TRADE PROMOTION AUTHORITY

What is Trade Promotion Authority (TPA)?

Trade Promotion Authority is a strategic partnership between the President and Congress that advances the negotiation and implementation of U.S. trade agreements. This partnership consists of legislation that: (1) shapes the objectives of the United States in various international trade negotiations; (2) establishes a framework for Congress and the Executive Branch to partner in pursuing trade agreements and enacting bills implementing such agreements into law; and (3) includes a set of legislative procedures that allows the President to submit to Congress bills implementing trade agreements for an up-or-down vote within a set period of time, without amendments. These legislative procedures assure extensive consultations between Congress and executive trade agencies that will increase Congressional input into trade agreements and improve Congressional oversight of trade negotiations and negotiating objectives.

What is the History of TPA?

Every President starting in 1930s until 2007 has been granted this authority in one form or another to negotiate market-opening trade agreements in consultation with the Congress. The most recent TPA was granted in 2002 but lapsed in 2007 without a renewal. Since that time, negotiation and approval of U.S. trade agreements has languished to the detriment of the competitiveness of U.S. business. TPA historically has been proven to be the most effective bi-partisan means to for advance the U.S. trade position.

Is TPA Constitutional?

The U.S. Constitution gives the Congress authority to regulate international commerce, but it gives the President authority to negotiate with foreign governments. TPA rests on this constitutional partnership: It permits the executive branch to negotiate agreements in consultation with the Congress; when an agreement is reached, Congress may approve or reject it, but not amend it. TPA reaffirms Congress's overall constitutional role in the development and oversight of U.S. trade policy.

What are the Benefits of TPA?

- TPA supports U.S. job growth.
- TPA helps export more 'Made in America' products abroad
- TPA makes trade agreements better–and the U.S. more competitive globally
- TPA ensures that our trading partners know U.S. negotiators have the support of Congress when we call for greater enforcement and stronger, high-standard trade agreements.
- TPA ensures transparency and public engagement in trade.
- While foreign governments may initiate negotiations with the United States without TPA in place, they have historically proven leery of making the difficult political choices associated with the final stages of negotiations in its absence. In this sense, TPA strengthens the hand of U.S. negotiators, helping them secure the best possible deal for U.S. workers, farmers, and companies.

Why is TPA Renewal Necessary?

Congress has granted TPA in the past to guide various Administrations in pursuing trade agreements that support U.S. jobs, eliminate trade barriers in foreign markets and establish rules to stop unfair trade. Since TPA and its negotiating objectives were written more than a decade ago, many new issues and challenges to doing business in the global marketplace have emerged. Without TPA, the United States is relegated to the sidelines as other nations negotiate trade agreements without us – putting American workers, farmers, and companies at a competitive disadvantage. Already, more than 300 free trade agreements are in force around the globe, but the United States is a party to just 14 such agreements covering 20 countries.

By renewing TPA with updated negotiating objectives, Congress can help strategically address issues across the range of U.S. trade negotiations currently being pursued including the Trans Pacific Partnership (TPP); the Transatlantic Trade and Investment Partnership (TTIP); the Trade in Services Agreement (TISA); a trade facilitation agreement; and an updated Information Technology Agreement (ITA).

In order to realize the economic benefits of these trade agreements, it will also be critical that U.S. rights under these agreements be enforced. A successful enforcement strategy will require that the United States has strong trade agreements to enforce. This underscores the importance of renewing TPA to help ensure that these pending and new U.S. trade negotiations move forward to completion.

Why are new Trade Agreements Necessary?

U.S. economic growth and job creation depends on expanded trade and investment opportunities for U.S. companies and workers to sell more American products and services to foreign customers. Trade agreements are an important tool to help make this happen. In 2011, more than 38 million U.S. jobs – more than 1 in 5 – depended on U.S. exports and imports. This represents 24 million more trade-related U.S. jobs than two decades ago, before the U.S. implemented a series of bilateral, regional and multilateral trade agreements. U.S. Free Trade Agreements (FTAs) in effect in 2008 generated over $300 billion in U.S. output (2.1 percent of U.S. GDP), expanded U.S. exports of goods and services by over $460 billion, and supported over 5 million U.S. jobs. U.S. exports have helped drive the U.S. economy and its recovery in recent years, positively contributing to U.S. economic growth in 2010, 2011 and 2012. Nearly half of all U.S. goods exports now go to the nation's FTA partners. In 2012, the U.S. had a roughly $58 billion manufactured goods trade surplus with its 20 FTA partner countries combined. Similarly, a wide range of U.S. industries export services to our 20 FTA partners, which purchase about 20 percent of all U.S. services exports.

What is the Latest Status of TPA?

On July 30, 2013, the current Administration requested that Congress reauthorize TPA. On January 9, 2014, legislation to renew TPA—the Bipartisan Congressional Trade Priorities Act of 2014—was introduced in the House (H.R. 3830) and in the Senate (S. 1900). This legislation would reauthorize TPA for four years with the possibility of a three-year extension. Alternative bills may also be introduced.

Sources: USTR office; Congressional Research Service; Business Roundtable; U.S. Chamber of Commerce