

United States Senate
WASHINGTON, DC 20510

August 15, 2013

Ambassador Michael Froman
Office of the United States Trade Representative
600 17th Street, Northwest
Washington, DC 20508

Dear Ambassador Froman:

We are writing to urge you to table strong tobacco-specific language during the next round of Trans-Pacific Partnership Agreement (TPPA) negotiations scheduled to begin on August 22. While we would prefer an exclusion for all tobacco products from the TPPA, we strongly believe any proposal must recognize tobacco as a unique consumer product and ensure participating nations are able to fully implement and enforce strong nondiscriminatory tobacco control legislation.

The United States is a global leader in the battle to reduce the death and disease caused by tobacco use. Next January marks the 50th Anniversary of the historic first Report of the US Surgeon General on smoking and health. Despite dramatic progress, tobacco use still kills over 400,000 Americans and nearly six million people across the globe every year. Since taking office, President Obama has taken significant actions to reduce tobacco use and set the United States on a clear path designed to reduce the number of Americans who die from tobacco use. While we are pleased to see this commitment, we urge you to continue this commitment by tabling strong tobacco-specific language at the next round of TPPA negotiations.

Tobacco is unique as a consumer product. Unless serious, urgent action is taken, tobacco will kill 1 billion people worldwide this century. It is the *only* product that when used as intended kills one out of two of its consumers, and the *only* product on which the global consensus has been incorporated into an international treaty, the World Health Organization Framework Convention on Tobacco Control. This treaty has been ratified by 177 nations and demonstrates a global commitment to reducing harmful tobacco use. The same cannot be said about any other consumer product. Yet our current trade policy neither reflects our domestic public health goals nor protects us and our trading partners from unwarranted and predatory lawsuits by multi-national tobacco companies when our nations move aggressively to reduce tobacco use by implementing and enforcing tobacco control regulations.

Tobacco companies have initiated legal action or challenged eight countries implementation and enforcement of domestic tobacco control regulations or agreements to protect public health. No provision of the TPPA should be used as a basis for legal action to prevent a participating nation from enacting nondiscriminatory tobacco control legislation that it considers appropriate for the protection of the health of its citizens. Multi-national tobacco companies should not be allowed to increase tobacco consumption while hiding behind

FOR IMMEDIATE RELEASE: August 19, 2013

USTR Abandons Plan to Protect Tobacco Control Measures under Trans-Pacific Partnership Trade Agreement

Statement of Campaign for Tobacco-Free Kids, American Cancer Society Cancer Action Network, American Heart Association, American Lung Association and American Academy of Pediatrics

WASHINGTON, DC – It is disappointing that the United States Trade Representative (USTR) has retreated from a proposal to the pending Trans-Pacific Partnership (TPP) trade agreement that would have made it more difficult for tobacco companies to challenge domestic tobacco control measures under the terms of international trade agreements. The U.S. is negotiating the TPP with 11 other countries, with the next round of negotiations scheduled for August 23-30 in Brunei.

Previously, USTR in May 2012 had announced it would propose new language to the TPP that would have created a “safe harbor” protecting national tobacco control measures from being challenged under the agreement. USTR stated at the time that the proposal would “explicitly recognize the unique status of tobacco products from a health and regulatory perspective.” Our organizations have urged – and continue to urge – USTR to move forward with this proposal and ensure nations can take effective action to reduce tobacco use, which is the number one cause of preventable death in the U.S. and around the world.

Instead, USTR is abandoning this proposal and has announced that it will offer language explicitly reaffirming that tobacco control measures are included in a provision of the General Agreement on Tariffs and Trade (GATT) that recognizes nations’ authority to enact health and safety measures. This is the first time tobacco would be singled out as being included in the public health exception to the GATT. However, this language is far weaker than USTR’s original proposal, would not cover lawsuits initiated by tobacco companies and would not provide nations that adopt strong tobacco control measures with the protection they need from tobacco industry challenges.

The new USTR proposal does not recognize tobacco as a uniquely harmful product or provide a safe harbor for nations to regulate in order to reduce tobacco use, as the initial proposal would have done. The new proposal states the obvious – that tobacco control measures involve public health – and then directs public health officials from the countries that are party to the trade agreement to consult each other before launching tobacco-related trade challenges.

The end result is that the Obama Administration’s strong commitment to reducing tobacco use in the United States will remain vulnerable to international trade challenges, and other trading partners will remain vulnerable to such challenges as well.

The tobacco industry and its allies in government increasingly use trade and investment agreements to challenge legitimate tobacco control measures, and have done so specifically

against laws adopted in the U.S., Australia, Uruguay, Ireland, Norway and Turkey. Indonesia filed a World Trade Organization challenge to a U.S. prohibition on fruit- and candy-flavored cigarettes. Tobacco companies and several countries have filed trade challenges to Australia's law requiring that cigarettes be sold in plain packaging, while Philip Morris International has used an investment agreement to challenge Uruguay's tobacco control laws, including its requirement for large, graphic health warnings. These costly challenges are aimed not only at defeating tobacco control measures, but also at discouraging governments from enacting them in the first place.

It is doubtful that the new USTR proposal would put a stop to these industry challenges. This proposal also disregards the global consensus that nations must act to reduce tobacco use pursuant to the world's only public health treaty, the Framework Convention on Tobacco Control (FCTC), and more recently the United Nations Political Declaration on Noncommunicable Diseases. To date, 177 countries are parties to the FCTC treaty, obligating them to implement measures to reduce tobacco use.

Unless nations take strong action, tobacco will kill one billion people worldwide this century. This is a missed opportunity for the United States to lead the fight against this global epidemic.

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international trade and investment rules. Without strong tobacco-specific language in the TPPA, the potential for the tobacco industry to use non-tariff provisions in trade and investment agreements to nullify much needed tobacco-related public health measures is a serious threat to global public health.

We strongly support tobacco-specific language that takes into account the uniqueness of tobacco products and the persistence of the tobacco industry in using existing trade rules to challenge domestic tobacco control regulations and allows nations to act in a nondiscriminatory way to reduce tobacco use.

Thank you for your consideration of this request. We look forward to working with you as you move forward with TPPA negotiations. Please keep us apprised of the status of tobacco during the negotiations.

Sincerely,



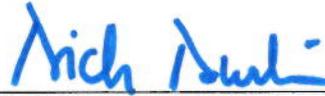
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OBAMA GOES TO BAT FOR BIG TOBACCO IN TPP

Published August 19, 2013

WASHINGTON, DC 19 August – The Obama Administration has backed down from a proposal revealed 15 months ago to protect health from Big Tobacco under the Trans-Pacific Partnership (TPP), the pending free trade agreement with 11 other countries. New language concerning tobacco, the exact text of which has not been released, is expected to be proposed later this week at the next TPP negotiating round in Brunei. Legal analysts for the public health community, who were briefed Friday morning in a closed session by administration officials, agreed that the new proposal will do little to protect governments' right to regulate tobacco.

“The draft TPPA benefits tobacco companies with zero tariffs, expanded investor rights, and greater limits on regulation of tobacco advertising and other services,” said Robert Stumberg, director of the Harrison Institute for Public Law at Georgetown University Law Center. ***“The revised U.S. position inserts the word ‘tobacco’ without touching the benefits for tobacco companies.”***

The tobacco industry has a long history of using trade agreements to attack public health measures aimed at reducing tobacco use. Last year, the United States lost its final appeal in a suit brought under World Trade Organization rules by Indonesia over a U.S. ban on flavored cigarettes, including candy flavors clearly aimed at children. The case was a wake-up call for the U.S. public health community about the dangers to tobacco regulations posed by a web of trade obligations.

The draft TPP will make it even easier for governments to be sued for their tobacco regulations. Unlike the WTO, corporations will have the right under the TPP to directly sue governments, without the need of a state sponsor. Similar suits have already been leveled against a number of countries, including Australia, Uruguay, Norway and Turkey.

In May 2012, the United States Trade Representative announced a draft “safe harbor” clause to protect tobacco measures under the TPP. While the legal impact of that draft was quite narrow, the public health community applauded it as a good starting point and urged the administration to propose it in the TPP negotiations. However, the reaction from industry and pro-tobacco politicians was loud, negative and sustained. After 15 months and eight negotiating rounds, the “safe harbor” had still not been proposed.

“To its shame, the bulk of the corporate world stood shoulder to shoulder with the tobacco industry, demanding that no products receive special treatment,” said Laurent Huber, director of Action on Smoking and Health, the nation’s oldest anti-tobacco organization. ***“Their success will mean more lives lost, both here in the US and abroad.”***

Tobacco killed about 100 million people during the 20th century, and globally tobacco use is rising rapidly. According to the World Health Organization, unless drastic action is taken it will claim 1 billion lives this century.

“The world is looking at a billion deaths from tobacco in this century. Rather than provide health leadership, the United States is helping the tobacco industry to repeat the cycle of disease it placed in our nation,” said Gregory Connolly of the Harvard School of Public Health.

“Our government’s trade policy is promoting the tobacco epidemic, this time in the poorest nations of the globe.” Dr. Connolly successfully challenged the US practice of compelling Asian nations to import US cigarettes or face unilateral trade sanctions. His work with Congress and scientific articles contributed to a Clinton Administration executive order removing tobacco from trade negotiations, which this latest action has reversed.

Negotiations for the TPP will resume on August 22nd in Brunei, and are set to conclude in October. In September, the Obama Administration will be asking Congress for so-called “fast track” authority, which would mean that Congress could only vote up or down on the final text, without the ability to suggest amendments.

Action on Smoking and Health (ASH) is the nation’s oldest anti-tobacco organization dedicated to health for all. Because tobacco is the leading cause of death worldwide, ASH uses global tools to counter the global tobacco epidemic.



Who's at the Table? Demanding Answers on Agriculture in the Trans-Pacific Partnership

The Trans-Pacific Partnership (TPP) has the potential to become the biggest regional free-trade agreement (FTA) in history, both because of the size of the economies participating in the negotiations and because it holds open the possibility for other countries to quietly “dock in” to the existing agreement at some point in the future. What started as an agreement among Brunei Darussalam, Chile, New Zealand and Singapore in 2005 has expanded to include trade talks with Australia, Canada, Malaysia, Mexico, Peru, the United States and Vietnam. Japan and Thailand are considering entering into the negotiations, and others are waiting in the wings. As of 2011, the eleven countries already involved in the TPP account for 30 percent of world agricultural exports and 20 percent of imports.¹

And yet, despite the potential of this agreement to shape (and in very real ways override) a vast range of public policies, there has been very little public debate on the TPP to date. Despite the precedents set under the World Trade

Organization (WTO), the Free Trade Area of the Americas (FTAA), and the Anti-Counterfeiting Trade Agreement, among others, governments have refused to release negotiating texts. Public input has been limited to those civil society participants who are able to attend the periodic “listening sessions” or make brief presentations at negotiating sessions (without access to the negotiating texts they hope to influence).

Media attention on agriculture and the TPP has focused on New Zealand's insistence on access to U.S. dairy markets. While important, this debate is much too narrow. The TPP is not only about lowering tariffs. If implemented, it would expand protections for investors over consumers and farmers, and severely restrict governments' ability to use public policy to reshape food systems. The fundamental causes of recent protests across the globe over food prices, the rising market power of a handful of global food and agriculture corporations, as well as the dual specters of rising hunger and obesity around

the world, point to the need to transform the world's food systems—not to lock the current dysfunction in place.

There is no agriculture chapter in the TPP. Instead, rules affecting agriculture, food systems and food safety are woven throughout the texts. Very little is known about the content of those drafts. As a starting point, however, farmers, consumers, and legislators should ask questions, and demand answers.

Investment

While much of the TPP negotiations is a mystery, a draft of the negotiating text on investment (as well as draft intellectual property rights proposals) was leaked last year and published online by the U.S. Citizens' Trade Campaign.² If implemented, the “investor-state” provision laid out in Section B would grant investors broad rights to challenge public policy decisions and to receive millions of dollars in compensation for the loss of expected profits.

INSTITUTE FOR AGRICULTURE AND TRADE POLICY

Written by Karen Hansen-Kuhn, February 2013

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This kind of provision has already been used under NAFTA to challenge Mexico's implementation of trade barriers to High Fructose Corn Syrup (HFCS) in favor of domestically produced sugar. Three firms in three separate cases—Corn Products International, ADM/Tate & Lyle and Cargill—sued the Mexican government over this protection. In each case, the dispute panel ruled against Mexico, awarding a total of \$169.18 million USD to the firms in compensation.³ The arguments in this case were about whether the Mexican government's actions constituted unfair limits on investors' expected profits, not about possible public health concerns over HFCS versus sugar. But even if the government had wanted to raise that issue, under the rules in NAFTA, they would have been simply deemed irrelevant.

