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A Trade & Legislative Update from the Obama Administration

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the TRANS-PACIFIC PARTNERSHIP

A Free Trade Agreement *for the 21st Century*



- Regional free trade agreement between 12 nations representing 40% of world GDP.
- Opens markets to U.S. goods and services exports in one of the fastest growing regions in the world.

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Key Feature: Labor Rights

President Obama's trade deal enforces American values that past trade deals did not

ON PROTECTING WORKERS		
	NAFTA	TPP
Ban on child and forced labor?	X	✓
Require a minimum wage?	X	✓
Ban workplace discrimination?	X	✓
Rights to form a union and bargain collectively?	X	✓
Require workplace safety?	X	✓
Trade sanctions for violating labor rights?	X	✓

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Key Feature: Environmental Protection

President Obama's trade deal enforces American values that past trade deals did not

ON PRESERVING THE ENVIRONMENT		
	NAFTA	TPP
Combat illegal wildlife trafficking?	X	✓
Protect against overfishing?	X	✓
Protect our oceans?	X	✓
Combat illegal logging?	X	✓
Trade sanctions for violating environmental protections?	X	✓

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Key Feature: Level Playing Field

- Strong rules protecting intellectual property rights and promoting e-commerce
- Disciplines on state-owned enterprises

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The Textiles Chapter:
A Balanced Package



- Provides new commercial opportunities for U.S. brands and retailers.
- Takes into account the interests of U.S. domestic producers.

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Textiles Chapter Elements

- Customs Enforcement
- Rules of Origin
- Market Access



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Customs Enforcement Text

- Strong enforcement and customs cooperation provisions to prevent fraud
- Special safeguard mechanism, if needed



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Rules of Origin



- Yarn-Forward Rule
 - ❖ Promotes TPP region supply chains
 - ❖ Keeps benefits of TPP in U.S. & TPP region
- Short Supply List - permits some flexibilities
- Limited “cut-and-sew” exceptions

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Market Access

- All textile and apparel products see duty cuts on day one.
- Some duties eliminated completely on day one.
- Remaining duties on sensitive textile and apparel products eliminated over phase-out period of full 10 or 12 years.

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Sensitive Products

- Tire Cord Fabric: upfront cut followed by duty elimination at the end of 12 years with a smaller cut at the midpoint.

Current	Year 1	Year 7	Year 13
5.8%	3.7%	2.9%	0%

- Certain Plastic-Coated Fabric under HTS Heading 5903: upfront cut then eliminated at the end of 12 years

<http://www.export.gov/FTA/FTATariffTool>

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Export Opportunities

- Specialty and Industrial Fabrics
 - U.S. exported more than \$135 million in 2015
 - Japanese duties up to 14.2%
 - Malaysian duties up to 20%
 - Vietnamese duties up to 12%
 - TPP eliminates nearly all of these duties on day 1

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Trade Promotion Authority Process

- Negotiations concluded
- Agreement text made public
- Agreement signed
- Economic impact study completed
- Congressional authorization

Entry into Force

- Path 1: 60 days after all TPP countries authorized the agreement
- Path 2: If not completed within 2 years, then 60 days after six countries accounting for 85% of the region's GDP authorize the agreement



the TRANS-ATLANTIC TRADE & INVESTMENT PARTNERSHIP

the United States
and
the European Union



- The U.S. and E.U. are each other's largest economic partners with \$2.6 billion in goods and services exchanged each day
- More than 13 million jobs tied to trans-Atlantic economic relationship

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Textiles Chapter Elements

- Regulatory Coherence
- Customs Enforcement
- Rules of Origin
- Market Access



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Additional Resources

US Trade Representative

www.ustr.gov/tpp

International Trade Administration

www.trade.gov/tpp

Office of Textiles and Apparel

www.otexa.trade.gov

Free Trade Agreement Tariff Tool

www.export.gov/FTA/FTATariffTool

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