



# *the* **TRANS-PACIFIC PARTNERSHIP**

The Trans-Pacific Partnership (TPP) is a new, high-standard trade agreement that levels the playing field for American workers and American businesses, supporting more Made-in-America exports and higher-paying American jobs. By eliminating over 18,000 taxes—in the form of tariffs—that various countries put on Made-in-America products, TPP makes sure our farmers, ranchers, manufacturers, and small businesses can compete—and win—in some of the fastest-growing markets in the world. With more than 95 percent of the world’s consumers living outside our borders, TPP will significantly expand the export of Made-in-America goods and services and support American jobs.



## **Overall U.S. Benefits**

### **TPP ELIMINATES OVER 18,000 DIFFERENT TAXES ON 'MADE-IN-AMERICA' EXPORTS**

TPP levels the playing field for American workers and American businesses by **eliminating over 18,000 taxes that various countries impose on Made-in-America exports**, providing unprecedented access to vital new markets in the Asia-Pacific region for U.S. workers, businesses, farmers, and ranchers. For example, TPP will eliminate and reduce import taxes—or tariffs—on the following Made-in-America exports to TPP countries:

- **U.S. manufactured products:** TPP eliminates import taxes on every Made-in-America manufactured product that the U.S. exports to TPP countries. For example, TPP eliminates import taxes as high as 59 percent on U.S. machinery products exports to TPP countries. In 2014, the U.S. exported \$56 billion in machinery products to TPP countries.
- **U.S. agriculture products:** TPP cuts import taxes on Made-in-America agricultural exports to TPP countries. Key tax cuts in the agreement will help American farmers and ranchers by expanding their exports, which provide roughly 20 percent of all farm income in the United States. For example, TPP will eliminate import taxes as high as 40 percent on U.S. poultry products, 35 percent on soybeans, and 40 percent on fruit exports. Additionally, TPP will help American farmers and ranchers compete by tackling a range of barriers

they face abroad, including ensuring that foreign regulations and agricultural inspections are based on science, eliminating agricultural export subsidies, and minimizing unpredictable export bans.

- **U.S. automotive products:** TPP eliminates import taxes as high as 70 percent on U.S. automotive products exports to TPP countries. In 2014, the U.S. exported \$89 billion in automotive products to TPP countries.
- **U.S. information and communication technology products:** TPP eliminates import taxes as high as 35 percent on U.S. information and communication technology exports to TPP countries. In 2014, the U.S. exported \$36 billion in information and communication technology products to TPP countries.

### **TPP INCLUDES THE STRONGEST WORKER PROTECTIONS OF ANY TRADE AGREEMENT IN HISTORY**

TPP puts American workers first by establishing the highest **labor standards of any trade agreement in history**, requiring all countries to meet core, enforceable labor standards as stated in the International Labor Organization's (ILO) Declaration on Fundamental Principles and Rights at Work.

The fully-enforceable labor standards we have won in TPP include the 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, and safe workplace conditions; and protections against employment discrimination. These enforceable requirements will help our workers compete fairly and reverse a status quo that disadvantages our workers through a race to the bottom on international labor standards.

In fact, TPP will result in the **largest expansion of fully-enforceable labor rights in history**, including renegotiating NAFTA and bringing hundreds of millions of additional people under ILO standards—leveling the playing field for American workers so that they can win in the global economy.

### **TPP INCLUDES THE STRONGEST ENVIRONMENTAL PROTECTIONS OF ANY TRADE AGREEMENT IN HISTORY**

TPP includes the **highest environmental standards of any trade agreement in history. The agreement upgrades NAFTA, putting environmental protections at the core of the agreement, and making those obligations fully enforceable** through the same type of dispute settlement as other obligations.

TPP requires all members to combat wildlife trafficking, illegal logging, and illegal fishing, as well as prohibit some of the most harmful fishery subsidies and promote sustainable fisheries management practices. TPP also requires that the 12 countries promote long-term conservation of whales, dolphins, sharks, sea turtles, and other marine species, as well as to protect and conserve

iconic species like rhinos and elephants. And TPP cracks down on ozone-depleting substances as well as ship pollution of the oceans, all while promoting cooperative efforts to address energy efficiency.

### **TPP HELPS SMALL BUSINESSES BENEFIT FROM GLOBAL TRADE**

For the first time in any trade agreement, TPP includes a **chapter specifically dedicated to helping small- and medium-sized businesses benefit from trade**. Small businesses are one of the primary drivers of job growth in the U.S., but too often trade barriers lock small businesses out of important foreign markets when they try to export their made-in-America goods. While 98 percent of the American companies that export are small and medium-sized businesses, less than 5 percent of all American small businesses export. That means there's huge untapped potential for small businesses to expand their businesses by exporting more to the 95 percent of global consumers who live outside our borders.

TPP addresses trade barriers that pose disproportionate challenges to small businesses, such as high taxes, overly complex trade paperwork, corruption, customs "red tape," restrictions on Internet data flows, weak logistics services that raise costs, and slow delivery of small shipments. TPP makes it cheaper, easier, and faster for American small businesses to get their products to market by creating efficient and transparent procedures that move goods quickly across borders.

### **TPP PROMOTES E-COMMERCE, PROTECTS DIGITAL FREEDOM, AND PRESERVES AN OPEN INTERNET**

TPP includes **cutting-edge rules to promote Internet-based commerce—a central area of American leadership**, and one of the world's great opportunities for growth. The agreement also includes strong rules that make sure the best innovation, not trade barriers and censorship laws, shapes how digital markets grow. TPP helps preserve the single, global, digital marketplace.

TPP does this by preserving free international movement of data, ensuring that individuals, small businesses, and families in all TPP countries can take advantage of online shopping, communicate efficiently at low cost, and access, move, and store data freely. TPP also bans "forced localization" - the discriminatory requirement that certain governments impose on U.S. businesses that they place their data, servers, research facilities, and other necessities overseas in order to access those markets.

TPP includes standards to protect digital freedom, including the free flow of information across borders - ensuring that Internet users can store, access, and move their data freely, subject to public-interest regulation, for example to fight spamming and cyber-crime.

## **TPP LEVELS THE PLAYING FIELD FOR U.S. WORKERS BY DISCIPLINING STATE-OWNED ENTERPRISES (SOES)**

TPP **protects American workers and businesses from unfair competition by State-owned companies in other countries**, who are often given preferential treatment that allows them to undercut U.S. competitors. This includes the first-ever disciplines to ensure that SOEs compete on a commercial basis and that the advantages SOEs receive from their governments, such as unfair subsidies, do not have an adverse impact on American workers and businesses.

## **TPP PRIORITIZES GOOD GOVERNANCE AND FIGHTING CORRUPTION**

TPP includes the **strongest standards for transparency and anticorruption of any trade agreement in history**. As such, TPP strengthens good governance in TPP countries by requiring them to ratify or accede to the U.N. Convention Against Corruption (UNCAC), commit to adopt or maintain laws that criminalize bribing public officials, adopt measures to decrease conflicts of interest, commit to effectively enforce anticorruption laws and regulations, and give citizens the opportunity to provide input on any proposed measures relating to issues covered by the TPP agreement. TPP also requires regulatory transparency policies based on standard U.S. practice.

## **TPP INCLUDES FIRST EVER DEVELOPMENT CHAPTER**

For the first time in any U.S. trade agreement, TPP includes **stand-alone chapters dedicated to development and capacity-building**, as well as a wide range of commitments to promote sustainable development and inclusive economic growth, reduce poverty, promote food security, and combat child and forced labor.

## **TPP CAPITALIZES ON AMERICA'S POSITION AS THE WORLD LEADER IN SERVICES EXPORTS**

TPP lifts complex restrictions and bans on access for U.S. businesses—including many small businesses—that export American services like retail, communications, logistics, entertainment, software and more. **This improved access will unlock new economic opportunities for the U.S. services industry, which currently employs about 4 out of every 5 American workers.**

### **What's in the Trans-Pacific Partnership?**

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### **Benefits for U.S. Agriculture**

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.

#### **HOW TPP BENEFITS U.S. AGRICULTURE**

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.
- Ensuring food safety, animal health and plant health **measures are developed and implemented transparently and in a science-based manner** based on risk, as we do in the United States.
- Working together in the WTO to **improve transparency around the operations of agricultural export state trading enterprises** and to agree on rules preventing them from receiving special governmental financing or trade restrictions on exports that distort trade.
- Working together in the WTO to **develop multilateral disciplines on export credits, export credit guarantees, and insurance programs.**
- 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.



