

# RCEP and TPPA:

Renewed Neoliberal Assaults in Asia Pacific

Primer on the Regional Comprehensive Economic Partnership (RCEP)  
and the Trans-Pacific Partnership Agreement (TPPA)





## People Over Profit Network

People Over Profit is a campaign network that unites peoples movements and NGOs across the globe to stop free trade agreements (FTAs) and corporate plunder. These corporate-backed agreements threaten our democracy, our rights, and our lives. They cover an expansive and increasingly worrying array of areas and issues which multiply impacts across sectors and communities, and provoke wide-ranging resistance in many countries.



People Over Profits is a contribution to the building of a global popular resistance against FTAs and transnational corporate plunder. We promote and support peoples' resistance around the world against FTAs and other forms of neoliberal corporate attacks by sharing analyses, information and coordinating actions at the national, regional and global levels.

As attacks against our rights become ever more acute, so shall our collective resistance. We demand no less than living wages for workers, land to the tillers, and access to free and accessible medicines, public health care and education. We fight for a pro-people trading system that is forged along the principles of solidarity, cooperation and complementarity among nations. A system that recognizes and upholds people's sovereignty and people's rights; premised on friendship and peaceful co-existence, and directs the accountability of States and the private sector to the people – a world trade order that responds to people's needs, not to corporate elites.

People Over Profit Network Secretariat

Address: Asia Pacific Research Network (APRN) 114 Timog Avenue, Diliman QC

Telephone: 927 7060 to 62

Email: [mpascual@aprnet.org](mailto:mpascual@aprnet.org)

Facebook: [fb.me/peoplevsftas](https://fb.me/peoplevsftas)

Twitter: [@peoplevsftas](https://twitter.com/peoplevsftas)

The past years have seen the collapse of World Trade Organization (WTO) negotiations principally brought by the strong resistance of people's movements against intensified neoliberal attacks. In a bid to overcome the WTO deadlock, monopoly capital has instead diverted its focus on bilateral and regional Free Trade and Investment Agreements (FTAs) that aim to dismantle existing labor, environmental, health and financial laws while boosting corporate profit and control. The widespread proliferation of FTAs in the past decade has however resulted in decentralized neoliberal attacks in the different global regions that effectively undercut workers rights and displaced peasant communities and national minority groups from their lands.

This new strategy is increasingly being felt across Asia Pacific with the recently concluded TPPA (Trans-Pacific Partnership Agreement) led by the United States and the Chinese-led RCEP (Regional Comprehensive Economic Partnership). Both agreements if passed, will threaten people's rights in the region. These two trade agreements also reveal the escalating rivalry and competing interests of US and China in the Asia Pacific. However, it must be made clear that neither the RCEP nor TPPA will address the long-standing demand for a global trade and economic order that responds to people's needs, not to corporate elites.

## **What are Free trade and investment agreements (FTAs)?**

Free Trade and Investment Agreements (FTAs) are commercial or investment agreements between two or more countries that aim to open up economies to investments and reduce barriers to imports on all products including raw materials, manufactured goods, and services among others. The main objective of these FTAs is to entrench control over weaker economies much like the WTO. They further expand the neoliberal policies of liberalization, deregulation and privatization to destroy underdeveloped economies in favor of rich industrialized countries.

WTO covers almost all countries. FTAs on the other hand only cover two or more countries such as in a bilateral FTA between two states, or a regional/plurilateral agreement. FTAs also cover a deeper and wider range of issues that go beyond trade – covering investment issues, intellectual property rights and services – the same issues that remain contentious in the WTO. Simply put, these FTAs are being used by monopoly capital as a new instrument to advance the neoliberal agenda beyond what is achievable in a multilateral trade regime such as the WTO.

