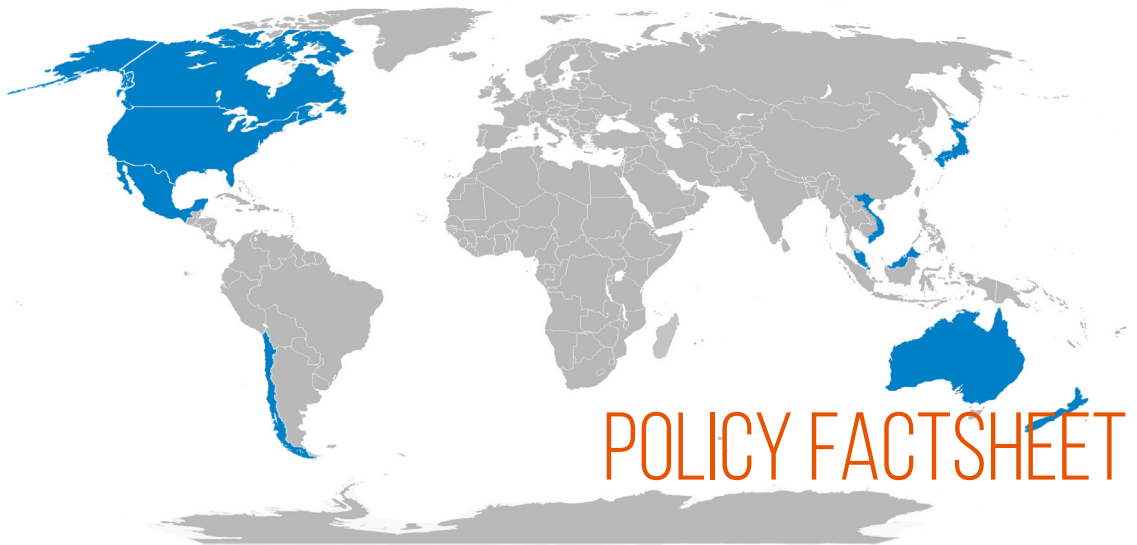


# COMPLETE THE TRANS-PACIFIC PARTNERSHIP NEGOTIATIONS



## POLICY FACTSHEET

### **Background**

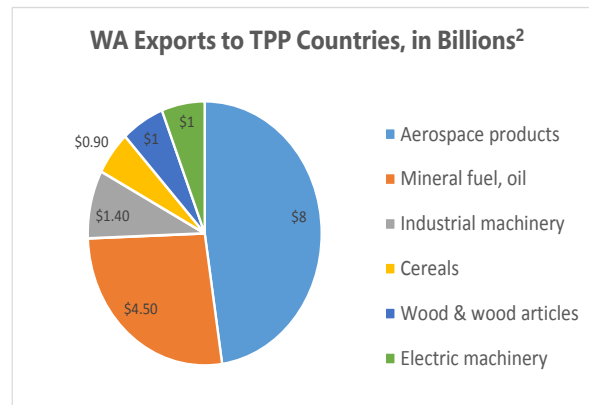
The Trans-Pacific Partnership (TPP) is an Asian-Pacific regional trade agreement currently being negotiated among the United States and 11 other partners: Australia, Brunei, Chile, Malaysia, New Zealand, Peru, Singapore, Vietnam, Canada, Mexico and Japan. The Asia-Pacific region is the largest market in the world for U.S. exports and receives 72% of U.S. agricultural exports.<sup>1</sup> A high-standard agreement would create a framework into which other Asia-Pacific countries might eventually enter, raising the standards for global trade and opening more economic opportunities for U.S. businesses.

