THIRD WAY

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6 More Reasons to Support TPP—What the Latest Economic Study Shows

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Last week, the Peterson Institute for International Economics released an incredibly detailed analysis of the Trans-Pacific Partnership (TPP) trade deal. Much of the buzz in the press rightfully centered on this trade deal generating $131 billion, or 0.5% of GDP, in real annual income for the United States by 2030. In fact, U.S. income gains are nearly 30% of the total global income gains from the deal.

But there are other critical points that policymakers and interested parties should know. Drawing on the Peterson Institute's analysis, here are six more reasons to support the TPP:

1) TPP will increase exports for the United States. By 2030, annual exports will increase by $357 billion, or 9.1% of exports. That's a lot more *Made in the USA* goods and services put on foreign shelves.

2) TPP will add jobs that will be directly supported by exports. TPP will result in nearly 800,000 more American jobs being supported by trade because of new and greater access to the Asia Pacific. That means 800,000 jobs that currently are not exporting *Made in the USA* products will be doing so in 2030. And, most importantly, jobs supported by exports have an 18% wage premium.

3) TPP will increase investment into the United States. Because of TPP, there will be a huge increase of foreign investment into the United States. Specifically, by 2030 we will see a $128 billion increase in foreign direct investment into United States, which represents nearly 30% of the total increase in investment across all TPP countries. The United States sees the biggest gain in investment of any TPP country.

4) Delaying TPP will be extremely costly to the United States. This study assumes that TPP will be fully implemented by 2017. If that doesn't happen—indeed, if it is delayed by only one year—it would be a $94 billion loss to the U.S. economy and a $388 billion loss for the global economy. For perspective, that's equivalent to the price of seven new aircraft carriers—the same ones that Defense Secretary Ash Carter said he valued as much as this trade deal.

5) China and its low standards lose. Because of the shifting trade patterns as a result of TPP, the report predicts that China will lose $18 billion a year by 2030. While this is just a tiny portion of their GDP, any retrenchment would be viewed negatively in Beijing given China's current economic woes.

6) TPP's tariff reductions were far deeper and more wide-ranging than expected. Critics often note that existing trade deals have already removed tariffs and other trade barriers to basically non-existent levels. These critics are wrong. TPP will eliminate nearly 75% of tariff lines as soon as the trade agreement enters into force, and 99% once it is fully implemented. Indeed, TPP's benefits are nearly 40% greater in this report than previous analysis from the Peterson Institute.

The Peterson study clearly explains the macroeconomic implications of TPP. But the benefits of the trade deal extend well beyond simple GDP numbers—it has enforceable labor rights for workers, protections for the environment, groundbreaking rules for the digital economy, and a host of other provisions that ensure strong, progressive American rules are spread to the key Asian region.

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