- **More than 20 percent of U.S. farm production is exported**, supporting rural communities in every state.
- The **Asia-Pacific region is the world's largest market for food and agriculture**, and will grow rapidly in the years ahead.
- TPP eliminates foreign taxes in the form of tariffs on the vast majority of U.S. exports of food and agricultural products.
- **U.S. agricultural exports reached over \$150 billion in 2014**, up 152 percent from 2004.
- **Every dollar of agricultural exports stimulated another \$1.22 in business activity** in 2013.
- Overseas sales of agricultural products **supported more than 1 million full-time American jobs**, both on and off the farm in 2013.
- By reducing and eliminating tariffs and other restrictive agricultural policies through TPP, we will **help American farmers and ranchers compete in the Asia-Pacific region** and provide these customers with high-quality food and agricultural goods.

- TPP **prevents countries from subsidizing exports and will reduce unpredictable export bans on food**, which undermine food security, damage world food markets, and impose high risks on the poorest countries whose need for reliably priced food supplies is greatest.
- TPP also helps prevent countries from imposing **unscientific, discriminatory measures that create unfair barriers to trade for American farmers** and ranchers and hurt the U.S. economy.
- TPP creates procedures to **protect trademarks and common names** used by many U.S. agricultural exporters.

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## **Streamlining Customs & Cutting Red Tape**

TPP ensures that trade in goods among TPP countries is efficient, with effective and transparent procedures that help move goods as quickly as possible across borders. This is particularly important to small and medium-sized businesses, which often find complex customs and border procedures among the most serious obstacles to increasing their exports.

### **HOW TPP STREAMLINES CUSTOMS PROCEDURES AND CUTS RED TAPE**

TPP reduces costs for legitimate traders; strengthens enforcement at the border; and provides benefits to small businesses, for whom paperwork costs and delays can make the difference between being competitive or not. TPP requires countries to:

- **Publish all customs laws, regulations, and procedures on the Internet**, including in English whenever possible.
- Ensure that to the greatest extent possible, **shipments move through ports within a time period no longer than necessary to comply with customs laws**, and countries provide advance rulings on valuation and other matters to **avoid unnecessary delays on arrival**.
- **Provide expedited customs treatment to express delivery shipments**, and set *'de minimis'* levels for low-value shipments under which customs will not impose tariffs.

- **Strengthen cooperation against illegal trade in counterfeit goods, wildlife trafficking, and goods illegally transshipped** through TPP countries from third countries to evade tariffs.
- **Administer customs penalties impartially**, with rules to avoid conflicts of interest.

These common-sense reforms and efficiency measures will enable American small businesses, farmers and ranchers to reach their customers more cheaply and quickly, strengthen the hand of law enforcement in fighting threats to public health, safety and the global environment, and enhance the competitiveness of our workers and businesses.



- In some countries, **expensive and time-consuming customs processes** can pose as great a **challenge to U.S. exports** as tariffs.
- TPP's Customs Administration and Trade Facilitation chapter **streamlines paperwork and reduces costs**, easing the movement of lawfully traded goods through ports and air cargo terminals.
- TPP's customs reforms are **especially valuable to small businesses** that rely on express delivery, farmers that need to get perishable products to market quickly, and manufacturers in sectors such as IT and autos who rely on just-in-time delivery.
- TPP **strengthens cooperation** among the 12 partners' customs services, enhancing their ability to **protect public health** by cracking down on dangerous counterfeit products.
- TPP also **combats the illegal transshipment of goods** from third countries and **supports conservation efforts** by tracking shipments of wildlife and illegal logging and fishing products.
- TPP further **improves fairness, cuts costs and avoids slowdowns** in shipments by **reducing opportunities for corruption** and the arbitrary assessment of penalties.

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## **Promoting Development**

For the first time in any U.S. trade agreement, TPP will include stand-alone chapters dedicated to development and capacity-building, as well as a wide range of commitments to promote sustainable development and inclusive economic growth, reduce poverty, promote food security, and combat child and forced labor.

### **HOW TPP PROMOTES DEVELOPMENT**

TPP promotes development by requiring TPP countries to:

- Remove **tariff and non-tariff barriers** that impede growth and reduce living standards.
- **Protect workers and preserve the environment with the strongest standards** that have ever been included in a trade agreement. These commitments are fully enforceable.
- **Enhance food security** by eliminating barriers to trade in agricultural goods and commodities, thereby reducing costs; reducing red tape at borders so that perishable food doesn’t go to waste; encouraging science-based laws, regulation and policies to guarantee food safety; and targeting illegal fishing and logging, helping to eliminate direct threats to food security and causes of socio-economic instability in rural areas and regions dependent on artisanal fisheries.

- Promote **transparency, participation, and accountability** in government decision-making. These are often among the most basic building blocks of good governance, and the commitments in TPP require countries to ensure that citizens are able to make their voices heard and help shape their own futures.
- **Fight corruption.** Public corruption undermines political stability, health and welfare, sustainable development, and environmental protection. Among other things, TPP requires countries to ratify or accede to the United Nations Convention Against Corruption (UNCAC) and, for the first time, requires governments to adopt laws criminalizing corruption in accounting practices.
- **Protect digital freedom.** TPP encourages open markets and free flows of data that reduce telecommunications costs and provide lower-income people access to the Internet. This will also help low-income and rural people save through connections to “mobile wallet” services, access information to help them grow crops and sell at the best price, connect to the Internet to access state-of-the-art healthcare, and encourage the formation of small businesses.
- **Enhance consumer protection** by requiring countries to adopt or maintain laws that ban fraudulent and deceptive commercial activities that hurt consumers and stifle formal market participation.
- Establish a Committee on Cooperation and Capacity Building for **coordinating and reviewing requests for assistance related to capacity building, and providing space to share lessons learned and evaluate results.**



- By putting development and capacity building at its core, **TPP helps countries drive sustainable, inclusive growth.**
- **TPP is the first U.S. trade agreement to include a dedicated development chapter**, which harnesses the significant resources and commitment of TPP countries in service of the shared goals of poverty reduction, sustainable development, inclusive growth, and greater economic integration.
- **TPP writes rules that enable sustainable development by promoting** open and accountable governance, transparency, anti-corruption, and good regulatory practices. TPP also includes rules that advance the rights of working people, protect consumers, and provide tools to address pressing environmental and food security challenges for populations in the Asia-Pacific.

- TPP promotes sustainable development by catalyzing sustainable growth, committing a diverse group of economies to high standards, and establishing a framework for supporting partners in achieving those standards.
- The economic gains from TPP—higher incomes and better employment conditions—will **lead to inclusive and sustainable economic growth by creating** more resources with which to finance investments in anti-poverty programs and provide citizens with better access to public services.
- By including high standard rules on a number of issues, including **labor and the environment**, TPP promotes economic growth that is inclusive and sustainable.
- Putting these standards into place helps ensure that as the economies of the Asia-Pacific continue to grow, they do so in a way that **best promotes and protects the needs and the rights of the many, rather than the interests of the few.**

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## **Economic Benefits**

### **TPP ELIMINATES OVER 18,000 TAXES ON MADE-IN-AMERICA EXPORTS**

- In TPP countries, these taxes—known as tariffs—increase prices for American exports. For example, they raise prices by up to 59 percent for U.S. autos and up to 40 percent for U.S. poultry. This puts our workers and businesses at a global competitive disadvantage.
- Eliminating these taxes on the cars, crops, and consumer goods that our workers produce will support American jobs and create new opportunities to sell to the world’s fastest-growing markets.
- Our domestic market is already open to the world. TPP tears down barriers to other markets so that we can compete.

### **TPP SUPPORTS GOOD MIDDLE CLASS JOBS AT GOOD WAGES**

- Made-in-America exports rose by nearly 50 percent and contributed nearly a third of our total economic growth from 2009 to 2014.
- American exports are supporting a record number of American jobs—11.7 million, an increase of 1.8 million new jobs over the last 5 years.
- TPP will increase U.S. exports and support good-paying jobs. That is because every billion dollars of exports supports 5,800 jobs, on average.

- TPP will also support better paying jobs. **Export-related jobs pay up to 18 percent more, on average, than non-export related jobs.**
- In addition, tariffs faced by U.S. exporters reduce U.S. workers' earnings by up to 12 percent in manufacturing industries. By eliminating or reducing tariffs, TPP supports good jobs and higher wages for American workers.