<sup>1</sup> United States Trade Representative

# POLICY FACTSHEET

## Why it matters to WASHINGTON

Washington residents could benefit significantly from a well-crafted Asia-Pacific trade pact that addresses issues U.S. employers and workers are facing in the 21st century. In 2013, one-third of Washington goods exports and a large percentage of our services exports went to TPP countries.<sup>2</sup> A TPP agreement could further open up these markets to Washington exporters by lowering or eliminating tariffs and other market access barriers, creating compatible regulations, and raising intellectual property rights protections. In addition, major retailers, apparel designers and other companies headquartered in our state source a large portion of their global supply chain from the TPP region. In fact, 49% of Washington's imports come from TPP countries, indicating Washington state is at an ideal geographic location to benefit from a TPP agreement<sup>2</sup>. A TPP trade pact would make these imports more affordable, helping these companies create more local jobs and lowering the cost of living for Washington residents. If other Asia-Pacific countries eventually enter TPP, it would further increase this agreement's value for our state.



President Obama speaks at a TPP leaders' meeting

## TPP COUNTRY PROFILES<sup>2</sup>



### AUSTRALIA

Population: 22.5 M GDP: \$1.488 T  
 WA top exports: aircraft (\$891 M), mineral fuel/oil (\$136 M), optic/photo/medical instruments (\$104 M)  
 WA top imports: aircraft (\$321 M), inorganic chemicals/metals (\$231 M), meat (\$105 M)



### SINGAPORE

Population: 5.56 M GDP: \$295.7 B  
 WA top export industries: aircraft (\$512 M), mineral fuel/oil (\$246 M), electric machinery (\$91 M)  
 WA top imports: aircraft (\$111 M), optic/photo/medical instruments (\$78 M), special classification (\$58 M)



### MALAYSIA

Population: 30 M GDP: \$312.4 B  
 WA top exports: aircraft (\$955 M), chemical products (\$127 M), electric machinery (\$75 M)  
 WA top imports: electric machinery (\$109 M), optic/photo/med instruments (\$77 M), industrial machinery (\$56 M)



### NEW ZEALAND

Population: 4.4 M GDP: \$181.1 B  
 WA top exports: mineral fuel/oil (\$39 M), optic/photo/medical instruments (\$11.4 M), industrial machinery (\$11 M)  
 WA top imports: industrial machinery (\$34.2 M), meat (\$26 M), aluminum (\$18.5 M)



### CHILE

Population: 17.3 M GDP: \$281.7 B  
 WA top export industries: mineral oil/fuel (\$799.6 M), aircraft (\$398.7 M), cereals (\$60.9 M)  
 WA top imports: fish & crustaceans (\$46 M), fruit & nuts (\$21.5 M), wood (\$18.1 M)



### PERU

Population: 30.1 M GDP: \$210.3 B  
 WA top exports: mineral oil/fuel (\$151 M), cereals (\$57 M), industrial machinery (\$25.5 M)  
 WA top imports: coffee/tea/mate/spices (\$27.9 M), apparel (\$19.7 M), fish & crustaceans (\$4.9M)



### VIETNAM

Population: 93.4 M GDP: \$170 B  
 WA top exports: oil seeds, grain (\$134.3 M), fruits & nuts (\$33.9 M), cereals (\$33.5 M)  
 WA top imports: apparel (knit) (\$135.9 M), apparel (non-knit) (\$80.4 M), aircraft (\$54.6 M)



### BRUNEI

Population: 0.4 M GDP: \$16.5 B  
 WA top exports: aircraft (\$271 M), vegetables/fruit/nuts (\$858,122), optic/photo/medical instruments (\$357,731)  
 WA top imports: optic/photo/medical instruments (\$46,302)



### MEXICO

Population: 120.2 M GDP: \$1.32 T  
 WA top exports: aircraft (\$1.25 B), mineral oil/fuel (\$830 M), fruits & nuts (\$209.6 M)  
 WA top imports: vehicles (\$152.5 M), electric machinery (\$145.8 M), industrial machinery (\$70 M)



### CANADA

Population: 35 M GDP: \$1.825 T  
 WA top exports: mineral fuel/oil (\$2.15 B), industrial machinery (\$867.7 M), electric machinery (\$536 M)  
 WA top imports: mineral fuel/oil (\$8.33 B), aircraft (\$1.04 B), wood (\$750.6 M)