Many countries are already bound by investor-state provisions through Bilateral Investment Treaties (BITs) or existing bilateral FTAs, such as the U.S.-Chile and U.S.-Peru FTAs. Australia, however, refused to agree to this investment provision in its bilateral trade deal with the U.S., and others are starting to question the wisdom of granting power to corporations to circumvent domestic legal systems. These concerns extend far beyond agriculture. Even the threat of investor-state suits can undermine governments' ability to balance the interests of consumers, workers, producers and foreign investors. Bolivia withdrew from the International Centre for the Settlement of Investment Disputes Convention in 2007, alleging bias toward multilateral corporations, with Ecuador and Venezuela announcing their withdrawals soon after. Phillip Morris' massive investor-state suit against Uruguay over new rules for cigarette packages has highlighted the threat to government's legitimate right to protect public health.

The leaked draft of the TPP investment chapter also bans performance requirements (conditions host governments set on foreign investment to ensure it meets economic development goals).

These restrictions limit countries' ability to explore new options to reduce vulnerability to volatile international markets and to build integrated local food systems. Malaysia, for example, prohibits foreign investment in supermarkets, fostering the development of locally owned grocery stores.⁴ That law could be subject to challenge under the services and investment chapters, either directly through a state-to-state or investor-state challenge, or indirectly through pressure to open new sectors to foreign investment as a prior condition of a new trade deal.

At a December 2011 hearing on TPP, Cargill urged the U.S. to "make the TPP a comprehensive undertaking. That means that the agreement includes all products, all sectors, in all TPP economies. This means, for example, that Australia must agree to investor state dispute settlement. Malaysia must open its government procurement market. Singapore and Vietnam must open their financial markets. And the United States must not exclude any agricultural products or seek to effectively exclude textile and apparel." Wal-Mart insisted that negotiations should address limits to trade and investment all along the supply chain.⁵

Food safety

Debates have raged for years over how to balance concerns over the safety of food imports with exporters' interest in expanding markets. Much of that discussion has focused on U.S. standards that limit imports from other countries. U.S. consumer organizations and Members of Congress have expressed concerns that the TPP would open the door to imports of shrimp from Vietnam without resolving questions around the safety and environmental impacts of that production.⁶

Food safety rules, like other public health and environmental standards, are determined on the basis of a combination of scientific evidence, consumer preferences and corporate pressure.

While draft text of the TPP chapters on Sanitary and Phytosanitary Standards (SPS) and Technical Barriers to Trade are not available, it is reasonable to assume that the U.S. government is pursuing an agenda consistent with its efforts in other trade forums, that is, to lower food safety standards in other countries to the least common denominator in order to increase export opportunities for agribusinesses.

The U.S. government has been pushing the European Union, China and other countries to eliminate bans on the use of ractopamine, a drug developed to treat asthma, but now used in cattle and hog production to accelerate growth. The U.S. continues to advocate eliminating restrictions on ractopamine, rBGH (recombinant Bovine Growth Hormone, another additive banned in the EU and other countries) and other additives at Codex Alimentarius, a global standards-setting body whose rulings provide the reference point in trade disputes at the WTO and in other trade forums.

In 2012, the nongovernmental Center for Food Safety (CFS) and the Animal Legal Defense Fund petitioned the U.S. Food and Drug Administration (FDA) to ban ractopamine, reporting that it has resulted in more cases of sick or dead pigs than any other livestock additive on the market. China, Russia and New Zealand, among other countries, also ban its use domestically and in imported meat and pork.⁷ Countries considering entering into the TPP should carefully consider the risks: Eliminating these bans, in addition to creating what may be serious health hazards, would make it much more difficult for their producers to export beef and pork to expanding markets in China and the EU.

Some of the new technologies applied to agricultural production and food processing sound like the stuff of science fiction: engineered nanoparticles that can effect changes at the molecular level, or experiments in synthetic biology to create novel organisms from existing strands of DNA. Massive new

corporate investments in these brave new technologies for food packaging, soil additives, sunscreens and other consumer goods are advancing much more quickly than governments' ability or willingness to regulate them. The U.S. Grocery Manufacturers Association (the country's largest association of food retailers) projects that the market for nano-enabled packaging materials in the next decade could amount to 25 percent of the \$100 billion annual food packaging market.

Nano-silver coatings on produce and food packaging to retard spoilage are probably already being commercialized and possibly traded, but the U.S. Food and Drug Administration has not even been able to determine exactly how to define these extremely small particles (although they have recently ruled that they cannot be considered to have the same properties as their macro-scale counterparts).⁸ There are already doubts about the safety of nano-silver use in food supplements, food packaging materials and other consumer goods because of the particles' ability to pass through cell walls, including those of the placenta and the blood/brain barrier. Research conducted in China suggests that some nanoparticles could result in mutagenic changes at the molecular level, potentially affecting DNA sequences.⁹

Trade policy should not inhibit domestic regulation of food and agricultural products by requiring that governments demonstrate that measures to protect the environment and public health be "least trade restrictive." Decisions about what kind of food is sold within a country should embrace the Precautionary Principle, which supports taking protective actions even before all scientific evidence is available. This principle is a central element of several international environmental agreements, including the Cartagena Protocol on Biosafety.

Procurement rules

Procurement rules in trade agreements can affect a broad range of public policies at the local and national levels. For the most part, they require national treatment, i.e., that governments cannot favor local suppliers over foreign companies in government contracts. They forbid governments from establishing technical specifications in bids that might distort trade or that are not essential to supplying the good or service.¹⁰ Rules on national treatment and technical specifications also forbid discrimination based on how a good is produced,¹¹ so public programs to favor the use of sustainably produced local foods in school lunch programs, or to require a certain percentage be sourced from local, small-scale farmers, could be deemed to unfairly discriminate against foreign suppliers.

Some recent trade agreements, such as the U.S.-Korea FTA, specifically exclude school feeding or anti-hunger programs from those procurement commitments and most allow for preferences for small businesses. Still, those commitments, and the level of government included in the agreements, are specific to each trade deal. Policymakers and consumers should ask what sectors are included in the procurement and services commitments in the TPP and what criteria will be used to make those determinations. Some previous U.S. free trade agreements have included procurement provisions that extend below the federal level to include state governments. The U.S.-Australia FTA, for example, includes commitments from 31 U.S. states. Permanent agreements to bind local governments to procurement rules in trade agreements can sometimes be made by governors or mayors, sometimes without full information on the potential consequences.

Tariffs on agricultural goods

The risks of the liberalization of investment, food safety and procurement rules shouldn't distract from the very real dangers of trade liberalization in the traditional sense of the term, i.e., the removing import tariffs. Corn exports from the U.S. to Mexico quadrupled after NAFTA's approval, driving some two million Mexican farmers out of agriculture. At the same time, U.S. agriculture consolidated, and the number of U.S. farmers declined. At its high point in 2008, U.S. corn exports to Mexico were equivalent to about 40 percent of Mexico's production. Those exports, coupled with increased foreign investment in meat and processed foods, also shifted the Mexican default food environment. Diets shifted away from traditional food staples toward energy-dense processed foods, meat and dairy, which tend to be higher in fats and added sweeteners. Today, Mexico and the U.S. are tied for the world's highest obesity rates.¹²

Countries may decide that some goods are just too important to food security, cultural heritage or rural livelihoods to leave unprotected from floods of cheap imports. This principle was at the heart of disagreements between developing countries and the U.S. and EU, and one of the central reasons for the collapse of the Doha round of the WTO. Korea insisted on taking rice off the table in the U.S.-Korea FTA. Japanese farmers argue vigorously for continued protection of their rice market. And U.S. farmers oppose the inclusion of the dairy and sugar sectors (already seriously weakened by rising input costs) from the TPP.

Droughts, flooding, hurricanes and other extreme weather will only increase with climate change. Discussions of climate change and trade have often focused much too narrowly on expanding trade in environmental goods or preventing governments from enacting protectionist measures on behalf of their own corporations through border taxes on carbon-intensive goods or other measures that might

undermine export markets. While these are valid concerns, they miss the bigger picture: energy-intensive industrial agriculture will need to transition to more sustainable farming methods that reduce emissions from excessive use of chemical fertilizers and confined animal feeding operations, and food producers will need support from governments to cope with the changing climate. Already, farmers are experimenting with new and diversified cropping patterns and local seed varieties that can grow under erratic conditions with fewer imported inputs. These innovations will require sustained public support and protection from floods of imports produced using industrial agriculture methods. Simply liberalizing trade and hoping for the best is a 20th-century response to an unfolding 21st-century catastrophe.

Competition policy

Corporate concentration in agriculture is an enormous challenge in all of the countries involved in the TPP. In the U.S., just four companies control 83.5 percent of the meat industry. New Zealand's Fonterra (which is pushing hard for access to the U.S. and Canadian dairy markets) controls 90 percent of the national dairy industry. At the international level, Monsanto, DuPont and Syngenta control 57 percent of the commercial seed market,¹³ and Wal-Mart dominates supermarkets and retail supply chains in country after country. There is little doubt that these monopolies distort markets and concentrate economic (and political) power.

So-called "competition policy" in trade agreements ignores that problem and focuses instead on distortions and subsidies by state-owned enterprises. While it is probably true that Vietnam's 1,000 state-owned enterprises favor local businesses, the vast economic power of Cargill, Wal-Mart or Monsanto also undoubtedly distorts markets.

So far, antitrust rules in trade agreements to rein in agribusinesses or other corporations have been off the table, but

that doesn't mean it must always be so. Olivier de Schutter, the UN Special Rapporteur on the right to food, notes that excessive buyer concentration typically results in lower prices for those food producers at the bottom end of the supply chain. He urges cooperation among developed and developing countries to establish credible competition and merger regulation authorities.¹⁴

The need for an informed public debate

It may be that governments, particularly the U.S. government, think they've been burned by transparency in the past. Careful analysis of the FTAA text contributed to extensive debates throughout the Americas that probably contributed to that agreement's demise. WTO proposals are published on the web and hotly debated among civil society and in the media, and the Doha Round has been dead in the water for years. Is it that the trade deals can't withstand the light of day?

Trade policy should start from such goals as ending global hunger, enhancing rural and urban incomes and employment, and encouraging a transition to climate-friendly agriculture. The burden of proof should be on governments to demonstrate that the commitments being negotiated in the TPP will advance the human rights to food and development. Given the stakes for agriculture and food systems in all of the countries involved, they should include all sectors in a frank discussion of the trade rules that are needed to ensure that food sovereignty, rural livelihoods and sustainable development take precedence over misguided efforts to expand exports at any cost.

Endnotes

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TEXTILES IN THE NEWS

YOUR WEEKLY TEXTILE NEWS SERVICE EXCLUSIVELY FOR NCTO MEMBER COMPANIES

AUGUST 19, 2013

CTPC Note: this issue of Textiles in the News has been edited by CTPC staff to include the articles thought to be most directly pertinent to CTPC concerns. A significant number of articles were deleted. A complete version of this edition is available from CTPC staff upon request.

Froman Says TPP in 'End Game;' Ministers To Provide Political Direction at Next Round **Daily News, August 9, 2013**

U.S. Trade Representative Michael Froman today (Aug. 9) said the Trans-Pacific Partnership (TPP) negotiations are now in the “end game” and that TPP trade ministers meeting later this month in Brunei will seek to identify areas where they can provide political direction to their negotiators on how to conclude the agreement by the end of this year.

But Froman -- who met with reporters to discuss his upcoming trip to Africa, Japan and Brunei -- provided few details on the status of the most contentious issues in the TPP talks and declined to say explicitly whether the United States is now prepared to make new tariff offers on products that are most import-sensitive for the U.S.

In Brunei, TPP ministers will review the status of the negotiations, discuss outstanding issues, and “try and find areas where we can direct our negotiators to seek a landing zone,” Froman said.

“The goal, given that we're in the end game here on TPP, is to bring political-level involvement to the negotiations at what we think is an important stage,” he said. The goal of TPP countries to conclude the agreement by end of this year is “ambitious but doable,” he added.

Froman said the October meeting of Asia-Pacific leaders in Indonesia will also be an “important milestone” in moving toward that goal but declined to speculate on which sort of TPP outcome might be possible at that meeting. “We have Brunei, and we have time between Brunei and [the October leaders' meeting], and we'll see where we are at that point,” he said.

The new USTR is expected to hold bilateral meetings with TPP ministers in Brunei in addition to a group session, according to business sources. These ministerial meetings will take place Aug. 22-23, overlapping with the 19th round of TPP talks that will occur in Brunei Aug. 22-30.

According to Froman, TPP countries made good progress on a whole range of issues at the 18th negotiating round last month in Malaysia. There are a “number of chapters” in the TPP agreement that are either “closed or parked pending the resolution of a few other issues,” he said.

“And this gives us [ministers] the opportunity not only to review where we are but to focus on the major outstanding issues and see if we can chart a path forward for our negotiators,” he said.

Froman noted that officials came out of the Malaysia round with the feeling that a number of countries are now coming to the table with the “mindset that they are in the end game and it was time to begin separating their most critical issues from their other issues and beginning to focus on landing zones and what needed to be done to ... reach the deals necessary to reach an agreement.”

