

Rhode Island: Lost Jobs, Lagging Exports, Rising Inequality under “Free Trade” Deals

The **Trans-Pacific Partnership (TPP)**, being negotiated behind closed doors with 11 Pacific Rim nations, would expand the North American Free Trade Agreement (NAFTA) “trade” pact model that has spurred massive U.S. trade deficits and job loss, downward pressure on wages, unprecedented levels of inequality and new floods of agricultural imports. The TPP expands NAFTA’s special protections for firms that offshore U.S. jobs. And U.S. negotiators literally used the 2011 Korea Free Trade Agreement (FTA) – under which exports have fallen and trade deficits have surged – as the template for the TPP.

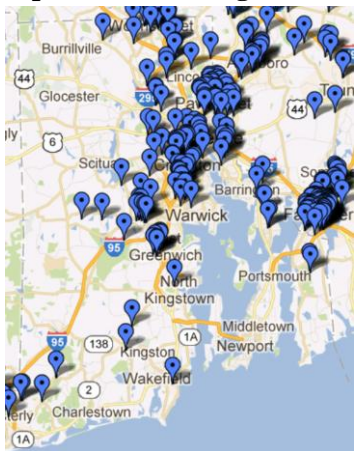
Massive Trade-Related Job Losses in Rhode Island

Rhode Island has lost more than 43,000 manufacturing jobs – more than half – since the 1994 NAFTA and the World Trade Organization agreements took effect. Nearly five million manufacturing jobs have been lost nationwide.

U.S. manufacturing workers that lose jobs to trade and find reemployment are typically forced to take pay cuts. Three of every five who were rehired in 2014 took home smaller paychecks, and one in three lost greater than 20 percent, according to Department of Labor data.

More than 11,000 specific Rhode Island jobs have been certified under the Trade Adjustment Assistance (TAA) program as lost to offshoring or imports since NAFTA. These numbers significantly undercount trade-related job loss as TAA only covers a subset of jobs lost to trade.

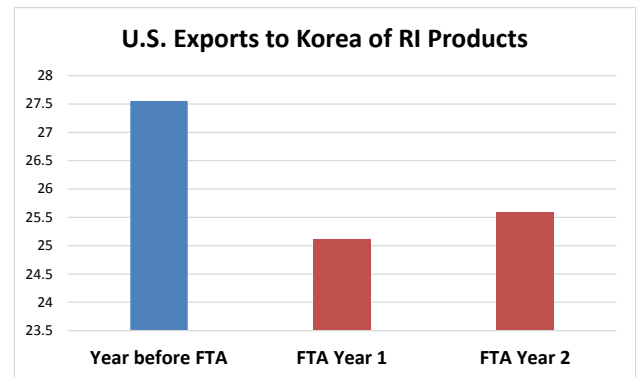
11,691 Trade-Related RI Job Losses Certified Under Just One Dept. of Labor Program since NAFTA



Rhode Island workplaces with trade-related job losses –
For a full list see www.citizen.org/taadatabase

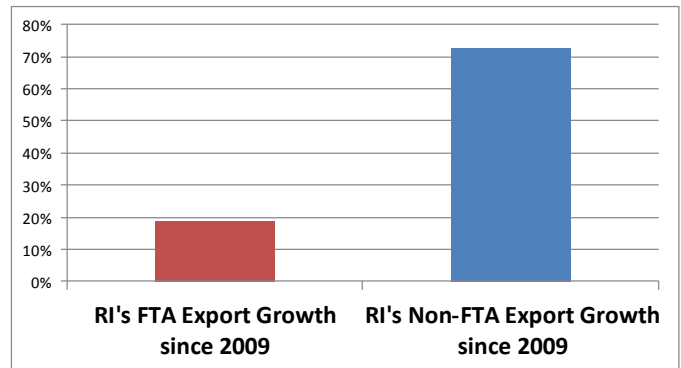
U.S. Exports to Korea Fall under Korea FTA in the Top Ten Products RI Exports to Korea

U.S. exports to Korea of the top 10 products that Rhode Island exports to Korea – including everything from machinery to computer and electronic products – have fallen 4 percent under the Korea FTA’s first two years.



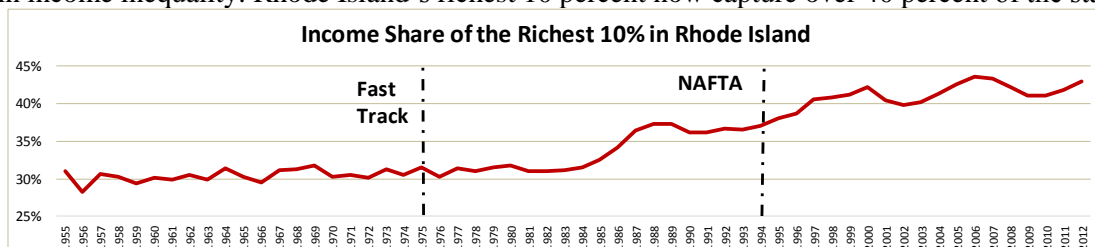
FTAs Fail to Boost Rhode Island Export Growth

Rhode Island’s exports to U.S. FTA partners have grown significantly more *slowly* than its exports to non-FTA partners since 2009 (19 percent vs. 73 percent).



