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TPP: Leveling The Playing Field

While the world tumbles through the pace of globalization, the ball is in the US's court to ensure we lead the way in international trade. Product tariffs based on classification and country of origins come and go each year but, the global economy has made it clear that free trade agreements are here to stay and are the way leading exporters will operate. In the past, the US's bilateral free trade agreements have often had major proponents other than trade; world superpowers have recently made their advances through multilateral free trade agreements. Smooth and efficient global trade depends on a borderless agreement that cannot be efficiently upheld by just two countries. Because of specialization, the United States simply cannot be the leader in all foreign markets. We must be able to exchange goods and services in a way where our economy is most benefitted. In 2008, the Obama administration joined negotiations for a multilateral free trade agreement that would strengthen America's presence in the global economy and offset the influence of China. This would evolve into the Trans Pacific Partnership (TPP). Fast forward 8 years, and you have the proposition for a free trade agreement including 12 of the largest exporting countries, spanning 18,000 commodities and over \$625 billion in American exports (to TPP countries) according to the Office of The United States Trade Representative (USTR). Through modernization of trade, the TPP levels the playing field, benefiting both American families and businesses.

Today, no country can survive by just producing all of its goods and services domestically. This is simply inefficient. Smaller countries especially must find their niche in the market and look to international trade to boost economic gain. When we use this logic, and apply to the United States, what is our niche? While some would point to automotive parts or agriculture, the reality is that the cost of labor stateside is so high compared to other countries; our products take on a different value due to innovation. According to the CIA, in 2014, the United States exported 1.5 trillion dollars, ranking second on the globe. However, China blew the competition out of the water topping 2.1 trillion dollars (COUNTRY COMPARISON: EXPORTS). How can we start to close this gap without stooping to the lower wages China dishes out? We will have to go back and consider what America's niche may be. While we may not be the manufacturing superpower we once were, our innovation has not declined. A major issue is countries we trade with by the hundreds of billions of dollars have little to no system in place to protect American intellectual property on an international level. As we can see nearly everywhere we look, Intellectual Property Rights (IPRs) are a vital part of society. When we look at other exports, take Vietnam or Malaysia, the tariff on automotive parts coming from the US sits at 27%, but is free coming from China (ITR). How can the US market possibly compete? Advanced, more borderless trade can bring us out of this tremendous disadvantage and remain competitive with China.

If the United States wishes to remain relevant as an international economic force, changes must be made. Countries around the world have stiff tariffs nearly prohibiting a dependency on US goods. While many up and coming countries have tariff schedule discouraging US imports, they also have a greater financial incentive to trade with lesser developed countries. In a world where anything is considered to cut costs, the international market has done little to protect from goods and services produced with minimal environmental consideration, minimal regard to intellectual property, and even child labor. According to The Office of United States Trade

Representative of the President, million US jobs directly contribute to “IP intensive” industries. Furthermore, this accounts for near 60% of US merchandise exports. These jobs should be the bread and butter of the American people, paying 47% higher wages than other industries and accounting for over 38% of our GDP (Antonpillai). But what does America’s (and other countries’) intellectual property mean for the international market? International policy does little to nothing to protect intellectual property across borders. While America has a need for intellectual property protection, the world needs legislation across borders that encourage ecofriendly trade. Sanctions put in place to assist the environment carry no weight as the majority of trade occurs at an international level. With the TPP covering over a third of the worlds’ GDP, this is exactly the kind of program to jumpstart the beginning of environmental sustainability. Finally, minimal labor laws in foreign countries easily allow for US products to have been produced using sweatshop and even child labor. In the global market many countries have an automatic advantage over the US. Between their current tariffs and lack of regulation, a free trade agreement that will bring the standards of US labor to our trading partners is a must. As an aspiring economic superpower, how can the US dream of overcoming global corner cutting around human rights to remain as a leading exporter? 21st century trade calls for a modern approach to bringing trade laws to a global level. For globalization to work, the TPP is crucial to require borderless trade to protect both US markets economically and humanely.