Asked repeatedly whether the U.S. was prepared to make offers on its import-sensitive products in the TPP negotiations, Froman stressed that the U.S. is seeking an ambitious, high-standard and comprehensive agreement.

“Obviously every country's got its sensitivities, and those have to be dealt with in the context of the negotiations, but we'll be working with our partners to figure out what the best way is to deal with both our offensive and defensive interests as we enter this end game,” he said.

Froman said USTR is holding domestic consultations with stakeholders and Congress about sensitive products. “And as we go through that process, we'll try to identify ways of moving forward in a way that addresses our sensitivities as well,” he said.

Business sources have said all TPP countries but Japan have committed to making goods market access offers for all products, even the most sensitive items, in coming weeks and months in accordance with a series of deadlines (Inside U.S. Trade, Aug. 9). Japan, which just joined the talks last month during the Malaysia round, is aiming to table its first tariff offers at the upcoming Brunei round, a Japanese official said this week.

Froman, who will visit Japan to discuss TPP with his ministerial counterparts prior to heading to Brunei, emphasized that the U.S. cannot make a tariff offer to Japan until the U.S. International Trade Commission submits a confidential report to USTR detailing the economic impact of any tariff cuts.

That report is due to USTR on Aug. 21. “I think we need to wait for the ITC to be done, and then we'll put together our offer and engage bilaterally with the Japanese,” he said.

While in Tokyo on Aug. 19, Froman will discuss both the TPP negotiations in general as well as the bilateral, parallel negotiations between the U.S. and Japan on autos and non-tariff measures.

He said the U.S. expects that there will be areas where the U.S. and Japan can cooperate in the broader TPP negotiations, while noting that the U.S. works with all TPP countries to try to identify areas of common interest that can be used to create momentum to close out certain issues in the talks.

U.S. brand-name pharmaceutical companies are working with their Japanese counterparts to solidify a common position on drug patent protections in TPP in hopes that this will translate to a unified U.S.-Japan front on this issue, which until now pitted other TPP members against the U.S. (Inside U.S. Trade, Aug. 9).

Froman said the U.S. is still in the process of consulting with stakeholders and Congress on how to proceed with intellectual property issues related to pharmaceuticals. However, U.S. negotiators are have now begun “educating” other TPP members about how U.S. law treats pharmaceutical IP, including with regard to data protection for biologic drugs, he explained.

“We're in the process of consulting about what position to take going forward, but clearly U.S. law is an important data point in that,” Froman said. “So our step at the moment is to educate people as to why our law is the way it is, how it works and the rationale that's behind it.”

At the last round of TPP talks in Malaysia, the U.S. spent time explaining why U.S. law provides a data protection period of 12 years for biologic drugs compared to only a five-year period for conventional drugs. Many TPP countries do not provide data protection for biologics, which guarantees a period of marketing exclusivity on top of the general patent protection by preventing generic companies from accessing test data in order to develop their own versions of a drug.

On textiles and apparel, Froman reiterated that a yarn-forward rule of origin is at the center of the U.S. proposal, and “we're in discussion about how to translate that principle into the TPP context.” “At the end of the day, I think it's quite important that yarn forward has, over the years, underscored how we can maintain domestic manufacturing here in a way that also promotes integration among our trading partners,” he said.

But Froman declined to say whether the U.S. would consider any other flexibilities to the rule beyond the current “short-supply” list TPP members are negotiating based on a U.S. proposal. “That’s all part of the negotiation,” he said.

Apparel importers have complained that no other U.S. trade agreement has contained only one derogation from a yarn-forward rule, which requires all component of an apparel item, starting with the yarn, to be produced in the TPP region in order for the item to obtain tariff cuts under the deal. This prevents non-TPP countries like China, where fabric is made, from benefiting from tariff cuts on apparel cut and sewn in Vietnam.

Vietnam’s biggest priority in TPP is seeking greater access to the U.S. market for its apparel and footwear products. On footwear, Froman said a recent trip to a New Balance factory in Maine “underscore[s] the complexity of a global economy and of our TPP negotiations.” He said a company like New Balance, although committed to U.S. manufacturing, has complex and competing interests in the context of TPP.

“Clearly they are very focused on the competitive impact of reducing high tariffs and of increased imports from some of our TPP partners,” he said. “At the same time they are also looking to expand their exports to TPP countries, including Japan, and they themselves have a complicated supply chain through which they import from Vietnam as well as other countries.”

But a New Balance official earlier this month said that exports are not a “major focus” for New Balance in TPP, as the company’s main goal is to retain duties on 24 tariff classifications that compete with footwear produced domestically.

1. [Trade Agreement a Bad Deal for Maine](#) [SunJournal.com, August 8, 2013](#)

The Sun Journal’s recent coverage of the Trans-Pacific Partnership Trade Agreement and the visit of the U.S. trade representative has, understandably, focused on its potential impact on New Balance manufacturing facilities in Maine. Nearly 1,000 jobs are threatened by that NAFTA-style trade agreement. If ratified, TPP will make it easier to ship Maine jobs overseas.

7 Comments

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The TPP and other anti-worker trade deals seek to boost profits for multi-national corporations at any cost. These so-called “free trade agreements” also include things that have nothing to do with trade.

Many investor-state provisions take away the right of federal, state and local governments to make laws and regulations that protect things we care about most: enforceable environmental and labor standards, access to affordable medicines, food safety, Internet freedom and more.

These agreements have an enormous impact on everyday Americans, yet the negotiations are conducted in almost total secrecy. A congressman who has viewed some of the TPP text says its “a punch in the face to the middle class of America.”

Making matters worse, President Obama and many members of Congress now seek to reinstate fast track authority to ram the TPP through with no opportunity to amend, improve or even debate it.

The public must demand greater transparency during TPP negotiations and any similar future negotiations, and oppose any reinstatement of fast track authority that undermines the roll of Congress in such trade pacts that deal with much more than just trade.

Elections In Australia, Chile, Malaysia Could Impact TPP Negotiations Inside U.S. Trade, August 15, 2013

Countries participating in the Trans-Pacific Partnership (TPP) negotiations are racing to meet their goal of concluding an agreement this year, but their work could be complicated by elections scheduled to take place before the end of the year in Australia, Chile and Malaysia. A U.S. trade official highlighted these upcoming elections in a closed-door briefing with business representatives earlier this month, sources said.

On Aug. 6, Australia formally convened national elections for Sept. 7, sending the current Labour Party government into what is known as "caretaker" mode. This effectively means that the government continues its basic functions but does not make any major political decisions, according to an Australian business source.

A caretaker government could make major decisions in extraordinary circumstances such as matters of defense or natural disasters, but the TPP would not likely rise to that level, this source said.

So the Australian government will be in caretaker mode when TPP ministers meet on Aug. 22-23 in Brunei in conjunction with the 19th TPP round, and it is unclear whether Australian Trade Minister Richard Marles will attend that meeting. If he were to attend, Marles would likely be constrained in what he could agree to, although he could report the positions of other ministers back to the new government once it takes power.

U.S. Trade Representative Michael Froman last week said one of the objectives of the meeting is for ministers to give political direction to their negotiators in order to conclude the agreement by the end of this year (see related story).

The course of the TPP negotiations could also be impacted by the outcome of the Australian elections. Recent polls show the opposition Liberal-National Party coalition with a slight lead over the governing Labour Party. The victor in the election will come into power on Sept. 8.

The Liberal-National Party coalition has made clear that, if it comes into power, it would consider the inclusion of investor-state dispute settlement (ISDS) provisions in Australian free trade agreements on a case-by-case basis. That would amount to a significant change from the policy of the Labour Party, which has been that Australian FTAs should not include ISDS.

The issue of ISDS has been a major sticking point in the TPP, where Australia has refused to agree to ISDS, to the consternation of the United States.

In Chile, the ruling center-right coalition of President Sebastian Pinera -- who is barred from seeking immediate re-election -- is running behind the center-left Concertacion coalition in the polls ahead of the first round of presidential elections on Nov. 17. If no candidate wins an outright majority, a second round will be held in Dec. 15. The new president will take office on March 11.

According to Chilean observers, Pinera's government wants to speed up the TPP negotiations in order to make conclusion of the agreement part of his legacy. The ruling coalition appears to believe that it will most likely be defeated in the election, which means that it would have nothing to lose politically by making tough concessions on TPP that could be unpopular or used by its political opponents, observers said.

But one observer said the Pinera government may want to proceed cautiously in light of increased pressure from civil society and the Chilean Congress for it to be more transparent about the TPP and better explain the agreement's impact on Chile.

For instance, the Chilean Senate on Aug. 13 passed a nonbinding resolution calling on the president to open a public, technical, timely and meaningful debate about the TPP's implications for Chile's

economy and its international relations, especially with respect to regional integration mechanisms and its relationship with China, Chile's largest trading partner.

That said, only 13 out of the chamber's 40 senators were present for the vote, meeting the threshold of 12 senators required to open a session. All of the senators present voted in favor of the resolution, and most of them were from the opposition Concertacion.

The Senate resolution is yet another signal that the Concertacion, if elected, will take a more critical view of the TPP. Several former trade officials affiliated with the Concertacion, including former chief TPP negotiator Rodrigo Contreras, have come out with statements questioning the benefits of TPP for Chile and its impact on Chile's relationships with other countries like China (Inside U.S. Trade, June 21).

Chile will not be represented at the minister or vice minister level at the upcoming TPP ministerial meeting in Brunei. Alvaro Jana, who is director of international economic relations at the Chilean foreign ministry -- a post roughly equivalent to vice minister -- will not travel to Brunei but instead will coordinate the Chilean delegation from Santiago, according to ministry sources.

The Chilean delegation to the TPP ministerial will be headed by Mathias Francke, director of bilateral economic affairs at the foreign ministry, while the delegation to the 19th round will be headed by chief negotiator Felipe Lopeandia, ministry sources said.

In Malaysia, the ruling UMNO party of Prime Minister Najib Razak will hold internal elections on Oct. 19. Najib is expected to hold on to his party leadership and his prime minister role, according to Daniel Wu, country manager for Malaysia at the U.S.-ASEAN Business Council. The ruling coalition, headed by Najib's UMNO party, won the general elections that took place May 5.

But Najib is still in a rather precarious position within his party, for several reasons, Wu said. First, Najib had staked his reputation on his ability to get a strong mandate in the May general elections, but won by a very slim margin, the narrowest in 50 years.

Second, Najib has tied his fortunes to his domestic Economic Transformation Program (ETP), which seeks to reform Malaysia's economy in part by eliminating government patronage and preferences for ethnic Malays, who make up a majority of the population. Najib will have to defend this program before his party, which includes ethnic Malays who benefit from the current system.

Najib has also linked his domestic economic program to the TPP and other international economic initiatives like the Association of Southeast Asian Nations and the Asia-Pacific Economic Cooperation group, saying they are both necessary to modernize Malaysia's economy and promote economic development.

Based on how Najib has acted in the past prior to elections, Wu predicted that the prime minister will likely avoid making noise on TPP ahead of the UMNO election. Najib will likely want to get through the party election first and then see how big of a mandate he has to continue with his domestic reforms and the related international initiatives like TPP, he said. -- Matthew Schewel

2. TPP Members Commit To Tariff Offers on All Products in Coming Months Inside U.S. Trade, August 9, 2013

Countries participating in the Trans-Pacific Partnership (TPP) negotiations have committed to making goods market access offers for all products, even the most sensitive items, in coming weeks and months in accordance with a series of deadlines. The purpose is to drive forward talk in this area, which thus far have made little progress, sources said.

The commitment is part of a "work program" on goods market access that TPP members announced, but did not explain, at the 18th negotiating round in Malaysia last month.

One industry source said the work program lays out specific deadlines by which all TPP countries, except Japan, will submit improved goods offers, with the final offer defining tariff concessions on 100 percent of tariff lines. U.S. trade officials have characterized these deadlines as "aspirational targets," according to a congressional source.

Industry sources said setting deadlines for making offers on sensitive items is an important first step in moving forward in the talks. TPP countries will now at least know other countries' initial offers on sensitive items, although negotiations could still drag on for some time before countries agree on tariff concessions, these sources said.

The commitment will also push some TPP countries that have not made extensive offers, such as Vietnam, to start moving items out of the "undefined basket," where goods are assigned no specific tariff phaseout or market access concession, sources said.

Vietnam has not moved very far with its market access offers because it wants to first ensure that the United States will grant it sufficient access for its apparel and footwear exports.

Backing up the notion that the United States may be close to tabling offers on sensitive products is the expectation among industry sources that the U.S. and Vietnam may soon begin seriously discussing footwear, which is a key sensitive product for the United States in TPP.

Sources representing footwear importers and domestic producers said they are expecting the two sides to begin more substantive conversations on footwear soon, possibly during the Aug. 22-30 Brunei round of negotiations.

