

# Trade Promotion Authority

## Helps Speed Approval of Trade Pacts Needed for COVID-19 Economic Recovery

- Trade is an important engine for U.S. economic growth and jobs. More than 30% of U.S. gross domestic product (GDP) is tied to international trade and investment and 95% of the world's population abroad.
- U.S. engagement in international marketplace is more important to the nation's economy than ever.
- Passage of trade promotion authority will help Congress and the President to work together to forge new and beneficial trade agreements for the United States.

### BACKGROUND

Trade promotion authority (formerly called fast track trade negotiating authority) is the process by which Congress gives authority to the President and/or U.S. Trade Representative to enter into trade negotiations in order to lower U.S. export barriers. Traditionally, trade promotion authority follows the conclusion

of negotiations for a trade agreement; enabling legislation is submitted to Congress for approval. Every president since Franklin Delano Roosevelt has been granted the authority to negotiate market-opening trade agreements in consultation with Congress.

Once legislation is submitted, under trade promotion authority, both houses of Congress will vote “yes” or “no” on the agreement with no amendments, and do so within 90 session days (not to be confused with a treaty, which is “ratified” by the U.S. Senate). During negotiations, however, there is a process for sufficient consultation with Congress.

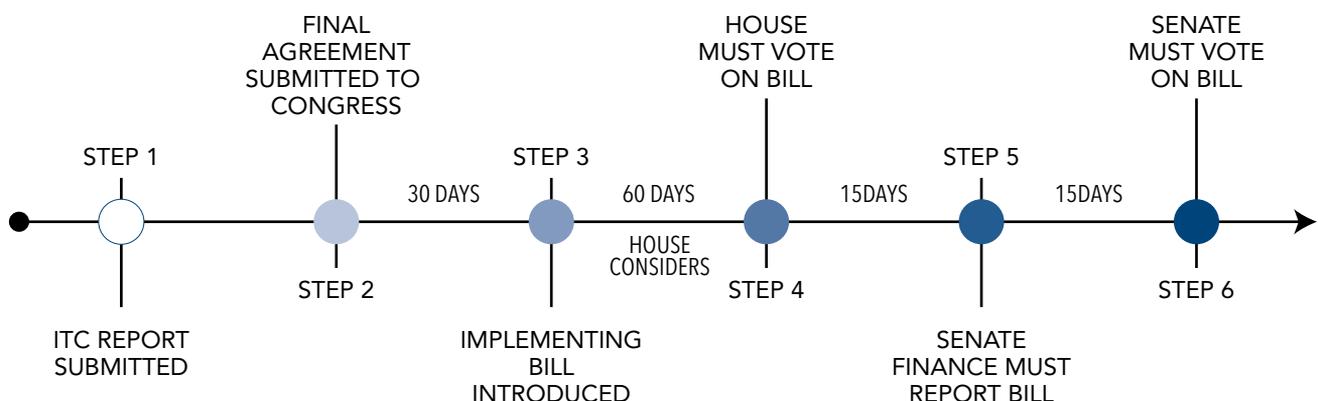
President George W. Bush signed the landmark Trade Act, H.R. 3009, on August 6, 2002. The act helped put U.S. businesses, workers and consumers back in the game of international trade by granting the president trade promotion authority. At the request of President Donald J. Trump, trade promotion authority was renewed in July 2018 for three years. Congress will need to renew trade promotion authority again in 2021 to enable the United States to continue aggressively pursuing new trade deals.

### IMPACT: U.S. COMPLETED AGREEMENTS

Since the Trade Act of 2002 granted the President trade promotion authority, the United States has completed the following free trade agreements:

- U.S.-Australia;

### TRADE PROMOTION AUTHORITY PROCESS TIMELINE



Source: U.S. Senate Republican Policy Committee

# Agenda for California Recovery

## 2021 Business Issues and Legislative Guide

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- U.S.-Oman;
- U.S.-Panama;
- U.S.-Peru;
- U.S.-Singapore; and
- U.S.-South Korea.

Financially, these free trade agreements translate into the removal of billions of dollars in tariffs and non-tariff barriers for U.S. exports.

#### **FUTURE AGREEMENTS**

Major U.S. trading partners are participating in numerous agreements, and trade promotion authority is a prerequisite to meaningful U.S. participation.

Without trade promotion authority, the United States will be compelled to sit on the sidelines while other countries negotiate numerous preferential trade agreements that put U.S. companies at a competitive disadvantage. Trade promotion authority not only opens markets and broadens opportunities for U.S. goods and firms; it will make the United States the leader in global trade.

By approving trade promotion authority, Congress can help strategically address the range of U.S. trade negotiations being pursued: conclusion to a U.S.-United Kingdom free trade agreement; a possible U.S.-European Union free trade agreement,

conclusion to a U.S.-Kenya free trade agreement; and even a possible re-admission to the Trans Pacific Partnership (TPP)—now Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)—as well as other future trade negotiations.

The United States is among the world's leading exporters due to increased market access achieved through trade agreements. Trade promotion authority is vital for the President of the United States to negotiate new multilateral, bilateral and sectoral agreements that will continue to tear down barriers to trade and investment, expand markets for U.S. farmers and businesses, and create higher-skilled, higher-paying jobs for U.S. workers.

#### **ANTICIPATED ACTION**

Trade promotion authority legislation establishing strong rules for trade negotiations and congressional approval of trade pacts, and delivering trade agreements that boost U.S. exports and create American jobs, would need to be considered by Congress in 2021. It is possible for Congress to extend the current trade promotion authority to conclude negotiations underway.

#### **CALCHAMBER POSITION**

The California Chamber of Commerce, in keeping with long-standing policy, enthusiastically supports free trade worldwide, expansion of international trade and investment, fair and equitable market access for California products abroad and elimination of disincentives that impede the international competitiveness of California business.

The CalChamber, therefore, supports the extension of trade promotion authority so that the President of the United States may negotiate new multilateral, sectoral and regional trade agreements, ensuring that the United States may continue to gain access to world markets, resulting in an improved economy and additional employment of Americans.



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