THE PRESIDENT'S 2016 TRADE POLICY AGENDA

CONTENTS

I. THE PRESIDENT'S TRADE POLICY AGENDA

INTRODUCTION

President Obama's trade agenda seeks to promote growth, support well-paying jobs in the United States, and strengthen the middle class. Trade policy done right serves the American people: workers and families, farmers and ranchers, innovators and entrepreneurs, and businesses of all sizes.

By removing foreign taxes on U.S. exports, raising global standards, and enforcing U.S. trade rights, we support additional high-paying U.S. jobs. At the same time, our leadership on trade promotes our interests and values overseas. Through U.S. trade policy, we bolster our partners and allies, lead efforts to write the rules of the road, and promote broad-based development. Trade done right is essential for our economy here at home and for America's position in the world.

At the heart of this agenda is the Trans-Pacific Partnership (TPP). TPP is a central part of the President's broader economic strategy. The first section of this report outlines the benefits of TPP, from the over 18,000 taxes on Made in America exports it cuts to the higher standards it sets to protect American innovation, workers, and the environment. The economic benefits are clear. According to a recent study, TPP is estimated to raise wages for American workers across the economy and make our economy larger by over $130 billion a year in 2030.

The second section of this report outlines other key priorities for the year ahead:

- Using trade policy to leverage all of America's strengths as the premier place for doing business and position the U.S. economy as the world's production platform of choice.

- Spurring sustainable, inclusive growth through our preference programs and efforts at the World Trade Organization.

- Strengthening trade and investment partnerships to unlock opportunity in the United States and around the world.

- Enforcing our trade agreements and holding our trading partners accountable for their obligations, including through strong tools in the bipartisan Trade Facilitation and Trade Enforcement Act of 2015.

With momentum on many fronts, from the Transatlantic Trade and Investment Partnership (T-TIP) to the Environmental Goods Agreement, we expect this to be a historic year for U.S. trade policy.

The report concludes with an overview of major trade accomplishments under President Obama's leadership. Over the past seven years, the Administration has fought hard to open the largest and fastest-growing markets to U.S. exports. We have reasserted American rights through a strengthened and more strategic trade enforcement system. Working closely with Congress, we have renewed preference programs and helped provide American workers with the tools they need to thrive. These efforts have helped restore the connection between hard work and honest reward, positioning more Americans to compete—and win—in tomorrow's global economy.

But we have more work to do – and the world isn't standing still.

Other countries are moving forward with trade agreements to secure access to some of the fastest-growing markets in the world. In recent years, hundreds of agreements have been signed in the Asia-Pacific alone. If these trends continue, American workers and businesses could be dealt out of tomorrow's markets as alternative trade and investment models take hold. Compared to the high standards advanced by TPP and T-TIP, these alternative approaches do not necessarily reflect our interests and our values.

It is not in the national interest to sit on the sidelines and let others define the rules of the road without us. We must lead a race to the top that sets new standards on everything from intellectual property, to labor, to State-owned enterprises.

Trade is one of America's longest-running, bipartisan success stories. This year, we have the opportunity to write the next chapter of that story. What we do together in the coming weeks and months will resonate for decades to come. We must do more than watch the future unfold. We must shape it.

Michael Froman
U.S. Trade Representative

PART I: THE TRANS-PACIFIC PARTNERSHIP

The President's top trade priority for 2016 is congressional passage of the Trans-Pacific Partnership (TPP). TPP is a new, high-standard trade agreement that will level the playing field for American workers and American businesses. The result of more than five and a half years of negotiations, this agreement meets the high standards set by President Obama and the objectives Congress laid out in the Bipartisan Congressional Trade Priorities and Accountability Act of 2015.

The Trans-Pacific Partnership:

- Cuts over 18,000 foreign taxes on Made in America manufactured goods and farm products.
- Addresses nontariff barriers to trade more fully than any previous U.S. free trade agreement.
- Opens markets for services, a sector in which U.S. businesses and workers are the most competitive in the world.
- Helps to preserve a free and open Internet, including through groundbreaking provisions that promote the free flow of data and combat forced localization.
- Sets strong and balanced intellectual property (IP) rules to promote U.S.-based creativity, research, and innovation.
- Sets the highest ever, fully enforceable labor standards of any U.S. trade agreement.
- Preserves our environment with the strongest ever, fully enforceable environmental commitments of any U.S. trade agreement.
- Levels the playing field for U.S. workers by disciplining State-owned enterprises (SOEs).
- Supports small business exporters, including through a first ever chapter addressing issues specific to small and medium sized enterprises (SMEs).
- Promotes transparency and rule of law, and levels the playing field by fostering good governance and fair competition – including between SOEs and private businesses and their workers.

In these ways and others, TPP helps our farmers, ranchers, manufacturers, service suppliers, innovators, and small businesses to compete – and win – in some of the fastest growing markets in the world.

With more than 95 percent of the world's consumers living outside our borders, the TPP will significantly expand opportunities for Made in America goods and services exports, supporting more higher-paying jobs here at home. TPP will strengthen America's middle class, and advance both our interests and our values overseas.

<u>Supporting Jobs and Strengthening America's Middle Class</u>

"We will mobilize the world to work with us, and make sure other countries pull their own weight...That's how we forged a Trans-Pacific Partnership to open markets, and protect workers and the environment, and advance American leadership in Asia."

– President Barack Obama

TPP is an indispensable part of what President Obama has called "middle class economics" —the idea that the country does best when everybody does their fair share and everybody has a fair shot. By opening the markets of the future for more Made in America goods and services, the United States can support high-wage jobs and economic strength at home. Recent history underscores the strong connection between trade, growth and jobs.

Exports of Made in America products have played a major role in our recovery from the Great Recession, as manufacturing, agriculture, and services all tapped foreign demand more successfully than ever before. The contribution of exports to the U.S. economy rose sharply as the economy rebalanced away from consumption and real estate, helping to realize President Obama's goal of growth driven fundamentally by investment, research, and production of goods and services. Exports now make up 12.6 percent of U.S. GDP, among the highest levels ever measured.

There is an inextricable link between exports and jobs. In 2014, U.S. exports supported an estimated 11.7 million American jobs, an increase of 1.8 million jobs since 2009. These are jobs with solid paychecks and prospects for the future. On average, export-related jobs pay up to 18 percent more than jobs not related to exports. They're also more secure, because exporting facilitates diversification and reduces risk. Studies also show that businesses that export usually grow faster and hire more, and are more resilient during economic downturns. With U.S. wages rising after decades of stagnation, increasing our exports is a common sense component of any long-term strategy for raising middle class paychecks.

Paycheck premiums from exports are apparent across all industries and business types, but they are highest in firms owned by women and minorities. On average, women-owned businesses that export employ roughly five times as many workers and their payroll per worker is $15,000 more annually. Compared to their non-exporting counterparts, African-American owned exporters employ roughly four times as many workers, at over $19,000 in additional payroll per worker. Considerable benefits from exporting are also evident among Asian-American and Latino-owned businesses.

Trade: Putting More Money in Middle Class Pockets

Removing barriers to trade at home benefits American families, and helps low-income Americans the most. Lower barriers promote competitiveness, as manufacturers, farmers, and other industries reduce input costs. Studies have found that from World War II to 2005, trade liberalization has added 9% to U.S. GDP by reducing costs and increasing choice – equivalent to nearly $13,000, on average, to each American household's annual income in 2015.

More recent trends are similar, with families steadily gaining purchasing power as the price of traded goods, such as smart phones, apparel, and toys, falls. While all households benefit, the gains from trade have predominantly benefited lower-income Americans, who spend a greater portion of their incomes on highly traded staples like food, shoes, and clothing. Remaining barriers also disproportionately harm America's poorest. For example, U.S. tariff rates on acrylic sweaters are eight times the tariff rate on cashmere sweaters. As a result, eliminating these barriers is like removing a regressive tax.

Leveling the Playing Field

America is the wealthiest country in human history. But the rest of the world is becoming increasingly competitive. Many Americans feel the cards are stacked against them, especially where the global economy is concerned. Not all countries are playing by the same rules, and not everyone is getting a fair shot in the world's fastest growing markets.

The United States is already an open economy. Our average trade-weighted tariff currently stands at 1.5 percent, among the lowest in the world, and we have few non-tariff barriers. In contrast, American workers and businesses often must navigate a maze of foreign regulations in order to reach foreign customers, and face tariffs in some markets that can be many times higher than the U.S. average.

Some of the challenges are structural. U.S. small businesses, for example, are forced to navigate complex requirements in order to reach foreign customers. Unlike large companies, small businesses don't have the resources to deal with these barriers. Though more small businesses are exporting than ever before, more than 95 percent of them do not export goods at all. Of the U.S. small businesses that do export, less than half do so to more than one country.

Our workers are competing against workers in some countries that do not protect even the most basic labor rights—like the rights to freedom of association, collective bargaining, freedom from forced labor and child labor, and freedom from employment discrimination.

And our businesses are competing against companies that get subsidies or other preferences from their governments or that are not required to maintain strong environmental protections. The result is a competitive disadvantage for our workers and businesses here at home, and a fundamental threat to the environment we all share.

This is the world that we live in and that we must work to change.

Through TPP, we can level the playing field for American workers and businesses in one of the world's fastest growing regions. By taking action, we can position our middle class for even greater gains down the road. We know that when competition is fair, our businesses and workers can and will win. That's why TPP is designed to help all the drivers of the American economy: manufacturers, farmers, ranchers, service providers, innovators, and small businesses.

The TPP Agreement is comprehensive, with high-standard commitments in manufacturing, agriculture, services, IP, electronic commerce, labor, environment, and many other areas. The survey below summarizes its major elements. The full text of TPP, in-depth summaries, and issue guides are available for all to read at https:/ustr.gov/tpp.

TPP Benefits for U.S. Manufacturing

American manufacturing is making a comeback. For the first time since the late 1990s, American manufacturing jobs are growing. We've added over 900,000 manufacturing jobs since manufacturing turned the corner in February 2010. The U.S. manufacturing industry has grown for the past 6 years, helping to expand manufacturing exports. Manufacturing is critical to the U.S. economy, accounting for 60 percent of all U.S. research and development (R&D) employees, the vast majority of patents issued, and the majority of all U.S. exports.

To support the American manufacturing sector, TPP:

Opens Markets

- Eliminates all foreign taxes in the form of import tariffs on U.S. manufactured goods exported to TPP countries, including rates as high as 70 percent on automobiles and 35 percent on information and communication technology products.

- Curbs other TPP countries from maintaining, expanding, or creating new trade barriers to American manufacturers as they eliminate tariffs.

Promotes Fairness

- Ensures that exporters have updated and complete information about regulatory and other requirements so that they cannot be used as trade barriers, which can hurt U.S. workers and businesses and provide foreign companies with unfair advantages.

- Establishes fair and transparent standards-setting procedures, which will help make sure U.S. goods are not "locked out" of foreign markets.

- Preserves full rights for U.S. industry to use antidumping, countervailing duty, and safeguard laws to address unfair pricing, subsidies, and import surges.

Encourages Investment in the United States

- Establishes common rules of origin across the region that will encourage U.S. companies to keep production and manufacturing jobs in the United States.

- Bars requirements for companies to set up production centers, transfer technology, or export in order to sell their goods in TPP markets.