The work program appears to be a coordinated effort to reach a deal that excludes no products from some form of tariff reduction or other market access concession, such as increased access under a tariff-rate quota. Sources said the goal of making offers on 100 percent of goods is most likely an attempt to send a strong signal to Japan, which is facing strong domestic pressure to avoid liberalizing trade in a number of sensitive agricultural goods.

A Japanese official said Tokyo is preparing to make goods market access offers for the upcoming round of talks, which will be the first full round where Japan will participate. Tokyo joined the TPP talks during the 18th round of negotiations in Malaysia last month, but only participated in the final days of that round.

The official said the Japanese government is still in the process of determining how extensive its first round of offers will be and whether a common offer will be made to all TPP members. What is clear is that Japan "needs to make offers in order to be involved," the official said.

The United States cannot submit a goods market access offer to Japan until after the U.S. International Trade Commission submits a confidential report to the Office of the U.S. Trade Representative on Aug. 21 detailing the economic impact of any tariff cuts.

One source representing a sensitive U.S. commodity said the act of the U.S. making an offer on a sensitive product is not in itself objectionable, but that the response of domestic industry will depend on the details.

3. Textile, Garment, Leather and Footwear Sector Offered TPP Opportunities TalkVietnam, August 16, 2013

(VEN) – The Trans Pacific Partnership (TPP) Agreement when concluded will offer many benefits for Vietnamese businesses, particularly those in the textile, garment, leather and footwear sector since the existing tariff rates will possibly be reduced to zero percent.

Vietnam exported textiles and garments to the US for about US\$7.5 billion with tariffs from 17.3-32 percent in 2012. However, after the TPP Agreement is concluded, the tariff rates will probably reduce

to zero percent if businesses meet requirements in terms of point of origin. Reduced tariffs will help increase the competitiveness of Vietnamese exports.

Vietnam National Textile and Garment Group (Vinatex) senior advisor Le Quoc An said that if TPP negotiations are successful, Vietnamese textiles and garments will have an enormous advantage in the US market. Vietnamese textile and garment exports to the US grew by about seven percent annually and will possibly grow by 15 percent or more to US\$13 billion by 2015 and US\$22 billion by 2020 after the TPP Agreement is concluded.

However, to make the most of the major opportunities offered by the TPP, Vietnamese textile and garment businesses need to meet TPP requirements and regulations. For example, to pay the zero percent tariff, all phases of textile and garment production, including fiber, must take place in TPP countries. For this reason, Vinatex has developed many fiber, knitting and dyeing projects, including the Vinatex Hong Linh Fiber Factory, Phu Tai 2 Factory, Phu Hung and Don Quy fiber factories, PVTEX Nam Dinh and PVTEX Phu Bai 3.

The TPP will attract foreign direct investment (FDI) in the textile, dyeing and material sector. It is expected that many domestic and foreign businesses will establish joint ventures and partnerships to develop weaving, dyeing and finishing products.

Vinatex plans to invest VND2.4 trillion in its fiber, textile, dyeing and garment projects this year under its strategy to build a complete supply chain. Vinatex Deputy General Director Le Tien Truong said that the strategy would help create added value, increase competitiveness, reduce material imports and increase the local content of products.

Many textile and garment businesses are expanding cooperation with foreign partners. Corporation 28 has partnered with a Japanese group to produce woolen fabric for export suit production businesses, while building more factories in Da Nang and Quang Ngai.

Increasing the local content of leather and footwear

Vietnam sold US\$7.2 billion worth of leather and footwear abroad in 2012. Of this, 31 percent went to the US market under a 12 percent tariff rate. After the TPP Agreement is signed, the tariff rate will reduce to zero percent increasing the competitiveness of Vietnamese footwear in the US market.

The Vietnam Leather and Footwear Association (Lefaso) said that following the TPP Agreement, Vietnamese leather, footwear and bags would have competitive advantages in the US market as they will not have any rivals. Vietnam's existing strong footwear rivals in the US, including China and India, would not become TPP members. With the TPP, Vietnamese leather and footwear businesses would expand their export market to 2.7 billion people.

To make the most of the opportunities offered by the TPP, domestic leather and footwear businesses have drawn-up their own strategies to increase their competitiveness and the local content of their exports.

Lefaso Deputy Chairman Diep Thanh Kiet said that many businesses had strongly invested in technology and increased domestic materials, particularly those for production of fabric and sports shoes. The local content of leather and footwear exports has increased to about 55 percent so far and is expected to reach 65 percent by the end of this year for middle-grade, sports and children's shoes and various sandals and slippers. The Thai Binh Shoes Company and several other businesses are going to build PU production factories. Many kinds of footwear, which were previously made in China, have now been produced in Vietnam using high technology.

Foreign importers also spoke highly of the production capacity of Vietnamese leather and footwear businesses despite Vietnamese labor costs being currently higher than in Indonesia, Cambodia and Myanmar. This explains why many US leather and footwear importers have increased their orders with Vietnam although the TPP Agreement has not yet been concluded.

4. News Analysis: Imported Raw Materials the Biggest Challenge for Vietnam to Enter TPP **Xinhua News, August 14, 2013**

HANOI, Aug. 14 (Xinhua) -- Dependence on imported raw materials would be the biggest challenge to the Vietnamese garment industry when the Trans-Pacific Partnership (TPP) comes into force possibly by the end of this year, according to experts here.

The TPP's rule of origin requires nations to use a TPP member- produced yarn in textiles in order to receive duty-free access.

Vietnam's garment and textile industry remains reliant on imported raw materials from many countries, which are not TPP members, including China.

According to the Vietnam Textile and Apparel Association (Vitas) , in 2012 the total import value of raw materials and spare parts in service of the garment sector's production for domestic consumption and for exports reached 11.3 billion U.S. dollars. Of which, cotton imports cost 875 million U.S. dollars (accounting for 98 percent of the demand); yarns and threads with 1.4 billion U.S. dollars (54 percent); fabrics with over 7 billion U.S. dollars (88 percent); and spare parts with over 2 billion U.S. dollars.

In the first seven months of this year, the sector earned 9.636 billion U.S. dollars from garment and textile exports, a year-on- year increase of 16.3 percent, while it disbursed 7.646 billion dollars, up 18.2 percent, for imported raw materials.

Specifically, imports of cotton cost 680 million U.S. dollars (up 30 percent) over 4.7 billion U.S. dollars for fabrics (up 18.8 percent), over 1.3 billion U.S. dollars for other materials (up 18. 2 percent), and 857 million dollars for yarn (up 7.5 percent).

Efforts to increase raw materials made in Vietnam have not been successful. They are often sold at higher prices than the imported ones and delivery takes a longer time. Investment in knitting and dyeing is also not welcomed in many localities due to concerns over environmental impacts.

The 19th round for TPP negotiations is scheduled at the end of August in Brunei. The United States, the biggest importer of Vietnamese garment and textile products, accounting for about 50 percent of the industry's export turnover, is among 11 members joining the negotiations.

Currently, Vietnamese garment and textile exports to the U.S. market are taxed from 17.3 percent to 32 percent, which will be reduced to zero when the TPP agreement is enacted.

Vietnam's garment and textile exports to the United States are expected to increase from the current 7 percent to 12-13 percent, earning some 30 billion U.S. dollars a year by 2025. By then, the U.S. market will account for 55 percent of Vietnam's total exports of garments and textiles, over the current share of about 50 percent.

Vietnam is the second biggest garment exporter to the United States with a market share of 8 percent, after China.

Vietnamese garment firms expect that TPP negotiators would agree that Vietnam, along with Malaysia and Mexico, could import raw materials from non-TPP member countries and still receive duty- free access.

The 11 countries that have joined the TPP negotiation include Australia, Brunei, Canada, Chile, Malaysia, Mexico, New Zealand, Peru, Singapore, the United States and Vietnam.

5. Malaysian Textile and Apparel Exports to Rise 20 Percent

Apparel Views, August 16, 2013

Malaysia's total textile and apparel exports are projected to increase by 20 per cent with the implementation of the Trans Pacific Partnership (TPP) agreement, the Malaysian Textile Manufacturers Association said recently. The association said with the elimination of duties upon the TPP agreement's entry into force, consumers in these negotiating countries would find Malaysian textile and apparel products to be more competitive.

"The exports to TPP member countries in 2012 amounted to RM3.3 bn. The TPP agreement will see a decrease of import duty for Malaysian textile and apparel products entering the TPP member countries," it said in a statement recently. The upcoming 18th round of TPP negotiations to be held in Kota Kinabalu, Sabah, will see plurilateral negotiations involving Australia, Brunei, Canada, Chile, Malaysia, Mexico, New Zealand, Peru, Singapore, the US and Vietnam and Japan, which will be participating for the first time.

Held on July 15-25, negotiators from the 11 TPP member countries will gather with the objective of completing negotiations by year-end. The association said the TPP comes at the right time, when the global textile and apparel industry is becoming more competitive. "Malaysia is no longer considered a cheap labour country but with our quality and timely shipment, Malaysia is considered to be one of the top suppliers in this region," it said.

At the moment, the textile and apparel industry is the country's 12th largest export earner, contributing RM9.5 bn to the country's total exports of manufactured goods. Of this, 19.4 per cent is exported to the US. Currently, there are about 2,300 companies employing over 80,000 people and many more in the supporting industries.

6. China Debates Membership in US-Led Trans-Pacific Partnership Asia Pacific Defense Forum, August 7, 2013

Asia Pacific trade: Japanese Prime Minister Shinzo Abe stands beside a map showing the Trans-Pacific Partnership [TPP] member countries during a news conference at his official residence in Tokyo in March. [AFP]

The growing success of the U.S.-led Trans-Pacific Partnership [TPP] is leading Chinese leaders to consider joining. A major debate on the issue is being extensively reported in the main state-controlled media.

Japan's Prime Minister Shinzo Abe reversed in March the more cautious policy of his predecessors and announced Japan would become the 12th nation to participate in the TPP free-trade group. The other 11 nations are Australia, Brunei, Canada, Chile, Malaysia, Mexico, New Zealand, Peru, Singapore, the United States and Vietnam.

The 12 TPP partners held their 18th round of trade talks in Kota Kinabalu in Malaysia in July. The participants hope to have the new free-trade bloc up and running by the end of the year.

China has been pushing a rival free-trade bloc, the Regional Comprehensive Economic Partnership [RCEP], which includes all 10 nations of the Association of Southeast East Asian Nations [ASEAN]. Members are the Philippines, Vietnam, Indonesia, Thailand, Malaysia, Singapore, Brunei, Burma, Cambodia, Laos, China, India, Japan, New Zealand, Australia and South Korea. The trade bloc does not include the United States.

The RCEP concept was launched during the 2011 ASEAN Summit in Indonesia and its formal negotiation process was launched during the 2012 ASEAN Summit in Cambodia.

“The success of the first round of negotiations in early May 2013 in Brunei has brightened the prospects for the second round, to be held in September 2013 in Australia,” analyst Rahul Mishra wrote in the Eurasia Review on July 25.

Writing in Asia Times Online on June 6, analyst Peter Lee described “the U.S.-led ‘Trans Pacific Partnership’ [as] the ‘high standards’ pact that does not include the PRC [People’s Republic of China], and the ASEAN-based and China-promoted alternative – the Regional Comprehensive Economic Partnership, or RCEP.”

The RCEP is weighted more toward countries such as China where the state and state-owned companies play a dominant role in the economy. The RCEP has been criticized for failing to establish or enforce sufficient intellectual property rights and the legal rights of multinational corporations.

“Originally the Chinese saw RCEP as their answer to the TPP,” analyst Dean Cheng of the Asian Studies Center at the Heritage Foundation in Washington, D.C. told the Asia-Pacific Defense Forum. “However, now they are getting worried. They see that their RCEP is not going to be counter to the TPP.”

China’s leaders and policymakers “now see that most of Asia does not want to choose either the RCEP or the TPP exclusively,” Cheng said. “When faced with a choice between China and the United States, they refuse to make it. They want good relations and good trade ties with both countries.”

China weighs pros and cons

Abe’s decision to bring his country into the TPP was seen as a major triumph for U.S. influence in Asia and as a setback that has caused Chinese policymakers to reconsider their original refusal to join the TPP. This debate has now surfaced in China’s leading, state-controlled media outlets.

“Should China join the Trans-Pacific partnership? The old debate seems to have regained momentum,” Zheng Yangpeng wrote in the China Daily on July 7.

“China’s Ministry of Commerce [has] said China will analyze the possibilities of joining the pact and assess the pros and cons based on research and the principles of equality and mutual benefit,” Zheng wrote. “The ministry said China, which has attached importance to the TPP talks, has been soliciting the opinions of various government departments and industries on the trade pact.”

In a significant turn in opinion by Chinese policymakers, Zheng reported that “sources in the Ministry of Commerce told the China Daily that China is becoming ‘positive’ toward the U.S.-led Trans-Pacific free trade agreement.”

“A consensus has been reached on the importance of the free trade pact, a step forward from some time ago, when people were opposed to the proposal,” he wrote.

