



The Trans-Pacific Partnership (TPP), Transatlantic Trade & Investment Partnership (TTIP) and Washington State

Washington Council on International Trade
June 16, 2014

Importance of Trade to Washington

- All international business is international trade: agriculture, retail, manufacturing, software, professional services, global health, int'l tourism, int'l education
- 40% of jobs in WA tied to trade
- WA exported \$81.9 billion in goods and \$24 billion in services in 2013
- 95% of consumers are outside the United States & 90% of exporting companies are SMEs
- Washington imported \$50 billion in 2013; 145,000 jobs directly supported by imports



- Imports increase supply chain competitiveness for WA's retailers & manufacturers and increase capacity for exports

Importance of Free Trade Agreements

- Free trade agreements have proven to be one of the best ways to open up foreign markets to U.S. exporters, reducing tariff and non-tariff barriers such as quotas, discriminatory regulations, local content requirements, etc.
- Our 20 FTA partners make up only 10% of the world economy but buy almost 50% of U.S. exports
- The United States has a trade surplus with our FTA partners in manufactured goods (\$59.7 billion in 2012)
- For example, after the U.S.-Korea FTA (KORUS) was passed :
 - Washington potato farmers saw a 30% increase in exports through ports of Seattle & Tacoma to Korea;
 - Washington cherry sales have risen 88% in Korea after a 24% tariff was eliminated



What is the Trans-Pacific Partnership?

The TPP is an Asian-Pacific regional trade agreement currently being negotiated among the U.S. and eleven other partners: Australia, Brunei, Chile, Malaysia, New Zealand, Peru, Singapore, Vietnam, Canada, Mexico and Japan.

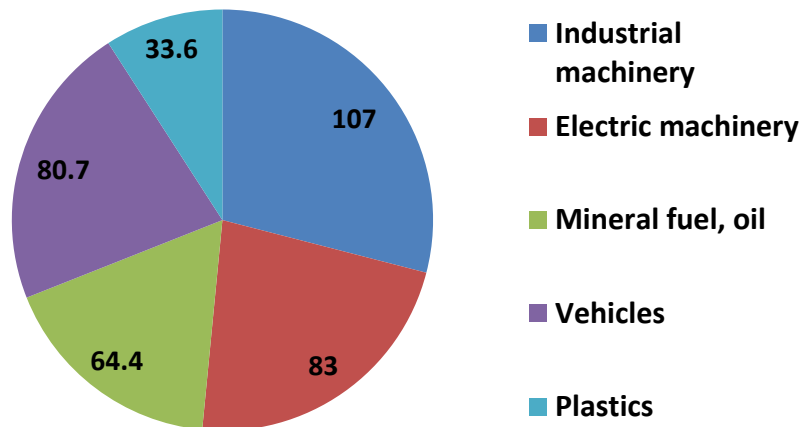


Scale of the TPP

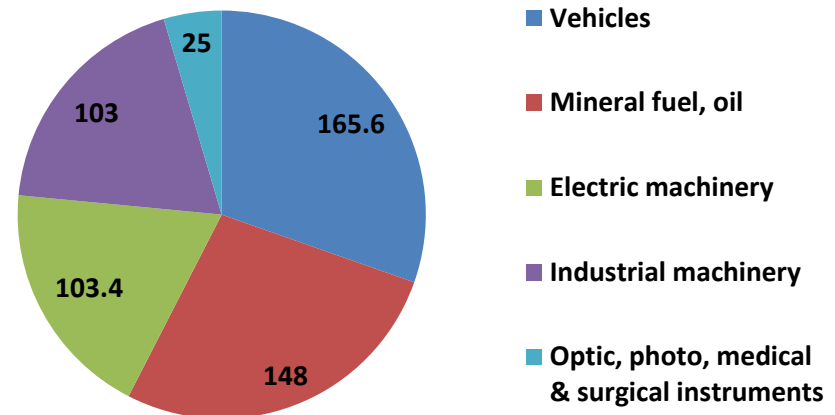
- 44% of U.S. exports go to TPP countries
- 43.6% of U.S. agricultural exports go to TPP countries
- 47.5% of U.S. advanced manufacturing exports go to TPP countries
- 37.5% of U.S. imports come from TPP countries

A high-standard agreement would create a framework into which other Asia-Pacific countries might eventually enter, raising the standards for global trade and leveling the playing field for American businesses.

Top U.S. Exports to TPP Countries, in Billions



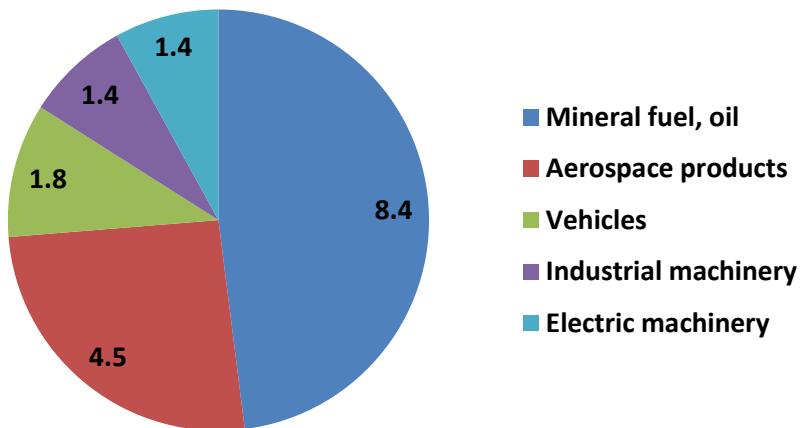
Top U.S. Imports from TPP Countries, in Billions



