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FEATURED Q&A

Are Trans Pacific Partnership Trade Talks Too Secretive?

Q The 14th round of negotiations for the Trans Pacific Partnership (TPP)—promoted as a 21st century trade deal—concluded this month in Leesburg, Va. Public interest groups and even lawmakers have charged that the process is being undertaken with excessive secrecy; some also argue that the agreement will include conditions that would alarmingly circumvent domestic lawmaking. But proponents maintain that it will be a boon for trade and bring much-needed regulations for a world grappling with fundamental issues brought on by new technologies. Why are governments keeping the proposed text a secret from the public and who has access to it? Which issues will the agreement likely tackle? What effects would they have if enacted? Where are the negotiations headed next and when are they likely to be concluded?

A Patrick Kilbride, senior director for the Americas at the U.S. Chamber of Commerce and executive vice president of the Association of American Chambers of Commerce in Latin America: "The transparency issue is a red herring. No trade negotiation in history has been—or should be—more public than the TPP talks. Not only do officials of the U.S. Trade Representative's office work tirelessly to consult regularly with all kinds of stakeholders, the TPP rounds include extensive sessions for dialogue with civil society. In fact, anti-trade NGOs are using the transparency argument as part of their efforts to impede progress in the negotiations. A high school football team would never hand over its game plan to its opponents; similarly, the anti-trade NGOs know that full disclosure of negotiating texts would undermine the Obama administration's negotiating strategy. Moreover, the United States has existing free-trade agreements with 20 countries. The full texts of those agreements are available on the Web site of the Office of the U.S. Trade Representative.

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Guatemalan President Repeats Call for Debate on Drugs

Guatemalan President Otto Pérez Molina on Thursday repeated his call for debate on drug decriminalization. In speeches this week to the U.N., Pérez Molina and his Mexican and Colombian counterparts called for new approaches to dealing with drug violence. See story on page 2.

Photo: Fox News Latino.

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NEWS BRIEFS

Google Brazil Loses Appeal, Takes Down YouTube Video

After losing a final legal appeal, the president of **Google**'s Brazilian operations, Fabio José Silva Coelho, agreed to take down a political YouTube video that was ruled slanderous, BBC News reported. Authorities briefly detained Coelho over the company's refusal to remove the controversial video, which a judge had ruled violated election laws. Coelho argued that the company was not liable for the contents of the video, but lost his appeal. The decision shows "just what a chilling effect these episodes can have on free speech," he said.

Panama's Congress Approves Intellectual Property Law

Panama's Congress on Wednesday passed an intellectual-property law that would allow fines of as much as $100,000 for copyright infringements without trial, the Associated Press reported. The legislation, which must be signed by the president to take effect, is intended to bring the country in compliance with the U.S.-Panama free trade agreement that was approved last year.

Moody's Cuts Outlook for 30 Argentine Banks to Negative

Moody's Investors Service on Thursday lowered its outlook for 30 Argentine financial institutions to negative, in line with the rating agency's outlook for the country, Dow Jones reported. Moody's has a B3 junk rating for the country, reflecting what it says are haphazard economic policies and unreliable official statistics. The lowering of the banks' outlook from stable takes into account risks related to government interventions.

Political News

Guatemalan President Calls for Debate on Drug Decriminalization

Guatemalan President Otto Pérez Molina on Thursday repeated his call for debate on decriminalization of drugs, saying that current prohibitionist policies are not working. In an interview in New York with Fox News Latino, Pérez Molina said calling for debate on decriminalization is part of his "iron fist" approach toward dealing with the region's drug violence. "It's the first time that a president in power dares to say that other routes have to be found for the war on drugs," said Pérez Molina. "And that's part of what we always said: the iron fist is character, it's firmness, it's determination and it's the political will to want to do things." On Wednesday, Pérez Molina joined Presidents Felipe Calderón of Mexico and Juan Manuel Santos of Colombia in calling for debate on new ways of dealing with drugs in speeches to the U.N. General Assembly. In his U.N. speech, Calderón said drug consuming nations must "evaluate with all sincerity, and honesty, if they have the will to reduce the consumption of drugs in a substantive manner," the Associated Press reported. Santos told the United Nations, "It is our duty to determine—on objective scientific bases—if we are doing the best we can or if there are better options to combat the scourge." In his interview with Fox News Latino, Pérez Molina added that countries should regulate drugs based on how dangerous they are. "In the case of marijuana, there are scientific studies that state that it creates less addictiveness and it's less dangerous than alcohol and tobacco," said Pérez Molina.