Membership could expand China’s global trade

China is now the second-largest economy in the world behind the United States and China’s foreign trade comprises 10 percent of the global total, Zhang Yansheng, secretary general of the Academic Committee of China’s National Development and Reform Commission said, according to the China Daily report.

Ding Yifan, deputy director of the Research Institute of World Development at the China Development Research Center [DRC], wrote in China US Focus [chinausfocus.com] on July 3 that China needed to join the TPP to continue to benefit fully from expanding global trade.

“If joining regional groups such as TPP can help Chinese enterprises to be more competitive and compliant, then China should take an active part in the negotiation,” Ding wrote.

Before China joined the World Trade Organization [WTO] in December 2001, “there were also many discussions and concerns in China,” Ding recalled. However, “the experience of the past decade and more proves that economic openness benefits China a lot,” he continued.

Ding said China “will not be scared by TPP negotiation.”

China has other options

Zhang Yansheng, secretary general of China’s National Development and Reform Commission [NDRC] told the China Daily that Beijing “would like to regard the TPP as a high-standard, free trade agreement that could provide leverage for China’s [domestic] reforms.”

“TPP is not the only choice [for China]. Others include the Closer Economic Partnership Arrangement between the mainland and Hong Kong, the Economic Cooperation Framework Agreement, an agreement between the mainland and Taiwan, and [RCEP].”

The China Daily then noted that Zheng Yongnian, director of the East Asia Institute of the National University of Singapore “argued that there is no reason for China to be afraid of the TPP, because history shows that, though many pacts were very demanding at the beginning, they lowered their standards during the negotiation process.”

“China should realize that without China, the second-largest economy in the world, any international economic organization could not be effective,” the newspaper quoted Zheng.

Can China afford to not join?

However, by the same token, China cannot afford to stay out of a free trade bloc that includes the United States and Japan, the biggest and third-largest economies in the world, respectively, and the world’s two most advanced industrial nations.

“With the world’s third largest economy on board, the final TPP pact [without China] will cover nearly 40 percent of global economic output and one third of trade worldwide,” analyst Christine Lim wrote on Bernama website, the national news portal of Malaysia.

Yorizumi Watanabe, a professor of international political economy at Keio University in Japan, agreed with this assessment. He told the Japan Times that China had certainly been closely studying the TPP process and that consequently it could be only a matter of time before Beijing decided to join it.

However, that accession process could be challenging. University of Tokyo professor Junji Nakagawa, an expert in international economic law, told the Japan Times that “the high market-opening standards pursued by the TPP will make it difficult for China, which has many powerful state-owned enterprises, to join before the current members reach an accord.”

Would China abide by the rules?

Dean Cheng of the Heritage Foundation said a crucial issue would be whether China would seriously commit itself to honoring the TPP’s more stringent standards on issues like international property rights.

“When China joined the WTO, it enjoyed immediate access to markets around the world, but it’s compliance with WTO standards in many areas came much more slowly, and incompletely,” Cheng said. “The question now, therefore, is: Will they agree to abide by the TPP’s rules and will the U.S. government and the TPP commit themselves to imposing and effectively implementing those standards?”

As China’s analysts debate the pros and cons of joining the TPP, one basic theme emerges: The world’s biggest and second-largest economies – China and the United States – cannot afford to ignore each other.

Cheng said positive outcomes are possible.

"It could lead to far better Chinese compliance not only with the standards of the TPP but with those of the WTO as well."

If China joins the TPP, how would the move benefit other TTP nations? Share your comments below.

7. **Froman Expects 'Real' TTIP Negotiations to Begin at October Round Inside U.S. Trade, August 2, 2013**

U.S. Trade Representative Michael Froman this week said he expected "real negotiations" on a United States-European Union trade agreement to begin in October when the two sides meet for their second negotiating round, as the first round of talks held last month in Washington consisted of both sides laying out how they would approach various issues under discussion but not text-based negotiations.

"The round we had was really to lay out ideas and concepts of how to address the various issues. We weren't negotiating text," Froman said on July 30 at the U.S. Chamber of Commerce. "But it was a very productive week of consultations, and I think it sets us up well for when we get back together in October to begin the real negotiations."

Froman said trying to reduce barriers to trade caused by differences in U.S. and EU regulations is the area that holds the "greatest promise" in the trade talks, but is also the most challenging.

"[O]ur goal is not to reduce standards, not to lower the regulation in either country, but to see what we can do to make sure that we eliminate unnecessary difference or unnecessary frictions in that relationship," he said. "And if we can do that, if the two greatest markets can come together and show regulatory cooperation, can help set standards together, it can have again a very big impact on third country markets and on the multilateral trading system."

U.S. labor unions as well as environmental and consumer groups have said they fear the U.S.-EU trade agreement, known as the Transatlantic Trade and Investment Partnership (TTIP), could facilitate deregulation and thereby lower existing protections in both economies (Inside U.S. Trade, July 12).

Froman noted that both the U.S. and EU are highly regulated markets that care a lot about health, safety and environmental protection, but approach it in different ways.

Asked about how the ongoing Trans-Pacific Partnership (TPP) negotiations will influence TTIP, Froman said the two negotiations are different but do involve some similar issues. He said he expected there to be "a lot of convergence" between the two when it comes to regulatory cooperation or other new disciplines that the U.S. is seeking in TPP.

"Of course, ultimately we want these things to be consistent and raise the overall standards of the multilateral trading system," he said. "So ... we do expect to take some of the lessons from TPP into TTIP as well."

He said one example of how to reduce future regulatory conflicts in TTIP would be if the EU adopts a more transparent and inclusive regulatory process that -- like the U.S. system -- allows for public comment from anyone in the world and requires decisions to be justified on the basis of science or evidence.

"If the EU were simply to move towards those sorts of process reforms -- transparency, participation and accountability -- we think it could have a pretty significant impact on avoiding conflicts going forward," Froman said.

"We're not asking them to accept all of our regulations," he added. "But we're confident that if there's an open process where they can take comments from everybody and they have to justify their decision based on science or evidence, that we'll come to a more common approach going forward."

U.S. Chamber of Commerce President Tom Donohue, who led the discussion with Froman, said he did not believe that some U.S. regulatory agencies have the same "spirit of inclusion and discussion" that Froman is seeking from the EU. Donohue noted that the Chamber often sues such U.S. regulators.

He urged Froman to ensure during the TTIP negotiations that "what we're setting up as an example, the way to follow, that it's actually happening" in the U.S.

Froman said "horizontal" changes such as improving regulatory transparency and accountability are one way the U.S. wants to address regulatory issues in TTIP. Another is by focusing on reducing regulatory divergences in specific sectors such as autos, pharmaceuticals, chemicals and medical devices where the U.S. and EU industries have made joint proposals for how this could be done.

European Commission officials told EU stakeholders in a July 16 briefing that there is "no agreement" on the specific sectors that would be covered by negotiations on specific regulatory outcomes, according to the minutes of the meeting.

Autos, chemicals and pharmaceuticals were identified as potential areas of regulatory cooperation in the High-Level Working Group (HLWG) report that laid out the contours of a potential U.S.-EU agreement. But the commission has also flagged other sectors of interest such as machinery and electronics, medical devices, cosmetics, and information and communications technologies (ICT).

Froman highlighted as another difference between the U.S. and EU regulatory systems the fact that standards-setting bodies in the U.S. are "almost entirely private and market driven," while standards-setting bodies in the EU tend to be quasi-governmental. "So we can't tell our standards-setting bodies what to do. They're international and they have lots of participation," he said. "The Europeans have a different approach."

ASTM International, a major U.S.-based standards-setting body, complained about the closed nature of EU standards development in May 10 comments to USTR about TTIP.

"[T]he open development process of ASTM and other U.S. domiciled standards developers allows for the direct participation of individual experts from anywhere in the world in order to reach a global consensus, while participation in the European standards development process of the [European Committee for Standardization and the European Committee for Electrotechnical Standardization] is limited to European experts working to reach a European consensus," the group said.

ASTM International argued that the closed European system has been effective in establishing common standards across the EU common market, but is "in conflict" with the U.S. system and those of its bilateral and multilateral trade partners.

Protest by Tobacco State Politicians, Business Groups May Snuff Out Obama Administration Trade Move

By [Myron Levin](#) on August 13, 2013



Facing vehement protest from tobacco state lawmakers and business groups, the Obama administration appears to have retreated from efforts to keep cigarette makers from using trade treaties to attack countries that adopt strong anti-smoking rules.

At issue is whether a pending free trade deal should include language protecting the authority of nations to enact tough regulations to reduce smoking. In recent years, tobacco companies have invoked trade agreements to challenge the most stringent rules, such as requiring large graphic warnings on packs of cigarettes.

The announcement last year that administration officials would seek such protective language in the [Trans-Pacific Partnership](#)—a sweeping trade deal being negotiated between the U.S. and 11 other Pacific Rim nations—drew a storm of protest from powerful business groups, including the U.S. Chamber of Commerce, National Association of Manufacturers and American Farm Bureau Federation. They warned that seeking special treatment for tobacco could lead to similar exceptions for products vital to U.S. trade. Joining the chorus of opposition was a group of former U.S. Trade Representatives, including three employed by top law firms with tobacco industry clients.

Stung by the attacks, the Office of the U.S. Trade Representative—the branch of the White House that coordinates trade policy—put the proposal on hold. Fifteen months and eight negotiating rounds have passed since then without U.S. officials presenting the proposal or revealing their plans. “We...are still considering stakeholder input,” said Carol Guthrie, an assistant U.S. Trade Representative.

But with the possibility the treaty will be completed this fall, health advocates who seemed confident at first that the delay was temporary are voicing concern. Raising the stakes for business interests and tobacco foes alike is that talks have begun on a major European trade agreement, the [Transatlantic Trade and Investment Partnership](#). Whatever policy the White House pursues in one treaty it’s likely to follow in the other.

Tobacco companies have “very strategically remained behind the scenes... They’re such a pariah industry that it sometimes goes against their interests to come out for or against something.”

As [FairWarning has reported](#), with many countries ramping up their fight to reduce smoking, trade agreements have become a weapon of choice for tobacco companies seeking to thwart the toughest rules. For example, an Australian law requiring that cigarettes be sold in drab generic packs—eliminating distinctive brand logos and colors—has been attacked as violating treaty protections for intellectual property. Top cigarette makers [Philip Morris International](#) and [British American Tobacco](#) not only challenged the law in Australian courts, but have paid legal fees for three countries—Ukraine, Honduras and Dominican Republic— that have dragged Australia before the World Trade Organization.

However, the impetus for the trade office proposal was a dispute closer to home. [Indonesia](#) had charged that a U.S. ban on candy and fruit-flavored cigarettes was discriminatory because it included Indonesian clove cigarettes but exempted the menthol flavoring in some popular U.S. brands. In April, 2012, a WTO dispute panel upheld the complaint.

The case triggered intense discussions between senior Obama administration health and trade officials about the risk of cigarette makers using trade agreements to block tobacco regulation by the Food and Drug Administration. The upshot was the trade office’s [announcement](#) in May, 2012, that it would seek to include a special tobacco provision in the Trans-Pacific Partnership, which includes Canada, Mexico, Japan, Australia, New Zealand, Peru, Chile, Malaysia, Vietnam, Singapore and Brunei Darusaalam. The so-called “safe harbor” provision would “explicitly recognize the unique status of tobacco products from a health and regulatory perspective,” the trade office said, “providing greater certainty” that treaty provisions won’t become a weapon to thwart legitimate regulations.

The trade office floated the proposal within days of the start of a negotiating round in Dallas. Letters and emails obtained by FairWarning under the Freedom of Information Act show the announcement triggered a full-court press to block the move.

In a May 10, 2012 [email to the trade office](#), a senior official with the Chamber of Commerce said Chamber President and CEO Thomas J. Donahue was trying to reach U.S. Trade Representative Ron Kirk. “I believe Tom had a couple of things to raise, including urging that the tobacco text not be submitted at this Round,” the email said.

The next day, Calman Cohen, president of the Emergency Committee for American Trade, spoke to Kirk “about business concerns with the TPP tobacco proposal,” according to [an email from Cohen](#). Also on May 11, [a letter](#) to President Obama from Senate Republican Leader Mitch McConnell, R-Ky., and House Majority Leader Eric Cantor, R-Va., and another to Kirk from [22 tobacco states congressmen](#) urged that the proposal be dropped.

Creating a “safe harbor” for tobacco regulation “would have seriously negative implications for broader U.S. trade interests and the long-term efficacy of the trading system itself.”

–Joint letter from former U.S. Trade Representatives Michael “Mickey” Kantor, Bill Brock, Susan C. Schwab and Clayton Yeutter

Though some of the business groups have tobacco industry members, cigarette makers themselves have kept a low profile. They “very strategically remained behind the scenes,” said Chris Bostic, deputy director for policy with the advocacy group Action on Smoking and Health.

