

## **How will the TPPA impact small and medium sized businesses in New Zealand?**

### **Special rights for foreign corporations**

For instance, while we see the benefits that international free trade can bring to our economy and our standard of living, there are specific provisions in the leaked TPPA which could disadvantage SMEs. Access to Investor State Dispute Settlement (ISDS) is only available to foreign corporations. They would be able to go beyond our courts to an international tribunal to challenge New Zealand's laws and regulations, including those that support fair access and opportunities for SMEs. The right to access these tribunals would not be available to New Zealand business.

### **More public procurement access for multinationals**

Provisions in the TPPA on public procurement and State Owned Enterprises are also likely to offer enhanced access to multinationals (potentially at the local government level as well as for central government), and prevent any policies giving preference to local SMEs. Most New Zealand SMEs rely on our domestic market, including public procurement, in our early stages of growth. This generates benefits for the local economy, employment opportunities, community development and opportunities for further business development, for the interests of New Zealand as a whole. The development of a local, responsive supply base of SMEs that understands our society, cultures and environment also benefits the public enterprises in the long term. These benefits would be put at risk by procurement provisions in the TPPA.

### **Not just about trade**

Traditional trade rules play only a minor role in this agreement, featuring in only 5 of the 29 chapters. In exchange for an unknown increase in access to these markets, the US wants to regulate NZ laws in ways more favourable to US corporations. Most of the TPPA is focussed on the kinds of laws we are allowed to have, including those that regulate:

- preferences for NZ firms in local and central government procurement (a \$30 billion local market)
- affordability of medicines
- takeovers by foreign firms
- the Internet and copyright (reducing our ability to innovate)

The agreement is complex and far reaching. These are a few key points taken from the leaked text of the agreement.

**Intellectual Property:** TPPA chapters covering intellectual property involve longer and stricter monopoly rights that constrain innovation and increase cost to access knowledge from public and private facilities. This can significantly raise the operating costs of small businesses.

**Rules around food safety and GMO labelling:** Many small businesses are in the food sector, and under TPPA we risk losing our ability to set our own food safety regulations.

**Affordability of medicines:** All Kiwis benefit from Pharmac, which bulk-buys generic medicines identical to those whose intellectual property has expired. TPPA will extend that protection and allows big pharmaceuticals greater input into the pricing process, pushing up national public health costs.

There are many other dubious and subtle aspects to this agreement that could also have large negative impacts on our culture and economy over the coming centuries.

The most useful step forward that we can suggest is to [read the ActionStation Open Letter addressed to the government on behalf of New Zealand SMEs](#), add your business name if you see fit, and share with your friends and family to do the same.

**Links for further reading:**

- TPP Leak: [SOE Issues in the TPP, Wikileaks](#)
- TPPA Economics: The US Govt Dept of Agriculture did an analysis of the benefits of the TPP Agreement to all the participating countries, in the best case scenario where all agricultural tariffs and trade related quotas were abolished. The benefit to NZ in 2025? Just 0.01% increase in GDP. ([pg.21 of this doc](#))
- A secret draft chapter of the TPPA, [published by WikiLeaks](#), shows the Government is prepared to accept a controversial Investor State Dispute Settlement (ISDS) process if "certain conditions" are met.
- More information at [www.itsourfuture.org.nz](http://www.itsourfuture.org.nz)