> "It's the first time that a president in power dares to say that other routes have to be found for the war on drugs."
>
> *— Otto Pérez Molina*

Economic News

U.S. May Scrap Tomato Deal With Mexico, Risking Trade War

The U.S. Commerce Department signaled Thursday that it might squash a 16-year-old trade agreement with Mexico over tomato imports, placating tomato growers in Florida, the Associated Press reported. The change would let tomato growers in the United States seek anti-dumping duties on fresh Mexican-grown tomatoes. U.S. growers have argued that the current agreement is outdated and that Mexican tomatoes are harming the U.S. industry. Under the agreement, which was struck in 1996, the United States has set a minimum price at which tomatoes from Mexico can enter the country, *The New York Times* reported. Sales of tomatoes from Florida have since fallen to as low as $250 million per year, from as high as $500 million annually, Reggie Brown, executive vice president of the Florida Tomato Exchange, which has led the effort to scrap the accord, told the newspaper. In the past 16 years, the value of Mexico's tomato exports to the United States has more than tripled to $1.8 billion annually, according to Mexican Economy Minister Bruno Ferrari. The tomato industry also supports 350,000 jobs in Mexico. After the U.S. Commerce Department signaled that it may side with the Florida growers, Mexican officials threatened to retaliate and said the move is an attempt by the Obama administration to placate residents of Florida, a crucial swing state, ahead of the U.S. presidential election on Nov. 6. Mexican tomato growers want to find a "mutually satisfactory" solution, Mexico's Economy Ministry said Thursday. "The Economy Ministry expresses its deep concern over the negative impact this preliminary decision could have on our bilateral trade relationship," the AP reported. It added that scrapping the deal would lead to higher

Ferrari

File Photo: Mexican Government.

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prices for U.S. consumers. The Mexican growers have the support of retailers including Wal-Mart, who are concerned they might need to raise tomato prices, *The New York Times* reported. Also, U.S. growers of other produce are worried their goods could be caught in a trade war between the two countries.

Company News

FARC Infrastructure Attacks Down Ahead of Talks: Ecopetrol

The number of infrastructure attacks has declined on the eve of talks between Colombia's government and the Revolutionary Armed Forces of Colombia, or FARC, state-run energy company **Ecopetrol** said Thursday, Bloomberg News reported. In recent months, the rebels had increased attacks on pipelines and fields, forcing the company to cut output targets. But last month, the government announced the first peace talks in more than a decade and the attacks have markedly slowed down. "This month we had only three attacks, which is nothing compared to the historical numbers," said the company's chief financial officer, Adriana Echeverri. She added that the government has invited a non-executive director from the company to take part in the peace talks, which are set to begin Oct. 8 in Oslo. A series of killings, kidnappings and bombings have damaged the country's image and its output. But whereas previous months saw an output loss of about 9,000 barrels a day, that figured dropped to 3,000 barrels of oil in the last month, Reuters reported. Chief executive officer Javier Gutiérrez estimated that the attacks will have slowed Ecopetrol's production by 1 percent for the year. However, he remained confident that the sector would continue growing, with 80 companies expressing an interest in the country's next round of licensing. "The majors are returning to Colombia," said Gutiérrez.

Gutiérrez

File Photo: Ecopetrol.

Featured Q&A

Continued from page 1

TPP, if successful, will cover much of the same ground as recent agreements like the one with Korea. To the extent that industry groups are advocating for new rules in the TPP covering areas such as state-owned enterprises, which may conceivably cause anxiety to some NGOs, those views are also available on the public record. Bottom line: If you care enough to do your homework, you know what is being negotiated in the TPP, and if you care enough to do so, you have put your views on record. Now, for TPP negotiators to reach an agreement, they must take those views and sit down with each other behind closed doors and work out a deal; that's how negotiations work. Afterwards, those who like the agreement will support its implementation, and those who don't will oppose. May the best view win."