Spotlight: Promoting the U.S. Auto Industry

When President Obama took office, the American auto industry was losing hundreds of thousands of jobs. Today—in no small part due to the Obama Administration's support—the U.S. auto industry is once again leading the world. Since mid-2009, the U.S. auto industry (including manufacturing and retail) has added over 650,000 jobs, the industry's strongest job growth on record. TPP will build on the strong performance of the U.S. auto industry by unlocking new opportunities for exports of Made in America cars, trucks, and parts.

TPP eliminates foreign taxes on exports of Made in America cars, trucks and auto parts. That includes eliminating Malaysia's 30 percent tariff on U.S. autos and 25 percent tariff on many auto parts, and Vietnam's 70 percent tariff on autos and 25 percent tariff on auto parts. TPP and the U.S.-Japan bilateral agreement also address the wide range of nontariff measures in Japan that have served as barriers to U.S.-made autos, trucks, and parts, including transparency in regulations, standards, certification, financial incentives, and distribution.

At the same time, we have negotiated terms in TPP that allow us to keep our auto tariffs on Japan in place until year 25. This is a dramatic break from past practice, which opened our auto market immediately.

TPP also includes long phase-outs of U.S. tariffs for key auto parts to ensure there is no disruption in incentives for long-term investment in the U.S. manufacturing base for green technologies necessary to meet fuel efficiency and environmental requirements in the coming years.

To ensure implementation, TPP includes strong and accelerated dispute settlement procedures with Japan on autos. TPP includes mechanisms to "snap back" car and truck tariffs into place, or delay U.S. tariff cuts on cars and trucks, if Japan does not comply. TPP also includes expedited procedures and a rapid consultation mechanism to head off any new nontariff measures that may emerge as well as a special safeguard mechanism for the U.S. automotive sector to address possible import surges.

Finally, TPP includes strong rules of origin for cars, trucks, and parts. These rules ensure that TPP benefits will go to the United States and the other TPP countries, and will expand the auto industry's potential export opportunities. These rules of origin are more accurate, more easily verifiable, and more enforceable than those of previous agreements, such as NAFTA.

TPP Benefits for U.S. Agriculture

America is an agricultural powerhouse. Our agricultural sector creates positive ripple effects throughout the U.S. economy, with value added at every step between farm and table. In 2014, every dollar of agricultural exports stimulated another $1.27 in business activity elsewhere in the economy. The ripple effect of U.S. agricultural exports have been an important driver of America's economic comeback. In 2015, total U.S. agricultural exports totaled over $137 billion, up 35 percent from the figure posted in 2009. One analysis estimates that TPP will boost annual net farm income in the United States by $4.4 billion.

To support American agriculture, TPP:

- Eliminates foreign taxes in the form of tariffs on the vast majority of U.S. exports of food and agricultural products and provides new and commercially meaningful market access through significant tariff reductions or preferential tariff rate quotas for the remaining products.

- Ensures food safety, animal health, and plant health measures are developed and implemented transparently and in a science based manner based on risk, as we do in the United States.

- Addresses unfair use of geographical indications, which can undermine U.S. market access for dairy and other products.

- Requires the elimination of all agricultural export subsidies in TPP markets.

- Discourages countries from imposing export restrictions on food and agricultural products as a means of protecting their domestic market from changes in the world market.

TPP Benefits for U.S. Service Providers

Services make up nearly two-thirds of the U.S. economy and support 8 out of every 10 American jobs. In 2014, the United States led the world with $711 billion in service exports – more than the 2nd and 3rd ranking countries combined. Those services exports supported an estimated 4.6 million jobs in 2014. These exporters include software, music and film, logistics, data analytics, architecture, design, legal, and other professions.

And as important as services trade opportunities are to the United States today, their future potential is even higher, as the Internet enables small businesses and non-traditional exporters like hospitals and universities to join traditional services exporters.

To unlock the potential of America's service economy, TPP:

- Opens markets so that U.S. businesses and workers can compete fairly, and ensure that regulations do not discriminate against U.S. services suppliers.
- Provides comprehensive rights and protections for services regardless of how services are supplied, whether over the Internet or through an investment.
- Ensures fair and transparent regulatory treatment for Americans seeking to provide services abroad, while ensuring that regulators have the ability to regulate in the public interest, including to ensure financial stability, preserve the environment, and protect public health.
- Bars requirements that Americans invest in a TPP country in order to provide services there.
- Includes specific provisions to address challenges faced by professional and express delivery services providers.

TPP Benefits for Innovators and Creators

Strong and balanced IP standards are critical for driving innovation, fostering America's future economic growth, and protecting American jobs. An estimated 40 million American jobs are directly or indirectly dependent on innovation and creativity, including many in cutting edge industries that have great potential for future growth. TPP's rules will promote exports and protect U.S. creativity while encouraging the development of open, innovative, and technologically advanced economies in the Asia-Pacific region.

To drive Made in America innovation and creation, TPP:

- Reinforces a strong patentability standard, with appropriate limitations drawn from international commitments, to protect the jobs and solutions to global challenges generated by U.S. innovators in areas ranging from solar panels to smart manufacturing.

- Adopts strong copyright protections to respect the rights of creators and establish clear protection of works such as songs, movies, books, and computer software, and to facilitate the development of new models for distributing creative content that keeps pace with technology.

- Requires copyright term of at least life plus 70 years for works calculated based on the life of the author, and at least 70 years for other works such as sound recordings and movies.

- Clarifies and strengthens protection of the brand names and other signs or symbols businesses use to distinguish their goods in the marketplace. It also promotes efficient and transparent registration of trademarks through all TPP Parties.

- Sets enhanced due process and transparency disciplines on the use of geographic indications (GIs) to address the growing concerns of U.S. producers and traders, whose access to foreign markets can be severely undermined through overly expansive GI protections.

- Enhances customs cooperation to fight counterfeits that harm legitimate businesses and threaten public health.

- Requires availability of criminal penalties for the theft of trade secrets, including by cyber theft.

- Requires Parties to continuously seek to achieve an appropriate balance in copyright systems through, among other things, exceptions and limitations to copyright for legitimate purposes, such as criticism, comment, news reporting, teaching, scholarship, and research, and clarifies that exceptions and limitations are available for the digital environment.

- Establishes copyright safe harbors for Internet Service Providers (ISPs) to develop their business, while also helping to address Internet copyright infringement in an effective manner. TPP includes no obligations on these ISPs to monitor content on their networks or systems, and provides for safeguards against abuse of such safe harbor systems.

- Promotes access to medicines by facilitating the development of innovative, life-saving drugs and treatments, and the spread of generic medicines. TPP provides flexibilities for certain provisions on the level of development and capacity of individual trading partners. TPP also aligns with the Doha Declaration on TRIPS and Public Health and affirms the rights of countries to protect public health.

TPP Benefits for U.S. Small Businesses

Small businesses are the backbone of the U.S. economy and major potential beneficiaries of increased export opportunities. Small businesses account for nearly two-thirds of net new private sector jobs in recent decades. Currently, around 300,000 small businesses across the 50 states export goods to foreign destinations, supporting millions of American jobs through direct exports and participation in supply chains.

Though more small businesses are exporting than ever before, more than 95 percent of them do not export goods at all. Of the U.S. small businesses that do export, less than half do so to more than one country. TPP is the first U.S. free trade agreement to dedicate a full chapter to helping small businesses.

To support America's small businesses, TPP:

- Eliminates foreign taxes on imported U.S. goods in the form of tariffs across the TPP region. These barriers can price many of the products made by U.S. small businesses out of foreign markets.

- Requires the establishment of dedicated national SME websites and other tools to ensure that small businesses have access to the information they need to help them enter TPP markets, and that allow them to get rapid government responses to their concerns and identify new opportunities.

- Encourages transparency and reduces costs by requiring publication of all customs forms and trade regulations online and in English whenever possible.

- Makes it cheaper, easier, and faster for businesses to get their products to market by ensuring rights to express shipment, and requiring efficient and transparent customs procedures that help move goods quickly through borders.

- Addresses non-tariff barriers, which make it hard for small businesses – which do not have the resources to deal with these issues – to access new markets.

- Promotes digital trade and e-commerce – the avenue by which many small businesses access the global marketplace – by prohibiting tariffs on digital products (software, music, video, e-books), ensuring the free flow of data, and ensuring rights to secure online payment.

- Strengthens protections of intellectual property rights (IPR). IPR are critical to small businesses, which are more vulnerable to infringement and IP theft.

- Provides greater certainty and new access to markets for U.S. small business service suppliers like architects, engineers, and web designers.

Promoting Our Values

"As the flagship of President Obama's values-driven trade agenda, TPP pursues a more ambitious goal: growth that is equitable, sustainable, and inclusive."
– Ambassador Michael Froman

TPP advances both our interests and our values. It includes the highest labor standards and most comprehensive environmental commitments of any trade agreement. It learns from past trade agreements, making these standards fully enforceable and upgrading the tools we use to settle disputes. And it breaks new ground on 21st century issues where our values and interests intersect; for example, by including rules that ensure SOEs compete fairly and ensuring that the Internet remains open and free. As the highest-standard trade agreement in history, TPP sets a global precedent for doing trade right.

TPP: Protecting Workers

Twenty-five years ago, the idea that labor standards should be part of trade agreements was at best an afterthought. President Obama has long said that as a basic test of trade policy, labor and environmental standards would be at the core of trade agreements and that those standards would be fully enforceable. Raising labor standards abroad helps workers in partner countries and levels the playing field for American workers. That's why TPP includes the strongest labor commitments of any trade agreement in history.

To raise labor standards throughout the Asia-Pacific, TPP:

- Requires labor laws to reflect the core labor standards including freedom of association and the right to collective bargaining, elimination of forced labor, abolition of child labor and a prohibition on child labor, and the elimination of employment discrimination.

- Requires countries to not only eliminate forced labor at home, but to discourage imports of goods produced by forced labor or containing inputs produced by forced labor – including when the source of these goods is in a country not party to TPP.

- Requires countries to maintain laws on acceptable conditions of work, including minimum wages, working hours, and workplace health and safety.

- Prohibits countries from waiving or derogating from laws implementing fundamental labor rights in a manner inconsistent with those rights, or failing to effectively enforce their labor laws.

- Includes additional commitments for export processing zones, which often have lax rules, to ensure that labor rights are protected in these zones.

- Upgrades NAFTA, putting fundamental labor rights at the core of the agreement, and making those rights fully enforceable through the same type of dispute settlement as other commitments, including the ability to impose trade sanctions.

- Requires Parties to establish a public submission process to allow labor unions, advocates, and other stakeholders to raise specific concerns related to any TPP Party's adherence to the commitments under the Labor chapter.

- Contains enforceable country-specific labor commitments to ensure that Vietnam, Malaysia and Brunei meet international labor standards.

Ensuring that these commitments are carried out will require vigilance. The Obama Administration has made enforcement a top priority. (See page 31 for a summary of enforcement actions to date.) We will work closely with our partners to ensure that they meet their commitments, including by providing technical assistance and capacity building. If they fail to live up to their TPP obligations, we will take action.

