

# The Trans-Pacific Partnership Would Ban “Buy American” and “Buy Local” Procurement Preferences

## What is the Trans-Pacific Partnership (TPP)?

- The TPP is a massive “free trade” agreement currently being negotiated behind closed doors by officials from the United States and 11 other countries – Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam.
- The TPP has been under negotiation for five years. The public cannot see the draft TPP text, and even members of Congress, after being denied the text for years, are now only provided limited access. More than 600 official corporate “trade advisors” have access. The Obama administration plans to sign the TPP by the end 2015.
- Although it is called a “free trade” agreement, the TPP is not really mainly about trade. Of the TPP’s 29 draft chapters, only five deal with traditional trade issues. Most would set rules on non-trade matters that affect our daily lives – food safety, Internet freedom, medicine costs, financial regulation and more. Our domestic policies would be required to comply with the TPP rules.

## How Would the Trans-Pacific Partnership Ban “Buy American” and “Buy Local” Procurement Preferences?

- The TPP’s procurement chapter would require that all firms operating in any signatory country be provided equal access as domestic firms to U.S. government procurement contracts over a certain dollar threshold. The United States would agree to waive “Buy American” and “Buy Local” procurement policies for all such foreign firms, eliminating an important policy tool to use U.S. tax dollars for U.S. job creation.
- Some corporate TPP proponents argue that these rules would be good for the United States because they would ban domestic preferences in all signatory countries, allowing U.S. firms to bid on procurement contracts in other countries on equal footing with domestic firms. It is a ridiculous notion that new access for some U.S. companies to bid on contracts in TPP countries is a good trade-off for waiving “Buy American” preferences on U.S. procurement: **Taking even the most favorable cut on other countries’ markets, the total U.S. procurement market is more than five times the size of the combined procurement market of the current TPP negotiating parties:** Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore and Vietnam.
- **Even with Japan in the TPP, the U.S. procurement market is over twice as large as the new TPP procurement market would be.** Plus, Japan and the United States are already party to the WTO’s Government Procurement Agreement – which covers most procurement that the TPP would likely cover. Accordingly, there will be few, if any, new procurement opportunities in Japan for the United States.