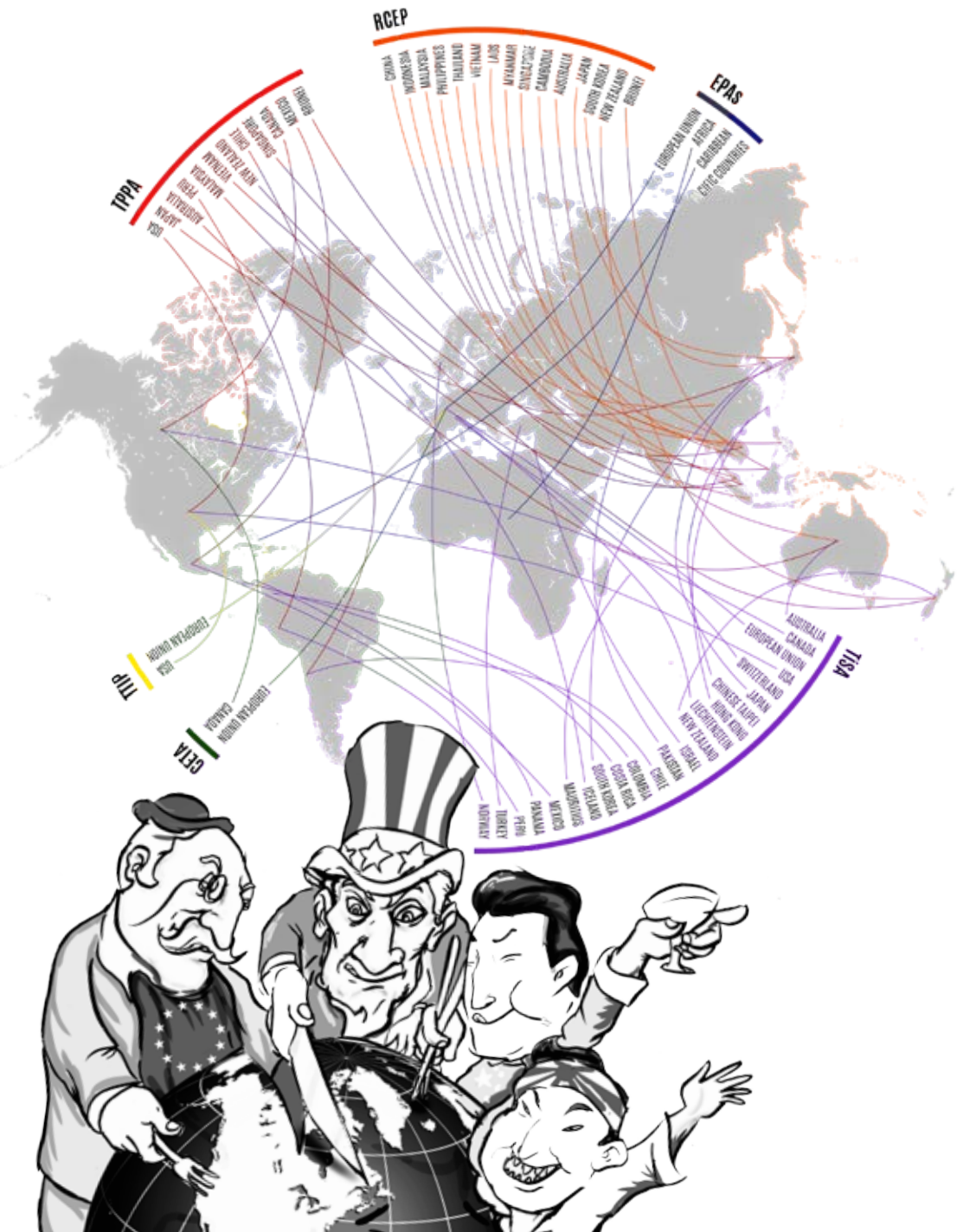
It is clear however that these FTAs nevertheless operate as extensions of the WTO resulting in decentralized and yet intensifying attacks against workers and peasants across the different global regions. The rise of mega-FTAs led by existing and emerging imperialist powers such as the US, EU, China, and Japan also reveal how the world is yet again being fought over and divided by the rich and ruling few – reorienting market value chains in favor of their interests to secure profit and control in their own “spheres of influence.”

These FTAs first came into force in the late 1960s, before growing exponentially in the early 2000s as WTO negotiations on the Doha Round came to a standstill. At the end of 2014, there were 2,923 bilateral investment treaties and 345 other investment agreements in force, making the total number of international investment agreements 3,268. Broader trade agreements or commonly known as mega-FTAs such as RCEP and the TPP are now on the rise with investment protection provisions equivalent to those commonly found within bilateral investment treaties.