## **TPP LEVELS THE PLAYING FIELD IN THE WORLD'S FASTEST-GROWING REGION**

- The United States already has one of the world's most open economies. Over 80 percent of imports from TPP countries already enter the U.S. duty-free. However, American workers and businesses still face significant barriers in TPP countries.
- By knocking down these barriers, TPP gives more Americans a fair shot at competing in the Asia-Pacific, the world's fastest-growing region.
- TPP comes with a host of tools to hold other countries accountable so our workers can compete: enforceable labor and environmental protections, first-ever requirements for state-owned enterprises to compete fairly with U.S. businesses, and tough rules to keep the Internet open and free.
- TPP is the first trade agreement to focus on the needs of small and medium-sized businesses –98 percent of U.S. exporters—and includes commitments to ease red-tape and paperwork, provide access to efficient express delivery services, and enhance secure payment systems.
- Leveling the playing field now will produce even greater gains in the future. By 2030, Asia's middle class is projected to reach 3.2 billion people, and those consumers will drive demand for everything America is great at making, from autos and airplanes, to agricultural goods, movies, software and services.

## **MADE-IN-AMERICA: BECOMING THE WORLD'S PRODUCER OF CHOICE**

- After a decade in decline, American factories are opening again and manufacturing jobs are starting to return from overseas. For the first time since the 1990s, U.S. manufacturing has added jobs for five consecutive years.
- Investors and entrepreneurs are giving America a second look and see many strengths: an educated and skilled workforce, a large market and strong rule of law, and abundant sources of affordable energy.
- According to more than half of American CEOs, if their company could sell more goods and services to foreign markets, they would hire more U.S. workers, support existing jobs and U.S. suppliers, and grow and become more competitive.

- TPP puts America at the center of the world's fastest-growing region and help us become the world's premier place to set up shop, make things, and sell them to the world.

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## **Preserving the Environment**

TPP includes the most robust enforceable environment commitments of any trade agreement in history. TPP requires countries to play by fair environmental rules if they want to send their goods to the United States, and upgrades NAFTA by putting fully enforceable environment obligations at the core of the agreement.

### **HOW TPP PRESERVES THE ENVIRONMENT**

TPP helps improve conditions on the ground in TPP countries by requiring them to:

- Fulfill their obligations under the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) to **protect and conserve iconic species**, such as rhinos and elephants.
- **For the first time in any trade agreement, prohibit harmful fisheries subsidies**, including those that contribute to overfishing, and work to restrain new subsidy programs or enhancements to existing subsidy programs.
- **Combat illegal fishing, promote sustainable fisheries management** practices, and protect wetlands and important natural areas.
- **Promote the long-term conservation of whales, dolphins, sharks, sea turtles**, and other marine species at risk.

- **Combat wildlife trafficking, illegal logging, and illegal fishing** through enhanced national and regional actions.
- **Protect the marine environment** from ship pollution, including by implementing their obligations under MARPOL (an international agreement to prevent marine pollution).
- **Protect the ozone layer** by taking measures to control the production and consumption of, and trade in, ozone depleting substances, including by implementing their obligations under the Montreal Protocol (an international agreement to phase out substances responsible for ozone depletion).
- **Effectively enforce their environmental laws** and not weaken them to attract trade or investment.
- **Promote cooperative efforts** to address issues such as energy efficiency; development of cost-effective, low-emissions technologies and alternative, clean and renewable energy sources; deforestation and forest degradation; and resilient development.



- TPP countries account for approximately one-quarter of global seafood catch and global timber and pulp production, creating an **historic opportunity to advance conservation and environmental protection across the Asia-Pacific**.
- In TPP, the United States has negotiated the **most robust enforceable environment commitments of any trade agreement**.
- TPP **upgrades NAFTA, putting environmental protections at the core of the agreement, and making those obligations fully enforceable** through the same type of dispute settlement as other obligations, including the option to impose trade sanctions.
- The agreement includes **pioneering commitments to combat illegal fishing, wildlife trafficking and illegal logging, as well as first-ever commitments to prohibit some of the most harmful fisheries subsidies**.
- TPP also **adds teeth to the enforcement of major multilateral environmental agreements** such as CITES (the Convention on International Trade in Endangered Species).
- TPP **eliminates tariffs on environmentally-beneficial products and technologies**, such as solar panels, wind turbines, wastewater treatment systems, air pollution control equipment, and air and water quality analyzers.
- By reducing barriers to trade on environmental technology, these goods can be **more affordable and more accessible to everyone**.

## President Obama's trade deal enforces American values that past trade deals did not

### ON PRESERVING THE ENVIRONMENT

	NAFTA	TPP
Combat illegal wildlife trafficking?	X	✓
Protect against overfishing?	X	✓
Protect our oceans?	X	✓
Combat illegal logging?	X	✓
Trade sanctions for violating environmental protections?	X	✓

#LeadOnTrade

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## **Ensuring Food Safety**

TPP is an opportunity to set better standards for food safety. TPP promotes the use of transparent and science-based rules, and allows the United States to help TPP countries improve their food safety systems. At the same time, TPP does not require any changes to U.S. food safety laws or regulations.

### **HOW TPP ENSURES FOOD SAFETY**

TPP helps strengthen food safety standards by:

- Ensuring the ability of U.S. and other TPP regulatory agencies to **regulate for the protection of food safety and plant and animal health**.
- Ensuring food safety measures are developed and implemented in a **science-based manner**, as we do in the United States.
- **Enhancing transparency** in the development of food safety measures.
- Establishing tough customs provisions and provisions on rules of origin to help the U.S. **combat illegal transshipments, including those of seafood**.
- Developing a consultative mechanism for regulatory experts to **resolve food safety issues** in a timely fashion.
- Making most food safety obligations **enforceable through a dispute settlement process** should the consultative mechanism not be successful.



- Trade agreements are an opportunity for America to launch a **race to the top**, encouraging other countries to move toward our higher standards. This includes **better standards for food safety**.
- TPP does not require any **changes to U.S. food safety laws or regulations**. Instead, the agreement will be an **important tool to improve food safety systems in other countries**.
- TPP allows the U.S. Food and Drug Administration, the U.S. Food Safety and Inspection Service and the U.S. Environmental Protection Agency to continue taking all necessary steps to effectively protect Americans from unsafe foods, including by **better aligning food safety systems in other countries with our own**.
- TPP promotes the use of **transparent and science-based regulatory processes** by our trading partners and provides opportunities for the United States to use **technical assistance to help TPP countries improve their food safety systems**.
- TPP also includes **tough customs provisions** and provisions on **rules of origin** to help the U.S. **combat illegal transshipments from third countries**, including those of seafood.
- This isn't just good for public health—it's **good for our economy**, too. When other countries enact unscientific, discriminatory measures, unfair barriers to trade are erected that hurt American farmers, fishermen, ranchers and food processors.
- TPP ensures that all countries use science to support their food safety standards, as well as animal and plant health standards.
- Strong food safety systems that are based on science are a **win-win for public health and our economy**.

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## **Standing Up for Human Rights**

TPP also provides an opportunity to promote our values. This includes promoting and protecting human rights, which is a core value of the Obama Administration. Through the commitments in TPP, we can press to ensure that people everywhere are treated with dignity and respect.

### **HOW TPP STANDS UP FOR HUMAN RIGHTS**

TPP helps improve respect for human rights in TPP countries by:

- **Prohibiting exploitative child labor and forced labor**, giving workers a voice by protecting **freedom of association** and collective bargaining, prohibiting employment discrimination and **combatting trade in goods made by forced labor** in countries both inside and outside of TPP.
- **Bringing workers out of the shadows.** Earnings are consistently lower and working hours longer in the informal sector, and informal-sector work is particularly common in developing countries. But research by the International Labor Organization and the World Trade Organization finds that **combining expanded trade opportunities with strong protections for workers can help workers move from informal-sector jobs into formal work** in wage-paying, regulated export industries which offer a minimum wage, benefits, and safety programs. TPP will combine economic growth opportunities with strong labor protections to help improve the lives of workers across the region.

- **Improving governance by increasing transparency and anti-corruption efforts.** TPP helps encourage good governance by promoting transparency and encouraging public participation in the rulemaking process. TPP also seeks to discourage corruption and establish codes of conduct to promote high ethical standards among public officials. Research also shows that trade improves human rights conditions by fostering pluralistic institutions and increasing open exchanges of information.
- **Promoting development.** For the first time in any trade agreement, TPP includes a development chapter that helps parties align their development efforts, including to help women workers and businesses owners take advantage of TPP's benefits; promote education, science and technology, research and innovation; and enhance broad-based economic growth.
- **Addressing poverty and raising real incomes.** Expanded trade can fuel growth, facilitate investment, spur development and reduce poverty. This translates into better jobs and increased incomes for the poor.