TPP: Preserving the Environment

TPP includes the most comprehensive environment commitments of any trade agreement in history. It requires countries to play by certain fundamental environmental rules if they want to send their goods to the United States, and puts fully enforceable environment obligations at the core of the agreement.

The better, stronger tools in TPP will help us protect some of the most ecologically and economically significant regions of the world – from the deserts and plains of Australia, to the Mekong River Delta of Vietnam, to the Andes mountains of Peru. The Asia-Pacific region encompasses major consumer and export markets for protected wildlife and includes seven of the top 18 fishing nations, which together account for a quarter of global marine catch and seafood exports.

To raise environmental standards throughout the Asia-Pacific, TPP:

- Prohibits some of the most harmful fisheries subsidies, including those that negatively affect overfished fish stocks. This is the first such subsidy prohibition included in any free trade agreement, and the first subsidy reduction of any kind included in a trade agreement since the Uruguay Round of 1994.

- Promotes sustainable fisheries management, combats illegal fishing, including by requiring implementation of port state measures, and promotes the long-term conservation of iconic marine life such as whales, sea turtles, sharks, and seabirds.

- Protects natural areas, including wetlands, and strengthens government capacity to promote sustainable forest management.

- Requires effective enforcement of conservation laws and international commitments to protect endangered species and combat illegal wildlife trafficking—regardless of its source. As a regional agreement, TPP connects countries that are sources, consumers, and transit points for trafficked wildlife, fish and timber. This gives TPP unparalleled potential to combat this illicit trade, which not only threatens species populations, but is often linked to other criminal activity.

- Creates the opportunity to give multilateral environmental agreements, such as CITES, real enforcement through the potential for trade sanctions.

- Immediately abolishes all tariffs on “green” technologies, and eliminates barriers to trade in environmentally beneficial services.

These commitments address some of today’s most important environmental challenges and level the playing field for American firms and workers.

TPP: Keeping the Internet Free & Open

TPP will safeguard one of the most promising areas for future growth: the digital economy. Throughout the TPP negotiations, the Obama administration focused on the preservation of the single, open global Internet as a foundation of the 21st century global economy, a pillar of American economic leadership, and a benefit for businesses, consumers, and people throughout the world. TPP's E-Commerce and Telecommunications chapters set out the most comprehensive set of trade commitments ever made in these fields. Implementation of these commitments will support the flow of data, prohibit "forced localization" of data and servers, and require protection of consumers from spam, breaches of privacy, and other abuses. It will also encourage the modern, efficient, and low-cost telecommunications the Internet requires.

To keep the Internet free and open, TPP:

- Preserves the right of individuals, small businesses, and others to access and move data as they see fit, subject to safeguards, such as privacy protections.

- Bars "forced localization" of data and servers.

- Requires Parties to adopt and maintain consumer protection laws related to fraudulent and deceptive commercial activities online; ensure enforcement of privacy and other consumer protections; and enact measures to stop unsolicited commercial electronic messages.

- Reflects the strong copyright protections and enforcement that we have in U.S. law, and also TPP Parties' commitment to continuously seek to achieve an appropriate balance in their copyright systems the way that the United States does.

- Includes a framework of trade rules to help ensure the competitive supply of telecommunications services across the region, helping to promote affordable access to all and benefitting U.S. telecommunications operators in TPP markets.

- Promotes public participation and transparency in the development of laws and regulations affecting the Internet, including with opportunities for public comment.

The stakes are high. Inaction threatens to produce a different future, in which foreign governments greatly reduce the benefits and promise of the Internet to the United States and the world.

A future in which multiplying barriers to cross-border data flows and data localization requirements make costs prohibitively high for many small businesses, curtailing access to global services, and stifling innovation.

A future where countries force companies to hand over source code to State-owned competitors, favor one type of content over another, and rule with unpublished regulations.

A future where websites are blocked widely, keywords are filtered frequently, and search results disappear without explanation.

In all these areas, rising digital protectionism threatens not only the digital economy's future growth, but also its current benefits. By pushing back against these trends, TPP is one of our most promising tools for advancing the digital economy.

Leading the World

"Passing TPP is as important to me as another aircraft carrier. It would deepen our alliances and partnerships abroad and underscore our lasting commitment to the Asia-Pacific."
– Secretary of Defense Ash Carter

For over 70 years, America's global leadership brought peace and prosperity to the United States. In recent years, however, developments like globalization, technological change, and the rise of emerging economies have combined to challenge the underpinnings of the post-World War II order. The overarching strategic aim of our trade policy is to help revitalize the rules-based order at a time when there are competing visions for the global economy.

Writing Rules of the Road

Increasingly, the rules-based trading system is being challenged by alternative models that do not necessarily reflect American interests and values. TPP responds to that challenge with vigor. Other countries are negotiating a series of FTAs without strong labor standards, environmental protections, or support for a free and open Internet. By creating large tariff differentials, these agreements are likely to erode U.S. export prospects and investment attractiveness in industries like automotive, food production, and many others.

These arrangements allow SOEs to continue to benefit from generous subsidies and other advantages that undercut the competitiveness of other countries' workers and businesses, including our own. They allow countries to force companies to relocate their operations or to transfer their technology and IP in order to serve new markets. The world is not standing still. Other countries have a choice between TPP and a more statist, mercantilist approach. It is in our interest that the global trading system be open and rules-based, that it reflect our interests and our values, and that we lead, rather than sit on the sidelines.

Promoting Broad-Based Development

Through high standards and provisions on good governance and anticorruption, TPP will encourage sustainable growth and development in the Asia-Pacific, helping to alleviate poverty and promote stability.

We've seen time and again how trade advances global development by promoting growth and alleviating poverty. For example, between 1991 and 2011, developing countries' share of world trade doubled. During roughly the same period, over 1 billion people escaped from deep poverty – the fastest and largest reduction of poverty in world history. Since the mid-1990's, foreign direct investment flows to developing countries has surpassed official aid flows. TPP parties Peru and Vietnam are key examples, with early trade engagement with the United States through the Andean Trade Preference Act in 1991 and the United States-Vietnam Bilateral Trade Agreement of 2000 promoting two-way trade, and helping the two countries achieve sharp reductions in poverty.

Trade contributes to development in a number of ways. Through trade, countries can import cutting edge technologies and manufacturing inputs at lower prices. This drives domestic firms to become more competitive, encourages efficient resource allocation and specialization, and allows them to export the products in which they are most competitive. For small countries with no trade, there is very little scope for large-scale capital investment and limited prospects for specialization.

Higher growth, more employment and higher incomes also create more resources with which to finance investments in domestic infrastructure and education, develop anti-poverty programs, and provide citizens with better access to public services. This virtuous cycle depends on a number of other factors such as strong institutions, rule of law, investment in infrastructure, and education, but it breaks down when trade is not part of the equation.

Looking at this record, it is clear that while trade alone cannot solve every development challenge, it is a necessary part of any successful and sustainable development strategy. Trade fuels faster growth, facilitates investment, and reduces poverty in developing countries, which translates into more jobs and increased incomes for the poor. By creating a high-standard environment in which growth can occur, TPP will help bring broad-based prosperity and stability to the Asia-Pacific region.

Strengthening Partners and Allies

TPP will strengthen our partnerships and alliances, positioning us to more effectively tackle the challenges of today and laying the foundation for pursuing broader mutual interests tomorrow. For many of our partners, the benefits of TPP go well beyond the economics of trade. They are rooted in the desire to strengthen political and strategic ties with the United States at a critical time for a region in flux.

Shinzo Abe, Prime Minister of Japan

"The U.S. and Japan must take the lead…to build a market that is fair, dynamic, sustainable, and is also free from the arbitrary intentions of any nation… Furthermore, the TPP goes far beyond just economic benefits. It is also about our security. Long-term, its strategic value is awesome."

Lee Hsien Loong, Prime Minister of Singapore

"The TPP is vital to the U.S.' international standing and engagement in the Asia-Pacific. The strategic landscape in Asia is changing very rapidly...so for the U.S. to engage in the region, and to expand its influence and relevance to Asian countries, trade policy has to be a key instrument."

Malcolm Turnbull, Prime Minister of Australia

"TPP is much more than a trade deal…America's case -- its proposition -- is more than simply security. It is standing up for, as you said, the rules-based international order, an order where might is not right, where the law must prevail, where there is real transparency, where people can invest with confidence. And the TPP is lifting those standards."

John Key, Prime Minister of New Zealand

"The Asia-Pacific region will be where the growth action will dominate in the next decade or two, and for the US this has to present a very exciting prospect…TPP is a gateway for increased US participation in Asia."

The Choice

With TPP, we have a choice between two futures. The United States can lead on trade and use TPP to shape a better tomorrow. Or we can stand on the sidelines as the global economy leaves our workers and businesses behind.

With TPP	**Without TPP**
More than 18,000 foreign taxes on U.S. exports are eliminated.	Foreign taxes on our exports remain in place, hurting our ability to compete globally.
More small businesses have opportunities to export thanks to reduced foreign barriers.	Foreign barriers remain prohibitively high, limiting small business exports.
A free and open Internet fosters innovation and encourages promising areas for export growth.	Data flow restrictions and localization requirements spread, raising costs and stifling innovation.
More Americans benefit from innovation and creativity.	Widespread piracy and counterfeiting continues, costing American jobs and harming consumers.
Wildlife and sensitive habitats are protected by strong, enforceable environmental commitments.	Action to address deforestation, overfishing, and species extinction is delayed or never happens.
Core labor standards are guaranteed, leveling the playing field for American workers and firms.	The playing field continues to be tilted against American workers and workers in other countries are denied basic rights

PART II: SHAPING TOMORROW'S GLOBAL ECONOMY

In recent years, a series of tectonic changes—globalization, technological change, and the rise of emerging economies—have reshaped the international landscape.

Globalization is the result of a number of developments. The cost of moving goods, relative to cargo values, has dropped significantly. Container fleets have grown, fiber-optic cables proliferated, and air cargo has become faster and more efficient.

The question isn't whether we can stop globalization, but whether we will use trade agreements to shape globalization in a way that reflects our interests and our values

Learning from the past and looking ahead, this section summarizes three priority areas for American leadership on trade. First, we are using trade policy to leverage all America's strengths as the premier place for doing business and position the U.S. economy as the world's production platform of choice. Second, through our preference programs and work at the World Trade Organization (WTO), we are spurring sustainable growth. By using every tool at our disposal, we're also holding our trading partners to account and fighting on behalf of workers to ensure that growth is inclusive. Third, we are strengthening trade and investment partnerships to unlock opportunity in the United States and around the world.

Becoming the World's Production Platform of Choice

"We're on the cusp of something big. We have, within our reach, the chance to restore America's position as a place that makes real things, and in doing so, unlock opportunity for all Americans."

- **Ambassador Michael Froman,**

America's growth prospects depend on our positioning within the larger global economy. President Obama's trade agenda aims to place the United States firmly at the center of a web of trade agreements that will provide comprehensive access for our factory goods, our services, our products, and our creative and technological inventions to nearly two-thirds of the global economy.

This strategy is designed to complement all the strengths that already make America a great place to invest and do business. A survey found that a majority of business leaders would hire more U.S. workers if their company could sell more goods and services to foreign markets from the United States. If America leads on trade, we can become the world's production platform of choice: the premier location for investing, doing business and making things to serve both the U.S. market and the rest of the world.