## **What is the TPPA (Trans-Pacific Partnership Agreement)?**

The Trans-Pacific Partnership Agreement (TPPA) is a mega-FTA led by the US encompassing 11 other countries across Asia Pacific and Latin America (Japan, Australia, Peru, Malaysia, Vietnam, New Zealand, Chile, Singapore, Canada, Mexico, Brunei). In addition to existing members, countries such as the Philippines, Indonesia, South Korea and Taiwan have expressed interest to join the negotiations. This trade deal represents 40% of the global GDP or 25.5% of the world’s total trade volume. TPPA negotiations were completed in October 2015 and signed February 2016. But in order for the deal to be enforced, it has to be ratified by enough member states representing at least 80 percent of the total GDP of all TPP members.

More than just being a trade deal, the TPP has an important role to play in the US scheme to rebalance its attention to, and maintain its hegemony in Asia Pacific. The opportunity to write the trade rules that will control almost half of the world trade and tap a mega region whose share in the global GDP is 57% gives further drive for the US and its allies to pursue the TPPA. During the APEC Honolulu conference in 2011, US President Barack Obama and State Secretary Hillary Clinton stated that the TPP serves as the economic arm of the US geopolitical strategy to maintain its political and economic influence in Asia Pacific by creating a region-wide legal regime that serves the interests



of and is enforceable by the US and its host of corporations.<sup>1</sup> Once enforced, the TPPA will impose stricter rules on intellectual property rights, government procurement, state-owned enterprises, and investment protection, for the benefit and protection of multinational corporations

## **What is the Regional Comprehensive Economic Partnership (RCEP)?**

The Chinese-led Regional Comprehensive Economic Partnership remains under negotiation between all 10 ASEAN member states and six of its major trading partners. It has a target completion date on 2017. There has been no official draft text available to the public but leaked texts show similar and in some chapters, even worse dangers than those posed by the TPPA.

China is pursuing the RCEP as a counterweight to US' economic offensive. The China-led FTA includes Australia, Japan, India, South Korea, New Zealand and ten ASEAN member states (Philippines, Thailand, Indonesia, Malaysia, Brunei, Singapore, Myanmar, Laos, Cambodia, and Vietnam). Several rounds of negotiations have already taken place in secret. More and more prospective TPP members are joining the China-led RCEP because of the declining US influence in Asia and China's growing importance in the region. China's export to Asia has jumped 50 per cent since their pre-crisis peak, while export to the US increased by about 15 per cent. Chinese exports to Asia amounting to 90 B USD are three times more than its exports to the US.

The size of RCEP is almost at par with the TPP. Together, its 16 members, which include two major economies in Asia, China and India, account for almost half of the world's population, almost 30 per cent of global GDP and over a quarter of world exports.<sup>2</sup> Its contents are almost similar to the TPP which includes trade in goods, services, investment, intellectual property, (including patents on medicines, copyright, geographic indicators, genetic resources, etc).

---

<sup>1</sup> Kelsey, J. (2013). US-China Relations and the Geopolitics of the Trans Pacific Partnership Agreement (TPPA).Retrived from <http://www.globalresearch.ca/us-china-relations-and-the-geopolitics-of-the-trans-pacific-partnership-agreement-tp-pa/5357504?print=1>

<sup>2</sup> APRN. 2016. Briefer on RCEP: Corporate Wishlist, Threat to People's Rights. Retrieved from: <http://aprnnet.org/?p=439>

## How will these FTAs intensify the exploitation of workers?

These mega-regional FTAs are designed precisely to facilitate greater corporate access to cheap labor and resources from underdeveloped economies. **This entails the further depression of wages and work environment standards as countries struggle to invite foreign investors by making the business environment more attractive to corporations - and therefore less friendly to workers.**

Investment protection measures are already being used to further depress workers wages. In 2013, Veolia Proprete, a French TNC filed a lawsuit against the government of Egypt for enacting a new labor law that increases the national minimum wage. Veolia is demanding \$110 million from the Egypt as compensation for the government's failure to offset 'lost profits' due to the increase in workers' salaries in compliance with the



new domestic labor law. Veolia claims that Egypt violated its contractual obligations to keep payments aligned with cost increases citing that the sudden minimum wage hike negatively impacted on the company's investment. The legal claim operates within the framework of a bilateral investment treaty (BIT) signed between Egypt and France in 1974. This BIT between France and Egypt gives corporations the right to claim payment adjustments aligned with cost increases including inflation and minimum wage hikes.

