Top 5 Issues for 2016: International Affairs

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CSG Director of Federal Affairs Andy Karellas outlines the top five issues in international policy for 2016, including the Trans-Pacific Partnership (TPP), export promotion and economic development, global cybersecurity, attracting foreign investment, and global humanitarian crisis.

International Trade Agreements—The Trans-Pacific Partnership
The passage of Trade Promotion Authority provided President Obama with the ability to conclude the negotiations on one of his major trade initiatives—the Trans-Pacific Partnership agreement, or the TPP. The TPP is a multilateral trade agreement that was negotiated with 11 other nations, with the goal of increasing trade and investment between partner nations. Under the Trade Promotion Authority, Congress can approve or reject the trade agreement in an up- or down-vote, which will tentatively occur later in 2016. Exports of U.S. goods to TPP nations totaled $698 billion in 2013, or about 45 percent of total U.S. exports. A 2012 analysis by the Peterson Institute for International Economics estimated that a TPP agreement could generate nearly $124 billion in new U.S. exports to those nations.

Export Promotion and Economic Development
Exporting continues to be an important component for a company’s ability to grow and create new, good-paying jobs. Federal data shows that firms that export pay an average of 18 percent higher than non-exporting firms. Even though many small business owners understand the economic benefits of exporting, only 1 percent of small firms currently export. State international trade agencies are on the front lines, steering companies through the export promotion process and helping them start or increase their exports to foreign markets. In 2016, states will be looking to Congress for renewal and full funding of the State Trade and Export Promotion Program, a state-managed federal matching grant that directly supports business exports.
Global Cybersecurity
Cyberattacks are a major threat to both the United States’ national security and the economy overall. As a global leader in producing intellectual property, America’s private and public institutions will continue to be primary targets for cyber criminals. The scope and capabilities of these attacks can vary immensely; they can range from an individual hacker stealing financial information to foreign governments engaged in complex cyber espionage. The results of an attack can be catastrophic for state governments, and the businesses in their states, as many are unable to recover from the loss of their intellectual property and resources. The Office of the National Counterintelligence Executive released a report on Oct. 11, 2011, stating that tens of billions of dollars in trade secrets, intellectual property and technology are being stolen each year from computer systems in the federal government, corporations and academic institutions. They identified China and Russia as the two largest participants in cyber espionage.

Attracting Foreign Direct Investment
Foreign direct investment is a proven catalyst for economic growth and states are leading the charge attracting international partners across the globe. Global trends show the U.S. share of foreign direct investment stock is facing tough competition from other regions, particularly the European Union and developing nations. States will be looking to pursue policies that offer a better business climate to attract more foreign investors.

Global Humanitarian Crisis
Human suffering from disasters, health epidemics, political instability and armed conflicts continues to reach new highs. According to the United Nations, nearly 60 million people, half of them children, have been forced to leave their homes this year due to conflict and violence around the world. Moreover, the U.N. reported more than 218 million people each year are affected by natural disasters alone, at an annual cost of more than $300 billion to the global economy. Reducing the conflicts and human suffering necessitates a shared partnership from all countries and levels of federal, state and local governments.

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