Spotlight: America Can Compete and Win

President Obama's trade agenda is designed to help our businesses, farmers, and workers take advantage of a resurgence in American competitiveness. Trade done right builds on the sources of America's economic strength:

- We have the world's most attractive market, one that is governed by strong rule of law.

- U.S. worker productivity is unmatched. As President Obama has noted, American workers produce more than 30 percent more per worker than Germany, and three times as much as China. This strength has helped attract unprecedented domestic and foreign investment in manufacturing and agriculture, with manufacturers now looking back on six consecutive years of net job gains – the longest such streak on record since the 1960s.

- The United States is home to seven out of the top ten global brands. Customers around the world want to buy products labeled Made in America.

- We have abundant sources of affordable energy, further adding to America's attractiveness as the location of choice for manufacturing.

- U.S. investment in R&D is at the highest level ever, reaching $456 billion in 2013 and sustained at 2.7 percent of GDP since the financial crisis. This commitment, representing nearly 30 percent of all global R&D, helps keep the United States at the leading edge of next generation industries such as agricultural and medical biotechnology, 3-D printing, nanotechnology, Internet and IT development, aerospace, software and application development, and others.

- Patents granted to Americans in the United States have risen from 82,000 in 2009 to over 145,000 in 2014. Internationally, the United States receives 40 percent of all international IP revenues, again highlighting the central role of U.S. science, invention, and creative industry in global growth.

- 40 years after the first computer network connection in California, and 27 years after the world's first website went live in Massachusetts, the United States remains the center of the Internet, generating over 24 percent of all world Internet traffic by certain estimates.

The Transatlantic Trade and Investment Partnership

The Transatlantic Trade and Investment Partnership (T-TIP), the comprehensive trade and investment agreement the United States is negotiating with the European Union, along with TPP and our other FTAs, will give the United States unfettered access to nearly two-thirds of the global economy.

The U.S.-EU trade and investment relationship is the largest in the world. We have nearly $1.1 trillion in annual trade with the EU, and the EU is the single largest buyer of American goods and services and by far the largest source of Foreign Direct Investment in the United States. Through T-TIP, we can strengthen that relationship by removing barriers to exports on both sides of the Atlantic. And we can strengthen America's attractiveness as the manufacturing site of choice, supporting hundreds of thousands of additional jobs in a vast range of industries.

T-TIP provides a historic opportunity to modernize the U.S.-EU trade relationship and strengthen the broader transatlantic partnership. We will do so in a way that maintains the high levels of protection for consumers, for health and safety, for the environment, and for workers that our citizens expect. T-TIP also offers significant opportunities to set high standards with respect to global issues of common concern.

It is the President's objective to conclude an ambitious, comprehensive and high-standard T-TIP agreement in 2016. We are pursuing ambitious market openings in goods, services, and investment, and are working to address areas such as regulatory and other nontariff barriers to U.S. exports, increase the participation of SMEs in the transatlantic economy, and address the challenges of trade in the modern digital economy, among other goals. The Administration will continue to seek input from Congress and stakeholders.

Information Technology Agreement

The Expansion of the Information Technology Agreement (ITA), the first major tariff-eliminating deal at the WTO in 18 years, demonstrates the economic promise of plurilateral trade negotiations. According to the WTO, ITA expansion will eliminate tariffs on approximately $1.3 trillion in annual global exports of information and communications technology products – accounting for approximately 10 percent of global merchandise trade – of which roughly $180 billion are exported from the United States.

ITA expansion supports U.S. manufacturing and technology industries, opening key overseas markets for some of America's most competitive companies and workers. Next generation semiconductors, medical equipment, GPS devices, video game consoles, and computer software are among the high-tech products that will benefit from tariff-elimination under ITA Expansion. Industry estimates indicate that ITA Expansion will support up to 60,000 additional U.S. jobs, increase annual global GDP by an estimated $190 billion, and foster productivity and growth across the global economy, especially in the developing world.

Trade in Services Agreement

The United States is a global leader in services exports, and services exports are vital to the U.S. economy. Services industries account for two-thirds of U.S. GDP, 8 out of 10 jobs in the United States, and about 30 percent of U.S. exports. The United States has run surpluses of more than $200 billion in services trade each of the last four years. And because every $1 billion in U.S. services exports supports an estimated 7,000 jobs, expanding services trade globally will unlock new opportunities for Americans and support additional jobs at home.

In order to strengthen our leadership position as a global supplier of services, the Administration is pursuing the Trade in Services Agreement (TiSA). TiSA will open foreign markets, create new opportunities for U.S.

exporters, and encourage the adoption of policies that promote fair and open competition in international markets for services. TiSA is taking on new issues that confront the global marketplace, for example restrictions on cross-border data flows and server localization requirements that can disrupt the supply of services over the Internet; forced transfers of technology, restrictions on the ability to make payments electronically, and certain unfair advantages that other governments provide to their State-owned enterprises. Twenty-three economies are participating in TiSA negotiations, representing 70 percent of the world's $55 trillion services market in 2014 – or approximately half of the global economy. In 2016, we will aim to reach an ambitious conclusion to these negotiations.

Environmental Goods Agreement

The United States has engaged 16 of the world's major traders of environmental goods to negotiate the Environmental Goods Agreement (EGA) in the WTO. By eliminating tariffs on everything from wind turbines, to water treatment systems, to solar water heaters, the EGA will make green technology both more affordable and more accessible, allowing more American workers and business to make environmental goods here and sell them everywhere. In 2015, U.S. domestic exports of environmental goods reached $130 billion, and U.S. exports of environmental goods have been growing at an annual rate of four percent since 2010. Global trade in environmental goods is estimated at nearly $1 trillion annually, and some WTO Members charge tariffs as high as 35 percent on these goods, which only serve to increase the price of environmental protection.

Intellectual Property Agenda

Looking over the horizon, we know that increases in productivity will have to drive much of our future growth.

Research suggests a number of channels through which trade has a positive impact on innovation and productivity. Those include boosting productivity by providing new ideas, tools, and materials, allowing for more efficient organization of global research and development, creating economies of scale, and increasing competition and incentives to innovate.

To maintain America's innovation and productivity edge, we're leveraging trade policy to foster an environment in overseas markets for U.S. innovators and creators to grow and succeed – including by seeking strong and balanced protection and enforcement of IPR.

IP is a critical driver of innovation and creativity in the United States. With over 40 million Americans employed in IP-intensive and related industries, it is a crucial source of American jobs. U.S. firms in IP-intensive industries, together with America's world-leading universities and government research labs, invest more than $400 billion a year in R&D, helping to sustain America's world leadership in industries, such as entertainment, software, Internet, IT manufacturing and design, aerospace, pharmaceuticals, and medical devices, all of which rely on patents, trademarks, copyright and other forms of IP. The revenue flowing into the United States from IP royalties and license payments from buyers abroad totals nearly $130 billion a year – fully 40 percent of all global IP payments.

To sustain and expand these vital economic benefits, the Obama Administration will continue to work in 2016 to seek greater market access for IP-intensive U.S. products and advance policies that protect and promote the spread of IP-intensive products and services. Our workers should reap the benefits of their labor.

We will use all appropriate trade policy tools – bilateral, plurilateral, and multilateral – to address key trade-related IP issues and resolve specific IP challenges in other markets that undermine the rights of Americans and the ability of our IP-intensive industries to compete on a level playing field. These initiatives include securing improvements in the protection and enforcement of copyrights, trademarks, patents, trade secrets, and other forms of intellectual property.

We will work to address both individual market problems and global threats, which also involve trademark counterfeiting and copyright piracy that both threaten American jobs and, in the case of counterfeits, often endanger the health and safety of global consumers. We will continue to push other countries to combat trade secret theft, including by means of cyber theft, to fight corporate espionage, including by SOEs. We will promote transparent, efficient, and fair IP systems and we will facilitate legitimate digital trade, including in creative content and the authentic goods with American brands for which there is tremendous global appetite. We will advance transparent and strong patent protections for cutting edge innovations. We will also continue to advance the interests of U.S. producers, including trademark holders and exporters that rely on the use of common product names, against over-broad protection of geographical indications in foreign markets. In the area of pharmaceuticals, we will promote the development of, and access to, innovative and generic pharmaceuticals. As with the rest of our trade agenda, the Administration will continue to seek input from Congress and stakeholders in our work on all of these important issues.

In 2016, we will continue moving these efforts forward as we work toward implementing TPP, concluding negotiations with the European Union on T-TIP, and continuing robust monitoring of how other countries are implementing their obligations under our existing trade agreements. The United States will also continue to use the "Special 301" process and resulting annual report to Congress to drive continued improvements to the IPR protection and enforcement systems of our trading partners and to address ongoing foreign market access challenges facing our IP-intensive industries. We will continue our work to promote innovation and creativity multilaterally, including at the WTO Council on Trade-Related Aspects of Intellectual Property Rights (TRIPS), where we have worked with like-minded trading partners to advance dialogues on critical contributions of IPR protection and enforcement at every stage of the innovative and creative lifecycles.

Spurring Sustainable and Inclusive Growth

"Eleven of our top 15 trading partners used to be the beneficiaries of U.S. foreign assistance. That's because our goal isn't to keep a nation dependent on us forever. It's precisely to create these markets, to open these opportunities, to establish rule of law. Our goal is to use assistance and development to help nations realize their own potential, develop their own ability to govern and become our economic partners."

- **Secretary Of State John Kerry**

America's leadership on trade, including through important regional agreements like TPP and T-TIP, spurs global growth and catalyzes progress at the multilateral level. At the World Trade Organization (WTO), we are advancing a new form of pragmatic multilateralism that will tackle emerging issues important to developing and developed economies alike. And through our preference programs, we are providing opportunities for the world's poorest people while encouraging good governance and other reforms. Together, these efforts will help global trade drive development as strongly this century as it did during the last.

Advancing a New Form of Pragmatic Multilateralism

The WTO remains the critical forum for strengthening the multilateral rules-based trading system, enforcing global trade rules, and serving as an important bulwark against protectionism. In 2016, the United States will build on recent multilateral trade negotiating successes and the fresh start made possible by the 2015 Nairobi Ministerial Conference by continuing to play a leading role in the multilateral trading system. This leadership role reflects our commitment to preserving, enhancing, and strengthening the WTO as an institution going forward.

In 2016, WTO members have an opportunity to undertake new approaches to longstanding issues and take up new issues without being constrained by the strictures of the Doha Round architecture. The United States will focus on defining a new path forward for the WTO in accordance with the outcomes in Nairobi and continuing to advance implementation of important recent agreements. This will include working closely with our WTO trading partners to promote Members' early ratification of the WTO Trade Facilitation Agreement (TFA) to secure entry into force of the TFA as soon as possible. We will also continue to support the Global Alliance for Trade Facilitation, the new partnership with the private sector launched by the United States and four other donors to help developing countries effectively implement trade facilitation reforms.

The United States will also continue to lead multilateral efforts to assist least developed countries (LDCs) to better integrate into the global trading system. Recognizing the importance of LDCs achieving their development objectives, in 2016 we will advance work at the WTO to monitor existing commitments so that LDC exporters are able to benefit from preferential trade provisions, grow their economies, and thereby increase two-way trade with the United States.

