

What Will TTP and TTIP Mean for Washington State?

Joint Legislative Oversight Committee
on Trade Policy

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We are 100% in favor of trade.

We should still have serious policy discussions

Public sentiment is shifting

In 1993, presumption of public good from trade

30 years of lived experience contradict promises

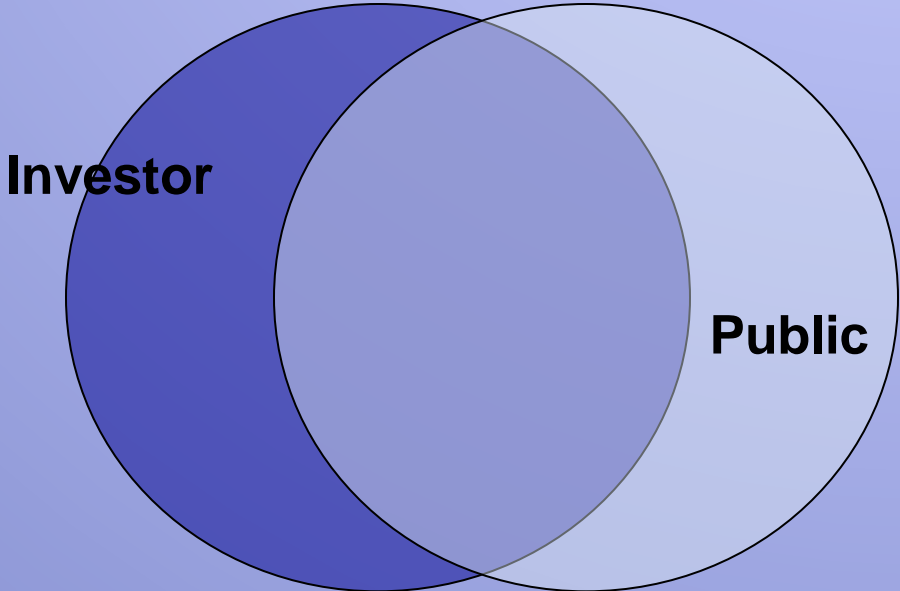
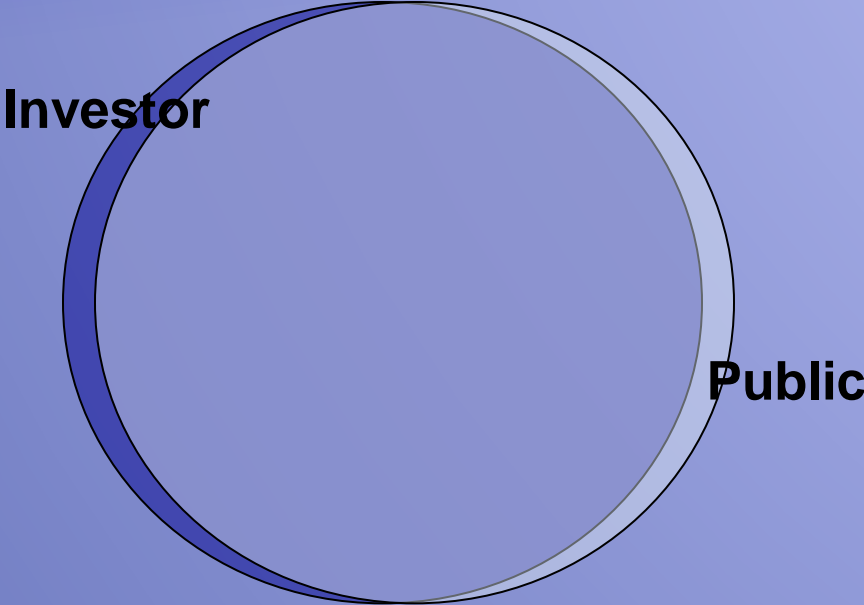
Burden of proof has shifted to trade negotiators

**Pre-
Globalization**

**Post-
Globalization**

**Interests
roughly aligned**

**Globalization drives
interests apart**



This is not “trade”

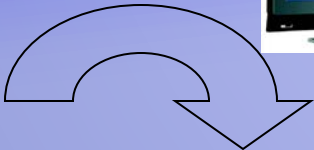
21st Century Mercantilism

- Currency manipulation
- “Indigenous innovation” – transfer of technology and capacity
- State-owned enterprises are heavily subsidized
- Workers have few rights and little market power

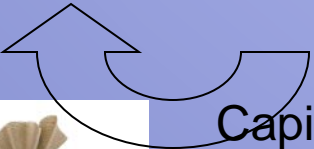
21st Century Mercantilism



Manufactured goods



Trade deficit =
\$1 billion
per day



Capital
Technology
Industrial capacity
Jobs



What does global trade policy mean to us?

- COMAC and AVIC are state-owned enterprises
- 5-Year Plan prioritizes commercial aircraft industry
- Roughly \$35 billion available from Chinese government

737



C919



What does global trade policy mean to us?

