

The Trans-Pacific Partnership: Exporting U.S. Manufactured Goods

Manufacturing in the United States

Manufacturers in the United States contributed a record \$2.17 trillion to the U.S. economy in 2015. They directly employ more than 12 million employees, paying wages that are, on average, 24 percent higher than wages paid to non-manufacturing employees. The successful quadrupling of U.S. manufacturing output since 1980 has been due in significant part to the expansion of trade, spurred by trade agreements, which have led to the quadrupling of manufactured goods exports over the same period – exports which now support more than six million jobs.¹

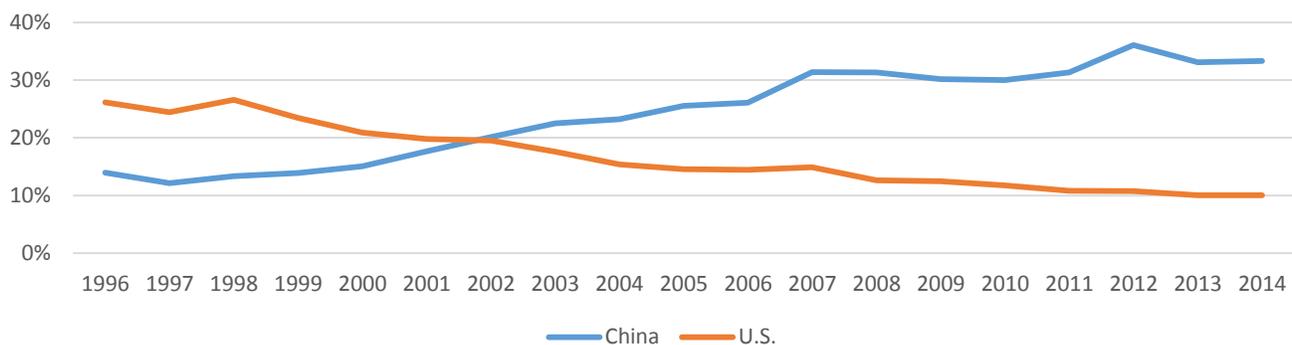
How Will TPP Enhance U.S. Manufacturing?

TPP will further promote the growth and competitiveness of U.S. manufacturing by:

- Eliminating hundreds of millions of dollars in annual tariffs paid to foreign governments;
- Reducing and eliminating foreign government barriers and market distortions;
- Setting stronger and more transparent standards to protect property and innovation and create a more level playing field; and
- Creating strong, time-limited enforcement mechanisms.

In fact, as other countries such as China have negotiated new agreements with the “TPP-Five,” the United States has been losing market share. The “TPP-Five” are the five countries in the TPP with which the United States does not currently have a trade agreement: Brunei, Japan, Malaysia, New Zealand, and Vietnam. The U.S. share in manufactured goods imports into the TPP-Five dropped from 26 percent in 1996 to 10 percent in 2014, while China more than doubled its share over the same period. This trend needs to change.

**TPP-Five Manufacturing Imports from
China and the United States (% of Total Imports)**



Source: United Nations

¹ Chris Rasmussen and Jeffrey Hall, *Jobs Supported by State Exports: 2013*, International Trade Administration, U.S. Department of Commerce, September 2013, assessed at http://www.trade.gov/mas/ian/build/groups/public/@tg_ian/documents/webcontent/tg_ian_005386.pdf.

Key TPP Outcomes to Promote U.S. Manufacturing Competitiveness and Growth

Overall, the TPP agreement will provide manufacturers in the United States with important new opportunities to increase sales and exports in the growing Asia-Pacific region. Specifically, the TPP will:

- **Eliminate all foreign tariffs on industrial goods** over the course of 16 years:
 - 86 percent of all tariffs in the TPP-Five countries will be eliminated immediately upon implementation of the agreement, with 91 percent of tariffs eliminated after four years and 96 percent of tariffs eliminated after 10 years.
 - The TPP will eliminate, over the course of full implementation of the agreement and based on current trends, hundreds of millions in annual tariffs paid on U.S. manufactured goods exports to the TPP-Five countries.
- **Eliminate or reduce non-tariff barriers** across the TPP countries, with strong outcomes on disciplines prohibiting local content barriers, export taxes, non-transparent and discriminatory regulatory barriers.
- **Set the strongest rules to date on prohibiting government restrictions on the movement of data and the localization of information technology infrastructure** – an issue important to any globally-invested company but also to many small manufacturers that use cloud computing to sell globally through Internet storefronts.
- **Set generally strong intellectual property rules for many manufacturers** – particularly as compared to the status quo in key TPP countries – with stronger rules for the protection of patents, trademarks and copyrights, as well as a first-ever provision which requires countries to criminalize trade secret theft, an important issue for many manufacturers in the United States who need to protect their intellectual property against foreign theft and counterfeiting.
- **Set strong, new investment protection and access commitments**, particularly for the TPP-Five countries, including through providing, for most industries, fair and neutral dispute settlement for manufacturers that face discriminatory, arbitrary or expropriatory foreign government actions.
- **Set stronger than status quo rules on customs operations, transparency and anti-corruption**, helping to improve trade flows by reducing delays, unnecessary red tape and corruption, particularly among TPP-Five countries.
- **Provides important new transparency, fairness and non-discrimination rules for government procurement, competition policy and state-owned industries** that will expand opportunities for U.S. manufactured goods exports and provide a more level playing field.
- **Provide binding, time-limited and transparent state-to-state dispute settlement** for most key obligations in the TPP to ensure that the commitments made can be fully enforced.