

Transpacific Partnership Agreement Trade Minister's Report to Leaders

November 10th, 2014

Since the last TPP Leaders meeting a year ago, the 12 TPP Ministers and our negotiating teams have made significant progress in setting the stage to finalize an historic, ambitious, comprehensive, balanced, and high-standard TPP agreement in accordance with the instructions you gave us in Bali last year. Over the past several months, we have concentrated on working together to resolve the remaining issues between us, and, as a result of this work, the number of outstanding issues is now limited, and the pace of our progress has accelerated. With the end coming into focus, Ministers are strongly committed to moving the negotiations forward to conclusion. Our determination is based on a recognition of Leaders' common vision and their joint commitment to a next-generation, transformative agreement that further increases the trade and investment among us, and sets high-standard rules to address the issues that our businesses, workers, and farmers face in the 21st-century global economy. We also are working to achieve the Leaders' objective of ensuring that the TPP promotes innovation, enhances our competitiveness, spurs economic growth and prosperity, supports job creation in our countries and ensures that the benefits of the agreement are broadly shared among our citizens.

Ministers have been actively engaging, and we have developed a joint work plan to accelerate the process and agree on mutually acceptable outcomes on the remaining challenges. Key among these is identifying the pathway to conclusion of ambitious packages of commitments that will open our markets to each other, including for goods, services, investment, financial services, temporary entry of businesses persons, and government procurement. We also are continuing to seek solutions on the remaining issues in the text of the agreement, including related to intellectual property, State-owned enterprises, environment, and investment. Ministers made further progress in narrowing the gaps between us on these issues in Beijing, and our discussions will guide the work of our negotiating teams in the weeks ahead. However, sensitive and challenging issues remain that will require our continued involvement.

As we work to find solutions to the remaining issues, we will continue to seek the detailed input of stakeholders as their perspectives have been invaluable to our efforts to understand the wide-ranging views and perspectives on many issues under negotiation. Ministers will continue to work to craft an agreement that carefully balances the range of interests for each country in order to achieve an agreement that provides broadly shared benefits for all our citizens.

We have reviewed our progress toward achieving the objectives that Leaders articulated for TPP, which will ensure the greatest benefit from the agreement, distinguish TPP from other trade agreements, and serve to boost the competitiveness of our economies regionally and globally.

Comprehensive Market Access

Ministers and the 12 TPP negotiating teams continue to focus on achieving our goal of an ambitious, high-standard market access package that provides comprehensive, commercially meaningful and duty-free access to each other's goods markets and simultaneously lifts restrictions on services, investment, financial services, temporary entry of business persons, and government procurement.

- On goods market access, TPP countries are working to finalize tariff packages with one another. Trade among us already accounts for about one-third of total global trade, and we are seeking ambitious market-opening outcomes that can further increase opportunities for our companies, farmers, workers, and consumers. Efforts to achieve this goal are well advanced among many countries, but work remains on the treatment of certain products and with regard to certain countries. We are focusing intensively on finding ways to address these products while ensuring that the goals Leaders set for ambition are met, and that we achieve outcomes that result in sustained, commercially-meaningful market access for each of us.

On market access for services, investment, financial services, government procurement, and temporary entry of business persons, work continues as well. Services trade among us already accounts for nearly one-third of total global services trade, and Ministers recognize the critical part that market liberalization in these areas can play in promoting efficiency, competition, and the development of the economic infrastructure needed to ensure that the full benefits of the TPP can be realized. We also have made significant progress on commitments seeking to eliminate barriers to investment, which we recognize play an important role in driving trade flows and regional supply chains, and we have agreed to couple those with a new, strong standard of protections to preserve governments' ability to regulate in the public interest. Since last year, we have moved much closer to conclusion of packages on these issues, but some outstanding work remains to ensure a high-standard outcome for all countries consistent with Leaders' objectives.

Regional Agreement

Since the TPP Leaders last met, we have significantly advanced our work on promoting integrated regional trade that will make trade between us more seamless, supporting jobs by making it much easier for our workers and businesses, both large and small, to take advantage of the agreement. Exporters, importers and investors are seeking fairness and predictability so by setting common high-standard, transparent, and balanced rules across the region, we are promoting trade and investment among us.

- The 12 countries have made substantial progress on common rules of origin on the majority of products, which is critical to facilitating and strengthening production and supply chains between us. We have set out a plan for concluding the remaining work to complete the rules of origin that support seamless supply chains.
- To support the development of value chains among TPP members, our teams are far along toward agreement on such issues as customs, trade facilitation and logistics,

which will cut the red tape of trade and make it faster, cheaper, and easier for businesses to get their products to market. We also are working to finalize cooperation commitments to support each other's efforts to stop smuggling and illegal transshipments, so we can be sure that the benefits of the agreement flow to businesses and workers from the TPP Parties.