- TPP provides a **unique opportunity to address issues that are essential to ensuring the dignity of all people.**
- TPP **protects labor rights**—a fundamental element of human rights—through strong and fully enforceable labor standards.
- TPP **encourages good governance and fights corruption, promotes sustainable and broad-based development**, and leverages tools to **reduce poverty.**
- Our engagement through **TPP has allowed us to make progress on a variety of human rights issues.**
  - **Brunei.** In March, 2015, Brunei informed the UN of their intent to sign the United Nations Convention against Torture (UNCAT). We have also proposed the launch of a human rights dialogue with Brunei, which has agreed to regular bilateral human rights consultations as part of our Senior Officials Dialogue. This is an important step, and will create a process through which we can regularly engage with Brunei on human rights issues, explore new avenues of cooperation, and discuss additional positive steps.
  - **Vietnam.** Under the spotlight of the TPP debate, we have seen progress on human rights in Vietnam. Vietnam ratified UNCAT, has released political prisoners, and has committed to overhaul some of its key laws to in a manner consistent with its international obligations and commitments.

- **Malaysia.** We have worked closely with the Malaysian Government and stakeholders in the international community to fight trafficking in persons—and in July 2015, Malaysia passed significant reforms to its Anti-Trafficking in Persons and Smuggling of Migrants (ATIPSOM) law that improves protections and support for victims of trafficking. TPP requires that these legal reforms be supported by additional legal and institutional reforms to protect migrant workers' rights and strengthen the enforcement of Malaysia's laws.

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## **Upgrading the North American Free Trade Agreement (NAFTA)**

As President Obama has made clear, past trade deals—including the North American Free Trade Agreement, or NAFTA—haven’t always lived up to the hype. That’s why he has called for renegotiating NAFTA to better address labor and environmental issues. Because TPP includes Canada and Mexico and improves substantially on NAFTA’s shortcomings, it delivers on that promise. TPP learns from past trade agreements, including NAFTA, by upgrading existing standards and setting new high standards that reflect today’s economic realities.

### **HOW TPP UPGRADES NAFTA**

TPP upgrades NAFTA by:

- Adopting the **highest environmental standards of any trade agreement**, including fully enforceable obligations prohibiting some of the most harmful fishery subsidies, creating new tools to combat illegal wildlife trafficking, and improving enforcement of conservation laws.
- Adopting the **highest labor standards of any trade agreement**, including fully-enforceable requirements to protect the freedom to form unions and bargain collectively, prohibitions against exploitative child labor and forced labor, protections against employment discrimination and requirements for acceptable conditions of work.

- Including the **first-ever measures to ensure that state-owned enterprises compete on a commercial basis**, and that the advantages SOEs receive from their governments (such as unfair subsidies) do not have an adverse impact on American workers and businesses.
- Setting standards to **protect digital freedom**, by preserving the free flow of information across borders, and protecting against requirements that force businesses to locate infrastructure in the markets in which they seek to operate.
- Improving **protections for 40 million American workers** whose jobs depend on innovation.
- Subjecting commitments in the Labor and Environment chapters to **dispute settlement**—the same enforceability mechanism available for other chapters of the TPP Agreement—including the availability of trade sanctions.



- TPP puts **strong, fully-enforceable labor and environmental provisions** at the core of the agreement. They will be the strongest labor and environment provisions ever included in a trade agreement, and they mark a sea-change from earlier trade agreements like NAFTA.
- **Labor rights and environment protections were not included in NAFTA.** Rather, they were incorporated, after the fact, into side agreements. NAFTA's dispute settlement procedures did not apply, nor could trade sanctions be imposed for violations of these agreements.
- **TPP changes that, replacing the weak, unenforceable provisions from NAFTA with strong and fully-enforceable commitments.**
- TPP also addresses critical areas not covered by NAFTA, including **state-owned enterprises** (SOEs), **digital trade**, and other issues shaping the 21st century global economy.
- TPP goes beyond just renegotiating NAFTA. It also **extends these higher, fully-enforceable standards to the nearly 40 percent of the global economy** represented by TPP countries.
- In doing so, TPP **protects U.S. jobs, strengthens America's middle class**, and spurs a **race to the top** on global trade standards.

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## **Getting the Best Deal for the U.S. Auto Industry**

When President Obama took office, the American auto industry was shedding jobs by the hundreds of thousands. Today—thanks to the Administration’s support—the industry is once again leading the world, and the U.S. auto industry has added over 600,000 jobs since mid-2009, the industry’s strongest growth on record. TPP will build on that strong performance by unlocking new opportunities for exports of ‘Made-in-America’ parts, cars and trucks.

- TPP presents a **significant growth opportunity for U.S. auto exports**. Historically, U.S. auto exporters have faced a broad range of formidable barriers to export in TPP countries, particularly in Japan. TPP addresses these barriers.
- TPP includes a **range of new tools to open markets to U.S. auto exports**, while at the same time protecting our workers and firms.
- TPP **eliminates foreign taxes in the form of tariffs** on exports of Made-in-America cars and trucks. That includes eliminating Malaysia’s 30% foreign tax on autos, and Vietnam’s foreign tax of 70% on autos.
- TPP and a U.S.-Japan bilateral agreement also **address the wide range of non-tariff measures in Japan** that have kept U.S.-made autos, trucks, and parts out of this important market, including **transparency in regulations, standards, certification, financial incentives, and distribution**.

- At the same time, we get to **keep our auto tariffs on Japan in place for 25 years. This is 5 times longer than what we were able to secure in KORUS and y times longer than NAFTA.** We'll get to keep our truck tariffs on Japan in place for even longer—30 years. That's 3 times longer than NAFTA and KORUS. And, unlike NAFTA, our tariff cuts will be back-loaded, meaning the majority of cuts take place years from now towards the end of the phase-out period.
- TPP includes **strong and accelerated dispute settlement procedures with Japan**, above and beyond the general dispute settlement procedures. This dispute settlement mechanism includes:
  - A mechanism to **"snap back" auto and truck tariffs into place, or to delay U.S. tariff cuts on autos and trucks**, if Japan does not comply;
  - Expedited procedures and a rapid consultation mechanism to **head off any new non-tariff measures that may emerge**;
  - A special safeguard mechanism for the U.S. automotive sector to **address possible import surges**.
- **These dispute settlement procedures go beyond anything that was included in KORUS or NAFTA.** KORUS dispute settlement had no remedy to delay tariff-cuts, and only covered autos, while NAFTA included no auto-specific dispute procedures.
- TPP also includes **long phase-outs of U.S. tariffs for key auto parts** that ensure there is no disruption in incentives for long-term investment in the U.S. manufacturing base for green technologies necessary to meet fuel efficiency and environmental requirements in the coming years. These tariffs were eliminated immediately in KORUS.
- Finally, TPP includes **strong rules of origin for both autos and parts.** These rules ensure that TPP benefits will go to the United States and the TPP region and expand the auto industry's potential export opportunities. **These rules of origin are more accurate, more easily verifiable, and more enforceable than those of NAFTA**, which used tracing, diminishing the value of the strict ROOs and diluting the incentive to source from the U.S. and NAFTA partners.

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### **Strengthening Good Governance**

The U.S. has an unprecedented opportunity to raise good governance standards across the Asia-Pacific through TPP. If we do not take the lead, we risk ceding leadership to other countries that do not share our commitment to these values. Better governance translates into stronger economies, sustainable growth, and a more conducive environment for U.S. investment and trade. In TPP, we have set a new high standard for action against corruption through a trade agreement, including commitments to adopt, maintain, and enforce criminal laws to deter corruption by public officials, to maintain codes of conduct to promote integrity among public officials, to adopt laws criminalizing corruption in accounting practice, and to effectively enforce anticorruption laws.

#### **HOW TPP STRENGTHENS GOOD GOVERNANCE**

TPP helps strengthen good governance in TPP countries by requiring them to:

- Join the **United Nations Convention Against Corruption** (UNCAC).
- **Criminalize bribery of public officials**—and soliciting or receiving such bribes.
- Have in place a **code of conduct for public officials** and take measures to **decrease conflicts of interest**.