A Ben Beachy, research director at Public Citizen's Global Trade Watch: " 'The majority of Congress is being kept in the dark as to the substance of the TPP negotiations, while representatives of U.S. corporations—like Halliburton, Chevron, PHRMA, Comcast and the Motion Picture Association of America—are being consulted and made privy to details…' said Ralph Nader? No. That was said by Sen. Ron Wyden, chair of the committee with jurisdiction over the Trans-Pacific Partnership (TPP) 'free-trade' agreement and a supporter of most past U.S. trade deals. After three years of the most secretive trade talks to date, 600 official U.S. trade advisors, most representing corporations, have access to the 29 draft chapters of the TPP. Meanwhile, access is being denied to the public, press and the 100-plus members of Congress who have written to demand transparency. The biggest TPP secret is that just two of 29 proposed chapters address 'trade' issues like tariffs. Most would impose retrograde policies that corporations cannot get through Congress: limits on Internet freedom, new offshoring incentives and requirements to import food that doesn't meet safety standards. Leaked texts also reveal new monopoly rights for Big PhRMA that would increase medicine prices and an expansion of NAFTA's radical investor-state dispute system. This system empowers foreign companies to drag sovereign governments before private tribunals to demand taxpayer compensation over environmental, health and other public interest policies. Such attacks are soaring, with more than $13 billion now pending in claims. Some of the current TPP agenda is so extreme as to raise objections by other countries' negotiators, dashing corporate advisors' hopes of finishing a deal before public awareness grows."

A Gary Hufbauer, senior fellow at the Peterson Institute for International Economics: "While I am not privy to the TPP draft text, I have no sympathy with pleas for greater access. Many details are published in *Inside U.S. Trade* and other specialty journals. But if a draft text was published after each session—with all the square brackets—the negotiating flexibility of national officials would be severely compromised. In fact, soon the negotiators would stop committing their positions to a single document and hold tentative concessions in reserve. The handicap would be especially severe for the U.S. negotiators, since they lack trade promotion authority and must walk a fine line between consultations with Congress and negotiations with foreign governments. From what I know, the toughest TPP issues surround intellectual property rights, the scope of market access for services, meaningful disciplines on state-owned enterprises and a workable dispute settlement system. At some stage, the United States will have to offer concessions on sugar, dairy, farm subsidies and federal and state procurement practices. If the TPP lives up to its promise as a truly 'ambitious' agreement, it will be a landmark pact. My guess is that to succeed—and avoid the

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Featured Q&A

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Bermuda Triangle that enveloped the Doha Development Round—the TPP must be concluded by December 2013 and ratified early in 2014."

Dean Baker, co-director of the Center for Economic and Policy Research in Washington: "Presumably, negotiators are keeping the draft text secret because they are worried the provisions would be unpopular. This really makes a mockery of democratic government. The intention is to find a way to do an end-run around elected parliaments. The drafters clearly hope to have a deal that will be presented as a take it or leave it proposition and convince legislators that the benefits exceed the costs of the deal, or at least have enough powerful interests lobbying them so that they can't plausibly vote no. In the case of the United States, they can count on the elite media as an ally. It would support a plan to exterminate the country's canine population if it were labeled as 'free trade.' We know that the deal will increase protectionist restrictions on the sale of prescription drugs. This will mean both stronger patent protection and increased use of data exclusivity. The result will be that the price of many drugs will increase by several thousand percent above their free-market price. This will cause some people to have difficulty affording drugs. The gap between price and marginal cost also leads to economic inefficiencies and slows growth. We can anticipate more corruption, since this huge gap gives drug companies enormous incentive to misrepresent the safety and effectiveness of their drugs. They also can be expected to try to bribe politicians to increase and extend these protections further. In the case of copyright, we can expect to see more efforts to make intermediaries responsible for enforcing copyrights. This was the goal of the Stop Online Piracy Act in the United States, which was beaten back by mass grassroots opposition. Obviously the proponents of this trade deal are hoping to bring in comparable measures through the back door. These measures will both raise prices for consumers and impose costs on intermediaries, since they will effectively be forced to share with Disney and Time Warner the cost of enforcing their copyrights."

The Advisor *welcomes reactions to the Q&A above. Readers can write editor Gene Kuleta at gkuleta@thedialogue.org with comments.*

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