The United States will continue to support the expansion of the rules-based multilateral system by securing stable and predictable commitments and market access from new WTO Members through the WTO accession process. The United States has actively engaged in the accession negotiations resulting in nine new WTO Members since 2009 (Lao People's Democratic Republic, Kazakhstan, Montenegro, the Russian Federation, Samoa, Seychelles, Tajikistan, Vanuatu, and Yemen). Further, the United States completed accession negotiations with Afghanistan and Liberia in 2015, and expects both countries to become WTO Members in 2016 following ratification.

We will continue to promote and strengthen the WTO's existing core functions, including the day-to-day activities of the WTO committees and working groups and its dispute settlement mechanism. These institutional structures are critical to promoting transparency in WTO Member trade policies, as well as monitoring and resisting protectionist pressures during a challenging time for certain segments of the global economy.

By working together, WTO Members can continue to build upon successful efforts to revitalize the WTO and ensure that it remains equipped to drive future economic growth and development.

Leveraging Preference Programs

Many regions of the developing world hold considerable potential for economic growth. In 2016, the Obama Administration will continue to use trade to lift people in these regions out of poverty and foster opportunity. These efforts also benefit workers and businesses in the United States, for example by creating supply chains that incorporate our developing country trading partners. By expanding our trade with the developing world, we also support jobs and economic growth here at home.

The Administration will also continue to administer our U.S. trade preference programs in a manner that contributes to economic development in beneficiary countries while also ensuring that key eligibility criteria are being met, such as progress on workers' rights and enforcement of IPR. Progress on these fronts helps to ensure an enabling environment for sustainable trade and investment.

The renewal of the Generalized System of Preferences (GSP) that President Obama signed into law last year strengthens our trade relationships with over 120 beneficiary developing countries, by eliminating tariffs for non-import sensitive products from countries ranging from Lebanon and Armenia to Tunisia, the Philippines, and many others. Likewise, the early and long renewal of the Haitian Hemispheric Opportunity through Partnership Engagement (HOPE) program, which supports nearly $900 million in garment imports from Haiti, is an essential support for Haiti's long-term economic growth and industrial development.

The 10-year renewal of the African Growth and Opportunity Act (AGOA) that President Obama signed into law last year is a major achievement and an opportunity for us to build a deeper and broader relationship with sub-Saharan Africa and the over 973 million people of its 49 countries. Enacted in 2000, AGOA has increased and diversified two-way U.S.-sub-Saharan African trade, helping to facilitate a more than doubling of non-oil exports from AGOA beneficiary countries to the United States. The United States also will continue working with our AGOA partners to ensure that the AGOA program works effectively to benefit both Africa and the United States and that our trade relationships evolve with developments in the region.

AGOA's long-term extension will provide time for long-term investment and development of supply chains, and thus offers sub-Saharan Africa more than any of this program's previous renewals. However, it is also clear that tariff preferences alone are not enough.

We need to focus on the range of factors that affect the competitiveness of exports from sub-Saharan Africa, including gaps in infrastructure and the need for technical assistance and capacity building. In addition a number of African partners have already begun establishing deeper, more mature and long term economic relationships with some of their key trading partners. We will therefore be working with Congress, stakeholders, and African partners to begin to identify ways to move our trade relationship forward, beyond AGOA, in line with Africa's evolving role and relationships in the global trading system.

Enforcing the Rules and Defending U.S. Rights

"I will go anywhere in the world to open new markets for American products. And I will not stand by when our competitors don't play by the rules. We've brought trade cases against China at nearly twice the rate as the last administration – and it's made a difference."

– President Barack Obama

The Obama Administration has a record of trade enforcement victories that have helped to level the playing field for American workers, businesses, farmers, and ranchers. In 2016, we will continue to aggressively pursue a robust trade enforcement agenda, including by using new and stronger tools under the Trade Enforcement Act of 2015 to hold our trading partners accountable. Ongoing disputes include challenges to:

- The European Union's trade-distorting subsidies on large civil aircraft.
- China's taxes on smaller aircraft.
- China's far-reaching export subsidy program extending across dozens of sub-sectors, including textiles, industrial, and agricultural products.
- Indonesia's trade-restricting import licensing regimes for horticultural products, poultry, beef, and other products.

In addition, we are working to strengthen monitoring and enforcement of labor protections. We will continue to pursue our ongoing dispute regarding Guatemala's failure to effectively enforce its labor laws. We also will continue to engage with the governments of Peru, Mexico, Bangladesh, Guatemala, Honduras, and the Dominican Republic to advance workers' rights, as well as with the Colombian government to implement the Colombia Labor Rights Action Plan. When labor rights concerns are raised in public submissions under labor provisions of trade agreements, we will work to address those concerns as we are doing now with Peru and Mexico.

We are also continuing our robust monitoring of the implementation of environmental obligations under our existing trade agreements. For example, we will continue active monitoring of Peru's recent economic reforms and emphasize to the Peruvian government that the reforms must not weaken environmental protection. We will also continue to closely monitor Peru's forestry reforms and use a range of available tools to ensure that Peru implements the Annex on Forest Sector Governance and the January 2013 bilateral Action Plan, enhancing our engagement with Peru to address key challenges in the country's forestry sector.

The WTO's dispute settlement system plays an indispensable role as the preeminent forum for the adjudication of international trade disputes with our trading partners. Most recently, since 2015 the United States has prevailed in five major WTO complaints, successfully challenging:

- India's unjustified ban on U.S. poultry and other agricultural exports that was imposed without a scientific basis.
- Argentina's restrictive import licensing system covering potentially billions of dollars in U.S. products, including exports of energy products, electronics and machinery, aerospace equipment, and agricultural products.

- China’s duties on U.S. exports of advanced steel products.

- India’s measures that discriminate against U.S. solar energy equipment.

These successful outcomes are clear examples of the Administration’s winning strategy of fighting back against countries that unfairly block or discriminate against U.S. exports or distort trade against U.S. interests.

We will use dialogue to resolve disputes when possible – and launch new WTO or FTA cases when necessary – to enforce our trade rights. Our goal remains to ensure that our trading partners lift barriers to U.S. goods and services as required under our trade agreements, protect U.S. IPR, enforce labor and environmental standards, ensure regulations to protect human, animal, or plant life or health are based on science, and that all rules and regulations are transparent and applied without discrimination. The Administration is confident that when the playing field is level, American workers, farmers, and businesses can compete and succeed in international markets.

Enforcement is not just about taking disputes. Over the last 7 years, the Obama Administration has resolved hundreds of trade concerns, short of launching formal enforcement procedures, through engagement, including in the context of threatened litigation. For example, USTR has addressed dozens of barriers blocking U.S. agriculture exports, including securing access for beef exports to the Philippines and Indonesia, poultry exports to Colombia and Japan, and pork exports to Chile, New Zealand, and Malaysia. We have also resolved numerous IP issues affecting U.S. businesses and workers, including engaging bilaterally to secure Canadian passage of legislation to fight counterfeiting and piracy and using our ‘Special 301’ process to ensure important IP reforms in the Philippines, Canada, Colombia, Israel, Malaysia, and others.

The Obama Administration will continue to take a whole of government approach to monitoring and enforcing U.S. trade rights in 2016. The Interagency Trade Enforcement Center (ITEC) brings together resources and expertise from across the federal government to provide critical investigative and analytical resources. In February, 2016, the President signed legislation that codifies this approach by permanently establishing in USTR the Interagency Center on Trade Implementation, Monitoring, and Enforcement (ICTIME). This collaborative structure is significantly enhancing the Administration’s capacity to proactively enforce U.S. trade rights. The United States will continue to push farther and dig deeper into trade distortions resulting from the complex web of industrial policies and bureaucratic systems of key trading partners like China. These and other activities are possible because of the language, data analysis, research, and other expertise gathered together within the Interagency Center and focused on specific trade issues.

Strengthening Partnerships

"Because 95 percent of the world's consumers live outside the United States, we must continue to look beyond our borders—from Beijing to Bogota—to open new markets for American exporters. As we work to expand economic opportunity here at home, we are reminded how three proud words, "Made in America," will ensure our next generation inherits an economy built to last."

- **President Barack Obama**

Trade plays a leading role as a tool for strengthening bilateral and regional partnerships. The United States continues to promote mutual accountability and shared ambition as we work to strengthen our trade relationships and support U.S. jobs through a variety of bilateral and regional trade and investment avenues, including Trade and Investment Framework Agreements (TIFAs). In addition to our ongoing major negotiations with partners in Asia, Europe, and around the world, in 2016 the United States will engage with trading partners to create additional bilateral and regional trade and investment opportunities that will help grow our economy.

Asia and the Pacific

China

President Obama is committed to robust U.S. engagement with China that focuses on providing American businesses with a level playing field to compete in its large and growing market. The Administration has pursued engagement to advance our interests across the board, working bilaterally, multilaterally at the WTO, and regionally and plurilaterally through forums like the G-20 and APEC.

These efforts have produced recent progress in several areas. At the 2015 Joint Commission on Commerce and Trade (JCCT) meeting, we announced key outcomes in the areas of technology policy, IPR protection, standards setting, pharmaceuticals and medical devices, and competition law. At the Strategic and Economic Dialogue (S&ED), the United States and China underscored the importance of fostering an open, transparent, and nondiscriminatory environment for trade and investment on issues related to information and communications technology products and services, strategic emerging industries, online infringement, theatrical film distribution, transparency, and other areas.

In 2016, we will pursue our trade and investment objectives with China using all available tools, including dialogue, negotiation, and enforcement, as we seek to open China's market, ensure the unencumbered exercise of IPR in China, address China's excess capacity in key sectors such as steel and aluminum, improve agricultural market access, remove regulatory barriers, especially in the technology sector, ensure industrial and competition policies do not discriminate or distort markets, and increase transparency across all sectors. We will continue our efforts to negotiate a high-standard Bilateral Investment Treaty (BIT) with China. We will continue to work towards securing China's participation in the Government Procurement Agreement (GPA) to support rebalancing of the U.S.-China trade relationship by expanding U.S. sales into China's large government procurement market.

India

Increasing trade and investment between the United States and India is critical to enhancing the dynamism of this important economic relationship, and in recent years, the Administration has greatly strengthened the U.S. - India bilateral trade relationship, contributing to two-way bilateral trade surpassing $100 billion for the first time in 2014.

In September 2014, President Obama and Prime Minister Modi agreed to a new High Level Working Group on Intellectual Property and a new Manufacturing Dialogue under the United States-India Trade Policy Forum (TPF). The TPF has gained momentum with Ministerial meetings in November 2014 and October 2015, supported by the inter-ministerial work of established working groups on IP, promoting investment in manufacturing, agriculture, and services. Since the Administration redoubled its engagement with India, we have seen the Modi government embark upon a new draft National Intellectual Property Policy, open foreign investment in various services sectors, remove cumbersome labeling requirements, and increase its engagement with stakeholders. The Indian cabinet has also endorsed India's accession to the WTO Trade Facilitation Agreement. USTR is continuing to share best practices with the Indian government and is seeking to secure substantive reforms that will further increase trade and investment.