- Take steps to discourage illegitimate gifts, including by training public officials, facilitate **reporting of corruption**, and provide for discipline of public officials engaging in acts of corruption.
- **Effectively enforce anticorruption laws and regulations.**
- Involve **private organizations** in the fight against corruption.
- **Adopt laws** criminalizing corruption in **accounting practices.**
- Ensure that **all laws**, regulations, procedures, and administrative rulings regarding any issue covered by the TPP agreement are **made publicly available.**
- **Give citizens the opportunity to provide input** on any proposed measures relating to issues covered by the TPP agreement.



- TPP includes the **strongest anti-corruption and transparency standards of any trade agreement.**
- Addressing these issues is vital to promoting the development of markets where the U.S. does business, and promoting the American values of **good governance, rule of law, and respect for human rights.**
- TPP includes commitments to **adopt, maintain, and enforce criminal laws to prevent corruption by public officials**, to maintain codes of conduct to **promote integrity among public officials**, to adopt laws criminalizing corruption in accounting practice and to **effectively enforce their anticorruption laws.**
- Finally, TPP sets a **new standard for transparency**, including the **maintenance of robust systems for allowing public input prior to the adoption of new laws and regulations** and, once they are adopted, for **easy access to information** on how those measures operate.

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## **Protecting Workers**

Twenty years ago, the idea that labor standards should be part of trade agreements was at best an afterthought. As a candidate for President, then-Senator Obama said he would renegotiate NAFTA, putting labor and environmental standards at the core of trade agreements, and making those standards enforceable like all other trade commitments. The President is living up to that promise through TPP.

### **HOW TPP PROTECTS WORKERS**

TPP helps improve conditions on the ground in TPP countries, by using binding and fully enforceable obligations to:

- Protect the freedom to **form unions** and **bargain collectively**.
- Eliminate exploitative **child labor** and **forced labor**.
- Protect against **employment discrimination**.
- Require laws on acceptable conditions of work related to **minimum wages, hours of work, and occupational safety and health**.
- Prevent the degradation of labor protections in **export processing zones**.
- **Combat trade in goods made by forced labor** in countries inside and outside TPP.

- Establish a **transparent and responsive process to allow for labor unions, advocates, and other stakeholders to raise concerns** regarding any TPP country's adherence to the labor commitments.
- TPP also includes **separate, comprehensive commitments by Vietnam, Malaysia, and Brunei** to ensure compliance with the high labor standards included in TPP.
- Mexico is also developing parallel labor reforms, including to better protect collective bargaining and reform its system for administering labor justice.



- TPP includes the **strongest labor provisions of any trade agreement** in history.
- TPP **renegotiates NAFTA, putting fundamental labor rights at the core of the agreement, and making those rights fully enforceable** through the same type of dispute settlement as other obligations, including the option to impose trade sanctions.
- These rights include **freedom of association, the right to collective bargaining, prohibitions on and effective elimination of child and forced labor, and protection against employment discrimination**. And **for the first time** in a trade agreement, **TPP requires countries to adopt laws on minimum wages, hours of work, and occupational safety and health**.
- With respect to Vietnam, Malaysia and Brunei, who are first-time signatories to a trade agreement with the United States, TPP contains **country-specific labor reform commitments** to meet their TPP obligations that are themselves subject to dispute settlement.
- Furthermore, TPP requires each TPP country to establish a **public submission process to allow for labor unions, advocates, and other stakeholders to raise specific concerns** related to any TPP country's adherence to the commitments under the labor chapter.
- By bringing enforceable commitments on fundamental labor rights into our trading relationships with TPP countries, TPP **expands the fight for decent work** around the world and creates a **more fair and level playing field** for American workers.
- TPP puts into place the **largest expansion of enforceable labor rights** in history, **more than quadrupling** the number of people outside the United States that are covered by enforceable labor provisions. This expansion helps make it more likely that strong labor provisions in trade agreements will become the new global standard.

## President Obama's trade deal enforces American values that past trade deals did not

### ON PROTECTING WORKERS

	NAFTA	TPP
Ban on child and forced labor?	X	✓
Require a minimum wage?	X	✓
Ban workplace discrimination?	X	✓
Rights to form a union and bargain collectively?	X	✓
Require workplace safety?	X	✓
Trade sanctions for violating labor rights?	X	✓

#LeadOnTrade

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### **Benefits for U.S. Manufacturing**

TPP allows us to write rules of the road that level the playing field for American workers, support American manufacturing jobs, and help us export more 'Made-in-America' manufactured goods across the world.

#### **HOW TPP BENEFITS U.S. MANUFACTURING**

TPP helps support U.S. manufacturing by:

- **Eliminating all foreign taxes in the form of tariffs on U.S. manufactured goods** exported to TPP countries, including rates as high as 70 percent on automobiles in Vietnam.
- **Preventing other TPP countries from maintaining, expanding, or creating new trade barriers** to American manufacturers as they eliminate tariffs.
- Some countries require exporters to acquire licenses before they can send their goods to that country. TPP ensures that **exporters have updated and complete information about import licensing requirements** so that they cannot be used as trade barriers, which can hurt U.S. workers and businesses and provide foreign companies with unfair advantages.
- Rules of origin allow us to determine if a good is a genuine TPP good. **TPP establishes rules of origin that provide incentives for companies to keep production and manufacturing jobs in the United States.**

- Helping to **prevent long delays in customs processing** for U.S. products.
- Eliminating trade barriers and **creating export opportunities for U.S. auto manufacturers in the Japanese market.**
- **Creating export opportunities for Made-in-America clothes, fabrics, and yarns**, including for many of the high-technology textile products in which U.S. producers are most competitive.
- Creating **new opportunities for U.S. businesses and workers to compete in government procurement** contracts abroad, while **maintaining and protecting Buy American** exceptions, set-asides, and similar long-standing features of U.S. procurement policy.
- **Enforcing tough new transparency rules** and standards to **cut down on corruption** so American manufacturers can compete on a fair playing field.
- **Preventing countries from applying restrictions on the importation of remanufactured goods.** Remanufacturing is the process of disassembling products so they can be cleaned, repaired or replaced, and then rebuilding them to like-new or better quality. The U.S. is the largest remanufacturer in the world.



- TPP eliminates all foreign taxes in the form of tariffs on U.S. manufactured goods exported to TPP countries, including rates as high as 70 percent on automobiles in Vietnam.
- Exports have been a critical part of the recovery in manufacturing, and a strong manufacturing base is pivotal to continued growth, competitiveness and innovation across the U.S. economy.
- Today, **manufacturing exports support more than 6 million jobs** across the U.S. economy—and **manufactured exports reached an all-time high of \$1.4 trillion in 2014, up by more than half since 2009.**
- However, to keep strengthening our economy, we need **better trade agreements and rules that protect American jobs and manufacturers** while helping us to export our goods around the world.
- TPP supports manufacturing jobs across the country by **leveling the playing field** in Asia-Pacific markets where countries have historically forged preferential deals that favor one another and put U.S. manufacturing exports at a disadvantage.
- **TPP opens up trade for knowledge-intensive industries, including advanced manufacturing, which plays to our strengths** and ensures that in an age of global supply chains, U.S. products have the upper hand.

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### **Promoting Trade in Services**

TPP opens markets for America’s service providers and their workers—industries that include entertainment and film, express delivery and logistics, Internet and software services, professional services, financial services, scientific research and development, engineering, telecom, and others. TPP’s strong and enforceable commitments will give our businesses and workers enhanced access to the estimated 500 million consumers in the region, including improved access to 3 of the top 5 importers of American services.

#### **HOW TPP BENEFITS U.S. SERVICES SUPPLIERS**

TPP opens markets to U.S. services, prevents discrimination against American firms, and encourages high-quality regulatory policies abroad by requiring TPP countries to:

- **Open their markets** so that U.S. businesses and workers can compete fairly, and ensure that **regulations do not discriminate** against U.S. services suppliers.
- **Guarantee equal treatment to services provided in different ways**, whether it is through physical investment or over the Internet (subject to public-interest regulation).
- Ensure that regulators have the ability to fulfill **valid public-interest goals** (for example, promoting financial stability).

- Create rules ensuring **transparency for development of new regulations**, including with opportunities to comment and respond to stakeholder inquiries.
- **Ensure that TPP benefits are not open to 'shell companies'** controlled by non-TPP countries, and address the unique challenges private-sector services suppliers such as express delivery companies face when competing against State-Owned Enterprises and government monopolies.

Through these measures, TPP creates the world's most advanced services-trade agreement, helping American businesses and workers take full advantage of one the U.S.' major national strengths in the world's fastest-growing region.



