Trade Benefits America

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Trade Promotion Authority

An Important Tool for U.S. Economic Growth and Jobs

Since President Franklin D. Roosevelt in the 1930's, every President through 2007 has had authority from Congress to negotiate trade agreements that open new markets for American companies and workers and help ensure a rules-based system for two-way trade. More recently known as Trade Promotion Authority (TPA), or "fast track," this type of authority was last enacted in 2002, and it lapsed in 2007. Over the last decade, many new challenges to doing business in the global marketplace have emerged. Updating TPA and its negotiating objectives would help to address strategically such issues across the range of current U.S. trade negotiations, as well as in the future.

What is TPA?

TPA is legislation that: (1) helps shape the principal goals the United States wants to accomplish in international trade negotiations with other countries; (2) establishes a framework for Congress and the Executive Branch to partner in pursuing trade agreements and enacting bills implementing the agreements into law; and (3) includes a set of legislative procedures that allows the President to submit a bill implementing a trade agreement to Congress for an up-or-down vote within a set period of time, without amendments. The legislative procedures involve extensive consultations that are designed to improve Congressional input into and oversight of trade negotiations and negotiating objectives that reflect core Congressional trade priorities. An early version of these types of procedures appeared in the Reciprocal Trade Agreements Act of 1934 and later in a more sophisticated form in the Trade Act of 1974. They were repeatedly renewed thereafter, most recently in 2002.

Why Did Congress Create TPA?

Under the U.S. Constitution, the President and Congress share power on international trade. TPA helps define this relationship in a way that creates a strong partnership between them. It also gives U.S. negotiators guidelines to pursue and complete new, market opening trade agreements while enhancing Congressional input through development of negotiating priorities and oversight over the process. For example:

- TPA ensures Congressional input on trade negotiations by defining the principal negotiating objectives that new agreements must pursue. It also protects Congress' oversight authority by mandating specific and extensive consultations with the Executive Branch before, during and after trade negotiations.
- TPA strengthens the hands of U.S. negotiators by giving them Congressional direction on key negotiating objectives and assuring our trading partners that the agreements the Executive Branch negotiates will receive an up-or-down vote in Congress.
- TPA increases Congress' power to shape legislation to implement completed trade agreements. Under TPA, the Executive Branch works with Congress to negotiate and draft the specific terms of implementing bills before the President submits them to Congress.

In sum, TPA helps shape a strategic vision for U.S. trade policy and the goals the United States wants to accomplish in trade negotiations. It provides a framework for Congress and the President to work together to shape that vision, and it helps define the critical constitutional relationship between Congress and the President with respect to foreign commerce. Over time, it has provided our trade negotiating

partners with a degree of comfort that the United States is committed to the international trade negotiating process and the trade agreements we negotiate.

Why is TPA Still Important?

The United States is pursuing one of its most ambitious and diverse range of trade negotiations ever, including the Trans-Pacific Partnership (TPP) negotiations with 11 other Asia-Pacific countries, a Transatlantic Trade and Investment Partnership (TTIP) with the European Union (EU) (and its 28 member states), the Trade in Services Agreement (TISA) with 48 other economies (including the EU member states), and multilateral negotiations on a trade facilitation agreement.

These negotiations involve important 21st century trade issues, such as foreign restrictions on cross-border data flows, unfair competition from state-owned enterprises, intellectual property rights, forced localization barriers to trade and investment, and international regulatory cooperation that have evolved or emerged since TPA and its negotiating objectives were last written more than a decade ago. Updating TPA and its negotiating objectives would help strategically guide U.S. goals across this range of U.S. trade negotiations. TPA negotiating objectives and procedures also would help lay out a structured framework and pathway for addressing issues before, during and after the negotiations and obtaining Congressional approval of any legislation needed to implement a trade agreement.

Why Do We Need to Negotiate New Trade Agreements?

With more than 95 percent of the world's population outside of the United States, U.S. economic growth and job creation depend on expanded trade and investment opportunities so U.S. companies and workers can sell more American products and services to foreign customers. Trade agreements are an important tool to help make this happen. For example:

- In 2011, more than 38 million U.S. jobs – more than 1 in 5 – depended on U.S. exports and imports. This represents 24 million more trade-related U.S. jobs than two decades ago, before the U.S. implemented a series of bilateral, regional and multilateral trade agreements.
- U.S. FTAs in effect in 2008 (before the global recession) generated over $300 billion in U.S. output (2.1 percent of U.S. GDP), expanded U.S. exports of goods and services by over $460 billion, and supported over 5 million U.S. jobs.
- U.S. exports have helped drive the U.S. economy and its recovery in recent years, positively contributing to U.S. economic growth in 2010, 2011 and 2012.
- Nearly half of all U.S. goods exports now go to the nation's Free Trade Agreement (FTA) partners. In 2012, the U.S. had a roughly $58 billion manufactured goods trade surplus with its 20 FTA partner countries combined.
- Similarly, a wide range of U.S. industries export services to our 20 FTA partners, which purchase about 20 percent of all U.S. services exports.

In order to realize these and other economic benefits, it is also critical to ensure strong enforcement of U.S. rights under international trade and investment agreements. It is essential to recognize that a successful enforcement strategy is dependent on the United States having strong trade agreements to enforce. This underscores the importance of renewing TPA to help ensure that pending and new U.S. trade negotiations move forward to completion.