- To further promote the integration of regional trade, we also are near agreement on ways to eliminate non-tariff barriers, which have increasingly replaced tariff barriers as the key obstacle businesses face in accessing foreign markets, and on work to promote cooperation on approaches to regulatory issues. At the same time, we all have been careful to do so in a way that preserves our governments' ability to protect the public interest, including on health, safety, and environmental protection.

New Trade Issues

To help sustain the future dynamism and competitiveness of our economies, we have made significant progress toward developing common approaches to new issues that have emerged in the global economy since the last generation of trade agreements. In developing rules on these issues, we have approached them in a serious and careful manner. We are close to agreement in these new areas.

- Recognizing the economic potential of the Internet, including for small businesses looking to reach new markets, and noting that the number of Internet users worldwide has proliferated in the past several years and will only continue to grow, we are far along in reaching agreement on rules that will promote the development of the digital economy, in a manner consistent with governments' legitimate public policy interests, such as regulating for the purpose of privacy protection.
- We also have advanced our work to promote fair competition among us, including by establishing rules to ensure that State-owned enterprises and private-sector businesses are able to compete on a level playing field. This pioneering work on TPP will reinforce efforts by many of our governments to promote efficiency and the competitiveness of our economies.
- We appreciate that innovation is an important source of benefits for our people and growth and competitiveness for our economies, and have worked hard to develop balanced commitments on intellectual property that promote and share the benefits of innovation. This is one of the most complex and challenging areas of the agreement, but we have made substantial progress in developing common approaches that will promote creative and technological advances that will benefit all of us. We also have worked hard to strike an appropriate balance that ensures our citizens' access to medicines and to fair use of on-line content, and that reflects the diversity of TPP economies.

- Recognizing the commitment of all TPP countries to strong environmental protection and conservation, we have made progress toward agreement on a set of enforceable environmental disciplines.
- To ensure that the benefits of trade are broadly shared, we are close to agreement on a set of enforceable commitments on labour rights that embody key ILO labour rights.

Cross-Cutting Trade Issues

The 12 teams are close to finalizing our work on cross-cutting issues that we believe are important to fully achieving the goals Leaders have set for TPP, and maximizing the potential benefits for our citizens from all the provisions of the agreement.

- Reinforcing other work in the agreement on standards and various regulatory issues, we have agreed on ways to improve our regulatory practices and encourage regulatory coherence, including through measures to promote transparency and conduct regulatory processes in a more trade-facilitative manner.
- To promote further integration and competitiveness, we are near conclusion on work to deepen production and supply chains, and to ensure that the provisions of the agreement promote jobs in our markets.
- Recognizing the important role that small- and medium-sized enterprises play in all our economies, we have agreed on ways to ensure that these businesses, which account for much of the job creation in many of our countries, can take full advantage of the agreement.
- In order to ensure that increased trade and investment go hand in hand with benefits for our citizens, we have worked to develop commitments to ensure transparency and good governance, and strengthen anti-corruption efforts.
- Promoting development and capacity building of current and future TPP countries is key to the success of the TPP, and we have agreed on ways to ensure that all 12 countries can realize the benefits of the agreement, including by provision of capacity building in areas that developing countries identify, transitions for commitments where capacity is still being developed, improving access to economic opportunity for women and low-income individuals, and incentivizing public-private partnerships.

Living Agreement

We have continued to engage with economies that have expressed interest in joining TPP in the future. Reflecting Leaders' commitment to develop TPP as a potential platform that can expand participation to other economies across the region that are prepared to take on its high-standard commitments, we are close to agreement on the structure and process that will make the TPP a living agreement. We also have advanced work across the agreement on how to ensure that TPP can continue to evolve as appropriate in response to future

developments in trade, investment, technology, or other emerging issues and challenges, or areas of common interest.

Next Steps

Given the significant progress on TPP since Leaders last met, and further acceleration of the pace of the negotiation in the run-up to this meeting in Beijing, Ministers have committed to redoubling our efforts to get the agreement over the finish line, recognizing that substance will drive the precise timing of conclusion. Concluding a complex and ambitious agreement like TPP among countries that are as economically, developmentally, and geographically diverse as those in the TPP is challenging. However, all 12 countries are committed to making completion of the negotiation a priority, and will dedicate the resources needed in order to do so, recognizing the important contribution TPP will make to our economic growth and development and to our competitiveness regionally and globally. To do so, we will have to find compromises and to work pragmatically, flexibly, and creatively to find solutions that can address each of our needs while remaining steadfast to the high-standard and ambitious outcome that Leaders have identified as their shared goal.