

## **Faith Groups Declare TPP Investment Chapter Unjust and Puts Profit Ahead of People**

For decades the United States has defined national economic self-interest primarily in terms of corporate self-interest. This trade model fails to promote the common good because profit, not people, are at the heart of the negotiations and the voices of civil society are not fully represented at the table. Yesterday's release of the Trans-Pacific Partnership's Investment Chapter provides Exhibit A of how far the field is tilted toward the powers that be rather than the power of God's people.

Appeals for change have gone unheeded as the Investment Chapter demonstrates. It is the most expansive version yet seen in a trade agreement expanding the power of multinational corporations to sue governments – at all levels - over issues that impact the health and safety of their people. The legal mechanism they use to do this is through the unaccountable Investor-State Dispute Settlement (ISDS) tribunals.

In recent years, corporations have used the ISDS provisions in trade agreements to undermine a nation's – or a community's -- ability to protect against environmental degradation of natural resources and worker safety. Meanwhile, our faith organizations serve those living in poverty in every country in the world and stand witness to the pain that bad trade policies inflict on communities, particular developing countries.

Many of today's ISDS cases are being brought by large, multinational firms, such as the case launched by Chevron – the third largest corporation in the United States – against Ecuador's court rulings ordering the company to pay for cleanup of toxic Amazon pollution. Or the cases that Philip Morris – the 100<sup>th</sup> largest U.S. firm – has launched against the tobacco control policies of Australia and Uruguay. Or the case that The Renco Group – owned by billionaire Ira Rennert, the 81<sup>st</sup>-richest person in the United States – has brought against Peru for being required to remediate environmental and health problems caused by its toxic metal smelting operation. When a ISDS tribunal rules in favor of a corporation on the basis that a domestic law violates one of many foreign investor rights granted in an trade agreement, then the corporation is awarded damages based on “expected future profits” that the law allegedly impeded, regardless of the damages to the environment or to people's lives.

Peru is an illustrative example of how unjust the system really is. La Oroya, a small mountain town in central Peru, is home to about 33,000 individuals who currently live next to an abandoned smelting operation. This smelting operation, having once extracted and refined minerals from the resource rich land, has earned the town the reputation of being one of the most polluted places to live in the world. In 1997, Doe Run, a part of the US-owned Renco group, purchased a lead smelter in La Oroya. As a part of the purchase, Doe Run agreed to clean up the facility in order to decrease the impact it would have on the

environment. The follow-through on Doe Run's promises, however, was repeatedly pushed back year after year, and during that time toxic chemicals including lead, copper, zinc and sulfur dioxide were pumped into the town's air, water and soil. These pollutants have had a major impact on La Oroya's residents, most notably its children. About 99 percent of boys and girls in the town have tested positive for blood limits that exceed acceptable amounts for lead poisoning. Lead poisoning has the power to stunt a child's physical growth, as well as their mental capabilities. In the case of La Oroya, a significant drop in IQ points over time was observed.

After years without seeing signs of progress from Doe Run, Peru's congress decided to stop extending the company's grace period, and told them that they had to comply with previously agreed upon environmental standards. In 2010, Doe Run decided to stop all operations and declare bankruptcy, rather than make the necessary changes to improve the quality of life for those in La Oroya. While the town's people were left to deal with increased unemployment and the remaining impacts of pollution, Renco decided to sue the state of Peru for 800 million dollars in a trade tribunal such as one included in the TPP. After all of the toll this has taken on its population, Peru may have to pay an insurmountable fee that can no longer be spent on health, education or other needed investments.

Recent assurances of safeguards fall short. These same "safeguards" were also included in the 2009 U.S.-Peru Free Trade Agreement's ISDS provisions but did not stop the Renco Company from launching an unjust case against the government of Peru because the government was attempting to enforce the firm's contractual commitment to remediate environmental and health problems caused by its toxic metal smelting operation in one of the world's most polluted towns.

Faith communities demand that the U.S. government assert a broader set of objectives in the context of negotiations to address 21<sup>st</sup> century challenges and opportunities. At its core, the goal of U.S. trade policy should be to promote sustainable development – environmental, economic and social well-being for today and tomorrow - that mutually benefits all members of society.

## **Catholics for the Alliance of the Common Good**

### **Catholic Democrats**

### **Columban Center for Advocacy and Outreach**

### **NETWORK, A National Catholic Social Justice Lobby**

### **Presbyterian Church USA**