Navigating the Trans-Pacific Partnership
Greatest opportunity is beyond our borders

The largest new opportunities to sell “Made-in-America” products are beyond our borders.

- Over 95% of the world’s consumers are outside our borders
- Nearly 80% of the world’s purchasing power is outside our borders
Access to Asia-Pacific markets is key to growth

Asia’s **middle class** is the fastest growing market in the world...

...And will drive **global middle class demand** in the coming decades.

In 2030: 66% of the world’s middle class will be in Asia

In 2030: 59% of the world’s middle class consumption will be in Asia

Source: OECD
But today, U.S. manufacturers face disproportionate tariffs

**Vietnam Tariffs –**
- **Beauty & Skin Preparations**
  - **20%**
  - **United States**
  - **ASEAN(10), China**

**Vietnam Tariffs –**
- **Switches, Relays and Fuses**
  - **20%**
  - **United States**
  - **ASEAN(10)**
  - **5%**
  - **United States**
  - **ASEAN(10)**

**Malaysia Tariffs –**
- **Motor Vehicles**
  - **30%**
  - **United States**
  - **ASEAN(10), Australia, NZ, Japan, Turkey**
  - **5%**
  - **Chile**

**New Zealand Tariffs –**
- **Construction Equipment**
  - **20%**
  - **United States**
  - **ASEAN(10), Chile, China**

**Japan Tariffs –**
- **Aluminum Bars and Rods**
  - **7.5%**
  - **United States**
  - **ASEAN(10), India, Chile, Mexico, Peru, Switzerland**

**Vietnam Tariffs –**
- **Polymers of Ethylene**
  - **20%**
  - **United States**
  - **ASEAN(10), Australia, NZ, Chile, China**

**Vietnam Tariffs –**
- **Switches, Relays and Fuses**
  - **20%**
  - **United States**
  - **ASEAN(10)**
  - **5%**
  - **United States**
  - **ASEAN(10)**
America’s farmers and ranchers are among the most productive in the world, and they depend on exports. Roughly 20% percent of U.S. farm income comes from agricultural exports, and those exports help to support rural communities across the country. However, foreign taxes on our agricultural exports are often very high, much higher than foreign taxes on other exports. TPP will open foreign markets to U.S. food and agriculture, providing new and commercially meaningful market access and advancing regulations that are transparent and based on science.

TPP will help support U.S. agriculture by:

- **Eliminating foreign taxes** in the form of tariffs on the vast majority of U.S. exports of food and agricultural products. For example, agricultural tariff rates average 19 percent in Japan and 16 percent in Vietnam. Some products have peak tariffs of over 300 percent or more.

- Providing **new and commercially meaningful market access** through significant tariff reductions or preferential tariff rate quotas for the remaining products.

- Requiring TPP countries to **eliminate all agricultural export subsidies**.

- **Discouraging countries from imposing export restrictions** on food and agricultural products as a means of protecting their domestic market from changes in the world market.

- Promoting **coordination on trade in organic** agricultural products.

- Committing to provide **transparency on government measures on trade in agricultural products derived from biotechnology**, and providing for information sharing, including on when the low-level presence of biotech material is detected in a shipment of agricultural commodities or food products.
Small Businesses: Access and Simplicity

Eliminating foreign taxes in the form of tariffs across the TPP region. These barriers can price out of foreign markets many of the goods and agricultural products made by U.S. small businesses.

Making it cheaper, easier, and faster for businesses to get their products to market by creating efficient and transparent customs procedures that help move goods quickly through borders.

Streamlining complex trade barriers like complicated standards and technical regulations, which make it hard for small businesses to access new markets.

Promoting digital trade and e-commerce by prohibiting tariffs on digital products (such as software, music, video, e-books) – the arena by which many small businesses access the global marketplace and helping keep the Internet free by protecting against requirements that force businesses to locate infrastructure in the markets in which they seek to operate, requirements that can be especially costly for small businesses with fewer resources.

Strengthening protections of intellectual property rights. Small businesses are often highly vulnerable to infringement and theft of their intellectual property (IP), especially in markets where IP protections are not as strong as those in the U.S.

