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Competitiveness and Business Facilitation

The Trans-Pacific Partnership (TPP) levels the playing field for American workers and American businesses, leading to more Made-in-America exports and more higher-paying American jobs here at home. By cutting over 18,000 taxes different countries put on Made-in-America products, TPP makes sure our farmers, ranchers, manufacturers, service suppliers, and small businesses can 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, TPP will significantly expand the export of Made-in-America goods and services and support American jobs.

EXECUTIVE SUMMARY

The chapter on Competitiveness and Business Facilitation will help TPP reach its potential to improve the competitiveness of all participating countries, and in particular to ensure that U.S. workers and businesses are dealt

into regional supply chains, not left on the sidelines. The chapter creates formal mechanisms to review the impact of TPP on its members' competitiveness, through dialogues among governments and between government, business, and civil society, with a particular focus on deepening of regional supply chains, to assess progress, take advantage of new opportunities, and address any challenges that may emerge as the agreement goes into effect.

CHAPTER OVERVIEW

The Competitiveness and Business Facilitation chapter creates mechanisms by which governments can make the assessments and get the information they need to assess the agreement's overall contribution to its participants' competitiveness. To do so, it establishes means to regularly review whether implementation of the agreement is leading to the anticipated gains in regional competitiveness; and if not, to analyze why this is, consider recommendations on addressing the problem, and to ensure stakeholder input into reviews. Its specific features include:

Committee on Competitiveness and Business Facilitation

The chapter establishes a Committee on Competitiveness and Business Facilitation, made up of TPP countries with input from TPP stakeholders, to meet regularly to review the agreement's impact on regional and national competitiveness, and on regional economic integration. The Committee will be able consider advice and recommendations from stakeholders on ways the agreement can further enhance competitiveness, including recommendations on enhancing the participation of small and medium-sized enterprises in regional supply chains.

Supply Chain Development

The chapter identifies development and strengthening of regional supply chains as an objective of the TPP agreement. It establishes a basic framework for the Committee to assess supply chain performance under TPP, including submission of reports to the TPP Parties with findings and recommendations; consideration of ways to promote TPP Small and Medium-sized Enterprise (SME) participation in supply chains; review of stakeholder and expert input; and regularly scheduled meetings.

NEW FEATURES

Drawing from experience in Asia-Pacific Economic Cooperation (APEC) forum initiatives related to regional competitiveness and supply chain development, TPP is the first U.S. Free Trade Agreement (FTA) to include new stand-alone commitments promoting the development and strengthening of supply chains among its members. The Competitiveness and Business Facilitation chapter complements previous work on these issues in an innovative way by enabling TPP members to see not only the implementation of specific obligations, but their effectiveness in working as a whole to improve competitiveness and supply chain efficiency as the agreement goes into effect, and to consider improvements in the future.

IMPACT

Asia-Pacific trade has evolved over the past decades away from a classic production process in which exports are fully manufactured in one country and exchanged for imports fully manufactured in another, toward a newer model of highly-specialized production, in which products like smart phones and pacemakers mesh the production strengths of different countries. American workers and businesses now use Asia-Pacific supply chains for a wide variety of purposes—for example, to ensure just-in-time access to intermediate goods and raw materials for final production of complex high-value goods such as aircraft or medical equipment in the United States—while U.S.-based services providers support all participants with express delivery services, Internet and telecommunications services, financing, and other services.

Ability to reach these supply chains is already a large factor in American exporting success. For example, in 2009 our 11 TPP partners' exports included \$118 billion in U.S.-made inputs—an amount nearly equal to that year's U.S. goods exports to China and Japan combined. And the enhanced access of innovative U.S. products to Asia-Pacific supply chains will be a powerful driver of future U.S. exports.

One of TPP's goals is to deepen and broaden these networks spanning four continents around the Pacific. The many separate commitments developed throughout all the chapters of the agreement—for example, telecommunications commitments, market access for goods, customs and trade facilitation, technical barriers to trade—have their own purposes, but are also designed to work together organically to improve the competitive strength of the United States, each of the other TPP Parties, and the region

as a whole.

Achieving the deeper levels of integration that the TPP governments and stakeholders envision depends on a successful effort to ensure that these commitments support and complement one another as the TPP Parties intend. The Competitiveness and Business Facilitation chapter will help achieve this through ongoing work to:

- Assess the overall effects of a wide range of complex commitments spread across many different chapters of an agreement and implemented by a wide variety of agencies.
- Ensure regular provision of advice and analysis from a broad range of stakeholders, including businesses in all phases of the supply chain, academics, consumers, and civil society.