“They’ve been allowing the business organizations like the Chamber of Commerce to carry water for them,” Bostic said. “They’re such a pariah industry that it sometimes goes against their interests to come out for or against something.”

Some former trade representatives who attacked the tobacco proposal have had industry ties.

The former trade representatives– Michael Kantor, Susan C. Schwab, Clayton Yeutter and William E. Brock III– warned in a [joint letter](#) that creating a tobacco exception would have “seriously negative implications for broader U.S. trade interests.” The provision was unnecessary, they said, because trade agreements already give governments leeway to adopt rules to protect public health. And it could lead to “other governments attempting to justify their protectionist measures in the name of health or safety,” the letter said.

Kantor, who served as trade representative under President Clinton, previously had lobbied for the tobacco industry as a partner at Manatt, Phelps, Phillips & Kantor. His current law firm, Mayer Brown, has represented Philip Morris USA before the U.S. Supreme Court. Schwab, who was trade representative under President George W. Bush, serves as a strategic adviser to Mayer Brown.

Brock and Yeutter were trade representatives under President Reagan and during the 1980s led a successful push to open Asian markets to U.S. cigarettes. Yeutter went on to serve as a director of B.A.T. Industries, now called British American Tobacco, during the 1990s. He’s currently a senior adviser to Hogan Lovells LLP, an international law firm that has represented Philip Morris International before the FDA.

Whether the tobacco industry had a hand in arranging the letter is uncertain. Kantor and Schwab declined to comment. “The letter speaks for itself,” Kantor told FairWarning. “I’m not going to go beyond the letter.” Brock said in an email that he was contacted about the letter by one of the former trade representatives and not by a tobacco company. Yeutter could not be reached.

In an email to FairWarning, Anne Edwards, spokeswoman for Philip Morris International, said the tobacco proposal “risks unnecessarily undermining decades of international trade principles.” She declined to say if the company had a hand in the letter.

Public health and anti-smoking groups have been equally vocal in support of the proposal. The American Medical Association, American Cancer Society, American Lung Association, and Campaign for Tobacco-Free Kids, among others, have urged the trade office to move forward, saying the mere threat of expensive trade litigation could deter poorer countries from taking strong action to fight smoking.

With nearly 6 million people dying annually from smoking-related causes, tobacco products “should not be treated as other consumer goods” in international trade, a [letter from several health groups said](#). Nor should trade rules “inhibit any nation from exercising its sovereign authority to protect the health of its citizens.”

Tobacco foes at first attributed delays in introducing the proposal to the looming 2012 presidential election, and the battle for electoral votes in the tobacco strongholds of Virginia and North Carolina. Later, speculation focused on other possible reasons for not rocking the boat, including the administration’s effort to win confirmation for Michael Froman to succeed Kirk as U.S. Trade Representative.

But “I think it’s fair to say they’ve run out of excuses,” said Matt Myers, president of the Campaign for Tobacco-Free Kids. “You keep hearing rumblings that they’re committed to doing it, but at some point you’ve got to get a little skeptical.”

No clarity was offered when Froman, at his confirmation hearing, was asked by Sen. Richard Burr, R-N.C., if he would seek special treatment for tobacco. “If confirmed,” he said in his [written answer](#), “I will work to ensure that handling of tobacco... is consistent with our trade policy objectives while preserving our ability to implement appropriate public health measures.”

Daily News

USTR Prepares To Table Revised TPP Tobacco Proposal, Briefs Congress

Posted: August 15, 2013

The Obama administration has substantively changed its previous draft proposal on measures related to tobacco control that it floated last year in the context of the Trans-Pacific Partnership (TPP) talks and is preparing to table an altered version, perhaps at the next formal round of TPP talks that kicks off in Brunei next week. Officials from the Office of the U.S. Trade Representative are briefing members of Congress this week on the new proposal, sources said.

According to informed sources, the new proposal has two essential elements. First, it would clarify that TPP members agree that measures referred to in Article XX(b) of the General Agreement on Tariffs and Trade (GATT) and in Article 14 of the General Agreement on Trade in Services (GATS) include measures "necessary to prevent or reduce tobacco use or its harms."

GATT Article XX(b) states that WTO members agree that measures that are "necessary to protect human, animal or plant life or health" would not violate the GATT -- even if it otherwise would run afoul of GATT rules -- provided that the measure is not a "disguised restriction on international trade" and meets several other criteria. It is one of several exceptions from GATT rules included in Article XX, and is the most relevant for measures related to tobacco use.

Similar language is included in GATS Article XIV, although that article only deals with trade in services.

The full extent of the ramifications of this part of the U.S. proposal were not immediately clear. For instance, one source said TPP members have already agreed that the exceptions contained in Article XX and the related World Trade Organization jurisprudence will be incorporated into the "general exceptions" chapter in a final TPP deal. Therefore, this source said, the U.S. proposal would likely mean that TPP members would agree to interpret the Article XX language in TPP in a certain way in the context of TPP state-to-state challenges on tobacco measures.

But it is an open question whether the interpretation called for in the proposal would also alter the nature of WTO rights among TPP members when it comes to interpreting Article XX in WTO disputes; for instance, one source said it was not clear whether the proposal would mean that, in the context of a WTO dispute, TPP members also agree to interpret Article XX (b) as accommodating measures "necessary to prevent or reduce tobacco use or its harms."

Using a regional trade deal like TPP to alter WTO rights as applied between TPP members could be a fairly controversial step; some scholars say this is not even possible.

Either way, public health advocates are sure to be unimpressed for this first "clarification" aspect of the U.S. proposal, sources said. Such advocates will likely argue that there is little doubt that a measure that is necessary to reduce tobacco use would fit within the confines of Article XX(b) as something meant to protect human health. They will likely argue that this clarification, while certainly welcome, brings little new to the table in practice.

The U.S. proposal also does not appear to make it any easier for a particular tobacco measure to meet other requirements in Article XX -- whether in the WTO or TPP context, sources said.

For instance, the proposal does not appear to make it any easier for a given tobacco control measure to meet the other requirements necessary to qualify for "protection" under Article XX contained in that article's chapeau. The chapeau states that the measure cannot be a "disguised restriction on international trade" and must not "constitute a means of arbitrary or unjustifiable discrimination between countries where the same conditions prevail."

One public interest advocate noted that in WTO cases where Article XX is invoked as a defense by the respondent, proving that a measure fits the criteria under Article XX(b) is a relatively easy step, and that it is much harder to prove in litigation that the requirements of the chapeau have also been met.

According to informed sources, the second essential part of the new U.S. proposal would impose a new consultation requirement on TPP members seeking to launch legal challenges under the auspices of a TPP deal on tobacco control measures. In such situations, the proposal would require health authorities from the TPP countries involved in the dispute to get together and discuss whether the contested measure is "appropriate," sources said.

Even if these ministers agreed a measure was appropriate, however, that would not mean a legal challenge could not go forward, sources said. But it was not immediately clear whether or how a joint agreement by health authorities that a measure is "appropriate" might affect that litigation if it were to move forward.

A business source worried that a joint agreement by health authorities might influence the legal outcome by making a TPP tribunal more likely to say the measure is protected under the Article XX-like language. Health ministers, who care little for international trade rules and focus narrowly on their particular field, would most likely conclude that a measure is "appropriate" to protect human health, this source argued.

But a civil society source argued that a legal tribunal is unlikely to pay much attention to an agreement by health authorities when it comes to their legal proceedings.

The new proposal also has several "omissions" that are likely to irk public health advocates, sources said. Unlike the previous U.S. proposal in this area, the new proposal does not explicitly recognize the unique status of tobacco products from a health and regulatory perspective. Public health advocates saw that language as a major "step forward" in the debate on tobacco, and it was a big reason why they offered their support to the old U.S. proposal.

But a business source argued that the new proposal still effectively "singles out" tobacco as a unique product by applying special rules for tobacco control measures. Multiple sources expected that both sides of the debate – both business groups and civil society representatives – would object to the new proposal.

According to one source, the new proposal also would not apply to investor-state challenges at all, but rather would only apply to state-to-state challenges launched under the auspices of TPP.

This new proposal represents a significant change from the draft TPP proposal floated by the United States in May 2012. That proposal would have created an exception to allow a TPP member's health authority to regulate against tobacco products for public health reasons without running afoul of TPP rules. In particular, it would provide a "safe harbor" for tobacco regulations issued by health authorities like the U.S. Food and Drug Administration (FDA).

Business representatives and some members of Congress had fiercely objected to the prior proposal. They argued that, by allowing health authorities to impose "origin-neutral, science-based restrictions" on tobacco measures "in order to safeguard public health," the U.S. proposal would lower the tougher "necessary" standard contained in GATT Article XX and make it easier to throw up measures that hamper U.S. exports.

By contrast, the new proposal does not appear to alter the "necessary" standard included in Article XX.

Moreover, these representatives feared that the old U.S. proposal was implicitly undermining the longstanding U.S. assertion that WTO rules, including the exceptions as stated in GATT Article XX, are already sufficient to allow members to implement legitimate public health measures. The old proposal, while providing additional "protection" to tobacco measures in particular, undermined the existing rules, they argued.

Office of the United States Trade Representative

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Volume 187

August 1, 2013

Announcements: July 27th - August 1st, 2013

IN THIS ISSUE

Statement by U.S. Trade Representative Michael Froman on Expiration of the Generalized System of Preferences Program



July 31 - United States Trade Representative Michael Froman issued the following statement regarding the July 31, 2013 expiration of the Generalized System of Preferences (GSP) program. GSP is a 37-year-old trade preference program designed to promote economic growth in the developing world by providing preferential, duty-free entry for up to 5,000 products when imported from one of 127 designated beneficiary countries and territories.

"Beginning August 1, U.S. businesses and consumers will pay more for thousands of goods imported under the GSP program, including many inputs for U.S. manufacturing," said Ambassador Froman. **"The Obama Administration urges Congress to extend this important trade program, which increases U.S. competitiveness, keeps costs low for U.S. consumers, and benefits some of the world's poorest countries."**

To read further please click [here](#).

Acting Deputy U.S. Trade Representative Wendy Cutler to Visit Japan, Initiate Bilateral Negotiations on Autos, Insurance, Non-Tariff Measures

July 31 - Acting Deputy United States Trade Representative Wendy Cutler will visit Tokyo August 7-9 to lead bilateral negotiations with Japan on autos, insurance, and non-tariff measures being held in parallel to the Trans-Pacific Partnership (TPP) talks. While in Tokyo,

Statement by U.S. Trade Representative Michael Froman on Expiration of the Generalized System of Preferences Program

Acting Deputy U.S. Trade Representative Wendy Cutler to Visit Japan, Initiate Bilateral Negotiations on Autos, Insurance, Non-Tariff Measures

Statement by Deputy Permanent Representative to the WTO David Shark at the WTO Trade Policy Review of the Central African Economic and Monetary Community

U.S. Trade Representative Talks Maine Exports During Visit to Norridgewock's New Balance Factory

Watch Now: Ambassador Froman Discusses the U.S. Trade Agenda at the Chamber of Commerce

Big Week for America's Agricultural Exporters

Trade, Investment Can Empower Women: USTR Official

Federal Register Notice

RECENT EVENTS

Ambassador Froman traveled to Maine to visit a New Balance factory and meet with workers.

Ambassador Froman and **Chief Agricultural Negotiator**

she also plans to meet with her Japanese counterparts to discuss the overall TPP negotiations.

"Japan's readiness to address longstanding concerns regarding its automotive and insurance sectors, as well as a number of non-tariff measures, was a critical factor in the decision of the United States to support Japan's entry into the Trans-Pacific Partnership," said Cutler. **"I look forward to initiating the parallel negotiations on these issues with my Japanese counterparts and to reaching meaningful agreements in a timely fashion."**

To read further please click [here](#).

Statement by Deputy Permanent Representative to the WTO David Shark at the WTO Trade Policy Review of the Central African Economic and Monetary Community

July 29 - "The United States is delighted to welcome Cameroon, the Central African Republic, Chad, the Republic of the Congo, and Gabon to the first joint review of the Members of the Central African Economic and Monetary Community. We look forward to the day when all six CEMAC member states join the WTO. We thank the delegations and the Secretariat for their respective reports, which were circulated prior to the meeting. We would also like to thank our discussant, Ambassador Alberto Pedro D'Alotto (Argentina), for his remarks on the review of these five Members.

The reports circulated for this meeting outlined critical areas of improvement and helped us understand recent developments in the CEMAC member states. The reports also highlighted reforms that are underway, and noted some of the challenges facing the countries as they strive to participate more effectively in the global trading system and to use trade as a means to stimulate greater economic growth and development.

To read further please click [here](#).

U.S. Trade Representative Talks Maine Exports During Visit to Norridgewock's New Balance Factory

Siddiqui met with a delegation of CEOs from agricultural trade associations.

Ambassador

Froman participated in a discussion with Chamber of Commerce CEO Tom Donohue at the Chamber's annual conference.