Rhode Island Income Inequality Soars during Era of NAFTA-Style Deals

Study after study shows an academic consensus that the status quo trade model has contributed significantly to the historic rise in income inequality. Rhode Island’s richest 10 percent now capture over 40 percent of the state’s income.



Rhode Island Cannot Afford the TPP's Expansion of the NAFTA "Trade" Pact Model

Exports of RI Agri. Products Fall under FTA

In the first two years of the Korea FTA, U.S. exports to Korea of greenhouse and nursery products – Rhode Island's top agricultural sector – dropped 17 percent. U.S. exports to Korea of *all* agricultural products dropped 41 percent in the first two years of the FTA – the opposite of what farmers were promised.

FTAs Fail to Boost Rhode Island Export Growth

Time and again, defenders of the trade status quo have tried to sell NAFTA-style deals to Congress with the promise that they would boost U.S. exports. Time and again, they have been wrong. Rhode Island's exports to FTA partners have actually grown at one third the rate of its exports to the rest of the world since 2009, according to data from the International Trade Administration (4 percent versus 12 percent annually). **Nationwide, average annual growth of U.S. exports to countries that are not FTA partners has exceeded U.S. export growth to FTA partners by 24 percent over the last decade.** The current attempt to use the same old promises of export growth to sell the TPP and Transatlantic Trade and Investment Partnership (TTIP) defies the evidence.

Exports of Rhode Island Goods Fall under FTA

Rhode Island's exports have fared poorly under the most recent Fast-Track expansion of the NAFTA trade model – a 2011 FTA with Korea that literally has served as the U.S. template for the TPP. In the first two years of the Korea FTA, U.S. exports to Korea have fallen in the top 10 products that Rhode Island exports to Korea – including everything from machinery to computer and electronic products. **The overall U.S. goods trade deficit with Korea surged \$7.6 billion (50 percent), costing more than 50,000 U.S. jobs in just two years of the FTA, according to the administration's trade-jobs ratio.**

Rhode Island Inequality Soars during FTA Era

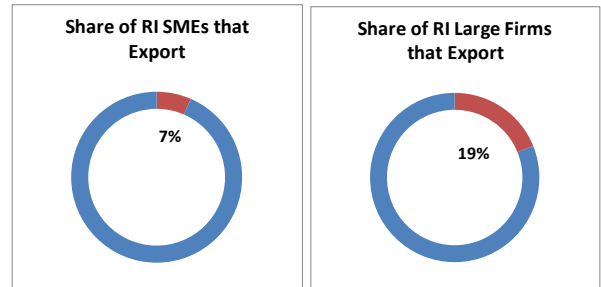
The richest 10 percent in Rhode Island are now capturing 43 percent of all income in the state – a degree of inequality not seen in the 100 years for which records exist. Study after study has produced an academic consensus that status quo trade has contributed to today's unprecedented rise in income inequality. NAFTA-style pacts have promoted the offshoring of well-paying U.S. manufacturing jobs, spurring broad middle-class wage stagnation as trade-displaced workers compete for lower-paying, non-offshoreable service sector jobs. A Center for Economic and Policy Research study finds that under the TPP, 90 percent of U.S. workers would lose more to inequality increases than gained in cheaper goods, spelling a pay cut.

Small Businesses Are Not Helped by FTAs

NAFTA-style pacts are often sold to Congress as promoting the interests of small and medium enterprises (SMEs) on the basis that they comprise most exporters. Even if setting aside the government data showing that FTAs have not actually increased export growth, SMEs comprise most exporters simply because they constitute 99.7 percent of U.S. firms. The more relevant question is what share of SMEs actually depend on exports for their success. In Rhode Island, only 7 percent of SMEs export any good to any country. In contrast, 19 percent of large firms in Rhode Island are exporters. Exporting is primarily the domain of large corporations, not small businesses.

Nine out of Ten Rhode Island Small and Medium Businesses Do Not Rely on Exports

Exporting is primarily the domain of large corporations – only 7 percent of Rhode Island's small and medium enterprises export any products, compared with 19 percent of the state's large firms.



TPP and TTIP Would Empower Foreign Firms to Attack Rhode Island Policies

The TPP and TTIP would empower foreign corporations to bypass domestic courts and challenge U.S. and Rhode Island health, environmental and other public interest policies that they claim undermine new foreign investor rights not available to domestic firms under U.S. law. This controversial "investor-state dispute settlement" (ISDS) system would authorize foreign tribunals of three private attorneys unaccountable to any electorate to rule against policies and order unlimited taxpayer compensation for foreign firms' "expected future profits." Tribunals have ordered governments to pay foreign investors \$3.6 billion under existing U.S. pacts in ISDS attacks on environmental protections, health and safety measures and more, while more than \$38 billion is pending. The TPP and TTIP would expose Rhode Island and U.S. policies to an unprecedented increase in ISDS liability, given the many firms in Rhode Island owned by corporations in EU or TPP countries, any one of which could launch an ISDS claim.