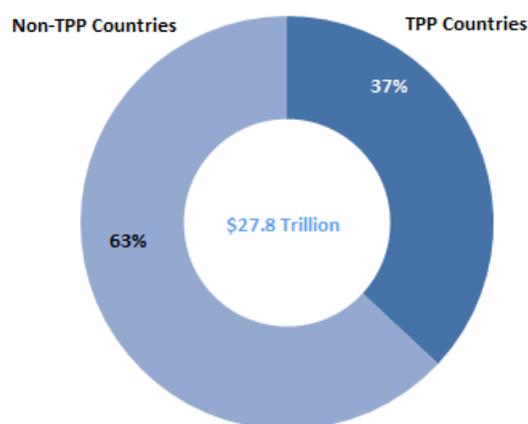


The Trans-Pacific Partnership: An Overview

What is the Trans-Pacific Partnership?

The Trans-Pacific Partnership (TPP) is a trade agreement that, when implemented, will create an economic trading zone with about 800 million customers and representing 37 percent of the world's Gross Domestic Product (GDP). The TPP is a landmark accord. In 2014, its member countries had combined GDP of \$28 trillion and accounted for \$5.3 trillion in exports, or 23 percent of the world total. TPP countries currently include *Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the United States, and Vietnam*. They are unusually diverse countries with varied economic systems but they share a common commitment to trade as an engine for economic growth.

TPP GDP as a Share of the World Economy



Source: [The U.S. Coalition for TPP](#)

Through the TPP, countries will create new trade and investment opportunities by establishing rules and disciplines in the Asia-Pacific region that modernize and go beyond the current World Trade Organization (WTO) commitments. If approved, the TPP would be the largest trade agreement in which the United States participates. In addition, the TPP would open five new markets (Brunei, Japan, Malaysia, New Zealand, and Vietnam) with which the United States does not currently have free trade agreements. The TPP presents an opportunity to boost U.S. economic growth and support well-paying jobs through expanded trade and investment in the world's most economically vibrant region. As a critical member of the TPP negotiations, the United States has maintained leadership in crafting global trade rules that stand to benefit American workers, farmers, ranchers, and businesses.

The TPP is a Trade Agreement for the Next Generation

The TPP is a market-opening agreement that contains important commitments to increase market access for U.S. businesses – small, medium and large; facilitates the movement of goods and services; eases overseas investment and government procurement restrictions; protects intellectual property rights, e-commerce and data flows; and sets rules for fair competition and enforcement. But, more significantly, the TPP goes beyond prior trade agreements in many areas to address 21st century barriers and issues that have limited American success in the region. The TPP breaks new ground by addressing the following:

- For the first time in any agreement, the Sanitary and Phytosanitary (SPS) Chapter includes enforceable obligations which go beyond the WTO SPS Agreement and prevent foreign non-scientific barriers from blocking U.S. food and agricultural product exports;
- For the first time in any agreement, there is a chapter dedicated to small and medium-sized enterprises (SMEs);
- For the first time in any agreement, there are binding provisions in an Electronic Commerce Chapter which ensure the free flow of digital trade and prevent foreign data localization requirements;
- For the first time in a U.S. trade agreement, there is a chapter which specifically addresses the activities of state-owned enterprises; and
- For the first time in any agreement there is a provision which requires countries to criminalize trade secret theft.

The TPP Builds on Existing Trade Disciplines

In addition to including “first time ever provisions” in the agreement, TPP negotiators eliminated many traditional barriers to trade and updated many of the traditional trade and investment rules. Examples include:

- The TPP will eliminate three-quarters of non-zero tariffs immediately upon entry into force of the TPP, and 99 percent of non-zero tariffs when fully implemented;
- The agreement builds upon the WTO agreements (such as the WTO SPS Agreement) by tightening disciplines and creating new mechanisms to improve implementation. It includes more comprehensive rules for services trade than are in the WTO agreements and allows only specifically negotiated exceptions to services disciplines;
- It begins to cut through the “spaghetti bowl” of overlapping trade agreements by establishing a single set of rules of origin (“ROO”) that allows inputs produced in any TPP member country to count toward meeting ROO standards;
- The TPP strengthens intellectual property (IP) rights and prescribes greater commitments toward enforcing these rights. Additional areas covered in the IP chapter include explicit coverage of state-owned enterprises (so that they cannot evade IP rules), enhanced penalties for counterfeits that threaten public health and safety, and digital copyright policies;
- The TPP includes strong rules requiring foreign governments to engage in more transparent rulemaking and to include input from stakeholders from all of the TPP countries. The TPP advances traditional transparency rules by including new disciplines regarding government corrupt practices;
- The TPP also incorporates rules to improve customs operations and reduce delays and red tape at the border for U.S. exporters. It advances these rules by including disciplines on the imposition of customs penalties and promotes collaboration between customs authorities on customs enforcement and prevention of duty evasion; and
- The TPP will promote greater access to, and a more secure and predictable legal framework for, a wide range of U.S. investors in the TPP. It will ensure neutral and objective dispute settlement rules that are vital to help promote basic U.S. rule of law provisions.