- The **U.S. is the world leader in services exports, with around \$710 billion in exports** in 2014, and about a **\$230 billion services trade surplus**.
- These services exports supported an estimated **4.6 million jobs** in 2014.
- TPP is the **most comprehensive services trade agreement** we have ever negotiated, covering the full spectrum of issues in this **fast-growing sector**.
- TPP ensures that American businesses can **export services directly** from the U.S., **barring discrimination** against services provided over the Internet and creating **strong rules against 'forced localization'** of data and servers, **helping support more high-wage jobs** at home.
- TPP encourages **transparent, fair, public-interest regulation, promotes consumer protection** and financial stability, **and fights piracy**, while also preventing bias against American businesses, products, and workers.

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### **Benefits for U.S. Small Businesses**

TPP unlocks opportunities for U.S. small and medium-sized businesses, which are the backbone of the U.S. economy. By addressing trade barriers that are particularly challenging for small businesses to navigate, TPP allows our small businesses to reach new markets in the Asia-Pacific region.

#### **HOW TPP BENEFITS U.S. SMALL BUSINESSES**

TPP helps promote small businesses by:

- **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** to markets for U.S. small business service suppliers like architects, engineers, and web designers.
- **Helping small businesses to integrate into global supply chains**, as many small businesses don't export directly, but sell their goods to other domestic companies that do.
- **Requiring TPP countries to create public websites** targeted at small and medium-sized businesses that provide easily-accessible information on the agreement and how to take advantage of it.
- **Establishing a Small Business Committee** that meets regularly to review how small businesses are taking advantage of TPP and discusses recommendations for making the agreement work better for small businesses.



- Small businesses are the backbone of the U.S. economy, accounting for **nearly two-thirds of net new private sector jobs** in recent decades.
- And small businesses that export to foreign markets **sell more, support more jobs, and pay higher wages** than small businesses that don't export.
- **While 98 percent of U.S. exporters are small businesses, fewer than 5 percent of all U.S. businesses export goods.** That means there is huge untapped potential for small businesses to increase revenues and support jobs by selling U.S. goods and services to the 95 percent of the world's consumers that live outside our borders.
- In 2013, **170,000 small and medium-sized businesses** exported nearly \$180 billion worth of goods to TPP countries.

- In the latest Small Business Exporting Survey, **more than 85 percent of small business exporters said that their company benefited from free trade agreements**, with the most common benefits being access to new markets, expanding export operations, and increased profitability from removing trade barriers. **TPP is focused on increasing these benefits.**
- TPP will—for the first time in any trade agreement—create a **dedicated chapter on small and medium-sized businesses** that focuses on how small businesses can benefit from trade.
- **TPP will address trade barriers that pose disproportionate challenges to small businesses**, such as high tariffs, overly complex trade paperwork, corruption, customs “red tape,” restrictions on Internet data flows, weak logistics services that raise costs, and slow delivery of small shipments.
- TPP will also provide **easily accessible information** to small businesses so they can take advantage of the opportunities the agreement will offer them.

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## **Ensuring Fair Competition with State-Owned Enterprises**

TPP’s State-owned enterprises (SOE) rules take on a new and growing challenge in international trade and investment. While fully respecting the important role SOEs play in the United States and elsewhere, TPP ensures that foreign governments will not use these enterprises to gain unfair advantages over private American businesses and their workers. These ground-breaking provisions will create worldwide precedents that can help ensure fair competition in the global economy of the future.

### **HOW TPP ENSURES FAIR COMPETITION WITH STATE-OWNED ENTERPRISES**

TPP helps ensure fair competition by making SOEs operate on commercial grounds, increasing transparency, and requiring regulatory fairness. This is the first trade agreement to include this scope of rules on SOEs. TPP requires TPP countries to:

- **Ensure that SOEs make commercial purchases and sales on the basis of commercial considerations**, except when doing so would be inconsistent with any mandate requiring an SOE to provide public services (for example, as the U.S. Postal Service does).

- **Ensure that SOEs that receive subsidies do not have an advantage or undercut U.S. private firms.** If they do, we will for the first time in a U.S. trade agreement, have the ability to initiate dispute settlement and impose trade sanctions.
- **Regulate SOEs and private companies in an impartial manner**, without providing preferential treatment to local SOEs.
- **Ensure transparency** by publishing complete lists of national SOEs and, upon request, sharing information about government ownership, control, and non-commercial assistance to SOEs.
- Ensure that national courts have **full jurisdiction over foreign SOEs located within their territory**, so that they cannot avoid national laws through claims of sovereign immunity.
- **Make all SOE provisions fully enforceable through state-to-state dispute settlement.**
- Ensure that—for the first time in a U.S. trade agreement—**intellectual property enforcement remedies are available with respect to state owned enterprises**, consistent with international disciplines.



- SOEs ranging from steel companies to telecom monopolies to energy companies **are increasingly competing with U.S. businesses and workers on a global scale.**
- TPP is the first U.S. trade agreement to ensure that **private sector businesses and workers are able to compete fairly** with SOEs.
- In many cases, **SOEs can distort global markets and compete unfairly** by blocking U.S. exports, undercutting U.S. companies with cheap subsidized imports, or exploiting preferential regulatory treatment.
- TPP ensures that SOEs in TPP countries compete fairly in their market and ours, **making purchases and sales on the basis of the market**, rather than on the basis of government interference, subsidies or discriminatory policies.
- TPP ensures that SOEs operating in the U.S. or other TPP members **cannot claim legal privileges reserved for governments to avoid regulation applied to private companies.**
- At the same time, TPP ensures that **U.S. SOEs providing public services continue to operate without interference.**

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### **Strategic Importance of TPP**

**The rules of the road are up for grabs in Asia, home to some of the fastest growing markets in the world. If we don’t pass this agreement and write those rules, our competitors will set weak rules of the road**, threatening American jobs and workers and undermining U.S. leadership in Asia.

TPP strengthens the U.S. economy, which is the foundation of U.S. national security and a critical source of our influence abroad.

TPP helps ensure that the global economy reflects our interests and values by requiring other countries to play by fair wage, safe workplace, and strong environmental rules that we help set.

And TPP reinforces our commitment to this vital region, helping us strengthen our relationships with our partners and allies.

- Since World War II, U.S. leadership of the global trading system not only ushered in an era of peace and prosperity unparalleled in history—for the American people and the world—but also has been a key pillar of our global leadership overall.
- But this rules-based system—and America’s economic competitiveness—is now being eroded by other, less open models. To meet this challenge, the United States must play a leadership role in writing rules of the road that strengthen our economy and promote a fair global economic system. TPP is how we do that.

- When the rules are fair, Americans can out-compete anyone in the world. But the status quo puts our workers and businesses at a disadvantage, with higher costs for American goods, more barriers to trade, and lower standards for workers and the environment abroad than we have at home.
- To meet this challenge, the United States must write rules of the road to strengthen our economy and promote a fair global economic playing field. TPP is how we do that. And if we don't lead on trade, others who don't share our interests or values will fill the void.
- First and foremost, **TPP helps grow the U.S. economy, which is the foundation of American stability, security, and influence abroad.** TPP strengthens the middle class, spurs innovation, and supports higher-paying jobs at home.
- TPP also ensures that tomorrow's global economy reflects U.S. interests and values. To help revitalize the global economic architecture and strengthen America's influence at the center of it, TPP advances three strategic objectives:
  - **Establishing rules of the road, such as strong labor and environmental standards,** to ensure tomorrow's global trading system is consistent with American interests and values.
  - **Strengthening relationships with our allies and partners** to protect our shared global system and lay the foundation for greater cooperation in other areas.
  - **Promoting inclusive development,** creating opportunities for people around the world, and ensuring that the benefits of growth are both greater and more widely shared.
- TPP is a concrete manifestation of our strategy of rebalancing toward Asia.
- It is vital that the United States continues to be engaged in this dynamic and rapidly growing region.
- TPP is a powerful signal of our commitment to the region, and demonstrates that America remains a leading force for prosperity and security in the region.
- But the strategic stakes extend beyond the Asia-Pacific. Fundamentally, TPP presents a choice between two futures.
- By leading on trade, the United States can start a global race to the top. In that future, a global economy based on openness and fairness rewards those who play by the rules and motivates other nations to adopt our high standards so they too can benefit.
- That is why TPP sets enforceable, high-standard rules in strategically important areas:

- **State-Owned Enterprises.** Ensuring that State-owned enterprises aren't benefiting from preferential treatment and unfairly competing with American businesses and workers.
  - **Trade secrets.** Protecting U.S. innovation—and the 40 million U.S. jobs it supports—by strengthening protections and enforcement of trade secrets.
  - **Open Internet.** Preserving a free and open Internet across the region, including through freedom of data flow, bans on 'forced localization' of servers and technologies, and more effective protections for the security and privacy of users.
  - **Fair Market Access.** Ensuring that U.S. businesses and workers are able to compete fairly abroad, and are not cut out of the fastest growing region in the world, by eliminating barriers to U.S. exports.
- The alternative is a race to the bottom that would harm the U.S. economy, threaten American jobs and American workers, and undercut America's influence abroad. In that future, the expansion of a lower-standard, unfair, and increasingly closed system would benefit those who quickly abandon shared values and compete at any cost.
  - It is imperative—for the interests of the United States, the prosperity of the American people, and our allies and partners in the region—that the United States lead on trade. The strength of our economy and America's position in the world demands it.