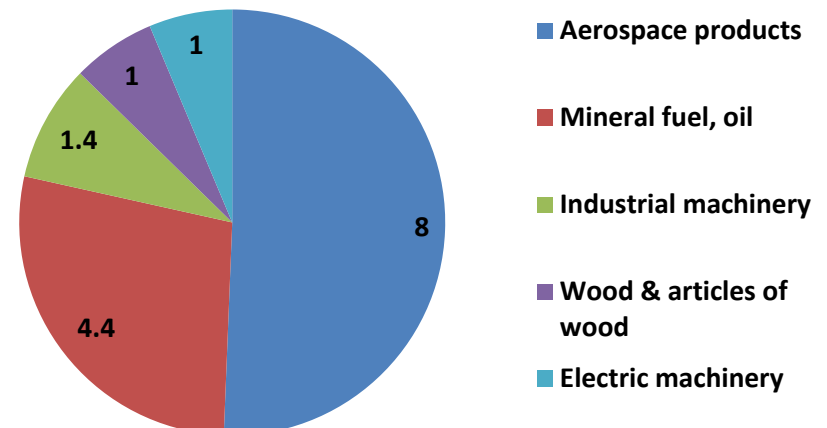
TPP & Trade with Washington State

- 31% of Washington exports go to TPP countries
- 26.6% of Washington agricultural exports go to TPP countries
- 43% of Washington advanced manufacturing exports go to TPP countries
- 49% of Washington imports come from TPP countries

Top WA Imports from TPP Countries, in Billions



Top WA Exports to TPP Countries, in Billions



What Could the TPP Include?

- “A 21st Century Free Trade Agreement”
- Lower or eliminate tariffs and other market access barriers on goods & services across almost all sectors
- Create compatible regulations and rules between countries on issues like sanitary & phytosanitary (SPS) measures, telecommunications, rules of origin, investment, financial services, e-commerce and state-owned enterprises (SOEs)
- Raise intellectual property rights protection, labor and environmental standards of many of the trading partners

What Could the TPP Mean to Washington?

- With 40% of jobs in Washington tied to trade, our state could benefit from a well-crafted TPP that would open more economic opportunities to our employers across all sectors:
 - Benefit our employers with global supply chains
 - Break down barriers for Washington companies exporting to TPP countries
 - Continue to cement the United States as a “Pacific nation”
 - Improvements in Washington-China trade?



Current Status of TPP

- First round of negotiations began in March 2010
- Have been over 20 rounds of negotiations; next TPP chief negotiators meeting is scheduled for July
- Current potential road blocks include disputes on “rules of origin,” IP rights and labor standards, as well as Japan’s failure to significantly increase market access by eliminating tariffs
- No concrete deadline for completion of negotiations

What is the Transatlantic Trade & Investment Partnership (TTIP)?

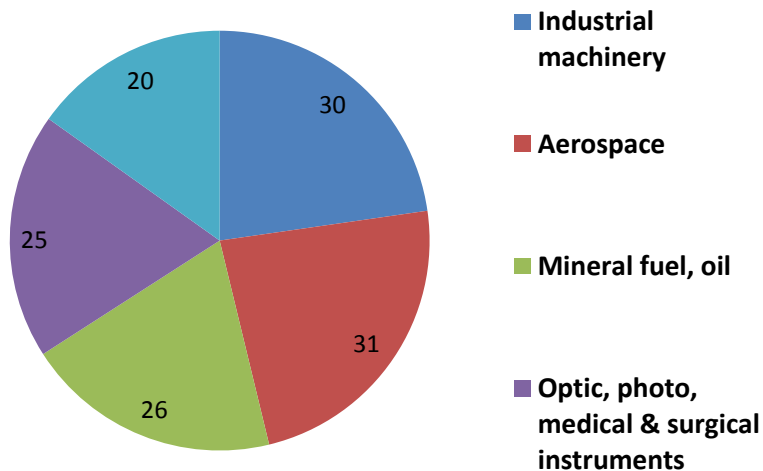
The TTIP is an FTA currently under negotiation between the United States and the 28 countries of the European Union (EU).



