KEY FACTS: The Economics of the TPPA

- Modelling of the economic benefits of the TPPA for New Zealand, commissioned by the Ministry of Foreign Affairs and Trade (MFAT), predicts an increase in GDP of 0.9% by 2030 or $2.7 billion.
- These benefits are modest - extrapolating from current growth rates, GDP would increase by 47% by 2030 without the TPPA or 47.9% with the TPPA.
- Estimates of the gains from tariff reductions are less than a quarter of the projected benefits according to the modelling, and are exaggerated.
- Most of the projected benefits result from reducing Non-Tariff Barriers (NTBs) – these rely on inadequate information that neither identifies the NTBs that would be reduced by the TPPA nor distinguishes between protectionist measures and legitimate government regulation.
- According to recent modelling, the TPPA is projected to result in a reduction in employment and an increase in income inequality for New Zealand.
- The government has not included the costs that are likely to result from the TPPA in its analysis - these are likely to be significant, and may outweigh the economic benefits.
- A comprehensive and objective cost-benefit analysis should be undertaken before signing or ratifying the TPPA.
- Gains for agricultural producers are small compared to fluctuations in commodity prices and exchange rates.
- Restrictions on labelling through the TPPA's Sanitary and Phytosanitary Measures may restrict opportunities for New Zealand food exporters to build a high quality, differentiated market position.
- Significant tariff barriers remain in the dairy sectors of Japan, Canada and the US - these are likely to be 'locked in' under the TPPA and more difficult to remove in future.
- Regional trade agreements such as the TPPA will undermine negotiations on agriculture in the World Trade Organisation, which is only realistic forum to reduce the massive agricultural subsidies that distort agricultural markets.
- The TPPA will both help and hinder New Zealand's ambitions to add value to our raw materials and commodities, and climb up value chains – more analysis is required.
- The benefits of the TPPA are likely to be asymmetric - the TPPA is favourable to the business model and practices of US multinationals and may exacerbate the disadvantages of New Zealand's size and remoteness.
- The potential threat from cases under the TPPA's Investor State Dispute Settlement is likely to create a chilling effect on New Zealand governments' laws and policies.
- The delay in implementing plain packaging regulations for cigarettes in New Zealand is a current example of regulatory chill; regulation in sectors such as banking, energy, climate change, transport, environmental protection and mining may be subject to threat from potential ISDS cases.
- Potential compensation payments or settlements could far outweigh the limited economic benefits from the TPPA; even if cases are successfully defended, the legal costs are onerous.

- The TPPA's coverage is far from comprehensive and its US-centric rules on intellectual property, services and dispute settlement mean that it is unlikely to be the model adopted by China or the EU.
- The TPPA would limit governments' ability to innovate and address deeply entrenched inequalities in health, education and income, and exacerbate rapidly escalating problems such as environmental degradation and climate change. The TPPA falls short of being "a trade agreement for the 21st Century" as its proponents claim.

Drawn from the expert, peer-reviewed research paper by Barry Coates, Rod Oram, Geoff Bertram and Tim Hazledine at https://tpplegal.files.wordpress.com/2015/12/tpp-economics.pdf