

THE AMERICAN CHAMBER OF COMMERCE IN HONG KONG

Position Paper

TRADE PROMOTION AUTHORITY

The Issue

Trade Promotion Authority (formerly known as Fast Track Authority) provides the President the right to negotiate trade agreements with U.S. trading partners in good faith by prohibiting amendments from Congress. Fast Track Authority was established under the Ford Administration and was renewed every year, until it expired in 1994.

Position

The administration and Congress should work together to expedite Trade Promotion Authority legislation in order to extend the President's authority to pursue a strong trade agenda. It is critical that the process of opening markets to U.S. exports continues because of the key contribution exports make to America's economic growth.

Rationale

Congress will continue to have its say in trade agreements. Under the TPA, the President and the Office of the U.S. Trade Representative will be bound by law to consult with Congress as trade agreements are being negotiated. The authority will contain provisions to ensure that Congress continues to be fully integrated into the development of goals and strategies for each U.S. trade negotiation. Congress has the sole right to ratify or reject trade agreements negotiated by the Executive Branch – Trade Promotion Authority does not change this. Congress will exercise this right by voting trade agreements up or down, without amendment.

U.S. trading partners will have confidence in negotiating agreements. Without Trade Promotion Authority, the President cannot negotiate with U.S. trading partners with credibility. Foreign governments have no guarantee that the agreements they negotiate would not be amended and significantly altered by Congress after the fact. Without this assurance, foreign governments are reluctant to negotiate complex and politically sensitive trade agreements. Increasingly, strategic trade alliances are being formed at the expense of the U.S. In recent years, our trading partners have negotiated numerous free trade pacts excluding the United States.

Opening markets to U.S. goods and services is critical to U.S. economic expansion. In recent years, trade has provided more than a third of U.S. economic growth. America exports the most products and services in the world, with over 96% of the world's consumers living outside the U.S. Within the next decade, the global economy is expected to grow three times the rate of the American economy. By enacting Trade Promotion Authority, even more foreign markets will be open to U.S. goods and services, ensuring further economic growth.

Millions of American jobs are supported by exports. Trade supports one in five U.S. manufacturing jobs paying an average of 13-16% more than non-trade related jobs. In calendar year 2000, total U.S. exports of goods and services totaled nearly \$1.1 trillion, creating employment for an estimated 21.3 million American workers and farmers.

The American Consumer benefits from imports. Imports spur competition and productivity resulting in the introduction of new, higher quality products into the marketplace at lower costs. Imports help increase the quality of life and decrease the cost of living for every consumer in America.

Trade Promotion Authority is instrumental in supporting U.S. leadership in free trade. Enactment of TPA will provide an opportunity to reassert America's leadership in setting trade policy and will increase U.S. leverage to promote economic prosperity, an open international trading system, the rule of law and democratic values.

“Free and open trade creates new jobs and new income. It lifts the lives of all our people, applying the power of markets to the needs of the poor. It spurs the process of economic and legal reform. And open trade reinforces the habit of liberty that sustains democracy over the long haul.” President George W. Bush, Summit of the Americas, Quebec City.