In 2015, India and the United States and exchanged views on a range of issues, including agriculture, services, promoting investment in manufacturing, and IPR. These discussions also produced agreed upon work plans for continued engagement during 2016. At the direction of the President and Prime Minister, we also plan to discuss the prospects for moving forward with a high-standard BIT. Additionally, we aim to achieve substantial progress on IPR issues with India through the High Level Working Group on Intellectual Property and continued regular technical discussions.

Korea

Last year, the United States and Korea held a number of bilateral trade consultations, including FTA committee meetings and working groups under the United States-Korea Free Trade Agreement to ensure full implementation of commitments made under the agreement. The United States raised and resolved a number of concerns, including in the automotive, financial services, pharmaceuticals, agriculture and customs areas. In 2016, The United States will continue these consultations to address bilateral trade issues in a timely fashion. The United States and Korea will also continue to cooperate in a range of multilateral and regional fora, such as APEC and TiSA.

ASEAN

The United States recognizes the importance of trade and investment with the ten ASEAN countries, a market of 632 million people, and has sought to further deepen ties both with the group and bilaterally as part of the Obama Administration's broader Asia rebalance strategy. In 2016, we plan to build on this active engagement. In February, the Administration hosted the ASEAN Economic Ministers for a roadshow to promote our trade relationship following ASEAN's announcement of the establishment of the ASEAN Economic Community, a milestone in its efforts to integrate the region. In addition, while we have concluded high-standard rules with those ASEAN countries that are TPP Parties, this year we will further intensify our engagement with ASEAN through U.S.-ASEAN trade workshops under our TIFA, and bilaterally with Philippines, Indonesia, Thailand, Cambodia, Laos and Burma to address specific issues and lay the groundwork for ASEAN countries to join high-standard trade agreements.

APEC

In 2015, through its work in APEC, the United States advanced important initiatives to help promote regional economic integration. Specifically, the United States led the effort to fulfill the APEC commitment to reduce tariffs to 5 percent or less on a list of 54 environmental goods. These tariff reductions on technologies such as wind turbines and solar water heaters unlock opportunities for U.S. green technology exporters while improving access to the technologies that the United States and other countries need to protect our environment. With U.S. support, APEC has begun to focus on expanding services trade, an area where U.S. companies excel, through the adoption of the APEC Services Cooperation Framework. In addition, in 2015, the United States also advanced key initiatives to support the digital economy and will continue to advance initiatives that help improve supply chain performance and facilitate trade. In 2016, the United States will continue to move these and other initiatives forward in an effort to guide APEC economies toward the goal of promoting a free and open trade and investment environment.

Eurasia

Russia

The Obama Administration responded to Russia's continued illegal actions in Ukraine by politically isolating and imposing economic costs on Russia through a carefully constructed sanctions regime, in close cooperation with the European Union and other partners. We will continue to monitor Russia's implementation of its WTO obligations and work to ensure U.S. exports are treated consistently with those commitments.

Central Asia

This year we welcomed Kazakhstan and Afghanistan's completion of the WTO accession process. Kazakhstan became a WTO Member on November 30, 2015, which should have important implications for operation of the Eurasian Economic Union. We encourage Afghanistan to ratify the accession package so it can begin to receive the full benefits of WTO Membership. We will continue to encourage Uzbekistan and Turkmenistan to advance their efforts to accede to the WTO.

We will build upon the work conducted last year under our innovative plurilateral TIFA with the five Central Asian countries (Kazakhstan, Kyrgyzstan, Turkmenistan, Tajikistan, and Uzbekistan), focusing particularly on WTO membership, customs, and procurement. We will advocate for Afghanistan's full membership to this TIFA, and Pakistan's proposed observership. We will monitor the actions of the Eurasian Economic Union, ensuring all parties continue to uphold their WTO commitments. USTR will also work with Nepal under our bilateral TIFA, focusing efforts on trade facilitation and trade preferences.

The Americas

The United States maintains strong economic ties with its trading partners throughout the Western Hemisphere. Boasting a combined goods and services trade of over $1.5 trillion, we seek to build upon an extensive web of existing bilateral and regional trade agreements to further enhance U.S. export opportunities to the region. Canada remains our largest trading partner for goods, services and investment. Working with the government of Prime Minister Trudeau in 2016, we will enhance the competitiveness of our integrated supply chains through cooperation on regulatory, trade facilitation and border-related initiatives. With Mexico, in 2015 we took further steps to deepen our bilateral economic partnership through the High Level Economic Dialogue. In 2016, we will continue to work bilaterally to deepen our partnerships, enhance North American competitiveness, and address barriers to U.S. exports.

Trade between the United States and Central America and the Caribbean remains strong. U.S. goods exports to the CAFTA-DR countries were valued at $28.9 billion in 2015. In 2016, the United States will work to deepen trade its relationships with CAFTA-DR partners to strengthen implementation of the trade agreement, facilitate trade and address outstanding issues related to IP, SPS measures, workers' rights, and environmental protections, among others. Most of the Caribbean enjoys preferential access to the United

States through our only permanent preference program, known as the Caribbean Basin Initiative. In 2016, we will continue our engagement with the region to encourage even greater trade and investment.

We will also continue growing our exports and deepening our trade and investment policy engagement with Brazil through the Agreement on Trade and Economic Cooperation (ATEC). We are looking forward to engaging with Argentina and the newly elected government of President Mauricio Macri to explore ways to deepen our economic ties. We will also work to deepen our trade with our other FTA partners in Latin America: Chile, Peru, Colombia, and Panama.

Our work with Peru under the groundbreaking Annex on Forest Sector Governance (Forest Annex) to the U.S. Peru Trade Promotion Agreement will continue in 2016. Peru and the United States have a common objective of strengthening forest sector governance, combatting illegal logging and illegal trade in timber and wildlife products, and furthering sustainable management of forest resources in Peru. Peru is also hosting APEC in 2016, and the United States will work closely with Peru to ensure a successful host year.

Within the parameters for the new relationship with Cuba set by the Administration and the existing embargo, we will work in the WTO and bilaterally to explore ways to deepen our trading relationship with Cuba; and, if conditions are right, advance the normalization of U.S.-Cuba trade relations.

Sub-Saharan Africa

The United States will also intensify engagement with trading partners in sub-Saharan Africa to advance key trade and investment initiatives. As President Obama emphasized at the Global Entrepreneurship Summit in July 2015, Africa includes some of the fastest growing economies in the world, with a growing middle class and expanding markets in manufacturing, retail, and telecommunications. U.S. companies increasingly see opportunities in Africa, and we are working to support increased U.S.-Africa trade through a range of initiatives, including AGOA, enhanced regional TIFAs, and Trade Africa – which establishes a more strategic and coordinated approach to trade and investment capacity building in Africa. We are also advancing other initiatives such as Power Africa which improve Africa's infrastructure and, thus, its trade competiveness.

We aim to significantly advance President Obama's Trade Africa Initiative through our work with the East African Community (EAC) in promoting cooperation in key areas like trade facilitation, SPS measures, technical barriers to trade issues, and exploring other areas, including a possible regional investment treaty. The Trade Africa Initiative has also been expanded to new countries and regions, including Mozambique, Zambia, Cote d'Ivoire, Ghana, Senegal and the Economic Community of West African States (ECOWAS), and we are developing targeted workplans. Through the work and recommendations of the President's Advisory Council on Doing Business in Africa (PAC-DBIA), we will work to expand U.S. business engagement and investment in Africa, promote African regional integration, and support more diversified two-way U.S.-Africa trade, including increased U.S. exports to rapidly growing African markets.

The Administration is also doing an intensive analysis of ways to enhance the U.S.-Africa trade and investment relationship beyond AGOA. A report will be submitted to Congress in late June 2016. The report will respond to a Congressional mandate to identify those sub-Saharan African countries that might be ready to negotiate an FTA with the United States, but will also analyze the building blocks for enhanced U.S.-Africa economic engagement and the underlying rationale for such engagement.

Middle East and North Africa

The revolutions and other changes that have swept through the Middle East and North Africa in recent years have provided new opportunities, as well as substantial new challenges, with respect to U.S. trade and investment relations with countries in the region. In 2015, the United States continued to monitor, implement, and enforce existing U.S. FTAs in the region (Bahrain, Israel, Jordan, Morocco, and Oman), pursued TIFA consultations with Saudi Arabia, the Gulf Cooperation Council, Tunisia and Algeria, and sought new opportunities to cooperate more closely with Egypt.

In 2016, we will aim to advance our bilateral trade relationships with MENA countries through these mechanisms, wherever possible incorporating intensified engagement with the private sector so as to reap the benefit of innovative thinking on how to stimulate broad-based economic growth. We also hope to construct new commercial connections with key regional partners such as Turkey, which has become a significant source of growth in its neighborhood and with which our bilateral economic ties have grown steadily in recent years. In 2016, we will continue to engage with Turkey through the Framework for Strategic Economic & Commercial Cooperation (FSECC), a Cabinet-level dialogue created in 2009 to focus on trade and investment issues.

As part of our engagement with these partners, we will seek to craft and pursue initiatives that can help lay the groundwork for greater economic integration among MENA countries, an outcome many have identified as critical to the future prosperity of the region.

PART III: PROMISES DELIVERED

Made in America is making a comeback. From the depths of the Great Recession, our economic recovery has come a long way since President Obama was sworn into office. Increasing American exports has been a critical part of accelerating this economic recovery. Trade enhances the competitiveness of the U.S. economy, and its capacity to take what it creates here and make it the driver of economic activity around the world. That's why President Obama has made trade a central part of his economic strategy for creating good jobs, promoting growth, and strengthening the middle class.

Now in its eighth year, that strategy has delivered. Through tough negotiating, vigilant enforcement, and sustained engagement, the United States has leveraged trade policy to strengthen communities around America and give hope to workers around the world. We have fought to open the largest and fastest growing markets to U.S. exports, including through next generation trade deals like TPP. Working closely with Congress, we have renewed preference programs, and with a bipartisan vote for the renewal and modernization of Trade Adjustment Assistance (TAA), helped provide American workers with the tools they need to thrive in a rapidly changing economy. We have reasserted U.S. rights through a strengthened and more strategic trade enforcement system, with more resources and expert staff filing more cases and winning more consequential judgments for American businesses, farmers, and workers.

These efforts have helped restore the connection between hard work and honest reward, positioning more Americans to compete—and win—in tomorrow's global economy.

History Made for American Jobs and Exports

“Trade that's fair and free and smart will grow opportunity for our middle class. It will help us restore the dream we share and make sure that every American who works hard has a chance to get ahead. That's a cause worth fighting for, today and every day I have the honor of serving as your President.”

- **President Barack Obama**

President Obama’s trade strategy has achieved a number of historic victories on behalf of working Americans. Globally, the United States led a number of efforts that helped raise standards, lower barriers to U.S. exports, and strengthen the open, rules-based trading system. By leading the TPP negotiations to conclusion, the United States forged the world’s highest standard trade agreement. American leadership was also critical for concluding the first multilateral trade agreement in the WTO’s history, the TFA, and finalizing the ITA Expansion Agreement, the first major tariff liberalization deal at the WTO in nearly two decades, as well as for launching T-TIP, TiSA and EGA negotiations. Bilaterally, the United States entered free trade agreements signed into law by President Obama with Korea, Colombia, and Panama

These breakthroughs required bipartisan support and close cooperation with America’s elected officials in Congress. Working with Congress, the Administration helped bring TPA into the 21st century, with the Bipartisan Congressional Trade Priorities and Accountability Act of 2015 giving U.S. negotiators guidance on topics ranging from manufacturing tariffs and SPS measures, to the digital economy and SOE competition, as well as the bipartisan support to bring home the best deal possible. The Administration worked with Congress to renew Trade Adjustment Assistance for American workers and to secure the longest renewal of AGOA in history, as well as renewal of the Generalized System of Preferences (GSP) and the HOPE program for Haiti. Finally, the Administration and Congressional leadership worked together to pass the Trade Facilitation and Trade Enforcement Act, which will bolster our trade enforcement efforts.

