



## **TRANS-PACIFIC PARTNERSHIP**

### What is the Trans-Pacific Partnership (TPP)?

The TPP is a landmark, 21st-century trade agreement that sets a new standard for global trade and incorporates next-generation issues that will boost the global economic competitiveness of the TPP countries. It features include comprehensive market access that will eliminate tariffs and other barriers to goods and services trade and investment; a fully regional agreement that will facilitate the development of production and supply chains among TPP countries; and a focus on cross-cutting trade issues such as regulatory coherence, competitiveness and business facilitation, market access and trade benefits for SMEs, trade in services, intellectual property protection and economic development.

The TPP is being negotiated as a single undertaking that covers all key trade and trade-related areas. In addition to updating traditional approaches to issues covered by previous free trade agreements, the TPP includes new and emerging trade issues. More than twenty negotiating groups have met over nine rounds to develop the legal texts of the agreement and the specific market access commitments the TPP countries will make to open their markets to each other's goods, services, and government procurement. In addition, all of the 12 countries also have agreed to adopt high standards in order to ensure that the benefits and obligations of the agreement are fully shared.

### What Countries are Involved in the TPP?

The United States is currently negotiating the TPP with eleven other like-minded countries (Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam) that share a commitment to concluding a high-standard, ambitious agreement and to expanding the initial group to include additional countries throughout the Asia-Pacific region.

In particular, Japan's recent entry in to the TPP negotiations further distinguishes TPP as the most credible pathway to broader Asia-Pacific regional economic integration.

### What is the Economic Importance of the Asia-Pacific Region to the United States?

The Asia-Pacific region accounts for half of the world's population and boasts many of its fastest growing economies. Two billion Asians joined the middle class in the last 20 years. The IMF estimates that nearly half of world economic growth over the next five years will be in Asia.

The large and growing markets of the Asia-Pacific already are key destinations for U.S. manufactured goods, agricultural products, and services suppliers, and the TPP will further deepen this trade and investment. As a group, the TPP countries are the largest goods and services export market of the United States. U.S. goods exports to the broader Asia-Pacific totaled \$942 billion in 2012, representing 61 percent of total U.S. goods exports. With its rapid growth and large markets, access to the Asia-Pacific region could boost U.S. exports by \$124 billion by 2025, thereby generating hundreds of thousands of American jobs.



### Why should the United States participate in the TPP?

The U.S. is falling behind in the Asia-Pacific Region, which is the world's most dynamic economic region. During the past decade growth in U.S. exports to Asia has lagged overall export growth. The U.S. share of the import market of 12 key Asia-Pacific economies actually fell by 43% between 2000 and 2010. Part of this decline can be attributed to the proliferation of bilateral and regional trade accords, which is particularly intense in the Asia-Pacific region. Many U.S. manufacturers and farmers are being displaced by local competitors or firms base in the EU or Australia, which are forging their own preferential trade deals across the region. As Asian production chains have expanded to meet booming regional demand, U.S. suppliers of intermediate goods are being left behind. In short, Asian nations are designing a new architecture for trade in the global economy's most dynamic region – threatening to draw “a line down the middle of the Pacific.”

The TPP is the best chance to ensure that the United States is in the game in Asia. The United States, therefore, has decided to participate in the TPP because it is the best vehicle for the U.S. to advance its economic interests in the critical Asia-Pacific region.

### What is the current status of the TPP negotiations?

The TPP members seek to complete negotiations as expeditiously as possible, recognizing that all members share a high level of ambition for this agreement. After 19 rounds, the 12 TPP countries have made significant progress and the negotiations are on an accelerated track toward conclusion of an ambitious, comprehensive agreement in the time frame which they have envisioned.

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