Navigating the Trans-Pacific Partnership
The Trans-Pacific Partnership: An Overview

December 10, 2015
Outline

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- TPP Overview & Economic Importance
- What does it mean for you?
  - Tariff benefits
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  - Small business exporters
  - Services providers
  - E-Commerce exporters
  - Labor
  - Environment
- Opportunities in your state
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Let Us Help You Do Business Globally

The **U.S. Commercial Service** is the export assistance arm of the U.S. Department of Commerce’s International Trade Administration.

With offices throughout the United States and in U.S. Embassies and consulates in nearly 80 countries, the U.S. Commercial Service uses its global network of trade professionals to connect U.S. companies with international buyers worldwide.
THE TRANS-PACIFIC PARTNERSHIP

A fast-growing region, home to 40% of global GDP and 800 million consumers

Population: By 2030, middle class population in the Asia-Pacific is expected to be 10x the size of the United States’

Projected GDP Growth (2015-2020)

- Australia: 4.1%
- Brunei Darussalam: 10.4%
- Canada: 4.5%
- Chile: 4.0%
- Japan: 2.9%
- Malaysia: 11.7%
- Mexico: 5.2%
- New Zealand: 2.7%
- Peru: 5.5%
- Singapore: 6.1%
- United States: 4.4%
- Vietnam: 7.6%

Source: International Monetary Fund, October 2015, Compound Annual Growth Rate figures, current prices (valued in U.S. dollars)
THE TRANS-PACIFIC PARTNERSHIP

The TPP Agreement levels the playing field for American workers and American businesses...

...leading to more Made-in-America exports and more higher-paying American jobs here at home.

Countries listed in light blue are new trade agreement partners to the United States. Under TPP, U.S. businesses still will have the option of using previous agreements.
TPP: Important to U.S. Jobs

3.1 Million
U.S. Jobs Supported by Goods Exports to TPP Countries in 2014

1.1 Million
U.S. Jobs Supported by Services Exports to TPP Countries in 2014*

Jobs supported by goods exports to TPP partners are up 20% since 2009

TPP countries account for 43% of all jobs supported by goods exports

* Services export data are not available for Chile, Peru, Brunei, Malaysia, New Zealand, and Vietnam. Therefore, U.S. jobs supported by services exports to the TPP as a whole cannot be accurately calculated.
TPP: Important to U.S. Exports

Goods Exports to TPP Countries are up 59% Since 2009

Services Exports* to TPP Countries are up 35% Since 2009

TPP Countries Account for 45% of Total U.S. Goods Exports

**177,000** U.S. Companies Exported Goods to TPP Countries in 2012

*2014 services data is unavailable for Brunei, Chile, Malaysia, New Zealand, Peru, and Vietnam.*
Investment in the U.S. from companies based in TPP countries supports American jobs

$793 Billion
Total stock of foreign direct investment (FDI) from TPP countries in the United States in 2014*

Supporting U.S. Jobs
In 2012, U.S. subsidiaries of TPP firms employed 1.5 Million U.S. workers

Expanding U.S. Exports
In 2012, TPP firms in the United States contributed $85.6 Billion to U.S. goods exports

*FDI position measured by UBO, a preferred indicator of ultimate ownership.
Source: Bureau of Economic Analysis Direct Investment and Multinational Enterprises Data updated July 31, 2015.
TPP helps U.S. firms compete

- **TPP eliminates 18,000 foreign taxes** - in the form of tariffs - so American farmers, ranchers, manufacturers and small businesses can compete - and **win**

- U.S. exports become more competitive in TPP partner countries through the elimination or reduction of import tariffs and trade transaction overhead

  → **This reduces the end-user price of the good.**
TPP eliminates tariffs on Made in America exports

TPP will Introduce “Made in America” to Asia’s Growing Middle Class
Current Tariff Barriers on U.S. Exports to TPP Markets

- U.S. manufactured products
  - TPP eliminates import taxes as high as 100% on textile and apparel product exports to TPP countries
TPP eliminates tariffs on Made in America exports

TPP will Introduce “Made in America” to Asia’s Growing Middle Class
Current Tariff Barriers on U.S. Exports to TPP Markets

- **U.S. health products**
  - TPP eliminates import taxes as high as 30%

- **U.S. consumer goods products**
  - TPP eliminates import taxes as high as 189%
A New, High Standard Trade Agreement

STRONG DISCIPLINES FOR 21st CENTURY TRADE

- TPP sets high-standard rules of the road in the world’s fastest-growing region, including in five countries that are new trade agreement partners to the United States:
  - Brunei, Malaysia, New Zealand, Japan, and Vietnam

- TPP builds on our existing trade agreements to:
  - Speed American exports,
  - Reduce more barriers to trade, and
  - Bring foreign labor and environment standards up to U.S. levels

- TPP prevents common trade barriers at and behind the border.
What TPP means for Small Business

TPP will help U.S. small businesses:
- SAVE TIME
- REDUCE COSTS
- HAVE GREATER CERTAINTY
- RECEIVE FAIR TREATMENT

THE TRANS-PACIFIC PARTNERSHIP:

