

TPP: What We Know & Why We Like It



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With the conclusion of the Trans-Pacific Partnership (TPP) and the imminent release of the deal's specifics, everyone will soon be able to fully understand what exactly the deal means for American workers, businesses, and standards in the region which represents 40% of the global economy. While the trade deal will be publicly available for at least 60 days before the President can even sign it, it is already clear that this deal has the highest standards and is the most progressive free trade agreement ever. Based on initial sources, below we outline four reasons why TPP is a great deal for American companies, consumers, and workers.

1. TPP puts more *Made in the USA* products on foreign shelves.

According to the [World Economic Forum](#), American exporters face some of the steepest trade barriers for exports in the world. When comparing the number of export barriers each country faces, the United States clocks in at an abysmal 130th out of 138, barely edging out countries like Bhutan and Liberia. This means that 129 countries face fewer trade barriers than American manufacturers. Here's how that looks in practice: in 2014, almost 70% of U.S. imports crossed our

borders duty-free, with our average tariff rate at 1.4%. Comparatively, U.S. exporters face an average tariff rate of 6.8% when we ship stuff overseas, making it harder for American companies to compete. These export barriers are part of the reason why, of the 40 largest economies in the world, the United States ranks 39th in the amount of its gross domestic product that is derived from exports.

TPP changes this by eliminating import taxes—or tariffs—on products that we export to TPP countries. Specifically, the deal eliminates over 18,000 tariffs on *Made in the USA* goods. The U.S. Trade Representative says these include cuts of 388% on Colorado pork, 43% on Florida OJ, 68% on Illinois-made dump trucks, 55% on Kentucky bourbon, 70% on Michigan-made cars, and a whopping 737% on South Carolina peanuts.

2. TPP puts workers first with the highest labor standards of any trade agreement. Ever.

Cutting these unfair tariffs means that American businesses have more access overseas and are more competitive. And this means good things for American workers. Exports contribute 18% more to manufacturing workers' wages.

But the agreement itself includes a series of the most progressive rules for workers ever. TPP mandates the right to unionize and collective bargaining, minimum wage standards, workplace safety requirements, child labor restrictions, and work-week limits, among others. Because you are only as strong as your weakest member, TPP provides a path for compliance for countries with low worker standards. Vietnam, Malaysia, and Brunei all have made comprehensive and enforceable commitments to ensure each can eventually meet TPP's high standards, and Vietnam will have to allow independent labor unions for the first time ever.

3. TPP has the strongest environmental protections of any

trade deal in history.

Similar to the labor provisions, TPP puts environmental protections at the core of the agreement and makes those obligations fully enforceable. TPP includes the first-ever provisions to prohibit fishery subsidies, which hurt overfished species, protections for national parks and other federal areas, conservation obligations regarding marine animals like whales, sharks, and turtles, and commitments to combat illegal fishing, wildlife trafficking, and illegal logging.

The protections also focus on innovation in the energy and environmental space. TPP eliminates tariffs on environmentally-beneficial products and technologies, which includes solar panels, wind turbines, and water treatment systems.

4. TPP improved the dispute settlement process.

Investor-state dispute settlement (ISDS) is a legal mechanism aimed at settling investment disputes between investors and countries in a transparent and unbiased manner. The new ISDS provisions in TPP provide a strong enforcement tool to prevent foreign governments from treating U.S. investors unfairly or discriminating against them. The TPP includes several new, tough safeguards that protect against abuse and close loopholes that could be exploited. The agreement confirms that a country retains the right to regulate in its public interest, including on health, safety, and environmental protection. This means that ISDS will not allow foreign countries to supersede or change U.S. laws (or those laws in any other TPP country, for that matter). TPP also shifts the burden of proof to companies to place further constraints against the potential for frivolous cases and streamline the process of dismissing such claims. And, notably, TPP explicitly says that a company cannot file an ISDS claim simply because it disagrees (or is frustrated) by a government's laws, which in turn, could hurt a company's profits. Further, TPP adds another level of transparency by requiring clear rules to prevent conflict of interest among

attorneys and requires that every aspect of an ISDS case to be made public.

Conclusion

The only path to middle class prosperity is by increasing our exports to Asia. And the way to do that is with TPP. We've heard President Obama say countless times that if the United States doesn't write the rules on trade, China will. We know what those rules look like. State-run countries like China thrive in a global economy with weak rules. But TPP lays down a progressive marker in the region—and proclaims that we are entering a new era in Asia: a level playing field for American goods and services, progressive values, and massive opportunity for the American middle class.

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