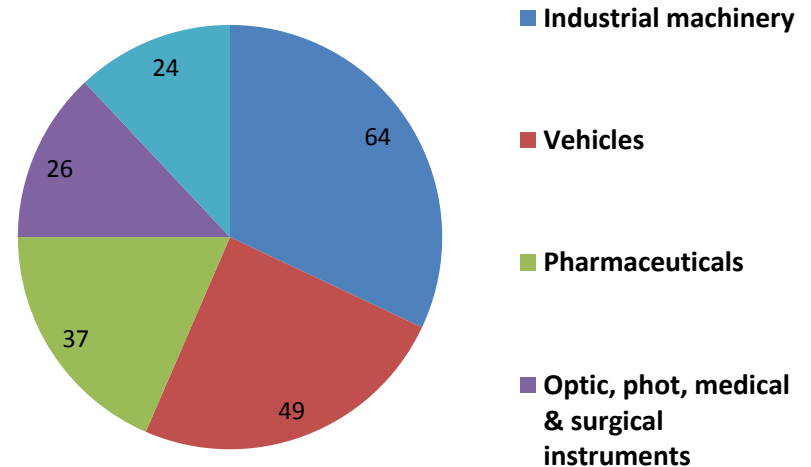
Scale of the TTIP

The U.S.-EU economic relationship is the world's largest, accounting for one-third of world trade, and total bilateral trade in goods and services reached \$1 trillion in 2012. For comparison, that's twice the size of U.S.-China trade.

Top U.S. Exports to EU, in Billions of \$



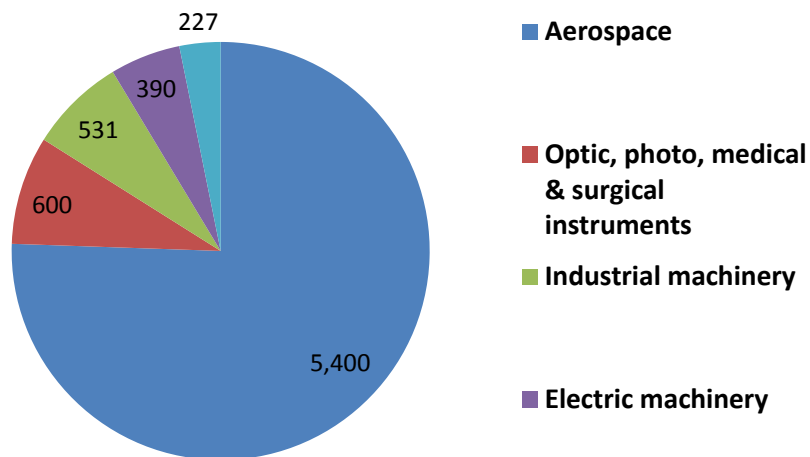
Top U.S. Imports from EU, in Billions of \$



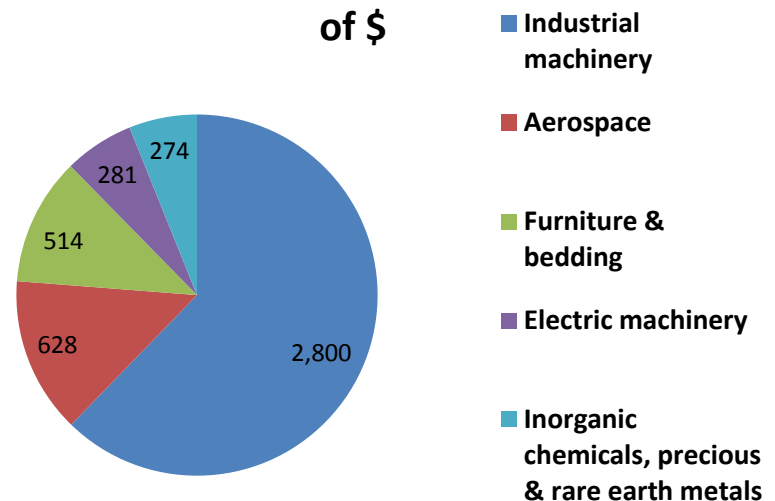
TTIP & WA State

- 11% (\$8.7 billion) of Washington's goods exports and 12% of our imports (\$6 billion)
- EU countries such as Ireland, UK, Germany & France are top destinations for WA service exports
- Visitors from the EU account for a third of WA's foreign tourists
- WA benefits from European FDI – French, German, Dutch and British firms employ almost 40,000 WA residents

Top WA Exports to the EU, in Millions of \$



Top WA Imports from EU, in Millions of \$



What Could the TTIP Include?

- The TTIP could strengthen the U.S.-EU trading relationship by eliminating tariffs, liberalizing services trade & increasing regulatory compatibility
- Since tariffs are already relatively low on most goods, TTIP's real opportunity is on increasing regulatory compatibility on products like agricultural goods, pharmaceuticals, chemicals, cosmetics, IT and services

What Could the TTIP Mean to WA?

- TTIP could create over 17,000 new jobs & increase WA exports to the EU by 26%, according to a study by the British Embassy, Bertelsmann Foundation & Atlantic Council
- TTIP could further open the European market to Washington agriculture, aerospace, life sciences and services exports
- TTIP could lower U.S. tariffs on European goods, benefiting Washington retailers and consumers

Current Status of TTIP

- Negotiations began in July 2013
- Last round took place in Washington, D.C., at the end of May
- Sticking points so far seem to be geographical indicators (GIs), cross-border data flow regulations, financial services, investor-state dispute settlement (ISDS), sanitary and phytosanitary (SPS) issues like GMOs and hormones in meat
- Goal is completion of negotiations within two years