A huge part of success in America is and will always be innovation. Anybody with a good idea and the means to produce it has a shot at financial success in America, and one of our core values is to protect innovation with trademarks and copyright regulations. Stemming from the dawn of international trade, developed countries have had little to no protection from knockoffs, copycats or simple replicating of ideas. Though the US and other countries have laws protecting innovators via patents, these provisions are very limited by borders. Though the WTO (World Trade Organization) have put regulations in place using TRIPS (Trade-Related Intellectual Property Rights), this is considered largely ineffective. Where the TRIPS falls short is how it only addresses anti-counterfeit. To the request of devolving countries in the 1970s, any provision regarding IPRs through the WTO/TRIPS would not exceed anti-counterfeiting (Primo Braga). What the TPP offers is a far superior and IPR friendly policy compared to any other agreement in use today. Included in the TPP’s provision over TRIPS policies are 10 years of trademark protection (compared to TRIPS’s 7 years), and a minimum copyright protection of 70 years (compared to TRIPS’s 50). While a 20 year increase is a win for the intellectual property industry, the major win in the TPP comes in the form of a possibility for criminal prosecution when dealing with the violation of these provisions. Also notably, the TPP adjusts the length of patents/trademarks along with any delays stemming from the patent office (Primo Braga). In the world market, it is vital our innovation comes at a premium that will benefit our economy first and foremost. The sanctions provided by the TPP will cover 12 countries which account for a third of the world’s GDP. This is the exact sort of borderless protection that the WTO has not been able to provide.

Though American exporters must retain a higher cost of labor to support American families as well as labor laws stateside, other leading exporters double as developing countries and are able to take advantage of sweatshop and even child labor. Because of our high level of labor and development, there is little we can do to compete with these minimal labor costs. However, as to this point sweatshop labor has gotten the short end of the stick in regards to globalization. NAFTA, passed in 1993, took the first (unsuccessful) attempt of a free trade agreement to put in regulations in regards to labor rights. Since NAFTA, most free trade

agreements put in place by the United States have included labor provisions with notable success. Under the TPP, countries taking part in duty free treatment will be required to put sanctions on labor such as requiring a minimum wage, having working hour restrictions and even occupational safety hazards (New York Times). In addition, side deals involving Malaysia and Vietnam require their workers the right to unionize. This is monumental for a country like Vietnam, with a communist government who has refused to conform to any free trade agreements involving labor rights in the past 50 years (Massmann). While advantages to the TPP to the US are to be our priority, the impacts of a communist country adopting workers' rights to unionize cannot be understated. The TPP will force these other countries to uphold the same standard of labor rights in order to benefit from duty free treatment.

While the United States sits at number two in world exports, second to only China, (COUNTRY COMPARISON: EXPORTS), many of our leading exported products face stiff tariffs in other countries. The 12 countries included in the TPP do not include China, the world's top exporter. Tariff free treatment gives countries a direct advantage to choosing trading partners in the future other than China, therefore beginning to shift economic power. Though China sits far ahead in terms of volume of exports than the United States, there is little doubt the TPP will make a sizable dent. The US currently exports over 10 billion dollars in textiles to other TPP countries, often facing tariffs as high as 20% (USTR). Unlike other past free trade agreements, or current regulation regarding country of origin, textiles produced in one country must use materials from TPP countries. Generally, the materials of textile can be from anywhere, but the country of origin pertains to the country where the last tariff shift occurred. The TPP goes one step further, requiring materials be wholly produced in TPP countries. As many textile materials come from third world countries and of course, China, this will increase fair trade among the world's largest exporters. The textile industry is far from alone as the TPP will affect rules of origin spanning nearly every product. Exporters will no longer be able to take advantage of loose rules of origin to easily gain lower duty rates.