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## **Promoting Transparency in Negotiations**

The Administration has taken unprecedented steps to increase transparency of our TPP negotiations to maximize input from key stakeholders, including labor and environmental groups. These steps have resulted in more diverse input, public dialogue, and outreach than on any trade agreement in history.

### **HOW WE HAVE INCREASED TRANSPARENCY IN TPP**

During TPP negotiations, the Administration has:

- Supported provisions in the Trade Promotion Authority (TPA) legislation governing Congressional consideration of TPP that require the **text of the agreement** to be made **available online to the public at least 60 days before the President signs it**.
- Published **detailed summaries of U.S. objectives** in negotiating all aspects of the agreement.
- **Solicited public comments** on negotiating aims, priorities and concerns.
- **Held public hearings** inviting input on the negotiations.
- Consulted with and sought advice from Members of Congress and staff, including by holding over **1,800 Congressional briefings** on TPP.

- Ensured that every **Member of Congress was able to review full TPP text** in the Capitol with staff members during the negotiation process (including elements that were still under negotiation).
- **Provided Members of Congress with plain English summaries** of TPP chapters to assist Members in navigating the negotiating text.
- **Previewed U.S. proposals with Congressional committees** before taking them to the negotiations.
- Provided **access to review text during the negotiation process to the entire Congressionally-mandated trade advisory committee system**, including representatives from **small business, state and local governments, labor unions, NGOs, and environmental groups**.
- Organized events during negotiating rounds for **stakeholders to present their views to our negotiators directly**.



- Throughout the TPP negotiations, the Administration held over **1,800 Congressional briefings** on TPP, **published detailed summaries** of U.S. negotiating objectives, **solicited public comments** on negotiating priorities and concerns, and **held public hearings** on TPP.
- The Administration fully supported provisions in the 2015 TPA legislation that require the **text of the agreement** to be made **available online to the public at least 60 days before the President signs any agreement**.
- We have also appointed a **Chief Transparency Officer** to consult with Congress on transparency policy, coordinate transparency in trade negotiations, and engage and assist the public.

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## **Promoting Digital Trade**

The power of the digital marketplace is its reach: any business or entrepreneur can sell anywhere in the world to anyone with an Internet connection. TPP expands opportunities for individuals and businesses to deliver their goods and services over the Internet, and helps ensure that U.S. innovation can continue to thrive in the global marketplace.

### **WHY TPP BENEFITS DIGITAL TRADE**

TPP includes strong rules that make sure the best innovation, not trade barriers and censorship laws, shapes how digital markets grow. TPP helps preserve the single, global, digital marketplace by:

- **Preventing Data Localization.** The cloud should be global, and you should be able choose where you store your data. We’ve already seen a troubling trend of countries practicing “digital protectionism”, and trying to make keeping data onshore the cost of doing business. That’s not just costly for small business, it will also have the effect of leaving countries behind. TPP prevents those kinds of arbitrary requirements.
- **Prohibiting Digital Customs Duties.** It’s common sense that you shouldn’t try to put a duty stamp on a packet of data. TPP ensures that customs duties do not impede the flow of music, video, software, and games throughout the region.

- **Enabling Cross-Border Data Flows.** And it's not just music, video, software and game products that depend on data flows—so do all companies that interact with consumers, help people find products, or facilitate communication through the Internet. TPP protects the movement of that data—with room for appropriate safeguards, including for privacy.
- **Sustaining Cybersecurity & Encryption.** Some countries are even blocking the use of technologies like encryption or VPN, claiming these basic cybersecurity tools threaten national security. The TPP region will be a better place to do digital business, because parties will not be permitted to put those arbitrary restrictions in place, and governments will cooperate on cyber security.
- **Barring Forced Technology Transfers.** U.S. companies should not have to hand over their source code or proprietary algorithms to their competitors, or a regulator that will then pass it along to a State-owned enterprise. TPP ensures that that you don't have to give up trade secrets or substitute local technology into your products and services, in order to access new markets.
- **Preserving Standardization and Global Interoperability.** Companies should not have to produce a different piece of hardware for every country in which they sell products—that's why we have the global standards process, where industry leads and the best technologies win. TPP ensures that countries can't arbitrarily demand that less competitive national standards be forced into American products.
- **Promoting Copyright Protections and Important Exceptions and Limitations—as in U.S. Law.** Copyright protections are essential to ensuring that the coders, designers, product managers, and data scientists behind a product are compensated for their work and creativity—just like musicians and authors. TPP reflects the appropriately strong copyright protections and enforcement that we have in U.S. law, and also reflects the TPP Parties' commitment to continuously seek to achieve an appropriate balance in their copyright systems through, among other things, providing copyright exceptions and limitations, including for purposes such as criticism, comment, news reporting, teaching, scholarship, and research. TPP clarifies that these exceptions and limitations apply in the digital environment. TPP requires strong and balanced copyright protections that promotes services that engage in legitimate digital trade. But what TPP doesn't do is go beyond U.S. law—for example, TPP does not establish new enforcement methods that meddle with Internet architecture. TPP's anti-circumvention of technological protection measures provisions do not preclude new exceptions, like cellphone unlocking, while still protecting new online services that engage in legitimate digital trade. TPP also establishes the kind of certainty ISPs have requested in copyright safe harbor systems, such as an assurance that safe harbors are not to be conditioned on a duty that ISPs monitor their systems for infringement, as well as other safeguards.

Development of the Internet and electronic commerce are among the world's great hopes for growth, high-wage employment, and leadership in the United States; and for rising living standards and reduction of poverty worldwide. TPP is a key step in making these hopes a reality.



- TPP is the **first agreement to take on digital trade and promote Internet-based commerce**.
- **Internet-enabled trade is a central area of American leadership**, and one of the world's great opportunities for growth.
- TPP ensures that **data can flow freely across borders**, subject to public-interest regulation for security, privacy, and other legitimate goals.
- TPP **ensures that companies can locate servers where they choose** based on cost, efficiency, and security, rather than being subject to forced localization rules that raise costs and reduce the efficiency of investment.
- **TPP eases digital and physical trade** by encouraging the use of electronic customs forms, electronic signature and authentication; opening markets for cross-border services trade; and ensuring secure on-line payment.

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### **Ensuring a Free & Open Internet**

The power of the Internet rests in ensuring that anyone who is connected can reap its benefits. But under new forms of protectionism, we’ve seen unprecedented attempts to roll back Internet freedom and access to U.S. products and services. That’s why TPP puts in place strong rules that make sure the best communications tools and platforms are not unduly limited by trade barriers and laws that restrict the flow of data and information.

#### **HOW TPP PROTECTS THE INTERNET AND ENSURES DIGITAL FREEDOM**

TPP is the most ambitious and visionary Internet trade agreement ever attempted, placing Internet users first as it covers the full range of digital trade and data-flow issues. TPP:

- Preserves the right of individuals, small businesses, and others to **access and move data** as they see fit, subject to safeguards, such as privacy protections, which helps ensure the free flow of global information and data that drive the Internet and the digital economy.

