

# Malaysia: What are the Implications to workers of the TPPA

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### **TPPA LABOUR CHAPTER - THE SUGAR COATING ON THE BITTER MEDICINE!**

There is been much confusion among trade unionist and anti TPPA activist on whether to support the TPPA, in view of Chapter 19, Labour Chapter and the agreed side letters on US-Malaysia Labour Consistency Plan within the agreement .

For trade unionist, most of the provisions in the Labour Chapter and especially the side letter between Minister Mustapa Mohamed and US Trade Representative Michael Froman, should be welcomed with open arms, as finally the Malaysian government would be 'forced ' to comply to many of the demands that unions and civil society organisations have been fighting for all these years .

We cannot deny that US has just 'made an offer we cannot refuse' to Malaysian workers through the TPPA, as it would greatly uplift theirs and migrant workers' rights, which have been trampled upon all these years. Among the savoury items in the agreement are;

- Amending all necessary laws that would ensure full implementation and enforceability of ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up, Adopted by the International Labour Conference at its Eighty-sixth Session, Geneva, 18 June 1998 (Annex revised 15 June 2010)
- Ensuring trade union have the right for judicial review against administrative decisions regarding trade union registration, suspension, cancellation and determinations of strike illegality
- Removal of discretionary powers of the Director General of Trade Union on issues of union registration
- Remove limitation of forming union in the same trade sector
- Outsourcing and employment agencies - better regulations to ensure worker rights
- Ensuring that employers cannot hold the passport of foreign workers
- Levy is the responsibility of the employer and should not be charged on the worker.
- Special passes by Labour Department for workers involved in industrial dispute enabling them to remain in the country and seek alternative employment till their case is settled.
- In terms of enforceability, Malaysia is required to enact all legal and institutional reforms prior to the date of entry to enforce the TPPA.

## **Malaysia can comply with ILO standards on its own without TPPA**

It is rather ironic that Malaysian government's political will to enhance our domestic labour rights has to 'whipped' upon us by the US through a trade agreement.

Malaysian government has played deaf to various petitions, protest, complaints demanding the same above rights for decades by workers, political parties and unions.

Malaysia has ratified a total of 17 ILO Conventions involving Forced Labour, Right to Organise and Collective Bargaining, Equal Remuneration Convention among others. All of these ratified and enforced even before TPPA.

So what is stopping us from amending our labour laws, enhancing and enforcing them effectively further ?

## **TPPA -30 Chapters - Take All Or None!**

So now the question, on should we support the government's decision to sign the TPPA or not? If Malaysia had the option to pick and choose to sign the Labour Chapter only, I believe most workers and unions would welcome it.

But unfortunately, that is not the case. The TPPA consist of 30 chapters ranging from, National treatment, Market accesses, Rules of Origin, Textile and Apparel, Investment, Intellectual Property and many more.

The Labour Chapter is the sugar coating on the bitter medicine that we are about to swallow! Various analysis and articles by local and international experts have researched and proven the negative implications of the TPPA.

## **Implications to workers through other Chapters**

Besides enhancing workers' rights via the Labour Chapter, workers will lose their rights to decent affordable healthcare (due to delayed entry of generics and maintained high prices of medicine), increased cost of education (with stronger Intellectual property rights) and many other indirect implications via other chapters.

The crux of the TPPA is tariff elimination and liberalization of trade. How will local SME be affected by the elimination of tariffs on import products, in direct competition with our local products?

The President of the SME Business Associations Michael Kang Hua Kuong, was quoted in TheStar SMEBiZ on 23/11/2015 that nearly 30% of the registered 650,000 SME in Malaysia will be out of business in two years' time if the TPPA is signed. As 80% of our workforce is employed in SME's thus we might see an increase in unemployment.

Even though some might argue that, there will be increased in employment with increase trade and exports but experiences in Africa, Latin America and Korea have shown otherwise.

A report from Economic Policy Institute (USA) titled "No Jobs from Trade Pacts The Trans-Pacific Partnership Could Be Much Worse than the Over-Hyped Korea Deal By Robert E. Scott | July 18, 2013 explains as below ;

The tendency to distort trade model results was evident in the Obama administration's insistence that increasing exports under Korean -USA Free Trade Agreement (KORUS) would support 70,000

U.S. jobs. The administration neglected to consider jobs lost from the increasing imports and a growing bilateral trade deficit. In the year after KORUS took effect, the U.S. trade deficit with South Korea increased by \$5.8 billion, costing more than 40,000 U.S. jobs. Most of the 40,000 jobs lost were good jobs in manufacturing.

There was also a big gap between predictions and outcomes for the North American Free Trade Agreement enacted in 1994: NAFTA was supposed to create 200,000 new jobs through increased exports to Mexico but, by 2010, growing trade deficits with Mexico had eliminated 682,900 U.S. jobs, with job losses in every U.S. state and congressional district.

Unfortunately, our Ministry of Human Resources has not done thorough analysis on which industrial sectors that will see a net increase in employment and others whom will suffer due to direct competition.

In terms of benefiting from the Labour Chapter of the TPPA, you will first need to have a job! What is the use if the TPPA has caused you to be laid off!

Thus, PSM cautions all those in favour of the TPPA Labour Chapter to not to lose sight of the bigger picture of the TPPA to promote corporate agenda and enhance investor rights in the region. In the long run it will be the common working people that will stand to lose if Malaysia signs the agreement. At the end of the day, we have to analyse the nett benefit of the agreement in total although we stand to benefit from the Labour Chapter.

End .

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