Providing greater certainty and new access markets for U.S. small business service suppliers like architects, engineers, and web designers.
More exports means more good paying jobs

U.S. goods and services exports supported an estimated **11.7 million jobs** in 2014 – **1.8 million** more than in 2009. More than **300,000 companies** exported goods in 2013, up over **25,000** since 2009. One quarter of all manufacturing jobs are supported by exports.

Export-related jobs pay, on average, up to **18 percent** more than non-export jobs.

Each additional $1 billion of U.S. exports supports between **5,200** and **7,000** U.S. jobs.

Private-sector employment is up by **12.0 million** since February 2010, with manufacturing employment up nearly **900,000 jobs** over the same time frame.
Labor: Strongest standards of past FTAs

TPP incorporates and goes beyond the strongest labor standards of past agreements. This includes the “May 10” provisions championed by Congressional Democrats.

**New Labor Measures in TPP**
- Adopt statutes and regulations governing acceptable conditions of work (minimum wage, maximum hours, safe workplace)
- Discourage importation of goods made by forced labor
- Include stronger protections in export processing zones

**“May 10” Provisions in Peru, Colombia, Panama, Korea**
Adopted and maintained the five fundamental labor rights recognized by the ILO: freedom of association, collective bargaining, forced labor, child labor, nondiscrimination in employment

**CAFTA and Earlier FTA Provisions**
Called for enforcement of a nation’s own labor laws

**NAFTA**
Included a side agreement on labor, which was not fully enforceable

Labor standards is in core of TPP: enforceable through the same type of dispute settlement as other obligations, including the availability of trade sanctions.
Environment: Strongest standards of past FTAs

TPP incorporates and goes beyond environmental protections in past agreements, including “May 10” provisions, targets regional challenges and includes first-ever commitments to protect our oceans and endangered wildlife.

**New Environmental Measures in TPP**
- Create new tools to combat wildlife trafficking
- Prohibit some of the most harmful fish subsidies
- Implement measures to prevent illegal fishing

**Builds on “May 10” Provisions**
Adopted and maintained CITES; maintained and implemented provisions on marine pollution, control of ozone-depleting substances, fisheries management, protected natural areas

**CAFTA and Earlier FTA Provisions**
Called for enforcement of a nation’s own environment laws

**NAFTA**
Included a side agreement on environment, not fully enforceable

Environmental protections are in the core of TPP: enforceable through the same type of dispute settlement as other obligations, including the availability of trade sanctions.
Investor-State Dispute Settlement

New Safeguards in TPP

**Right to regulate.** New TPP language underscores the right to regulate in the public interest, including on health, safety, the financial sector, the environment.

**Burden of proof.** TPP explicitly clarifies that an investor bears the burden to prove all elements of its claims, including claims on minimum standard of treatment.

**Dismissal of frivolous claims.** TPP includes a standard permitting governments to seek expedited review and dismissal of claims manifestly without legal merit.

**Clarifying rules on non-discrimination.** TPP explicitly clarifies that tribunals evaluating discrimination claims should analyze whether the challenged treatment distinguishes between investors or investments on the basis of legitimate public welfare objectives.

**Scope of available damages.** TPP explicitly limits damages that an investor can recover to damages that an investor has actually incurred in its capacity as an investor, to address concerns about claimants seeking ISDS damages arising from cross-border trade activity.

Key Safeguards improving on past FTAs

**Transparency.** TPP requires ISDS panels to “conduct hearings open to the public” and to make public all notices of arbitration, pleadings, submissions, awards.

**Public participation.** Members of the public and public interest groups—for example, labor unions, enviro. groups, public health advocates—can make amicus curiae submissions to ISDS panels “regarding a matter of fact or law within the scope of the dispute.”

**Remedies.** A government can only be required to pay monetary damages. ISDS does not and cannot require countries to change any law or regulation.

**Challenge of awards.** All ISDS awards are subject to subsequent review either by domestic courts or international review panels.

**Binding interpretations.** TPP countries can agree on authoritative interpretations of ISDS provisions that “shall be binding on a tribunal.”
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