2013 TRADE POLICY OUTLOOK

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Ambitious New Trade Agreements on the Horizon

With the Korea, Colombia and Panama FTAs now in force, the Obama Administration is focusing its efforts on expanding markets and trade opportunities for U.S. businesses through several ambitious multilateral trade agreement initiatives in 2013. These trade initiatives would help provide a catalyst for U.S. economic and job growth, while complementing the ongoing National Export Initiative to double U.S. exports.

Trans-Pacific Partnership (TPP)

The on-going TPP negotiations have now entered a critical phase – Canada and Mexico have formally joined the negotiations, and Japan's recent liberalization of its market for U.S. beef may open the door for Japan joining as well. The Obama Administration's priority in successfully moving forward to complete these negotiations between the 11 TPP countries was recently emphasized by Assistant Secretary of State Kurt Campbell. In stressing the importance of the next two to four months he stated that the TPP is "vital and central" to U.S. economic and commercial strategy for Asia going forward. "My sense is that if we don't take clear, demonstrable steps that we could lose momentum...I don't think the president or his team has any desire to see that happen."

The 16th round of the TPP negotiations will take place in Singapore from March 4-13.

US-EU FTA

President Obama announced his intention to launch negotiations for a free trade agreement with the 27 EU member states during his State of the Union address after EU leaders officially endorsed plans for a comprehensive trade and investment agreement between the EU and the U.S. on February 8. The business communities on both sides of the Atlantic are strongly in favor of starting the negotiations as soon as possible - the trade deal could lift the U.S. economy by $100 billion and the E.U. economy by $160 billion per year.

The launching of negotiations is expected once the final report of the EU-United States High Level Working Group on Jobs and Growth – originally scheduled for completion in December, is published.

WTO Trade in Services Agreement (TSA)

On January 15, USTR Ron Kirk gave Congress a 90-day notification of the administration's intent to enter into the negotiations with 20 other World Trade Organization members on a proposed TSA. The participants have agreed that the negotiations will be comprehensive in scope, with no a priori exclusions of any sector or mode of supply. Service industries account for 68 percent of the U.S. GDP and four out five U.S. jobs. The participants have agreed on a tentative 2013
schedule, which will see the next round of negotiations take place in mid-March and at least five more rounds within this year.

In addition to the United States, the following members are participating in TSA negotiations: Australia, Canada, Chile, Chinese Taipei, Colombia, Costa Rica, European Union on behalf of its member states, Hong Kong China, Iceland, Israel, Japan, Korea, Mexico, New Zealand, Norway, Pakistan, Panama, Peru, Switzerland, and Turkey.

**WTO Information Technology Agreement (ITA)**

The United States and 17 other WTO members have agreed to expand coverage of the WTO’s Information Technology Agreement (ITA) and have set a deadline for completing negotiations by mid-2013. The agreement will seek to expand the list of high-tech products – currently 180, which will benefit from duty-free treatment in the countries party to the agreement.

In addition to the United States, other WTO Members participating in the negotiations are: Australia, Canada, China, Chinese Taipei, Costa Rica, the EU, Hong Kong China, Israel, Japan, Malaysia, New Zealand, Norway, the Philippines, Singapore, South Korea, Switzerland and Thailand.

One caveat of course, is that President Obama will have to obtain new Trade Promotion Authority from Congress at some point this year to successfully conclude these agreements.