

Report on Capacity Building Activities Undertaken in Connection with Trade Agreements Negotiated or Being Negotiated

This report is provided pursuant to section 102(c)(4) of the Bipartisan Congressional Trade Priorities and Accountability Act of 2015 (TPA), signed by President Obama on June 29, 2015, which requires the President to submit to the Committee on Ways and Means of the U.S. House of Representatives and the Committee on Finance of the U.S. Senate an annual report on capacity building activities undertaken in connection with trade agreements negotiated or being negotiated pursuant to the Act. Executive Order 13701 delegated this reporting function to the U.S. Trade Representative, with the advice and assistance of U.S. agencies participating in trade capacity building activities undertaken in accordance with section 102(c)(1) and (2) of this Act. With the completion of the Trans-Pacific Partnership Agreement (TPP) negotiations, achieving the high standards set by President Obama and the objectives set by Congress in TPA, the Obama Administration has turned to developing capacity building activities to support robust implementation of this Agreement. This report focuses on those activities.

The Importance of the TPP to the United States

On October 5, 2015, the United States along with Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam concluded the TPP negotiations. President Obama notified the U.S. Congress of his intent to enter into the resulting TPP Agreement on November 5, 2015. The Agreement was signed on February 4, 2016.

The TPP is a high-standard trade agreement that will have far-reaching economic and strategic benefits for the United States. It will promote U.S. growth and innovation, support well-paying jobs, and strengthen the U.S. middle class by reducing barriers to U.S. exports and setting high standard rules for trade and investment that promote U.S. interests and values overseas. The TPP will:

- eliminate more than 18,000 import taxes imposed on Made in America products;
- open new markets for U.S. service suppliers;
- address non-tariff barriers that unfairly block U.S. exports;
- establish labor and environmental protections that will advance worker rights, address urgent environmental challenges in the Asia-Pacific region, and help level the playing field for American workers and businesses;
- promote digital trade and strong and balanced rules for America's globally competitive IP-intensive industries;
- foster fair competition, good governance, and regulatory policies throughout the Asia-Pacific region that promote trade by U.S. innovators and exporters, while helping to ensure consumer safety and privacy; and

- create new commercial opportunities for U.S. small businesses by connecting them to regional supply chains, ensuring that they have access to express delivery services and digital data flows, and providing them with the transparency and access to forms and customs regulations they need to succeed in exporting.

Ultimately, the TPP will foster continued peace and stability in the Asia-Pacific by strengthening U.S. leadership in the region, deepening U.S. economic ties with key countries, and shaping the rules of the road for regional trade.

The TPP is an ambitious and comprehensive agreement, and in entering it, several of our partner countries have made more complex commitments than they have done in any previous agreement. Recognizing the challenges these TPP partner countries might face in implementing these ambitious commitments, the TPP contains a chapter that specifically establishes a framework for cooperation and capacity Building among the TPP partner countries.

Technical Assistance for the TPP: A Whole-of-Government, Multi-Year Approach

The U.S. Government is planning to provide technical assistance to certain TPP partner countries to help them meet the ambitious, high-standard commitments in the TPP. While Vietnam, in particular, will need sustained assistance to help it implement significant legislative and regulatory changes required to meet TPP obligations, other TPP partner countries also will need technical assistance on key issues. Supporting the implementation efforts of the TPP countries will promote the development of these emerging economies while ensuring that U.S. businesses, workers, farmers, ranchers, and consumers are able to realize the benefits of the TPP, including new access to these markets and integration into regional production and supply chains.

We are coordinating across the U.S. Government to identify the resources needed to provide assistance in priority areas and also consulting with other TPP donor countries to ensure our efforts are coordinated and our resources are used as efficiently as possible. As part of this work, trade, development, and technical experts from USTR, the U.S. Agency for International Development, the U.S. Department of State, the U.S. Department of Labor, the U.S. Department of Commerce (including the U.S. Patent and Trademark Office and the National Oceanic and Atmospheric Administration), the U.S. Department of Agriculture, the U.S. Environmental Protection Agency, U.S. Department of Homeland Security, and other departments and agencies are working to identify needs across the full range of issues covered by the TPP. Given the significance and magnitude of many of the reforms that partner countries are making, some projects may require sustained support over a number of years.

