

## TPP: Some of the Major Outstanding Issues

- 1. Agricultural Market Access.** Japan originally offered to reduce, but never eliminate, tariffs on imports of hundreds of agricultural products – far more carve-outs than the United States has ever accepted in a trade agreement. Other countries are not engaging fully in agricultural market access negotiations even at this time. And geographical indications remain a major outstanding issue.
- 2. Industrial Products: Japan Automotive and beyond.** Japan has long had the most closed automotive market of any industrialized country and past agreements have failed to open the market to U.S. exports. Key to the U.S. ensuring that necessary changes take place in Japan is a provision relating to U.S. tariffs on vehicles and trucks. To date, the Administration's approach is that any reduction to the U.S. auto tariff will be tied to the longest period negotiated on any other product line between any two TPP parties, whether that tariff relates to automotive products or not. The Administration has not stated a specific period of time for when the phase-out would begin or when it would end. And work remains to be done to address certain non-tariff barriers.
- 3. Currency Manipulation.** Majorities in the House and the Senate have urged the Administration to include strong and enforceable currency obligations in the TPP, which includes a number of current or former currency manipulators, such as Japan. And other alleged manipulators, such as Korea and Taiwan, have also expressed an interest in joining TPP. The negotiators in Australia did not broach the subject.
- 4. Worker Rights.** The major outstanding issue is how the May 10 labor obligations will be implemented by our trading partners, including Vietnam with its non-free labor market.
- 5. Environmental Protections.** It is unclear whether the different structure being proposed will achieve a level of environmental protection consistent with the breakthrough May 10 standard developed in our most recent trade agreements
- 6. Access to Medicines in Developing Countries.** The May 10 provisions on access to medicines seek to better ensure that developing countries have access to affordable medicines, while still strengthening intellectual property rights over what is required under WTO rules. But some parties are trying to upset the balance in a way that would limit access to medicines. For example, there is currently a push to apply the May 10 standard for developing countries only for a very limited "transition period," which would be inconsistent with the May 10 Agreement.
- 7. Investment and Dispute Settlement.** This issue is receiving heightened scrutiny in discussions of both TPP and TTIP. Some of our TPP partners resist the U.S. text, reflecting the fact that there are growing concerns across the ideological spectrum about investor-state dispute settlement (including by The Economist magazine and the Cato Institute). These disputes have proliferated in recent years and involve increasingly novel and costly challenges to public welfare and environmental regulations. Some important changes to past agreements need to be considered (e.g., clarifying the so-called 'minimum standard of treatment' obligation).
- 8. Food Safety Measures.** Past U.S. FTAs have not included sanitary and phytosanitary (SPS) disciplines. Any new disciplines intended to address indefensible barriers to our goods in foreign markets must not put our own regulatory sovereignty at risk. That means that the TPP rules have to protect our agencies' discretion and that we, as a government, provide our agencies – USDA, FDA, and CBP – with the tools and resources they need to protect us from unsafe imports.
- 9. State-Owned Enterprises.** The disciplines on state-owned enterprises (SOEs) are expected to go far beyond anything ever included in any past trade agreement reflecting the challenge of including non-market economies. But some of the parties now appear to be pushing for exceedingly broad carve-outs for particular SOEs.
- 10. Tobacco Controls.** The Administration has tabled a proposal that merely confirms that tobacco measures may be subject to the normal public health exception in our trade agreements. To ensure the protection of reasonable tobacco control measures, a more robust approach is needed in TPP.