### JAPAN

Population: 127.1 M GDP: \$5.007 T  
 WA top exports: aircraft (\$3.25 B), cereals (\$688 M), wood (\$574.4 M)  
 WA top imports: aircraft (\$2.8 B), vehicles (\$1.4 B), electric machinery (\$916.8 M)

# POLICY FAQs

## 1. What does the agreement include?

Negotiations are still underway, but the goal is to create an agreement that is relevant for the 21st century. Ideally the agreement would create compatible regulations between the partner countries on issues like sanitary & phytosanitary (SPS) measures, rules of origin, investment, e-commerce, state owned enterprises (SOEs) and cross-border data flows, and it would improve intellectual property rights (IPR) and eliminate tariffs on goods and services.

## 2. Will the TPP trump national law and limit the ability of national, state or local government to regulate?

No. The U.S. promotes provisions in our trade agreements that protect our right to regulate in the public interest while promoting higher standards in partner countries. Investor-State Dispute Settlement (ISDS) provisions in our trade agreements provide basic legal protections for American companies abroad based on the same assurances the U.S. provides at home. The U.S. is already party to 50 trade or investment agreements with ISDS provisions, and has never lost an ISDS case.<sup>3</sup>

## 3. Will the TPP lower labor and environmental standards?

No. In fact, the TPP seeks to raise environmental and labor standards in partner countries. Raising our trading partners' labor and environmental standards ensures that U.S. employers can compete on a level playing field.

## 4. Why aren't there more opportunities for public review and input into the TPP negotiations?

In many ways, the current TPP negotiations are the most transparent ever. USTR provides Congress and the public with a written set of negotiating objectives before it begins negotiations, and consults with Congressional committees, interested Members of Congress, public interest groups, organizations, businesses, trade advisory committees, academic groups and other stakeholders throughout the negotiation process. USTR recently created additional stakeholder input committees to ensure this accountability. In certain situations, negotiators must be able to communicate with each other with mutual trust in order for governments to come to agreement, and so many proposals and communications are confidential until after the negotiations are complete, at which time the Congressional and public review periods begin.<sup>3</sup>

## 5. How will the TPP affect the apparel industry?

Major Washington-based retailers such as Nordstrom, REI and Costco import from the Asia-Pacific region. Almost 70% of all duties collected by the U.S from TPP countries are from apparel imports. Eliminating tariffs and creating harmonized rules will drive growth and thus create jobs in the industry here in Washington.<sup>5</sup>

## 6. How will the TPP affect the biopharmaceutical industry?

An effective, comprehensive TPP will enforce medical patents, create transparency, and implement strong IPR within the industry.

## 7. Is China part of the TPP?

China is not currently one of the negotiating partners for the agreement. Michael Froman, the United States Trade Representative, has said that "TPP is not something that one gets invited to. It's something that one aspires to." The United States welcomes countries to participate in TPP if they are interested in ensuring that their trade practices meet the high standards of the 21st century agreement that TPP aims to be.

## 8. Will the TPP cause an influx of Asian goods that will put American employers out of business?

The United States already has one of the most open economies in the world. Since our tariffs and trade barriers are already very low on average, the real benefit of a trade agreement like TPP is ensuring other countries' markets are as open to sales of U.S. goods and services as the United States already is to their products and services. In trade agreements, the U.S. has very little to lose and a lot to gain.

<sup>3</sup> Office of the United States Trade Representative, "The Facts on Investor-State Dispute Settlement: Safeguarding the Public Interest and Protecting Investors," 2014. | <sup>4</sup> Council on Foreign Relations, "U.S. Trade Negotiations Aim to Raise Labor Standards and Environmental Standards: A Conversation on the President's Trade Agenda with Michael Froman," 2014 | <sup>5</sup> Office of the United States Trade Representative, "Fact Sheet: Transparency and the Trans-Pacific Partnership," 2012. | <sup>6</sup> TPP Apparel Coalition

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