



The Trans-Pacific Partnership

The Trans-Pacific Partnership (TPP) is critical because economic growth and job creation at home depend on our ability sell American goods and services to the 95% of the world's customers living outside the United States — particularly in the booming Asia-Pacific region.

Pacific Promise

In today's worldwide economy, trade is our best tool to spur growth and create new jobs here at home. Already, more than 40 million American jobs depend on trade, and about one-third of the U.S. jobs created in 2009-2014 were in industries that depend on trade.

One of the top priorities of America's job creators is to reach new customers, and in this regard the Asia-Pacific region stands out. Over the last two decades, the region's middle class grew by 2 billion people, and their spending power is greater than ever. That number is expected to rise by another 1.2 billion by 2020. According to the IMF, the world economy will grow by \$21.6 trillion over the next five years, and nearly half of that growth will be in Asia.

Falling Behind

U.S. workers, farmers, and companies need access to those lucrative markets if they're going to share in this dramatic growth. But the United States is falling behind. While U.S. exports have grown substantially in recent years, the U.S. share of world merchandise exports has fallen from 16.4% in 1999 to 8.5% in 2014, according to the WTO. The lost market share is particularly pronounced in the Asia-Pacific: Excluding China, East Asia in 2014 purchased a smaller share of U.S. exports in 2014 than it did five years earlier, despite a 54% increase in total U.S. merchandise exports in that period.

One reason U.S. companies have lost market share in the Asia-Pacific region is that many countries maintain steep barriers against U.S. exports. A typical Southeast Asian country imposes tariffs that are five times higher than the U.S. average while its duties on agricultural products soar into the triple digits. In addition, a thicket of nontariff and regulatory barriers block market access in many countries.

Trade Diplomacy

Trade agreements are crafted to overcome these barriers. But what happens if other countries make trade deals among themselves and leave the United States on the outside, looking in? The number of trade accords between Asian countries surged from

three in 2000 to more than 50 today. Some 80 more are in the pipeline. Meanwhile, the United States has just three trade agreements in Asia.

This challenge is growing: 16 countries are launching expedited negotiations for a trade deal called the Regional Comprehensive Economic Partnership (RCEP). It includes Australia, China, India, Japan, Korea, and New Zealand as well as the 10 ASEAN countries—but not the United States.

The Trans-Pacific Partnership (TPP) is America's best chance to ensure the United States isn't stuck on the outside—looking in—as Asia-Pacific nations pursue new trade accords among themselves. It is a high-standard and comprehensive trade and investment agreement with 11 other Asia-Pacific nations, including Australia, Brunei, Japan, Malaysia, New Zealand, Singapore, and Vietnam. It also includes Canada, Mexico, Peru, and Chile, thus offering a chance to integrate existing U.S. trade agreements in the Americas.

Opening Markets

The TPP will level the playing field for trade for American workers, farmers, and companies in the 11 other countries taking part. The TPP includes more than 18,000 tax cuts levied by foreign governments against American exports. It will eliminate all of these tariffs on U.S. exports of manufactured goods, open new markets for American agricultural exports, and enhance trade in services.

The TPP is also America's chance to write the rules for trade in the 21st century before others do so without us. With new rules to ensure accountability and enforcement, the TPP will protect Americans' intellectual property, foster the digital economy, and end the favoritism afforded to state enterprises by some governments.

Broad Benefits

Completing the TPP would pay huge dividends for the United States. A study by the respected Peterson Institute for International Economics estimates the trade agreement will increase annual real incomes in the United States by \$131 billion and boost annual exports by \$357 billion by 2030, when the agreement is nearly fully implemented. A separate Peterson Institute study estimates the benefits of the TPP "are more than 100 times the costs" and will be widely shared.

The TPP will boost economic growth and job creation in the United States and in the other TPP nations. It also has the potential to strengthen our nation's commercial, strategic, and geopolitical ties across one of the fastest growing and most influential parts of the world. And it would send a message to the region and to the world that the United States is not going to sit on the sidelines. We're going to be in on the action.