- **Reflects the appropriately strong copyright protections and enforcement that we have in U.S. law**, and also reflects the TPP Parties' commitment to **continuously seek to achieve an appropriate balance in their copyright systems**. TPP doesn't go beyond U.S. law—for example, TPP does not establish new enforcement methods that meddle with Internet architecture. TPP also establishes the kind of certainty ISPs have requested in copyright safe harbor systems, such as an assurance that safe harbors are not to be conditioned on a duty that ISPs monitor their systems for infringement, as well as other safeguards.
- Ensures that companies and individuals are able to **use the cybersecurity and encryption tools they see fit**, without arbitrary restrictions that could stifle free expression.
- Promotes **public participation and transparency** in the development of laws and regulations affecting the Internet, including with opportunities for public comment.
- Requires countries to adopt and maintain **consumer protection laws** related to fraudulent and deceptive commercial activities online; ensure enforcement of privacy and other consumer protections; and enact measures to stop unsolicited commercial electronic messages.
- **Opens markets for services and digital products**; ensure tariffs are never imposed on digital transmissions; and prevent discrimination against on-line provision of services.



- TPP is the **most ambitious and visionary Internet trade agreement ever attempted**.
- Today, there are nearly 3 billion Internet users. By 2020, there are expected to be nearly 4 billion internet users, with at least half of the newly on-line population likely to be in the Asia-Pacific.
- TPP helps **preserve the freedom of Internet users** by defending against the threat of 'balkanization' of the Internet through the creation of "firewalls" at borders.
- TPP promotes investment that **enhances speed, access, and quality**; ensures that Internet users around the Pacific remain **free to search and move data as they please**; and **protects Internet users more effectively** against threats to privacy and data security.
- TPP encourages creation and dissemination of content through **strong but balanced intellectual property rules** for the digital environment, including safe harbors for ISPs.

- Through international cooperation, TPP protects Internet users by encouraging strong rules to **defend privacy**, and to **fight phishing, identity theft**, and other forms of **cyber-crime** targeting Internet users.
- TPP helps the Internet achieve its potential to **promote development and reduce poverty**, by encouraging open markets and growth in industries such as telemedicine, mobile wallets, and distance education.

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### **Promoting Innovation & Creativity**

As the world’s most innovative economy, strong and effective protection and enforcement of IP rights is critical to driving innovation, creating economic growth, and supporting American jobs. TPP reflects strong rules that will promote exports and protect U.S. creativity while simultaneously promoting the sort of balance that ensures open, innovative, and technologically-advanced economies in the Asia-Pacific region.

#### **HOW TPP PROMOTES INNOVATION AND CREATIVITY**

Strong and balanced IP standards are critical for driving innovation and protecting American jobs. TPP requires parties to:

- Establish a **strong patentability standard**, with appropriate limitations drawn from international commitments, to protect the jobs and solutions to global challenges generated by U.S. innovators in areas ranging from solar panels to smart manufacturing.
- Adopt **strong copyright protections**—drawn from international norms—to respect the rights of creators and establish clear protection of works, and facilitate the development of new business models for distributing creative content that keeps pace with evolving technology.

- Include—for the first time—an obligation that **requires Parties to continuously seek to achieve an appropriate balance in copyright systems** through, among other things, exceptions and limitations to copyright for legitimate purposes, such as criticism, comment, news reporting, teaching, scholarship, and research, and clearly provides that these exceptions and limitations are available and appropriate in the digital environment.
- **Establish copyright safe harbors for Internet Service Providers (ISPs)** to develop their business, while also helping to address Internet copyright infringement in an effective manner. TPP includes no obligations on these ISPs to monitor content on their networks or systems, and provides for safeguards against abuse of such safe harbor systems.
- Promote access to medicines by facilitating not only the development of **innovative, life-saving drugs and treatments**, but also the spread of **generic medicines**. This includes commitments in TPP that build on the principles underlying the “May 10th Agreement,” which based flexibilities for certain pharmaceutical provisions on the level of development and capacity of individual trading partners. TPP also aligns with the Doha Declaration on TRIPS and Public Health and affirm the rights of countries to take measures to protect public health.
- Adopt or maintain—for the first time in a U.S. trade agreement—a “Bolar” type patent exception for regulatory reviews, **facilitating rapid introduction of generic medicines** once patents expire, as in the U.S. system.
- Comprehensively **address the problem of trade secret theft**, including theft conducted by State-owned enterprises. TPP also—for the first time in a trade agreement—requires TPP parties to establish criminal procedures and penalties for trade secret theft, including by means of **cyber theft**.
- Combat the spread of overly-restrictive **geographical indication policies**, including by safeguarding the rights of trademark owners and rules clarifying the use of generic terms.
- **Enhance due process and other disciplines on the use of GIs** to address the growing concerns of U.S. exporters, whose access to foreign markets can be undermined through overly expansive GI protections.
- **Close loopholes used by counterfeiters** and make enhanced penalties available for particularly serious cases, such as trafficking in counterfeit trademark products that threaten health and safety.
- Ensure the availability of mechanisms to **effectively enforce intellectual property rights**, including civil and administrative procedures and remedies, and criminal enforcement.

- **Harmonize aspects of trademark and patent procedures**, making easier for businesses to search, register and protect their trademarks and patents in new markets, which is particularly important for small businesses.

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## **Upgrading & Improving Investor-State Dispute Settlement**

U.S. businesses and investors operating abroad often face a heightened risk of bias and discrimination. Investor-state dispute settlement (ISDS) is a mechanism that provides neutral international arbitration to ensure that Americans doing business abroad receive the same kinds of protections—such as protection from discrimination and expropriation without compensation—that are available to companies and investors doing business in the United States under U.S. law. This mechanism allows for an impartial, law-based approach to resolve conflicts and promotes development, rule of law, and good governance around the world. TPP also serves to modernize and reform ISDS by including clearer language and stronger safeguards that raise standards above virtually all of the other 3,000 plus investment agreements in force today.

### **THE BASIC FACTS ON ISDS**

- **TPP specifically protects the right of governments to regulate in the public interest.** We would never negotiate away our right to do so, and we don’t ask other countries to do so either. This is true for public health and safety, the financial sector, the environment, and any other area where governments seek to regulate.

- ISDS ensures that American businesses and investors do not face discrimination, nationalization, or abuse when doing business abroad. Through TPP, we can put in place **higher standards and stronger safeguards** for ISDS.
- ISDS is found in more than **3,000 existing agreements** around the world, covering **180 countries**. The U.S. has taken part in **51 of these agreements with ISDS** over the last 30 years.
- **The United States has never lost an ISDS case.** We have had only **13 cases brought to conclusion against us**, and the United States has **prevailed in every case**. And in part because we have continued to **raise standards through each agreement**, in recent years we have seen a drop in ISDS claims, despite increased levels of cross-border investment. Only one new case has been brought against the United States in the last five years.
- More than **half of companies that initiate ISDS cases are small- and medium-sized businesses or individual investors**, so the millions of American workers they employ stand to potentially benefit from strong ISDS protections.

### **HOW TPP UPGRADES AND IMPROVES ISDS**

TPP includes new ISDS safeguards that close loopholes and raise standards higher than any past agreements. **Some of these new safeguards in TPP include:**

- **Right to regulate.** New TPP language underscores that countries retain the right to regulate in the public interest, including on health, safety, the financial sector, and the environment.
- **Burden of proof.** TPP explicitly clarifies that an investor bears the burden to prove all elements of its claims, including claims on the minimum standard of treatment (MST).
- **Dismissal of frivolous claims.** TPP includes a new standard permitting governments to seek expedited review and dismissal of claims that are manifestly without legal merit.
- **Expectations of an investor.** TPP explicitly clarifies that the mere fact that a government measure frustrates an investor's "expectations" does not itself give rise to an MST claim.
- **Arbitrator ethics.** TPP countries will provide detailed additional guidance on arbitrator ethics and issues of arbitrator independence and impartiality.

- **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.

TPP also includes a range of important additional ISDS safeguards. Many of these safeguards go beyond what was included in past trade deals like NAFTA. **These key ISDS safeguards include:**

- **Transparency.** TPP requires ISDS panels to “conduct hearings open to the public” and to make public all notices of arbitration, pleadings, submissions, and awards.
- **Public participation.** Members of the public and public interest groups—for example, labor unions, environmental groups, or 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.
- **Expedited review and dismissal of claims.** As in U.S. courts, TPP allows panels to review and dismiss certain unmeritorious claims on an expedited basis.
- **Attorney’s fees for frivolous claims.** A panel may award attorney’s fees and costs in cases of frivolous claims.
- **Expert reports.** A panel can consult independent experts to help resolve a dispute.
- **Binding interpretations.** TPP countries can agree on authoritative interpretations of ISDS provisions that “shall be binding on a tribunal.”
- **Consolidation.** A panel can consolidate different claims that “arise out of the same events or circumstances.” This protects against harassment through duplicative litigation.

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