- Cuts through shipping “red tape” with more efficient and transparent customs procedures and use of e-forms
- Requires fair regulatory procedures for product and technical standards, giving businesses the opportunity to comment on, understand, and adapt to changes
- Ensures a free and open internet and promotes paperless trading, including allowing electronic authentication and signatures
- Protects from unfair competition by State-owned companies in other countries
- Protects investment from discriminatory or arbitrary treatment

- Safeguards Intellectual Property through strong rules that promote exports and protect U.S. creativity while promoting the balance that ensures openness and innovation
  - Makes it easier for businesses to search, register, and protect intellectual property, with strong enforcement systems for infringement
- Includes the strongest standards for transparency and anticorruption of any trade agreement in history
TPP Benefits for Service Industries

ACCESS FOR SERVICES PROVIDERS

TPP member countries must:

- Lift complex restrictions and bans on access for U.S. businesses that export American services like retail, communications, logistics, entertainment, software, and more

- Ensure that regulations do not discriminate against U.S. services suppliers

- Guarantee equal treatment to services provided through physical investment or over the Internet
E-Commerce

CUTTING-EDGE RULES TO PROMOTE INTERNET-BASED COMMERCE

- **TPP member countries must:**
  - Maintain free and open Internet by removing government interventions that limit the free flow of information, ideas, and high tech products
  - Criminalize the theft of trade secrets - even in cyberspace
  - Protect copyrights on digital products

- **Additionally, TPP includes:**
  - rules against forced localization of servers
  - obligations to ensure the free flow of data, and
  - requirements to facilitate e-commerce including accepting electronic signatures
Labor

AMERICAN WORKERS COMPETE ON A LEVEL PLAYING FIELD

- TPP establishes the highest labor standards of any trade agreement in history
- TPP member countries must meet enforceable labor standards:
  - Freedom to form unions and bargain collectively
  - Prohibitions against child labor and forced labor
  - Requirements for acceptable conditions of work such as minimum wage, hours of work, & safe working conditions
  - Protections against employment discrimination
Environment

NO WEAKENING OF ENVIRONMENTAL PROTECTIONS TO GAIN COMPETITIVE ADVANTAGE

- TPP includes the highest environmental standards of any trade agreement in history
- TPP member countries must:
  - Combat wildlife trafficking, and illegal logging and fishing
  - Promote marine and wildlife conservation, including ending the most harmful fishery subsidies
  - Crack down on ozone-depleting substances as well as ship pollution of the oceans, all while promoting cooperative efforts to address energy efficiency
TPP Congressional Timeline

Negotiation Begin

- 180 days prior to signing agreement, Executive Branch starts listing potential changes to U.S. trade remedy laws needed to comply with the agreement.

Negotiation Conclude

- President sends Congress notification of his intention to sign the agreement 90 days beforehand; the International Trade Commission (ITC) prepares an assessment of the likely impact of TPP on the U.S. economy.

President signs agreement

- 30 days after notice of intent, the Administration’s Industry Advisory Committees report on the agreement.

- 60 days after President signs agreement, the Executive Branch sends Congress the list of required changes to U.S. law.

- Mock Congressional markups; Congress expresses its views on the draft implementing bill before the President submits it.

ITC report due 105 days after President signs the agreement

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President submits legislative text implementing TPP 30 days prior to Congress introduces the bill

Congress (House and Senate) Introduces Bill to Implement TPP

- Congress (House and Senate) introduces the bill.

House must vote on bill

- House Ways and Means must report bill out of committee.

Senate Finance must report bill out of committee.

- Senate must vote on bill.

Bill signed into public law

Maximum of 90 days Congress is in session

- Congress (House and Senate) is in session.

Calendar Days

- 45 days
- 15 days
- 15 days
- 45 days

- Congress (House and Senate) is in session.

*Or bill is automatically discharged

Ongoing consultations between Executive Branch and Congress

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REPORTING AND MOCK MARKUP

- Congress (House and Senate) introduces the bill.

CONGRESSIONAL CONSIDERATION AND IMPLEMENTATION

- President implements agreement by proclamation (no deadline).

Congressional Timeline

- Congress (House and Senate) is in session.

U.S. Department of Commerce | International Trade Administration
Trans-Pacific Partnership
1. **INDUSTRY AND ISSUE EXPERTS** at the negotiating table for TPP and other agreements, advocating for strong rules/disciplines to ensure that U.S. firms and workers compete in the global marketplace.

2. **CRITICAL DATA** to help businesses make smart decisions.

3. **100+ U.S. EXPORT ASSISTANCE CENTERS** across the country. Their purpose is to help American businesses with every step of the export process.

   The Department now has more than 175 foreign commercial service professionals located in the eleven TPP partner countries. They provide American companies with on-the-ground assistance as they seek to successfully navigate exporting into new markets.

4. A high priority on foreign government **IMPLEMENTATION OF AND COMPLIANCE WITH TRADE AGREEMENTS**, as well as vigorous **ENFORCEMENT OF U.S. TRADE REMEDY LAWS** which apply to all countries irrespective of trade agreements.
Watch here for more TPP Resources

U.S. Department of Commerce

U.S. Trade Representative
https://ustr.gov/tpp
State-by-state tariff report:

The White House
wh.gov/trade
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