

# Trade Promotion Authority

## Process Helps Speed Approval of Trade Agreements

### Summary

### Background

Trade promotion authority (formerly called fast track trade negotiating authority) is the process by which Congress gives authority to the President and/or U.S. Trade Representative to enter into trade negotiations in order to lower U.S. export barriers. Traditionally, it follows the conclusion of negotiations for a trade agreement; enabling legislation is submitted to Congress for approval.

Once legislation is submitted, under trade promotion authority, both houses of Congress will vote “yes” or “no” on the agreement with no amendments, and do so within 90 session days (not to be confused with a treaty, which is “ratified” by the U.S. Senate). During negotiations, however, there is a process for sufficient consultation with Congress.

### Current

On August 6, 2002, President George W. Bush signed the landmark Trade Act of 2002, H.R. 3009, which has helped put U.S. businesses, workers and consumers back in the game of international trade by granting the president trade promotion authority. In August 2005, trade promotion authority was extended for two years. This legislation cleared the way for free trade negotiations to get underway with other countries. Trade promotion authority expired in June 2007 and must be extended by Congress once again.

### Impact

#### *Completed Agreements*

Since the Trade Act of 2002 granted the president trade promotion authority, the United States has completed the following free trade agreements (FTA):

- U.S.-Australia FTA;
- U.S.-Bahrain FTA;
- U.S.-Chile FTA;
- U.S.-Dominican Republic/Central American FTA;
- U.S.-Morocco FTA;
- U.S.-Oman FTA;
- U.S.-Peru FTA; and
- U.S.-Singapore FTA.

#### *Under Consideration*

Congress is considering already-negotiated agreements that fall under the current trade promotion authority. These are:

- U.S.-Colombia FTA;
- U.S.-Panama FTA; and
- U.S.-South Korea FTA.

Financially, this translates to the removal of billions of dollars in tariffs for U.S. exports.

#### *Other Free Trade Agreements*

There are several hundred FTAs in force worldwide, with the United States party to a handful of them.

- For example, both Canada and Mexico have FTAs with Chile. Mexico has more than 45 FTAs with countries and blocs including Japan, Israel and the European Union.
- Chile has more than 50 FTAs with countries worldwide.

#### *Multilateral Agreements*

In a September 2009 speech, President Barack Obama stated, “A healthy economy in the 21st century also depends on our ability to buy and sell goods in markets across the globe. And make no mistake, this administration is committed to pursuing expanded trade and new trade agreements. It is absolutely essential to our economic future.” Trade promotion authority is necessary to ensure that the United States plays an active role in the negotiation of multilateral agreements.

#### *Sectoral/Regional Agreements*

The United States’ major trading partners are participating in sectoral and regional agreements, and trade promotion authority is a prerequisite to meaningful U.S. participation.

Without trade promotion authority, the United States will be compelled to sit on the sidelines while other countries negotiate numerous preferential trade agreements that put U.S. companies at a competitive disadvantage. Trade promotion authority not only opens markets and broadens

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opportunities for U.S. goods and firms; it will make the United States the leader in global trade.

The United States has become the world's leading exporter due to increased market access achieved through trade agreements. Trade promotion authority is vital for the President of the United States to negotiate new multilateral, bilateral and sectoral agreements that will continue to tear down barriers to trade and investment, expand markets for U.S. farmers and businesses and create higher-skilled, higher-paying jobs for U.S. workers.

### Anticipated Action

The Trade Promotion Authority Act of 2002, which was extended in 2005, expired in June 2007. President Obama may put forward the trade promotion authority extension and Congress may bring this issue up for a vote.

### CalChamber Position

The California Chamber of Commerce, in keeping with long-standing policy, enthusiastically supports free trade worldwide, expansion of international trade and investment, fair and equitable market access for California products abroad and elimination of disincentives that impede the international competitiveness of California business.

The CalChamber, therefore, supports the extension of trade promotion authority so that the President of the United States may negotiate new multilateral, sectoral and regional trade agreements, ensuring that the United States may continue to gain access to world markets, resulting in an improved economy and additional employment of Americans.

### Reasons for Position

- U.S. trading partners in Canada, Europe, Latin America and Asia are actively negotiating with other countries to achieve preferential market access.
- America's standing as a world leader depends directly upon its competitive success in the global economy. For the last half century, the United States has led the world in breaking down barriers to trade and in creating a more fair and free international trading system based on market economics and the rule of law.
- Increased market access achieved through trade agreements has played a major role in the nation's success as the world's leading exporter.

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