The U.S. Government is also working to identify and coordinate technical capacity building opportunities with other TPP donor countries to leverage and amplify the impact of U.S. government efforts and ensure that the work of each government reinforces and supports rather than duplicates the work of others. In addition, the United States will leverage capacity building opportunities through regional fora, such as the Asia-Pacific Economic Cooperation forum (APEC) and the Association of Southeast Asian Nations (ASEAN), to reinforce our TPP-specific capacity building efforts.

Priority areas for capacity building activities identified include:

- Customs and Customs-Related Issues. U.S. departments and agencies are developing programs to support TPP implementation related to customs, including focusing on transparency, uniformity, and automation to reduce the risk of duty evasion, circumvention, and corruption. This assistance will complement other U.S. assistance efforts, such as for the implementation of WTO Trade Facilitation Agreement. We also are focusing on sectoral activities such as initiatives relating to the administration and enforcement of textile and apparel monitoring programs.
- Technical Barriers to Trade (TBT). Capacity building in this area is intended to promote common approaches to issues such as transparency in technical standards-setting and fair conformity assessment procedures; supply chain development; and trade growth in priority sectors of importance to U.S. exporters. We also are focusing on helping to establish institutional structures and procedures for implementing the transparency obligations related to the development of new regulations and a coherent regulatory environment. We are also looking to support the development of new laws and regulations related to the sectoral annexes on information and communications technology, cosmetics, medical devices, pharmaceuticals, wines and spirits, food products, and organic products industries.
- Sanitary and Phytosanitary (SPS) Measures. Capacity building on SPS measures will help ensure that SPS measures are based in science and internationally-recognized standards, as well as assist TPP partner countries in improving food safety, and animal and plant health. For example, we are developing programs that: (a) focus on implementation of transparency obligations essential to science- and risk-based SPS rulemaking; (b) promote SPS regimes that take into account science-based concepts of regionalization in responding to disease outbreaks; (c) help ensure that regulations and standards do not create unjustified restrictions on trade; (d) promote development and improvement of science-based decision making in agricultural biotechnology; and (e) help ensure that import checks are science-based.
- Intellectual Property (IP). The TPP includes obligations that promote strong and balanced protection and enforcement of IP rights, consistent with U.S. law, supporting U.S. innovation and creativity and future U.S. economic growth. The programs that we are developing include initiatives to help specific TPP partner countries draft and enact new or revised IPR laws and regulations; ratify or accede to international treaties; enhance civil, criminal, and border enforcement, including to combat trafficking in counterfeit and pirated goods; and improve institutional capacity. These programs will help ensure that TPP partner countries can fully implement the TPP IP chapter obligations, such as those in the areas of copyright, trademarks, geographical indications (GIs); and patents, including issues relating to pharmaceuticals.
- Environment. The TPP includes groundbreaking commitments to address environmental challenges in the mega-diverse Asia-Pacific region, and ensure that an anticipated growth

in trade goes hand-in-hand with strengthened environmental protection. To assist TPP partner countries in implementing these high-standard commitments, we are developing programs in key areas such as (a) implementation and enforcement of the Convention on International Trade in Endangered Species of Wild Flora and Fauna (CITES) and combating wildlife trafficking and illegal logging; (b) improving fisheries management and combating illegal fishing; and (c) strengthening environmental laws and their enforcement.

- Labor. TPP includes the strongest labor commitments of any free trade agreement ever negotiated. This is important both to ensure that workers in all TPP partner countries can exercise their fundamental labor rights and to ensure that American workers and businesses will benefit from a more level global playing field. Key capacity building priorities identified include strengthening the legal framework for protection of internationally recognized labor rights in a number of countries; building capacity for the exercise of these rights, including to organize and collectively bargain in countries like Vietnam; developing capacity for labor law enforcement in Malaysia and other countries; and addressing legal challenges related to investigating and prosecuting human trafficking in countries like Malaysia.

We will continue to consult with Congress as we further develop these activities and seek to obtain funding for them in Fiscal Year 2017 and future years, as needed.