Trans-Pacific Partnership

Last October, the United States along with Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam, concluded the TPP negotiations. TPP will significantly boost U.S. exports of goods and services in some of the fastest growing economies in the world and set high-standard trade and investment rules that will increase U.S. productivity and foster American innovation and competitiveness; support the creation and retention of high-paying jobs in the United States; and raise living standards. TPP will cut over 18,000 import taxes imposed on Made in America products imported into TPP countries; open new markets for U.S. service suppliers; address nontariff barriers that unfairly block U.S. exports; promote digital trade and strong and balanced rules for America's globally competitive IP-intensive industries; level the playing field by fostering fair competition and good governance; enforce high labor and environmental standards; help ensure fair and transparent regulatory policies that promote trade by U.S. innovators and exporters, while helping to ensure consumer safety and privacy; and promote inclusive growth, including by supporting U.S. small businesses.

Trade Facilitation Agreement

Last year, the Administration took the final step toward enabling full implementation of the WTO TFA, the first multilateral trade agreement in the WTO's 20-year history, by submitting the United States' ratification to the WTO. Once the TFA is ratified by two-thirds of the WTO Membership, it will enter into force. This hard won agreement promises to improve efficiency, reduce costs, ease exports for American small businesses, and to provide especially large growth benefits for many of the world's poorest countries. Analysis by the WTO suggests that the TFA, if fully implemented, can generate hundreds of billions of dollars in economic activity. The TFA, with binding commitments on all WTO Members to expedite movement, release and clearance of goods, improve cooperation on customs matters, and help developing countries fully implement the obligations, will open new markets for U.S. exporters by significantly reducing customs barriers they face worldwide.

Information Technology Agreement Expansion

In July 2015, the United States led over 50 developed and developing countries in finalizing ITA Expansion. This landmark agreement, the first major tariff-liberalization deal achieved at the WTO in the past two decades, will eliminate hundreds of tariffs on roughly $1.3 trillion in global information and communication technology exports, and, according to some estimates, will increase annual global GDP by an estimated $190 billion annually. American producers and exporters will benefit from the expanded agreement, as more than $180 billion in American technology exports will no longer face burdensome tariffs in key global markets. Tariff reductions and eliminations are to be implemented on July 1, 2016.

Korea, Colombia, and Panama FTAs

Working with Congress, the Administration secured passage of FTAs with Korea, Colombia, and Panama. These victories followed successful efforts to address outstanding concerns related to the agreements, including an accord on autos (Korea), labor (Colombia) and transparency in the banking system (Panama).

Trade Promotion Authority

In June 2015, Congress passed and President Obama signed the Bipartisan Congressional Trade Priorities and Accountability Act of 2015, providing six years of TPA and setting clear expectations for high-standard trade agreements. The bill's passage demonstrated the bipartisan support for U.S. leadership in establishing the rules for global trade, while helping to deliver more well-paying, middle class jobs and economic opportunities for American businesses, farmers, ranchers, manufacturers, and entrepreneurs through the passage of trade agreements like TPP and T-TIP.

Trade Adjustment Assistance

In June, Congress passed and President Obama signed the Trade Adjustment Assistance Reauthorization Act of 2015, providing a six-year renewal of assistance to workers adversely affected by trade. Increased trade provides significant benefits to the overall U.S. economy, but certain sectors or businesses can face adverse consequences. The renewal of TAA demonstrated bipartisan support for ensuring that workers harmed by foreign trade have the best opportunity to acquire skills and credentials to get good jobs.

Renewal of Preference Programs

Last year, Congress passed and President Obama signed bipartisan legislation to renew AGOA to ensure continued trade engagement with sub-Saharan Africa. AGOA has been the cornerstone of our trade relationship with Africa for 15 years, and its renewal for a 10-year period, the longest ever in the program's history, will provide much-needed certainty to African producers, U.S. buyers, and investors. AGOA also incentivizes good governance and pro-growth, pro-development policies, including on labor and human rights. U.S. buyers are looking to invest in African production and sourcing in a range of value chains.

Congress also renewed the GSP and HOPE programs. GSP, which had lapsed in July 2013, was renewed, with retroactive application, in 2015. This program will promote economic growth in the developing world by eliminating duties on a wide range of products from developing countries, and will also support U.S. jobs by helping keep American manufacturers competitive. HOPE supports thousands of jobs in Haiti's textile and garment sectors, while providing important protections to workers. Early extension of this program will provide the necessary stability and continuity for companies to continue investing in Haiti's future.

Trade Facilitation and Trade Enforcement Act

In February of 2016, Congress passed and President Obama signed the Trade Facilitation and Trade Enforcement Act, which includes a number of new tools and resources for us to enforce the IP, labor, environmental, and many other commitments we've secured from trading partners across the globe. The bill establishes the Interagency Center on Trade Implementation, Monitoring, and Enforcement at USTR, codifying into law the President's Executive Order from 2012 that first created the interagency approach to boosting enforcement efforts. It also creates a trade enforcement trust fund to provide new resources for enforcement, improves our ability to target trade partners who evade AD/CVD orders, strengthens our ability to enforce IP protections, strengthens the prohibition on importing goods made by forced labor, and makes other important advances.

Rights Enforced

"I have made rigorous trade enforcement a central pillar of U.S. trade policy, and we have moved aggressively to protect American workers and to improve labor laws and working conditions with trading partners across the globe."

- **President Barack Obama**

The Obama Administration has executed the most robust enforcement strategy in the history of U.S. trade policy. Our enforcement efforts are essential to growing our economy and defending the livelihoods of hard-working Americans. That's why President Obama has made trade enforcement a focal point of his strategy for opening markets for U.S. exports.

This record speaks for itself. The United States has filed 20 complaints since 2009 at the WTO – more than any other WTO Member during this period. And the United States has won every one of these cases that have been decided so far. Export figures and industry estimates confirm that these enforcement wins are worth billions of dollars for American farmers and ranchers, manufacturers of high-tech steel, aircraft, and automobiles, solar energy exporters, cutting edge service providers, and many others.

Asserting U.S. Rights in China Trade

Presidential Safeguard Action on Tires from China: In September 2009, President Obama imposed additional duties for a period of three years to address a harmful surge of imports of Chinese tires for passenger cars and light trucks. The surge caused production of U.S. tires to drop, domestic tire plants to close, and Americans to lose their jobs. President Obama was the first, and only, President to impose additional duties under the law implementing the special China safeguard provision negotiated as part of China's accession to the WTO. USTR successfully defended China's WTO challenge to the President's action, resulting in WTO findings that rejected China's challenge in its entirety.

Chinese AD/CVD Duties on Autos from the United States: In 2014 the Obama Administration won a major trade enforcement case against China on behalf of U.S. auto manufacturers and the more than 900,000 American automotive industry manufacturing workers around the country, from Michigan to Ohio to California. In that case, the WTO agreed with the United States that China's imposition of antidumping duties and countervailing duties on American-made cars and sport-utility vehicles (SUVs) breached numerous international trade rules. In 2013, the United States exported over $60 billion of autos, with about 15 percent of the total going to China. China is now the second largest export market for U.S. autos, after Canada. China's unjustified duties, which ranged up to 21.5 percent, affected an estimated $5.1 billion worth of U.S. auto exports in 2013, and were applied to well-known models such as the Jeep Grand Cherokee, Buick Enclave, Cadillac Escalade, and many others.

Export Restraints on Raw Materials: In June 2009, the United States challenged China's export restraints on nine raw materials to create a level playing field for U.S. workers and businesses that manufacture downstream products in the steel, aluminum and chemical sectors. The export restraints enabled China's downstream producers to obtain a dramatic competitive advantage by significantly decreasing their input costs. For example, in 2008, the input cost for coke was 36 percent less for Chinese domestic steel producers than their foreign counterparts. In 2011, the WTO found China's quotas and duties to be inconsistent with its WTO commitments. In December 2012, China eliminated the offending measures.

Export Restraints on Rare Earths: In March 2012, the United States challenged China's export restraints on rare earths, tungsten and molybdenum products. China is the world's leading producer of rare earths, producing an estimated 130,000 metric tons of rare earth oxide, which accounted for approximately 97 percent of global production in 2011. In all, China's export restraints on the materials at issue in this dispute cover approximately 100 tariff codes. The United States brought this dispute to create a level playing field for U.S. workers and businesses that manufacture many important downstream products in the United States, including hybrid car batteries, wind turbines, energy-efficient lighting, steel, advanced electronics, automobiles, petroleum and chemicals. In late 2014, the WTO agreed with the United States and found that China's export restraints are inconsistent with WTO rules. China announced that it has eliminated WTO-inconsistent export duties and quotas on these products. The United States is closely monitoring China's actions to ensure that these illegal policies are in fact discontinued and that China fully complies with its obligations.

Chinese AD/CVD Duties on High Tech Steel from the United States: In 2010, the Obama Administration successfully sued China when it effectively blocked U.S. steel imports through unfair duties. We disagreed when China said that it had brought its duties in line with WTO rules and sued China again. In 2015, the WTO again agreed that China was breaking WTO rules. This enforcement victory led to China reopening a more than $250 million market for American steel exports of grain oriented electrical steel (GOES), directly benefiting our nation's steelworkers. GOES is a high-tech steel that is primarily used by the power generating industry in transformers, rectifiers, reactors, and large electric machines. AK Steel Corporation and Allegheny Ludlum, based in Pennsylvania, manufacture GOES in the United States.

Electronic Payment Services: In September 2010, the U.S. challenged China's restrictions and requirements on electronic payment services (EPS) for payment card transactions and the suppliers of those services. Each year well over one $1 trillion worth of electronic payment card transactions are processed in China. In 2012, the WTO agreed with the United States that China's measures discriminate against U.S. suppliers. China has taken some steps to address the problems identified by the WTO, and the Administration continues to work with U.S. stakeholders and China to ensure American credit and debit card companies' fair access to China's market.

Wind Power Equipment: In December 2010, following a petition from the United Steelworkers, the United States initiated a WTO case challenging subsidies that China provided to manufacturers in its wind power equipment sector. The subsidies appeared to require the use of local content, at the expense of foreign manufacturers' products. At the time of the dispute, grants provided under this program from 2008 to 2010 totaled several hundred million dollars. In response to USTR's challenge, China terminated the challenged subsidy program.

Chinese AD/CVD Duties on Poultry from the United States: In September 2011, the United States challenged China's AD/CVD duties on U.S. exports of chicken "broiler products." According to industry estimates at the time, the U.S. poultry industry stood to lose approximately $1 billion in sales to China by the end of 2011. In June 2013, the WTO agreed that China's measures were inconsistent with its WTO commitments. China issued a new measure in response to the WTO finding in 2014. The United States is reviewing that measure.

