorio Ciudadano, accuses the government of blindly bowing to pressure from the US, whose primary goal with the TPP is “to stop the advance of the Chinese economy.” US President Barack Obama, who supports the trade deal despite significant opposition within his own Democratic Party, has acknowledged as much himself. “If America doesn’t shape the rules of the global economy today, to benefit our workers, while our economy is in a position of new global strength, then China will write those rules,” he said at an event in April 2015.

In the US, both presidential candidates for the Democratic Party—Hillary Clinton and Bernie Sanders—have come out against the TPP. In Chile, a number of lawmakers, mostly but not exclusively on the left, have already promised to vote against it. The list includes former student leaders Gabriel Boric, Giorgio Jackson and Camila Vallejo, who were all elected as deputies in 2014, and Sen. Alejandro Navarro, previously a member of Bachelet’s Partido Socialista (PS). “I’m not willing to help mortgage our sovereignty in this way,” Vallejo told reporters last week.
-- End --