

Trade Promotion Authority

Reauthorization Needed to Expand Markets for U.S. Exporters in Times of Global Economic Uncertainty

- Trade promotion authority allows the United States to compete with other countries that are negotiating agreements with each other.
- Bipartisan trade package is needed to strengthen U.S. competitiveness and help U.S. workers.
- If trade promotion authority gets renewed, possible future agreements might include the United Kingdom, Kenya, Taiwan, Ecuador and the World Trade Organization.

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 trade negotiations to lower U.S. export barriers. Traditionally, trade promotion authority follows the conclusion of

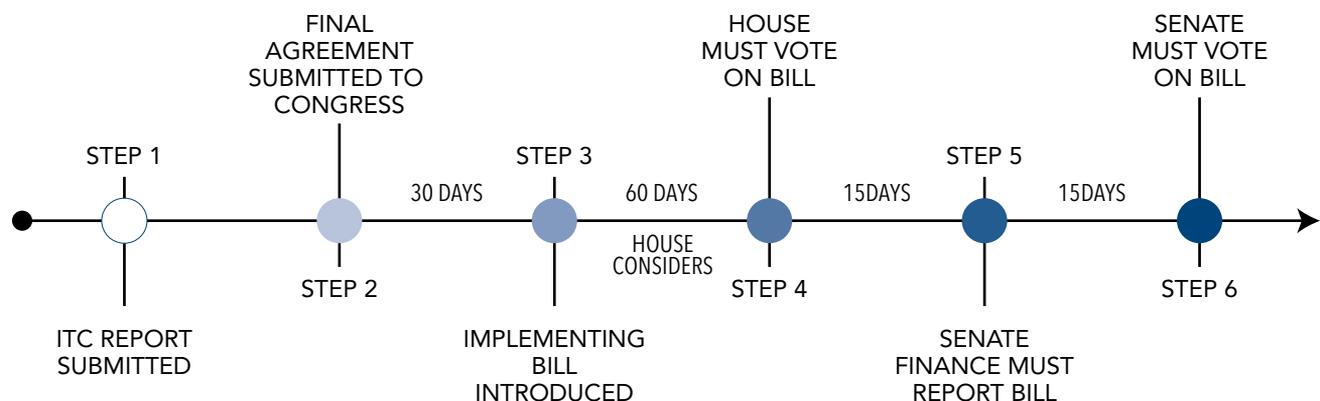
negotiations for a trade agreement; enabling legislation is submitted to Congress for approval. Every president since Franklin Delano Roosevelt has been granted the authority to negotiate market-opening trade agreements in consultation with Congress.

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 was tasked with reauthorizing trade promotion authority in 2021; unfortunately, the Biden administration did not request renewal of trade promotion authority and it expired on July 1, 2021.

After the expiration, a few U.S. House Republicans called on President Biden to end his trade moratorium and begin consulting with Congress to renew the authority. The last time trade promotion authority expired, in 2007, it took Congress eight years

TRADE PROMOTION AUTHORITY PROCESS TIMELINE



Source: U.S. Senate Republican Policy Committee

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to renew it. It is hoped that with the new Republican Congress, a trade promotion authority bill might be possible in 2023.

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; U.S.-Bahrain; U.S.-Chile; U.S.-Colombia; U.S.-Dominican Republic/Central American; U.S.-Israel; U.S.-Jordan; U.S.-Mexico-Canada Agreement; U.S.-Morocco; 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 nontariff 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 has been 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 keeps the United States a leader in global trade.

By reauthorizing 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

It is hoped that with the new Republican majority in Congress, trade promotion authority might be reauthorized in 2023, and Congress will once again take up a trade-focused agenda.

U.S. Trade Representative Katherine Tai has said that she will support a Republican effort to give the White House trade promotion authority only if it is “broadly bipartisan.” Tai said the Biden administration’s goal is to advance trade policy that is “robustly supported” and bipartisan.

It is possible that Congress might explore a “skinny” trade promotion authority that is sector- or country-specific. This would be aimed specifically at providing fast track authority to complete a trade agreement with the United Kingdom.

Historically, renewal of trade promotion authority has been tied to other trade-related legislation such as the Trade Adjustment Assistance program, which provides job training assistance to workers who were displaced as a result of trade.

CALCHAMBER POSITION

The California Chamber of Commerce, in keeping with longstanding 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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