Chinese Export Bases for Autos and Auto Parts: In September 2012, the United States challenged a Chinese export subsidies program to auto and auto parts enterprises in China that severely distorts competition. In the years 2002 through 2011, the value of China's exports of autos and auto parts increased more than nine-fold, from $7.4 billion to $69.1 billion, and China rose from the world's 16th largest to the 5th largest auto and auto parts exporter during this period. After consultations, China removed or did not renew key provisions. The United States continues to monitor China's actions with respect to the matters at issue in this dispute.

China Demonstration Bases for Common Service Platform: In February 2015, USTR requested WTO consultations on China's measures that appear to establish a program of prohibited export subsidies. China is directing a variety of service providers to offer discounted or free services to producers across a wide range of industries, including agriculture, light industry, new materials (including ferrous and non-ferrous alloys), pharmaceuticals, textiles, hardware and building materials, and specialty chemicals. These producers are clustered in designated export regions called “Demonstration Bases.” In addition, producers may also receive subsidies such as cash grants, grants for research and development, subsidies to pay interest on loans, and preferential tax treatment for exporting. The WTO established the dispute settlement panel in April 2015 at the request of the United States. Through this action, USTR is challenging Chinese subsidies that provide an unfair advantage to businesses located in China, distorting competition with American-made products.

Chinese Tax Measures Concerning Certain Domestically Produced Aircraft: In December 2015, USTR requested consultations with China on its measures exempting certain aircraft produced in China from a 17% value-added tax (VAT) while imposing those taxes on imported aircraft. The discrimination caused by the Chinese measure affects U.S.-made aircraft and U.S. parts producers who provide components to foreign-made aircraft. The measures affect imported aircraft generally under 25 metric tons, including general aviation and regional jets, while exempting such China-made aircraft. China also failed to publish these measures in accord with its WTO obligations. Through this action, the United States is challenging China’s breaches of fundamental WTO rules of nondiscrimination and transparency in this strategically important sector.

Winning For Americans Around the World

India’s Ban on U.S. Agriculture Exports: In 2015 the U.S. won a major victory for the U.S. poultry industry and its workers after suing India over an unfair ban on our poultry, meat, and eggs. The U.S. poultry industry, which directly employs hundreds of thousands of workers and consists of tens of thousands of family farms, has been particularly affected by India’s restrictions. The industry estimates that U.S. exports to India of just poultry meat alone could exceed $300 million a year once India’s restrictions are removed – and are likely to grow substantially in the future as India’s demand for high-quality protein increases. Exports are important to the health of this industry. The United States exports 18 percent of its poultry meat production, with U.S. domestic exports for poultry meat, eggs, and other poultry products worth approximately $6.5 billion to over 136 countries in 2014. This successful challenge at the WTO is an important step forward in fully opening India’s markets.

Argentina’s Restrictions on U.S. Goods Exports: In 2015 the U.S. won a trade enforcement victory against Argentina that involved its widespread restrictions on the importation of a range of U.S. goods. The restrictions by Argentina affected billions of dollars in U.S. exports, including energy products, electronics and machinery, aerospace and parts, pharmaceuticals, precision instruments and medical devices, miscellaneous chemicals, motor vehicles, vehicle parts, and agricultural products. The following U.S. states represented the largest share of exports to Argentina in 2015, each exporting over $100 million in goods that year: Texas, Louisiana, Florida, Washington, Michigan, New Jersey, Illinois, California, Tennessee, South Carolina, New York, Pennsylvania, Georgia, Ohio, North Carolina, Indiana, Wisconsin, Virginia, and Maryland.

The Philippines Excise Taxes: In 2012, the WTO agreed with the United States that Philippine excise taxes on imported distilled spirits were discriminatory and inconsistent with the Philippines’ WTO obligations. The Philippines had imposed taxes on imported distilled spirits, such as whiskey and gin, at approximately ten to forty times higher than those applied to domestic products. In response, the Philippines modified its taxes on distilled spirits so as to equalize the tax rates for domestic and imported products.

India’s Discriminatory Policies on Imported Solar Cells: In February 2013 and February 2014, the United States challenged India’s “localization” rules discriminating against imported solar cells and modules under two phases of India's National Solar Mission. The United States initiated the challenge in order to ensure that world-class U.S. clean energy goods can compete on an equal footing and can continue to support American jobs and manufacturing. The United States strongly supports the rapid deployment of solar energy around the world—including in India—but discriminatory policies in the clean energy space undermine efforts to promote clean energy by requiring the use of more expansive and less efficient equipment. The United States has consistently made the case that India can achieve its clean energy goals faster and more cost effectively by allowing solar technologies to be imported from the United States and other solar producers. In February 2016, a WTO dispute settlement panel found in favor of the United States that India's domestic content requirements are inconsistent with WTO rules that prohibit discrimination against imported products. These enforcement wins are a significant victory for both rapid deployment of solar energy across the world, and for U.S. clean energy jobs that rely on exports.

EU Subsidies Affecting American Aerospace Workers and Businesses: The United States successfully challenged the European Union's $18 billion in Airbus subsidies. When the EU claimed compliance without withdrawing its subsidies, the U.S. initiated a compliance proceeding, which is ongoing. A successful resolution of this dispute will bring enormous benefits to American aerospace workers and companies of all sizes by bringing about a more level playing field and limits on new civil-aircraft subsidy programs. This is particularly important for machinists and engineers in regions like the Pacific Northwest and Southeast as well as for aerospace suppliers that support well-paying American jobs across the country.

Making Trade Work for Workers

The Obama Administration believes that by improving labor rights through our trade initiatives we can simultaneously uphold and promote U.S. values, strengthen the ability of American workers to compete on a level playing field in the global marketplace, and help grow a larger middle class in our trading partners that will fuel demand for U.S. goods and services.

Guatemala: The Obama Administration is the first to make use of the dispute settlement mechanism to stand up for workers' rights. This case, filed against Guatemala challenging its enforcement of its labor laws relating to the right of association, the right to organize and bargain collectively, and acceptable work conditions under the CAFTA-DR agreement, sends the strong signal that the United States will use the full range of tools at our disposal, including formal dispute settlement, to ensure that workers' rights are protected. Findings in the case are expected to be issued by the arbitral panel in 2016.

Bahrain: We pursued formal consultations under the U.S.-Bahrain FTA to address concerns regarding targeting of union leaders in the events surrounding the 2011 Arab Spring civil unrest. Bahrain has made important progress, such as reinstating the vast majority of workers who had been dismissed in that process, but significant challenges remain and USTR, DOL, and State are continuing to engage to try to resolve them.

Colombia: A long and constructive engagement with Colombia led to negotiation of the extensive Colombian Action Plan Related to Labor Rights designed to address longstanding concerns relating to violence against labor leaders, impunity for such acts and protection of labor rights. Important progress has been made, but much more work remains to be done.

Jordan: Our engagement has produced an Implementation Plan Related to Working and Living Conditions of Workers that is helping to address concerns about workers' rights and working conditions in Jordan's garment sector, particularly with respect to foreign workers. Jordan has issued new standards for dormitory inspections, submitted new labor legislation to its parliament and hired new labor inspectors. USTR and DOL continue to work with Jordan on the issues under the Plan.

Bangladesh, Swaziland, and Haiti: The Administration has effectively utilized the tools in U.S. preference programs to protect labor rights. Each of these countries is eligible or potentially eligible for benefits under different programs—Bangladesh under GSP, Swaziland under AGOA and Haiti under the HOPE program. These programs all condition preferential market access on meeting certain country eligibility criteria, including criteria relating to labor rights. The Obama Administration has effectively made use of all three preference programs to leverage progress on a range of serious labor issues: from lack of worker voice, to building and fire safety concerns, to acts of violence and intimidation towards union organizers, to employment-related sexual harassment.

Burma: We launched the Initiative to Promote Fundamental Labor Rights and Practices in Burma in 2014, which established a partnership between the United States, Burma, Japan, Denmark, the European Union, and the International Labor Organization to advance labor rights and protections for workers in Burma. The Initiative takes a multilateral, multi-stakeholder approach to strengthen labor reform, enforcement, transparency, and consultation to support domestic labor law reform consistent with international standards and the foundation for good industrial relations.

CONCLUSION: AMERICA’S TIME TO LEAD

When America leads on trade, the U.S. economy is stronger and the world is safer.

Since the beginning of the Obama Administration, we have leveraged trade to spur growth, support well-paying jobs, and strengthen the middle class. Trade played a key role in our recovery from the great depression, and since that time, exports have continued to support jobs and strengthen communities across the country.

Continuing this progress will impact not only the strength of our economy here at home, but also America’s position in the world and influence abroad. Done right, trade brings stability to critical regions in flux, strengthens our partners and allies, and drives inclusive development.

Day after day, we’ve worked hard to deliver on the promise of trade. The Obama Administration has:

- Improved and secured passage of trade agreements with Korea, Colombia and Panama to remove barriers to Made in America exports.
- Brought 20 enforcement challenges at the WTO – more than any other country – and won all that have been decided.
- Renewed preference programs like the African Growth and Opportunity Act and the Generalized System of Preferences to help lift people around the world out of poverty.
- Worked with Congress to update and renew bipartisan Trade Promotion Authority to reflect today’s global economy, and extend and improve Trade Adjustment Assistance to provide our workers with the tools they need to thrive in a rapidly changing economy.
- Expanded the Information and Technology Agreement to boost American technology exports and encourage global growth.
- Concluded the Trade Facilitation Agreement, the first multilateral deal in the history of the WTO, to reduce customs barriers worldwide.
- Rejuvenated the WTO negotiating process.

These steps are helping to unlock economic opportunity for Americans and strengthen the open, rules-based trading system. Today, the United States is well-positioned to continue leading and shaping tomorrow’s global trading system.

We know that American workers and businesses have what it takes to compete globally. The United States is a global leader in innovation, productivity, education, and entrepreneurship. We have a strong rule of law, and all the other ingredients for becoming the world’s production platform of choice. All our workers and businesses need is a fair shot.

But we also know that the global playing field remains uneven, and the world isn’t waiting. Other countries are actively negotiating to get the best deal for their workers and businesses. If current trends continue, we’ll be dealt out of tomorrow’s markets as alternative trade and investment models gain traction.

That’s why we are pushing forward in our efforts to start a race to the top for global trade. To support jobs and growth on both sides of the Atlantic, we’re pursuing a high-standard agreement with the European Union. To build on our strengths as the world’s top services supplier and leading producer of green technology, we’re advancing the Trade in Services Agreement and the Environmental Goods Agreement.

In the Asia Pacific, we've worked to bring home the highest-standard trade agreement in history: the Trans-Pacific Partnership (TPP). This next-generation agreement will cut over 18,000 taxes on Made in America exports, support more high-paying U.S. jobs, and promote both our interests and our values. As the economic pillar of America's rebalance to Asia, TPP gives us a leading role in writing tomorrow's rules for this critical region.

This year, we have the chance to shape a better future. Working with Congress, we can harness the bipartisan spirit that has driven U.S. trade policy since Franklin Delano Roosevelt's time. We can tackle 21st century challenges and usher in a more prosperous tomorrow. We can lead on trade.