Over our most recent presidential election, many candidates from both sides were forced to share their thoughts on the TPP. While many were varied, President Elect Donald Trump in many ways led the opposition against the TPP. When asked about the TPP, Trump responded with "The TPP is horrible deal" and continued to say "If you look at the way China and India and almost everybody takes advantage of the United States -- China in particular, because they're so good. It's the No. 1 abuser of this country" (Youngman). While we do know China and India are two of the worlds' largest exporters and house an excess of sweatshop labor that lowers their cost of production, and how much of our manufacturing jobs have been lost as their production has grown, it is difficult to consider this as China and India are not part of the TPP. The TPP includes 12 countries mostly from the Pacific Rim, and at this point in time, has zero mention or anything at all to do with China or India. On the flip side of Trump's position, if the TPP fails to pass in the United States China has already begun forming the Regional Comprehensive Economic Partnership (RCEP). The RCEP consists of many of the countries from the TPP, but without the regulation (Chang). Without the TPP, the shift of power will favor China, as it will replace the US in leading the next major free trade agreement. At minimum, the TPP will bring advancements into our side of trade and force China to modernize its workforce. While there are many benefits to the TPP, many argue this as its largest benefit, to stay competitive with China. It is crucial that the United States remains a piece in controlling Pacific Rim trade. As President Obama said, "When more than 95 percent of our potential customers live outside our borders, we can't let countries like China write the rules of the global economy."

On the other side of our political spectrum, Senator Bernie Sanders also opposes the TPP. Senator Sanders expresses concerns about how the TPP will affect the manufacturing sector both domestically and globally. In Bernie Sanders's statement criticizing the TPP, Sanders starts by expressing his belief that the TPP "will allow corporations to outsource even more jobs overseas" (Sanders). While of course corporations have the right to outsource, there is nothing to say that this will make it easier. As mentioned earlier, the TPP in many ways make it more difficult and expensive to outsource and still claim duty free treatment. However, as Sanders compares the TPP to NAFTA, we can examine the effects of NAFTA on US exports. According to the USTR, since 1993(pre-NAFTA), US exports have grown 468%. While it is a fact manufacturing jobs have been lost to outsourcing since NAFTA, to say it is because of NAFTA would be simply jumping the gun. Sanders goes on to criticize the TPP by saying "U.S. sovereignty will be undermined by giving corporations the right to challenge our laws before international tribunals" (Senator Sanders). While this may be true in some cases, the shift of power is more influenced by the US than currently through the WTO (World Trade Organization). One example of the WTO going directly against US law is in the case of tuna markings. In order to protect dolphins, as well as other sea mammals who could fall casualty to commercial fishing. In result of the Marine Mammal Protection Act of 1972, The National Oceanic and Atmospheric Administration (NOAA) requires all imports of tuna to be labeled and have certificate confirming tuna was acquired using dolphin safe methods (Trade Monitoring Procedures for Fishery Products). The WTO ruled this as violating the rights of Mexican Fisheries in 2015 (US appeals part of WTO ruling). This is the sort of problem the WTO struggles with and the TPP can help shift the power. Finally, Sanders calls out the TPP by saying "The TPP would reward authoritarian regimes like Vietnam that systematically violate human rights". As was previously covered, President Obama has used the TPP to potentially bring unparalleled progress to the region of Vietnam, who remains a communist country. Bringing these newfound sanctions to Vietnam are groundbreaking, as they become one of largest trade partners, in many ways we are assuring they do not become similar to China in exchange for duty free treatment on many products(with our exports benefitting as well).

While extremes on both sides of the political spectrums seem to enjoy taking part in objecting the TPP, their concerns have proven to be largely misguided. Although the opposition suggests the free trade agreements pose a minimal benefit to US exporters, one could ask major exporters who have relocated to the US since NAFTA such as BMW, Honda, Mercedes-Benz, Mitsubishi, Nissan, Subaru-Isuzu, Toyota, and Volkswagen(Fitzpatrick). Of course, the US has lost manufacturing jobs to NAFTA countries, but this is simply the nature of globalization. The supply chain will be modified to more efficiently produce to meet supply and demand. If they could have gone anywhere in the world, but chose to go to Mexico because of NAFTA, then did NAFTA save U.S. jobs? Of course, Free Trade Agreements are not meant to have a winner and a loser, but both are supposed to make overall gains. The TPP is the 21st century, "gold standard" of international trade that is needed to keep the US as an economic superpower. To quote Michael Froman, the U.S. Trade Representative, "You don't get to vote on automation. You don't get to vote on globalization."

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