Acting Deputy U.S. Trade Representative Cutler

met with Dr. A. Didar Singh, Secretary General of the Federation of Indian Chambers of Commerce and Industry, to discuss opportunities to strengthen bilateral trade and investment between the United States and India.

Chief Agricultural Negotiator

Siddiqui and USDA Acting Under Secretary Vetter held a video conference with senior trade officials from the Brazilian government regarding the ongoing U.S.-Brazil Cotton Framework Agreement consultations.

Ambassador Froman met with members of the National Council of Textile Organizations (NCTO).

Deputy U.S. Trade

Representative Sapiro met with Congressman Mick Mulvaney (SC-5) to discuss the Transatlantic Trade and Investment Partnership (TTIP) negotiations.

Deputy Assistant USTR Carlos

Romero and various USTR officials briefed the Labor Advisory Committee (LAC) liaisons on the Transatlantic Trade and Investment Partnership (TTIP).

Assistant USTR Christine Bliss

spoke on a panel hosted by Covington and the U.S. Chamber of Commerce to discuss the U.S.



Ambassador Froman speaks with workers at New Balance Factory

July 29 - During a visit with workers at the New Balance shoe factory today, United States Trade Representative Michael Froman said that ongoing negotiations toward a Trans-Pacific Partnership (TPP) trade agreement hold promise for job-supporting Maine exporters and importers, including the maker of Made-in-America athletic footwear. Ambassador Froman, who toured the New Balance facility along with Sen. Angus King (I-ME) and Rep. Mike Michaud (ME-2), committed to stay engaged with New Balance and with the Maine delegation as well as with other stakeholders as TPP talks proceed.

"Maine has a powerful interest in a deal that expands exports to TPP partners including countries where you already know you can do strong business, like Malaysia and Japan, Maine's largest export markets after Canada. Japan's entry into TPP, in particular, gives New Balance a real opportunity to penetrate an attractive market," said Ambassador Froman in a meeting with New Balance workers.

"At the same time, we know that changes to footwear tariffs will reduce New Balance's expenses as well as affect the price of its goods and those of its competitors. This visit is helpful to understand how these factors impact New Balance's competitiveness. We will continue to consult with you and with other Maine companies as we work toward a balanced and ambitious outcome for TPP."

To read further please click [here](#).

Blog Posts: July 27th - August 1st, 2013

Watch Now: Ambassador Froman Discusses the

- China Investment Treaty Negotiations.

UPDATES FROM @USTRadeRep

@USTRadeRep: Ambassador Froman meets with TPP ambassadors at the Australian Embassy #TPP
pic.twitter.com/y438AzV8cX

@SmallBizOnHill: 5 messages to business on trade from USTR Michael Froman
bizjournals.com/bizjournals/wa... via @bizjournals

@USTRadeRep: Ambassador Froman discusses trade policy agenda at U.S. Chamber of Commerce
uschamber.com/webcasts/next-... #trade #tradepolicy

@whitehouse: Chattanooga mayor: "The President's plan ignites a needed discussion on how we...create new ladders of opportunity." at.wh.gov/nskRk

@USChamberAfrica: Tune in @ 10AM for a conversation on #trade with .@USTRadeRep Mike Froman and .@USChamber CEO Tom Donohue
uscham.com/162OYva

@USTRadeRep: @whitehouse values US manufacturing jobs - why I'm @newbalance in #Maine today, why we'll keep consulting on TPP - MikeF

@SharonHandyWMTW: RT @newbalance: @USTRadeRep Michael Froman visiting our Norridgewock Factory, to discuss the importance of domestic manufacturing....

U.S. Trade Agenda at the Chamber of Commerce



USTR Michael Froman and Chamber of Commerce CEO Tom Donohue discuss the American Trade Agenda

July 30 - Ambassador Michael Froman participated in an armchair discussion with U.S. Chamber of Commerce CEO Tom Donohue at the annual Next Steps for the American Trade Agenda conference, hosted by the Chamber. For a video of the discussion, please click [here](#).

Ambassador Froman discussed the state of play on a range of U.S. trade interests, including the Trans-Pacific Partnership, the Transatlantic Trade and Investment Partnership, Trade Promotion Authority, bilateral ties with China, and the World Trade Organization. He also addressed challenges posed by localization barriers to trade, state-owned enterprises, and USTR resource constraints, and gave an overview of recent trips to Africa and the New Balance factory in Maine. Ambassador Froman specifically addressed how the U.S. trade agenda is helping to support jobs in America, grow the middle class, and strengthen the U.S. economy.

For a video of the discussion, please click [here](#).

Big Week for America's Agricultural Exporters

July 31 - Good news this week for U.S. agricultural producers: the Obama Administration resolved three market access issues that had been blocking exports to two important markets for America's farmers and ranchers - Japan and Australia.

On Tuesday, the Government of Japan announced the resumption of purchases for U.S. Western White and Soft White wheat, following a suspension of imports with the April finding of an unauthorized variety of genetically engineered wheat in an Oregon field. Japan intends to purchase more than 178,000 metric tons of U.S. wheat, including 90,000 metric tons of Western wheat.

Australia has approved new measures that allow U.S. exports of California table grapes into Western Australia.

@USTRadeRep: See real opportunity to expand #MadeinUSA exports from @newbalance factory - MikeF
pic.twitter.com/FlaCLRO6Po

@USTRadeRep: Lots of pride, satisfaction on @newbalance factory floor. Lots of long-term associates - impressive operation, good discussion - MikeF

@USTRadeRep: #USTR visiting @newbalance in Norridgewock this AM with @SenAngusKing & @RepMikeMichaud to talk #Maine #exports and #jobs

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And Australia has also approved new measures that allow exports to that country of U.S. peaches and nectarines from California, Washington, Oregon and Idaho.

The Office of the United States Trade Representative and the U.S. Department of Agriculture had been working to break down barriers to both markets for U.S. wheat and fruit. Under the rules-based global trading system, governments have a responsibility to find ways to facilitate trade of food and agricultural products, provided the products are safe for human consumption and the health of plants. These steps by the governments of Japan and Australia to remove restrictions on U.S. agricultural products were based on scientific decisions that these products can safely be traded - and now American farmers can look forward to more job-supporting exports.

Trade, Investment Can Empower Women: USTR Official



Deputy Assistant USTR Mara Burr at Peace Through Business conference in Dallas, Texas

July 30 - On Monday, Mara Burr, Deputy Assistant U. S. Trade Representative for South and Central Asian Affairs, spoke at a Peace Through Business conference in Dallas, Texas. The event, titled International Women's Economic Summit, highlighted the necessity of empowering women to further the economic development of their countries.

Burr explained the role of the Office of the U.S. Trade Representative (USTR) in developing, coordinating and implementing trade and investment policy of the United States, and its leadership in trade preference programs. She focused on the importance of empowering women and ensuring that they have access to relevant information, decision-makers and, most crucially, the opportunities to chart their own path to success. She also discussed the United States-Afghanistan Trade and Investment Framework Agreement (TIFA) and focused her remarks on the recently signed United States-Afghanistan Memorandum of Understanding (MOU) on Joint Efforts to Enable the

Economic Empowerment of Women and Promote Women's Entrepreneurship. This MOU demonstrates the joint commitment of the United States and Afghanistan to ensure strong inter-agency and inter-ministerial support and coordination of programs aimed at the economic empowerment of women in Afghanistan.

To read further please click [here](#).

Federal Register Notice

Federal Register Notice: Request for Comment and Notice of Public Hearing: Trade Barriers that U.S. Small and Medium-Sized Enterprises Perceive as Affecting Exports to the European Union- **Written comments due by October 15, requests to appear at hearing by September 13**

To read further please click [here](#).

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Announcements: August 3rd - 9th, 2013

IN THIS ISSUE

United States Wins Trade Enforcement Case for American Farmers, Proves Export-Blocking Chinese Duties Unjustified Under WTO Rules



Ambassador Froman, Secretary Pritzker, and Secretary Vilsack during the press conference at USTR

August 2 - United States Trade Representative Michael Froman, Secretary of Commerce Penny Pritzker, and Secretary of Agriculture Tom Vilsack announced today that the United States won a major case at the World Trade Organization (WTO) on behalf of American chicken producers, proving that China's imposition of higher duties on chicken "broiler products" - which was followed by an 80-percent drop in American exports of those products to China - is unjustified under international trade rules. A WTO dispute settlement panel agreed with the United States, finding that China violated numerous WTO obligations in conducting its investigations and imposing anti-dumping (AD) duties and countervailing duties (CVD) on chicken imports from the United States.

The Monitoring and Enforcement unit of the Office of the U.S. Trade Representative and other USTR staff worked closely with the U.S. Department of Commerce and the U.S. Department of Agriculture in preparing and litigating this case. Personnel from the Interagency Trade Enforcement Center (ITEC), created by President Obama to enhance U.S. trade enforcement capabilities, also provided support for the dispute.

To read further please click [here](#) and for Ambassador Froman's full

United States Wins Trade Enforcement Case for American Farmers, Proves Export-Blocking Chinese Duties Unjustified Under WTO Rules

United States Trade Representative Michael Froman to Travel to Tokyo, Japan and Bandar Seri Begawan, Brunei

Froman Decision Regarding the U.S. International Trade Commission's Determination in the Matter of Certain Electronic Devices, Investigation No. 337-TA-794

U.S. Trade Representative Froman, Secretary of Agriculture Vilsack Announce Continued EU Market Access for American Producers of High-Quality Beef

Ambassador Froman discusses AGOA and new African initiatives with the Trade Advisory Committee on Africa

Recent Federal Register Notice

RECENT EVENTS

Ambassador Froman gave remarks and discussed his upcoming trip to Ethiopia at an event entitled "AGOA: Building on Today and Looking Forward Beyond 2015," hosted by the Brookings Institution.

Ambassador Froman met with the Trade Advisory Committee on

remarks, please click [here](#).

United States Trade Representative Michael Froman to Travel to Tokyo, Japan and Bandar Seri Begawan, Brunei

August 6 - United States Trade Representative Michael Froman will travel to Asia this month for meetings on the Trans-Pacific Partnership (TPP) and with the Association of Southeast Asian Nations (ASEAN). Ambassador Froman will stop in Tokyo, Japan on August 19 for a full day of meetings with his ministerial counterparts on the TPP. He will then continue on to Bandar Seri Begawan, Brunei, from August 20-23 for the ASEAN Economic Ministers' Meeting and related meetings on the margins of the nineteenth TPP negotiating round.

Ambassador Froman's schedule in Brunei will include a meeting with the ASEAN Ministers under the ASEAN-U.S. Trade and Investment Framework Arrangement, an informal meeting of the East Asia Summit Economic Ministers, and the ASEAN-U.S. Business Summit. The Business Summit will provide an opportunity for business representatives from the U.S. and ASEAN to exchange views on promoting economic growth and innovation in Southeast Asia, and to convey their recommendations in direct dialogue with the ASEAN trade ministers. The meetings will also include a discussion of the progress of joint activities under the U.S.-ASEAN Expanded Economic Engagement (E3) initiative.

To read further please click [here](#) and please click these links to find out more on the [TPP](#) and the [ASEAN](#).

Froman Decision Regarding the U.S. International Trade Commission's Determination in the Matter of Certain Electronic Devices, Investigation No. 337-TA-794

August 3 - Dear Chairman Williamson:

On June 4, 2013, the United States International Trade Commission ("Commission") determined that Apple Inc. ("Apple") had violated Section 337 of the Tariff Act of 1930, as amended, in the importation of certain devices, e.g., certain smartphones and tablet computers that infringe a U.S. patent owned by Samsung Electronics Co., Ltd. and Samsung Telecommunications America Inc. ("Samsung"). Following this determination, the Commission issued an exclusion order prohibiting the unlicensed importation of infringing devices, manufactured for or on behalf of Apple. The Commission also issued a cease and desist order that prevents Apple from engaging in certain activities, such as sale of these products in the United States.

To read further please click [here](#).

U.S. Trade Representative Froman, Secretary of Agriculture Vilsack Announce Continued EU Market Access for American Producers of High-

Africa (TACA).

Acting Deputy United States Trade Representative Cutler visits Tokyo August 7-9 to lead bilateral negotiations with Japan on autos, insurance, and non-tariff measures being held in parallel to the Trans-Pacific Partnership (TPP) talks.

Assistant USTR for Southeast Asia and the Pacific Barbara Weisel briefed the U.S. Business Coalition for Trans-Pacific Partnership (TPP).

UPDATES FROM @USTRadeRep

@USTRadeRep: Press Statement by #USTR Michael Froman Regarding Today's World Trade Organization Enforcement Victory go.usa.gov/jEzx

@Brundage44: US wins major WTO case against China - big win for American farmers - via @USTRadeRep here: ustr.gov/US-Wins-Trade-...

