

## **Why we can't trust BN with the mandate to sign TPPA**

**MalaysiaKini.com**

**Jan 25<sup>th</sup>, 2016**

**Nurul Izzah Anwar**

MP SPEAKS During its free time, other than fielding criticisms on the ever ballooning debt of 1MDB and the RM2.6-4 billion donations received, the government busies itself negotiating the Trans-Pacific Partnership Agreement (TPPA).

Hence, Malaysia had participated for five long years in an ostensibly 21st century trade agreement. Unfortunately, the secrecy shrouding the process over the last four years coupled with an archaic engagement process was akin to the 12th century.

Granted, the text is now publicly available, but we are given merely 60 days to fully comprehend over 6,350 pages of legal and trade jargon. The suspense and climactic confusion ends on Jan 26-27 when a parliamentary charade of "debating" its virtues takes place.

I would commend Trade Minister Mustapa Mohamed's laudable efforts at engaging the opposition in a setting that is devoid of much accountability.

In 2013, I had the thankless task of convincing Umno big-wig legislators to agree to the set-up of a caucus. That earned us - Wong Chen, Takiyuddin Hassan, Dr Michael Jeyakumar and Charles Santiago - 15 sessions with the minister, and a couple more with Michael Froman (US Trade Representative) which, at times, came with more disclosure than his Malaysian counterpart.

By the time Mustapa independently dissolved the caucus, we were left wondering what the purpose of engaging in a caucus was about.

Requests made by opposition legislators in the TPPA caucus - to translate the final negotiated text into Bahasa Malaysia for the benefit of many native speakers in the country, and seek an audience with the Attorney-General's Chambers for further redress on the list of laws to be affected - went unheeded.

In the end, we were only made aware of the 26 laws requiring changes in order to accede to the TPPA through media reports - and well after the minister had dissolved our grouping.

Debating the TPPA is a step in the right direction even though free trade agreements do not require parliamentary scrutiny or approval. They merely need the cabinet's nod. This flawed process in itself should be reformed.

Furthermore, in our climate where government, or the prime minister, knows best, much is lost by way of accountability and good governance.

Unfortunately, for us, the upcoming Jan 26-27 parliamentary session will favour what the prime minister wants as the ruling MPs have never voted based on conscience. There will be a solid block support by BN legislators in favour of the TPP.

The charade in Parliament becomes a wasteful exercise, instead of a meaningful opportunity, to sufficiently address structural weaknesses in our economy - be it our penchant for rent-seekers, premature deindustrialisation, cronystic practices or the lack of effective prosecution as deterrent to corruption.

### **Impending economic woes**

After all, even investigations under the Public Accounts Committee can be easily throttled; and its investigations halted midway - all based on the whim and fancy of the prime minister.

The TPPA under a government led by Najib Abdul Razak will not solve our impending economic woes - inequality, (rising) cost of living, inflation, unemployment, technology transfer and the number one issue afflicting Malaysia: the culture of impunity by corrupt high officials. By 2014, we ranked 50th among 170 countries in Transparency International's Corruption Index; dropping 14 places from 2001.

In 2010, the UNDP (United Nations Development Programme) conducted a study on the impact of the TPPA on Malaysia. Its findings showed that Malaysia will benefit from the TPPA; albeit with a similar conclusion that benefits can be accrued without signing the TPPA, that is, through tariff removals.

Four years later, Rashmi Banga, a senior economist at UNCTAD (United Nations Conference on Trade and Development) came out with a study that highlighted the erosion of trade balance - substantially by RM5 billion per year with the signing of TPPA.

And last month, the International Trade and Industry Ministry (Miti) commissioned PWC (PriceWaterhouseCoopers) to undertake a CBA (cost-benefit analysis) study that showed more or less the same results. The CBA showed that minimal gain of 0.13 percent GDP growth is achieved from tariff cuts.

An assumption of 50 percent non-tariff measures cut will achieve a total of 1.15 percent GDP growth in nine years. However, trade balance is to be reduced substantially by 30 percent from US\$42 billion (RM178 billion) to US\$29.7 billion.

As such, the TPPA beckons a closer look on the non-tariff measures that could ostensibly be beneficial to us - between a reduction range of 25 percent and 50 percent. But these are mere estimates, to be determined by the extent of compliance by all TPPA member countries.

Even then, these studies have yet to show any solid gains in developmental growth of this

country. Furthermore, the studies come with numerous assumptions and there is a need to seriously spend more efforts to understand the effect of TPPA on Malaysia.

Yet, the two commissioned studies by the government have not sufficiently addressed the real costs of TPPA, which will come in the form of corporate lawsuits via ISDS (Investor-State Dispute Settlement); the reduced access to generic medicines; and the effect of opening up our government procurement while maintaining the loophole for status quo's selective few.

After all, the disclaimer from the CBA report shows that the reports should only be used for the purpose of its intended paymaster - Miti. And Miti answers to its own political master, who also is the adviser to 1MDB, Najib.

### **Swift rebuttals**

Concerns raised from economist Joseph Stiglitz and specifically, Malaysia's own Jomo Kwame Sundaram, were met with swift rebuttals by Miti's affiliates, instead of being brought to the table for deeper scrutiny and discussion.

Jomo's warnings on the decline in welfare and increased inequality for Malaysians post-TPPA implementation should serve as a strong reminder to Putrajaya to put the TPPA on the backburner. At the least, it should stop the BN federal government from bulldozing the agreement.

Remember, when we chose to exit from the US-FTA (Free Trade Agreement) back in 2008, 58 redlines were identified as the main reasons for us not signing the pact. Whatever had happened since then? Where is the sufficient disclosure on the process of negotiations and deliberations?

Even the postponement granted before liberalising government procurement allows for protection for construction for at least 20 years, while the smaller goods and services are only protected for seven to nine years. Clearly, there is selective treatment here at play.

Additionally, the burdensome Public Private Partnerships (PPP) is not subjected to the government procurement provisions under the TPPA. Are we to expect the usual "lopsided contracts via direct nego" to continue? The TPPA may very well succeed in throttling reforms rather than encouraging it.

As it stands, my colleagues and I will not be able to vote in favour of the TPPA. We ask for more time before we can commit to this unchartered 21st century trade and investment pact. We are not convinced that the benefits will outweigh the costs. We cannot trust the government of the day with the mandate to sign onto the TPPA.