

U.S. BUSINESS COALITION FOR TPP

TRANS-PACIFIC PARTNERSHIP (TPP) AGREEMENT PRINCIPLES

September 30, 2010

The U.S. Business Coalition for TPP supports the negotiation of a TPP agreement that will open markets and reach new consumers for U.S. farmers, manufacturers and service providers. A successful TPP agreement should increase U.S. exports and economic opportunities for Americans, support and create American jobs, and strengthen trade-enforcement tools. The TPP should also advance security, stability and prosperity throughout the Asia-Pacific region. To achieve these important goals, we believe that a successful TPP agreement should include the following core principles:

1. A comprehensive agreement

A successful TPP agreement should cover all elements of trade and investment, including agriculture, goods, services, digital trade and intellectual property, with no product or sub-sector exclusions. To exclude sectors would limit the opportunities for American farmers, manufacturers and service providers to reach new markets, grow their businesses and support and create American jobs.

2. A commercially meaningful agreement

A successful TPP agreement should create significant new market-opening and commercial opportunities for U.S. agriculture, consumer, manufacturing and services sectors and investors by building upon the market-opening commitments from earlier agreements and those now pending Congressional approval. With respect to goods, the agreement should seek the elimination of all tariffs and non-tariff barriers by a date certain. With respect to services and investment, the agreement should similarly require market opening in all sectors on a negative-list basis by a date certain. With respect to intellectual property, the TPP should build on existing trade agreements, as well as the pending U.S.-Korea FTA.

3. A final agreement completed in 2011

As countries throughout the world negotiate and implement new agreements that exclude the United States, U.S. businesses and workers are falling behind. The

sooner a high-quality TPP is negotiated and brought into force, the more significant will be the economic benefits for the United States and its TPP negotiating partners. Accordingly, negotiators should work to complete their negotiations by the APEC Leaders' Summit in November 2011 that will be hosted by the United States. Moreover, accelerating the negotiations could increase the likelihood of other countries in the Asia-Pacific joining in the near-term as well.

4. An agreement that simplifies trade and enhances competitiveness

As numerous trade agreements are negotiated, all companies, but especially small- and medium-sized companies, are experiencing difficulties in developing business plans because of divergent rules and benefits. Therefore, a successful TPP agreement should adopt simpler, effective and coherent rules that promote trade in a safe, secure and mutually beneficially manner. Building a new regional TPP template with other like-minded countries offers a rare opportunity to address directly the complexities and transaction costs that burden trade and investment. A new TPP model that facilitates trade would also be adopted by additional economies that join the TPP and could turn back the tide of ever-increasing complexity.

5. An agreement that facilitates trade and strengthens production and supply chains

A successful TPP agreement should eliminate duplicative, trade-distorting and unnecessary barriers within each country, enhance cross-border physical connectivity, and improve the communication, coordination, and diffusion of regional and international best regulatory practices to facilitate trade among the TPP countries.

6. An agreement that enhances regulatory coherence

A successful TPP agreement would facilitate the movement of goods and services throughout the TPP countries and promote, thereby, economic growth, by ensuring that TPP member countries maintain transparent, effective, enforceable and mutually coherent regulatory systems which are both risk- and science-based, adhere to international best practices, and assure high levels of collaboration among TPP governments and their stakeholders. It also provides an opportunity to take advantage of the work already completed in APEC, including, for example, the pathfinders for technology choice and the work on digital prosperity.

7. An agreement that adopts the highest standards of intellectual-property protection

A successful TPP agreement should protect intellectual property (IP) as a major contributor to economic growth, employment and success throughout the TPP countries. To promote U.S. competitiveness in the IP-dependent industries that span every sector of the economy, a successful TPP agreement should incorporate state-of-the-art IP protections for intellectual property, from software and information technology, music, books, and movies to pharmaceuticals, food products and consumer and industrial goods, at a level similar to the protections found in U.S. law. The TPP agreement should build off of, but not diminish, intellectual-property protections found in each of the existing U.S. trade agreements with TPP countries and the currently pending U.S.-Korea FTA.

8. An agreement that promotes and protects inbound and outbound investment

A successful TPP agreement should recognize that U.S. investment overseas is a magnet for U.S. exports and helps promote greater economic activity and higher wages in the United States. A successful TPP agreement will, therefore, incorporate strong investment protections to create a secure, predictable and non-discriminatory legal environment for U.S. investment abroad, consistent with the strong property protections and due-process principles found in U.S. law. Moreover, the TPP investment provisions should attract additional foreign investment to each of the TPP partner countries to create jobs and prosperity. The TPP agreement will build off of, but not diminish, investment protections found in each of the existing U.S. trade agreements with TPP countries.

9. An agreement that improves transparency and reduces corruption

A successful TPP agreement should incorporate strong commitments similar to those in other U.S. FTAs requiring government transparency and criminalizing domestic and foreign bribery. Such binding commitments will help advance America's core values and a more-level playing field for America's farmers, manufacturers and service providers.

10. An agreement that promotes open and equal procurement opportunities

A successful TPP agreement should ensure an open, transparent, non-discriminatory and efficient government-procurement process that will optimize competition among suppliers and make more effective use of government funds. Negotiators should explore alternative methods of coverage that overcome weaknesses in the

WTO Government Procurement Agreement and existing FTAs, such as the feasibility of a negative-entity list.

11. An agreement that promotes fair competition and a level playing field

A successful TPP agreement should ensure a level playing field by protecting and promoting the competitive process through strong rules on transparency and due process in competition-policy proceedings. In addition, this agreement should ensure that state-owned, state-invested and state-favored industries compete on a level playing field with private and foreign companies.

12. An agreement that lowers prices, expands consumer choices, and enhances competitiveness

By eliminating import tariffs and other trade and investment barriers, a successful TPP should significantly lower prices for families and consumers in the United States and the other TPP countries on a wide range of products, representing a win-win for all eight countries. Moreover, American manufacturers will gain access to a host of more cost-effective inputs that will enhance their global competitiveness. It will also improve the variety and availability of products. As well, the agreement should encourage steps by business and government to ensure greater security and safety of products.

13. An agreement that prohibits roll-backs of market access

During the TPP negotiations, countries should comply with and implement their existing trade-agreement obligations, commit to lock-in existing reforms and not adopt policies to reduce market access or investment or intellectual-property protections for goods and services from other TPP countries.

14. A "living" agreement that welcomes additional parties and evolves to address new trade and investment issues as they arise

The final TPP agreement should include an effective and flexible structure to allow for growth in response to the needs of the Parties and their citizens. In particular, the final TPP agreement must include a strong and efficient mechanism that will promote the accession of other eligible countries into the TPP agreement, so that it can provide more job-creating export and market-opening opportunities for the United States and other TPP countries. To be eligible for entry into the TPP, additional countries should agree to meet the high standards and market-opening commitments of the original agreement without exceptions. The TPP agreement should also include monitoring, cooperation and other mechanisms that will enable

the TPP partners to work together to expand the agreement's ability to eliminate barriers between the countries and to address new issues as they arise.

15. An agreement that promotes the rule of law and the protection of the environment and workers in each of the TPP countries

A successful TPP agreement will help foster the rule of law, improved living standards and the protection of the environment and workers throughout the TPP partner countries in mutually beneficial ways. Key provisions should include the elimination of tariffs and trade barriers on environmental goods and services, the protection of workers and the environment, and the provision of capacity-building assistance by the more-developed to the less-developed economies to promote stronger rules and greater protections for workers and the environment.