Past treaties have also forced workers to compete for what remains of desperate and low-wage labor around the world. In 1994, when the NAFTA (North Atlantic Free Trade



Agreement) was signed between Canada, United States and Mexico, economists and US officials predicted the generation of hundreds of thousands of jobs due to a supposed growth in trade surplus with Mexico. The result however has led to 682,900 American jobs lost and the displacement of over one million Mexican campesino farmers not to mention wage depression, labor flexibilization, and increased forced migration. If passed, the TPP and RCEP will force member countries to adopt the same standards of investment protection posing grave threats to workers rights across the region.

## How will these FTAs intensify the exploitation of farmers and peasants?

As part of these FTAs rules, the relaxation of trade barriers among weaker economies will allow the dumping of cheap agricultural imports from rich industrialized countries. These products are highly subsidized and therefore can be sold at cheaper prices compared to local produce. **This kind of trade distortion puts farmers at risk of losing their fair share of the market and can even lead to the total destruction of the local agricultural production systems.**



These FTAs will also impose intellectual property standards that will severely restrict the use of patented seeds and plant varieties thereby threatening local peasant and indigenous farming practices as well as their access to seeds. Based on the leaked RCEP chapter on intellectual property rights, Japan and Korea are pushing for RCEP member countries to join the UPOV 1991. UPOV 1991 is an international agreement that imposes a set of common standards and rules on how countries should implement plant variety protection – a scheme that favors seed companies at the expense of farmer's rights to seed by placing undue corporate powers to gain exclusive rights over particular types of seeds. Another proposal aims to criminalize seed saving by imposing criminal sanctions for carrying seeds across borders without due authorization from patent rights holders<sup>3</sup>.

<sup>3</sup> New mega trade treaty in the pipeline: What does RCEP mean for farmers' seeds in Asia? (2016). Retrieved from <https://www.grain.org/article/entries/5405-new-mega-treaty-in-the-pipeline-what-does-rcep-mean-for-farmers-seeds-in-asia>

Because both TPP and RCEP adopt new standards on investment protection, these FTAs can also undermine efforts for genuine land distribution. In July 2015, a corporate tribunal ordered Zimbabwe to return government-seized farmlands it distributed to indigenous Zimbabwean farmers in 2005. The owner of the farmland argued that the government's seizure and clandestine encouragement of 'illegal settlement of farmers' constituted a breach of bilateral investment treaties with Switzerland and Germany. In addition to the return of the farmlands to its former owner, Zimbabwe was also ordered to pay US\$65 million as compensation for lost value.

## How will these FTAs deprive the people of access to quality public services?

These aggressive neoliberal assaults continue to push as far as opening markets in areas that are traditionally classified as essential services that the government should provide such as health, water, electricity, and education.

These FTAs intend to further extend medicine patent rights which will enable big pharmaceutical companies to claim exclusive rights in the production of certain medicines. Exclusive ownership of drug patents allow corporations to monopolize the drug market and keep charging high prices without the competition of generic alternatives. Once passed, RCEP and the TPP will extend monopoly protection beyond what is required by existing international agreements as well as domestic laws. This poses a grave threat for the poor majority who rely on cheap, life-saving medicines<sup>4</sup>.



Furthermore, both the TPP and RCEP are poised to accelerate the privatization of public health care systems and other social services in general. **Under the TPP, vital social services such as health, communications, water, electricity, state-owned enterprises and transportation among others would be opened up to foreign corporate ownership.** These FTAs also contain provisions that allow corporations to directly challenge laws

<sup>4</sup> RCEP: The trade agreement you've never heard of but should be concerned about (2015). Retrieved from <http://theconversation.com/rcep-the-trade-agreement-youve-never-heard-of-but-should-be-concerned-about-42885>

that are meant to protect these social services from privatization<sup>5</sup>. Once privatized, vital and quality services for the public would no longer be accessible to the majority of poor and marginalized communities as these services would now increasingly come with a price.

