**Media Release**

22 January 2016

For immediate release

**Research paper: The Economics of the TPPA**

The fifth in a series of expert peer reviewed papers on the implications of the Trans-Pacific Partnership Agreement (TPPA) for New Zealand was posted on the TPP Legal website today.

The paper examines the key economic issues that likely to be impacted by the TPPA – the predicted economic benefits of the TPPA for the New Zealand economy, the implications for agricultural trade, the impact on value chains for New Zealand exporters, the potential for regulatory ‘chill’ and the degree to which it fulfils the aim of being a ‘21st Century agreement’.

The paper was co-authored by Tim Hazledine, Professor of Economics at the University of Auckland Business; Rod Oram, business journalist and author; Geoff Bertram, Senior Associate at the Institute for Policy and Governance at Victoria University; and Barry Coates, researcher and former Executive Director of Oxfam New Zealand. The peer reviewer was John Quiggin, an Australian Laureate Fellow in Economics at the University of Queensland.

“It is striking how little the TPPA will deliver. Without the TPPA, our GDP will grow by 47% by 2030 at current growth rates. The TPPA would add only 0.9%”, says Barry Coates, who co-authored the section on modelling with Tim Hazledine.

“Even that small benefit is a gross exaggeration. The modelling makes unfounded assumptions, and the real benefits will be far smaller. If the full costs were included, it is doubtful that there would be any net economic benefit to the New Zealand economy.”

The main beneficiaries of tariff reductions from TPPA will be agricultural exporters, but modest tariff reductions of 1.3% on average by 2030 will be dwarfed by the ongoing volatility in commodity prices and exchange rates. The TPPA is not a gold standard agreement. “There remain extensive trade barriers to New Zealand agricultural exporters into the Japanese, Canadian and US food markets, and these are now locked in under the TPPA” explains Barry Coates who authored the section on agricultural trade.

“‘The TPPA has also failed to tackle agricultural subsidies that are a major trade distortion. The TPPA has undermined negotiations in the World Trade Organisation, the only viable forum for removing these trade distorting subsidies.”

“The investor-state dispute provisions, combined with restrictions on state-owned enterprises, will deter future New Zealand governments from a whole raft of regulatory and industrial policies that would be in the public interest, for fear of litigation by corporate interests whose profits are threatened” says Geoff Bertram, who authored the section on regulatory chill.

“The essence of the chilling process is the *threat*, not necessarily the actuality, of repercussions. The TPPA’s last-minute exclusion of big tobacco from the dispute process has only grazed the tip of a very large iceberg.”

“The TPPA will likely reinforce our position as a commodity producer and hinder our progress up the value chain where greater economic prosperity lies,” says Rod Oram, who authored the sections on value chains and the 21st Century agreement.

“Moreover, the TPPA reads very much like a charter for incumbent businesses, with US companies to the fore, that are attempting to hold back the tides of economic change the world needs.”

The series of expert peer-reviewed papers is supported by a grant from the Law Foundation. Previous papers have examined the Implications for Regulatory Sovereignty (Jane Kelsey) and Investment (Amokura Kawharu), te Tiriti (Carwyn Jones et al), and Environment (Simon Terry). Research on the implications of the TPPA for local government will be released shortly.

**Notes**: The research report is on the TPP Legal website at: <https://tpplegal.files.wordpress.com/2015/12/ep5-economics.pdf>

**Contact:**

Barry Coates 021 365 165

Geoff Bertram 021 999 758

Rod Oram 021 444 839