- Airbus gets launch aid from Europe
- Bombardier and Embraer subsidies from Canada and Brazil

Embraer E-195



Bombardier C-series



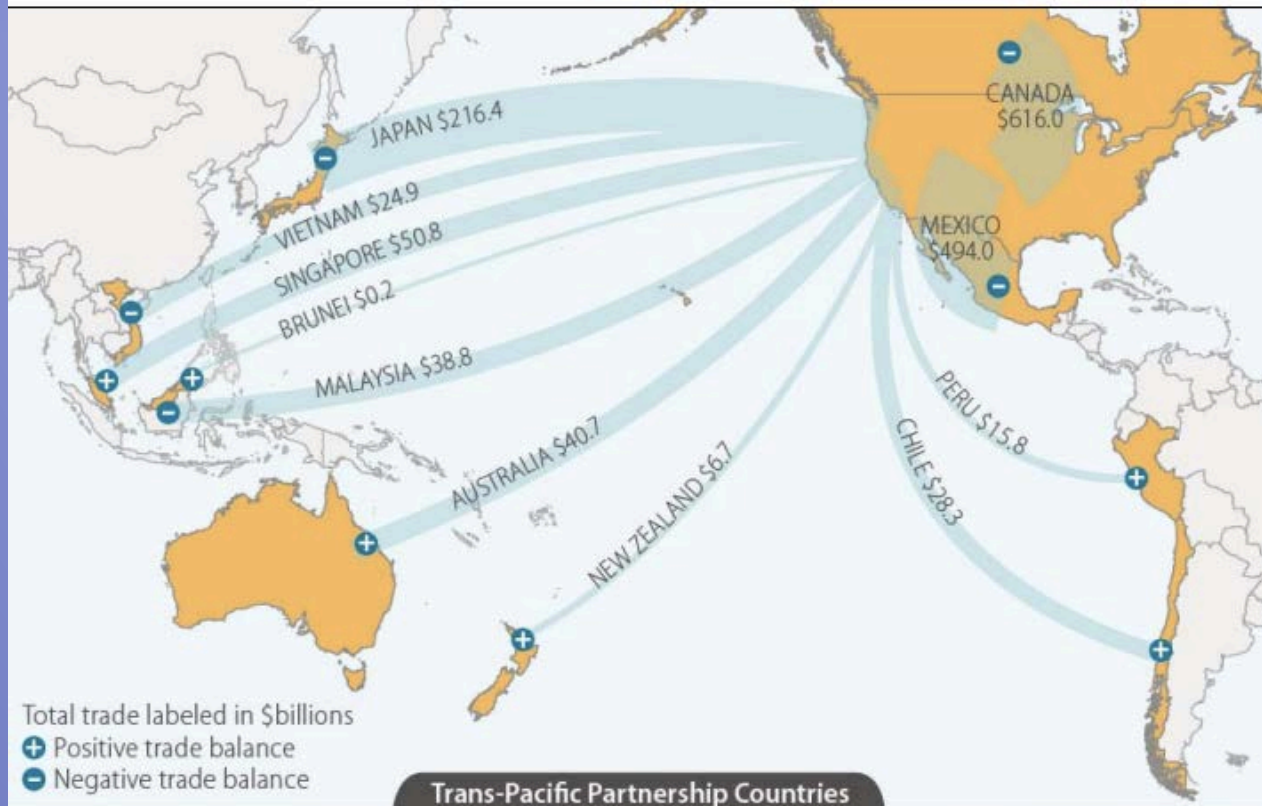
What does global trade policy mean to us?

- Offsets to Russia, Japan, China, Italy, Australia
- Work packages sent offshore
- Technology transferred to suppliers
- Boeing can compete with China or partner with China

Trans-Pacific Partnership

- Investor rights > labor, environment
- IP rights > public health, food security, internet controls
- ISDS > Sovereignty, rule of law, legitimacy
- Financial deregulation, SOE, currency
- 12 countries - Docking provisions

Figure I. Trans-Pacific Partnership Countries
(2012)



This is more than trade

TPP and TTIP “will determine how
life is organized in 2050.”

“Global governance
without global government”

Global governance test cases:

- Country of origin labeling
- Clove cigarettes marketing to children
- Tuna labeling – dolphin-safe
- Internet gambling

- Fracking in Quebec
- Nuclear power in Germany
- “Harmonizing” standards

- Boeing subsidies – economic development
- State procurement – local preferences, sweat-free
- State targets for renewable energy

Legitimate global policy challenges

- Climate change
- Financial regulation
- Public health
- Inequality
- Balanced trade

Good trade policy will gain popular support



“Wrong side of
Globalization

Stronger public interest
Greater legitimacy
Better outcomes

Recommendations - Focus on “what works” in a successful trade policy

Reserve policy options at the state level

Provide direction through advisory committees

Insist on significant changes to ISDS

Don't bind Washington State to constraints in agreements