## **How will these FTAs affect the lands, lives and livelihood of national minorities?**

With the overall aim to attract greater foreign investments, governments are negotiating investment treaties with other countries while promising favorable treatment to investors. This feature of modern FTAs effectively leads to a race to the bottom for public regulation wherein weaker economies are essentially forced to relax their right to regulate corporate actions in order to encourage more investments. **Once these FTAs are in place, labor, environmental and even foreign land ownership provisions among other regulatory measures afforded by country constitutions would have to be amended in order to give way to corporate profit and control.**

A Canadian mining company, Bear Creek Mining Corporation sued the Government of Peru for giving indigenous groups the right to approve or deny any mining or drilling operations in their area. This happened following the events of 2007 when Bear Creek began operating in the Santa Ana silver mine. Indigenous groups protested against the mining company over fears that mining operations will harm Lake Titicaca. The series of protests and blockades was met with police violence leaving six indigenous peoples dead. The investor filed a lawsuit against Peru under the Canada-Peru FTA for harming their investment profits.

Moreover, standards of modern FTAs including RCEP and TPP provides corporations the right to acquire foreign land leading to an increase in land grabbing incidences among developing countries. In South Sudan, foreign investors have acquired 2.64 million hectares of agricultural land in a span of three years from 2007 to 2010 leaving thousands of indigenous peasants landless. Prior land acquisition cases considered, total foreign ownership of land in the country reaches up to 5.64 million hectares or 9 percent of South Sudan's total land area.<sup>6</sup> With these mega-FTAs in place, corporations can freely acquire resource-rich lands that are most often located in the territories and ancestral domains of indigenous peoples and national minority groups.

---

<sup>5</sup> [http://www.world-psi.org/sites/default/files/documents/research/en\\_jan\\_30\\_final\\_draft\\_tpp\\_briefing.pdf](http://www.world-psi.org/sites/default/files/documents/research/en_jan_30_final_draft_tpp_briefing.pdf)

<sup>6</sup> Norwegian People's Aid. 2011. New Frontier: Baseline survey of large-scale investment in Southern Sudan. Retrieved from: [https://www.npaid.org/content/download/1145/10908/file/NPA\\_New\\_Frontier.pdf](https://www.npaid.org/content/download/1145/10908/file/NPA_New_Frontier.pdf)

## **Why do these FTAs represent the heightening inter-imperialist rivalry between US and China?**

These two mega-regional trade deals represent the competing interest between the US and the China on who goes to define the rules of trade and control the economy in the region. Accessing and controlling Asia Pacific's huge market is a necessity for the US whose economy is in continuing decline, as well as for China, which has expanded its sphere of influence beyond the region but is now experiencing a slowdown in its economy. While the US is using TPP and the TTIP to tip the global economy in favor of its corporations, China through RCEP, is banking on its close economic relations with ASEAN, which is the third largest economy and third largest market in Asia. The Asia Pacific region remains the engine of global growth in the midst of a sluggish global recovery. The region is where most of the world's manufacturing occurs and produces almost half of the world's economic output at 40.7% or USD 44.1 trillion. This is projected to continue to rise as other regions' combined GDP fall.

Eight of the ten busiest container ports in the world are located in the Asia Pacific region, almost 30 percent of the world's maritime trade routes pass through the South China/West Philippine Sea every year while around \$1.2 trillion worth of products going to the United States transit the region's sea routes. The rich resources, cheap labor and vital trade routes in the ASEAN region make it a strategic target for the United States' and China's economic, political and military control.

In this context, the US continues to pursue its strategic pivot to Asia. In efforts to secure its own sphere of influence in the region, it has escalated military operations by deploying tens of thousands of military troops and maintains hundreds of military bases in Asia Pacific. Japan and Korea alone hosts over 80,000 US military personnel – a stark difference from the 65,000 troops currently stationed in Europe and 35,000 deployed in the Middle East<sup>7</sup>. China on the other hand has embarked on a substantial modernization of its maritime military forces and naval capabilities in a bid to enforce its claim in the South China/West Philippine Sea. It has forcibly reclaimed reefs and built airstrips capable of hosting military equipment sparking tensions with competing claimants – the Philippines and Vietnam. The military buildup in the region is quite alarming. Aside from increased military presence from both the US and China, other countries in the region such as Australia, Singapore, and Japan are also beefing up their arsenal.

---

<sup>7</sup> <http://nationalinterest.org/blog/the-buzz/fact-americas-rebalance-asia-has-some-serious-military-12652>

In this tug of war, the real concern for the people is not about which side should win. Neither the TPP nor the RCEP, neither the US nor China and their host of corporations can address the long standing people's aspirations for trade that is just, fair, and responds to their needs.

## **How are the people fighting and resisting the rise of FTAs? What can we do to continue the fight against FTAs?**

The far-reaching destruction that the RCEP and TPP threatens against the economies and peoples of the region brings to fore the fundamental contradictions of the current neoliberal economic system. As economic superpowers struggle to secure their interests in the region, the people's resistance becomes ever more crucial in defeating these mega-FTAs. The conditions are ripe to spark a groundswell of people's movement fighting TPPA, RCEP and other FTAs in the region and crucial in these efforts are the organized actions of people's movements in Asia Pacific.

**Awareness-raising and educational programs** – there is urgency to conduct mass-awareness and information-dissemination programs to popularize issues, and highlight the impacts of FTAs on the people. Various forms of online and print media can and should be maximized towards this end. There is a need to further study FTAs and conduct exhaustive discussions on country and sector-specific impacts of TPPA and RCEP. Educational programs are also crucial in deepening our understanding of the issue which can take the form of a conference, forum, webinars or a series of study sessions on FTAs within the context of neoliberal globalization. These efforts need to be conducted among trade unions, peasant organizations, women's organizations, indigenous groups, environmentalists, the urban poor, human rights activities, small and medium business associations, academics, and professionals towards forming a multi-sectoral campaign to oppose FTAs and neoliberal globalization.

**Mass organizing** – an equally important task that should be taken on is the building of a broad mass movement against FTAs and neoliberal globalization. These broad networks and platforms can be built on previous groupings or campaigns, and should include all sectors such as workers, peasants, women, youth, and indigenous and national minority groups among others. Alliances between peoples from the global North and the global South should be established and strengthened towards conducting globally-coordinated actions and mobilizations.

**Campaigning and mobilizations** – campaigning against FTAs require the use of various actions that support and complement each other. The primary focus of campaigning against FTAs must be centered on mass mobilizations to heighten public pressure against governments as well as to get concrete gains. For instance, the struggle of peasants, fisherfolk and small-scale producers in recent decades have allowed them to resist land evictions, reduce land rent and improve overall conditions for farm workers in certain countries. Various trade unions have won strikes around the world with sustained campaigns, political education, and various forms of protests to drumbeat the people's issues and strong opposition against neoliberal globalization.

**Policy Advocacy and Lobbying** - A number of organizations have recently put focus on indirect actions such as lobbying and policy advocacy. Lobbying and policy advocacy work involves the exertion of pressure against governments and institutions that facilitate the continued rise of FTAs. Lobbying can and should serve the objectives of mass campaigning by providing in-depth knowledge and insight on specific issues, and for scouting allies among states and institutions. Nevertheless, campaigning around these issues need to put pressure on local, national, and international governing bodies, while contributing in building a peoples movement that advocates for an alternative global economic system that is founded on solidarity, complementarity, mutual benefit and cooperation.

In order to defeat these neoliberal attacks, it therefore becomes important to strengthen movements and sectors opposing FTAs and intensify campaigns against the ongoing corporate takeover of the world's wealth, labor, and resources. Towards this end, awareness-raising, mass organizing, and campaigning

should be vital components of our work so that workers, peasants, women, indigenous peoples, migrants, urban poor, youth, indigenous peoples and the rest of the democratic majority are able comprehensively demand and articulate the strongest opposition against FTAs and the system that breeds its continued spread across the globe.





This publication was made possible through the support of the following organizations:

Asian Peasant Coalition (APC)  
Bagong Alyansang Makabayan (BAYAN)  
International Indigenous Peoples Movement  
for Self-Determination and Liberation (IPMSDL)  
International Migrants Alliance (IMA)  
International Women's Alliance (IWA)  
Kalikasan Peoples Network for the Environment  
Peoples Coalition on Food Sovereignty (PCFS)  
Pesticide Action Network - Asia Pacific (PAN-AP)  
IBON International  
WORKINS  
Asia Pacific Research Network (APRN)  
International League of Peoples Struggles (ILPS)