@USTRadeRep: U.S. Wins Enforcement Case for American Farmers, Proves Export-Blocking Chinese Duties Unjustified Under #WTO Rules go.usa.gov/jEte

@USTRadeRep: Statement by U.S. Trade Representative Michael Froman on Expiration of the #GSPProgram. #Trade go.usa.gov/jUMY

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ENFORCEMENT NEWSLETTER

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Quality Beef

August 1 - Today, United States Trade Representative Michael Froman and Secretary of Agriculture Tom Vilsack announced that the European Union (EU) will continue to provide U.S. beef producers with significant access, at zero duty, to the EU market for high-quality beef produced from non-hormone-treated cattle. The United States and the European Union are planning to extend for two years Phase 2 of the Memorandum of Understanding (MOU) signed in 2009 in connection with the United States' long-running dispute with the European Union over its ban on beef from cattle treated with certain growth-promoting hormones.

In the year since Phase 2 began, U.S. beef shipments under the quota were an estimated \$200 million, up 300 percent from the value of exports in the year before the MOU entered into force. Under the extension, the EU would maintain until August 2, 2015 its duty-free tariff rate quota for high-quality beef, established pursuant to the MOU between the United States of America and the European Commission Regarding the Importation of Beef from Animals not Treated with Certain Growth Promoting Hormones, at the Phase 2 quantity of 45,000 metric tons per year.

To read further please click [here](#).

Blog Posts: August 3rd - 9th

Ambassador Froman discusses AGOA and new African initiatives with the Trade Advisory Committee on Africa

August 7 - Ambassador Michael Froman met with members of the Trade Advisory Committee on Africa (TACA) to discuss the Administration's trade and broader economic initiatives in the sub-Saharan African region. Members of the committee representing a wide range of business, law and development groups engaged in a broad and productive discussion with Ambassador Froman and Assistant U.S. Trade Representative for Africa Florie Liser.

The discussion focused on the Ambassador's recent trip to South Africa and Tanzania, where President Obama announced a series of new initiatives in the region, including Trade Africa, Power Africa, and a landmark summit of African leaders to be held in the US next year. Trade Africa aims to double-intra regional trade among the members of the East African Community (EAC) and increase exports to the United States by 40%, and Power Africa has identified 20 priority projects around the continent to expand power infrastructure through a combination of public and private investment. During his meeting, Ambassador Froman received advice and counsel from TACA members on these new initiatives and how to best implement and promote them in Africa and the United States.

To read further please click [here](#).

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Federal Register Notice: Request for Comment and Notice of Public Hearing: Trade Barriers that U.S. Small and Medium-Sized Enterprises Perceive as Affecting Exports to the European Union- **Written comments due by October 15, requests to appear at hearing by September 13 .**

To read further please click [here](#).

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August 15, 2013

Announcements: August 8 - 15, 2013

IN THIS ISSUE

USTR Froman Looks to Next Steps in Review, Renewal of African Growth and Opportunity Act

August 13 - United States Trade Representative Michael Froman concluded a three-day visit to Ethiopia, where he led the U.S. Delegation to the 2013 U.S.-Sub-Saharan Africa Trade and Economic Cooperation Forum, also known as the African Growth and Opportunity Act (AGOA) Forum. Throughout the trip, Ambassador Froman highlighted Obama Administration efforts to support economic growth and regional integration throughout sub-Saharan Africa, particularly through trade and investment that benefits both American and African businesses and workers. Discussion at the Forum focused on the seamless renewal of the African Growth and Opportunity Act itself. The program, which allows thousands of African products into the United States duty-free, is set to expire in 2015.

"President Obama is committed to a seamless renewal of AGOA - one that is informed by and aligns with the global trading system. Here in Addis Ababa, we launched a formal review of AGOA, the cornerstone of U.S.-Africa engagement," said Ambassador Froman. **"Now it's time to tackle tough and even controversial questions to determine what has worked for African exporters and U.S. businesses in AGOA, what needs improvement, and where we should take AGOA going forward."**

To read further please click [here](#).

USTR Froman Announces New Efforts to Strengthen Ties with the East African Community Under President Obama's Trade Africa Initiative

USTR Froman Looks to Next Steps in Review, Renewal of African Growth and Opportunity Act

USTR Froman Announces New Efforts to Strengthen Ties with the East African Community Under President Obama's Trade Africa Initiative

Up Close: U.S.-Africa Trade and Investment

What's Happening Now and What's Next: The African Growth and Opportunity Act (AGOA)

Following Through on the U.S. Commitment to Africa: Ambassador Froman at the AGOA Forum

United States and Peru Co-Host Workshops to Promote Trade and Investment through Best Practices in Standardization and Regulation

Progress for U.S.-Tunisia Small and Medium Business Initiative

Recent Federal Register Notice

RECENT EVENTS

Ambassador Froman led the U.S. delegation to Addis Ababa, Ethiopia on August 11-13 for the 2013 U.S.-Sub-Saharan Africa Trade and Economic Cooperation Forum, also known as the African Growth and Opportunity Act (AGOA) Forum. In addition to the Ministerial portion and bilateral meetings, he participated in discussions with the business community and civil society, and visited manufacturing and exporting facilities.

Ambassador Sapiro traveled to Asunción, Paraguay August 14-16, as part of the Presidential delegation to the inauguration of President-elect Horacio Cartes. While there, Ambassador Sapiro met with government officials and business leaders to discuss opportunities for strengthening U.S.-Paraguayan economic ties.

August 12 - Addis Ababa, Ethiopia - United States Trade Representative Michael Froman welcomed the notable progress made on President Obama's Trade Africa initiative following a U.S.-East African Community (EAC) Trade Ministerial Meeting. The EAC is a regional economic organization comprised of Burundi, Kenya, Rwanda, Tanzania, and Uganda and represents a market with significant opportunity for U.S. exports and investment. Ambassador Froman issued the following statement after meeting with the EAC trade ministers and secretary general:

"In Tanzania, President Obama announced his Trade Africa initiative to support greater U.S.-Africa trade and investment, regional integration, and trade competitiveness - starting with the East African Community. Trade Africa builds on and supports the work of the U.S.-EAC Trade and Investment Partnership (TIP).

I'm pleased to announce that the U.S. and the EAC have agreed to launch formal negotiations on a Trade Facilitation Agreement with a view to concluding these negotiations as quickly as possible. In parallel, we will add new elements to the U.S.-EAC TIP focused on sanitary and phytosanitary measures and technical barriers to trade. USAID will transform the East Africa Trade Hub into a U.S.-East Africa Trade and Investment Center to expand U.S. regional trade programs, spur private investment, and scale up business-to-business and association-to-association partnerships. The United States is also forming a new partnership with TradeMark East Africa, a multi-donor funded organization dedicated to supporting greater EAC regional integration by breaking down barriers at the border and facilitating trade."

To read further please click [here](#) and for more information on AGOA and U.S.-Africa trade, visit USTR's website [here](#).

Blog Posts: August 9 - 15

Up Close: U.S.-Africa Trade and Investment

August 13 - Africa has experienced a significant change in growth in recent years and the potential for continued growth - particularly outside the oil and gas sector - is promising. Today, while in Addis Ababa, Ethiopia for the final day of the African Growth and Opportunity Act (AGOA) Forum, United States Trade Representative Michael Froman got an

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@USTRadeRep: #USTR touring dVentus Technologies -#Michigan company selling smart meters in #Ethiopia #PowerAfrica pic.twitter.com/qjluYuQY73

@USTRadeRep: The future of #AGOA: USTR Froman launches formal review toward renewal, asks, "How do we make AGOA work better?" 1.usa.gov/19ntHmf

@USTRadeRep: Froman Announces New Efforts to Strengthen Ties with #EAC Under President Obama's Trade Africa Initiative go.usa.gov/jGQQ

@USTRadeRep: #USTR Froman meets the press at the #AGOA Forum in Addis Ababa, #Ethiopia pic.twitter.com/CGeQDViPE1

@USTRadeRep: Hearing from @USAID Africa about expansion in Nairobi to US-E Africa Trade & Investment Ctr #TradeAfrica pic.twitter.com/VIQbZV6IJF

@USTRadeRep: In Addis, USTR Froman talks next steps for #TradeAfrica, growing trade both in #Africa and between US-Africa pic.twitter.com/w5MrOYkz3G

@USTRadeRep: USTR Froman meeting now with East African Community trade ministers, talking #TradeAfrica and #AGOA Forum pic.twitter.com/MZyjHzZ4Bn

@USTRadeRep: USTR Froman in #Ethiopia: US economic commitment to Africa is longstanding, long-term. #AGOA

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up-close look at two rising sectors, with visits to dVentus Technologies and Aleta Land Coffee PLC.

Ambassador Froman at dVentus Technologies, an Ethiopian-American renewable energy company in Addis Ababa.

Michigan-based dVentus Technologies engineers renewable energy technologies in Ethiopia - including smart meters and wind turbines - that can help to realize President Obama's Power Africa initiative to double electricity in sub-Saharan Africa by 2030. Ambassador Froman acknowledged CEO and President Daniel Gizaw's efforts to create a business that effectively links U.S. and African technology and innovation as it helps to create a cleaner and more reliable electricity system.

To read further please click [here](#).

What's Happening Now and What's Next: The African Growth and Opportunity Act (AGOA)

Ambassador Froman and African officials hear from an African businesswoman about diverse export products including Shea butter and cassava flour.

August 12 - Shea butter, clothing, and countless other African products that make their way to U.S. store shelves. American ingenuity building bridges - literally - across the African continent, with skills training for workers to boot. These are success stories of America's trade and investment relationship with Africa, all highlighted at the AGOA Forum in Addis Ababa.

After helping to open the 12th AGOA Forum and bringing a message from President Obama to the assembled government officials, private sector and civil society delegates today, Ambassador Froman formally launched a major review of AGOA, aimed at building on successes and addressing challenges with the U.S. preference program that allows substantially all goods from 39 African countries to enter the U.S. market duty-free.

To read further please click [here](#) and for Ambassador Froman's remarks during the Opening Ceremony of the AGOA Forum, please click [here](#).

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Following Through on the U.S. Commitment to Africa: Ambassador Froman at the AGOA Forum

August 11 - U.S. trade with Africa has grown under the African Growth and Opportunity (AGOA) Act - but there is so much more we can do: that's the message Ambassador Froman delivered today in Addis Ababa, Ethiopia, in conversations and events with partners from civil society, business, and governments from across the continent.

In Africa to lead a multi-agency U.S. delegation to the 12th African Growth and Opportunity Act (AGOA) Forum, Ambassador Froman began the day discussing ways to expand Africa's role in the global economy and how to promote greater U.S. private-sector involvement here. He talked not only with African and American business powerhouses, but also with women participating in the AGOA Women Entrepreneurs Program (AWEP) and with members of African civil society who have ideas about how to grow business and build better lives in African communities.

To read further please click [here](#) and to read the White House Fact Sheet on Trade Africa, click [here](#) and for the White House Fact Sheet on Power Africa, click [here](#).

United States and Peru Co-Host Workshops to Promote Trade and Investment through Best Practices in Standardization and Regulation

Jennifer Stradtman from the USTR Office of WTO and Multilateral Affairs with Peruvian Vice Minister of Trade Carlos Posada

August 10 - The United States and Peru co-hosted two one-day workshops entitled "Best Practices in the Standardization and Regulation Experiences in the United States and Peru," in Lima and Arequipa on August 6 and 8, respectively. The workshops were designed to promote transparent, predictable, and effective regulatory practices that will encourage enhanced bilateral trade and investment between the two countries.

As regulatory issues increasingly create hurdles for companies engaged in international trade, the

workshops focused principally on two elements of Standardization and Regulation Experiences - participation in international standards development processes and involvement in the regulatory development system - and reviewed the practices of both countries. The Office of the United States Trade Representative (USTR), and, Peru's Ministry of Foreign Trade and Tourism organized the two one-day events with assistance from USAID, Peru's National Institute for the Defense of Competition and the Protection of Intellectual Property (INDECOPI), and the Arequipa Chamber of Commerce, which hosted the Arequipa workshop.

To read further please click [here](#).

Progress for U.S.-Tunisia Small and Medium Business Initiative

U.S. and Tunisian participants celebrate at a graduation ceremony.

August 9 - The United States and Tunisia continue to make important progress on the small and medium enterprise (SME) initiative announced by USTR, USAID and the Government of Tunisia last May. The initiative is aimed at strengthening the SME sector and expanding trade opportunities under the U.S. -Tunisia Trade and Investment Framework Agreement (TIFA).

In a milestone achievement, nearly 60 participants from the Tunisian government, academia, business, and the NGO community completed certification training in the U.S. Small Business Development Center (SBDC) model, through the program funded by USAID and implemented by the International Executive Service Corps and the University of Texas San Antonio Small Business Development Center. In the United States, SBDCs provide a wide range of

business counseling services and trade training to SMEs at centers throughout the country. With a graduation ceremony marking the successful completion of training for its SME experts, Tunisia has now announced the launch of four pilot centers patterned on the SBDC model for 2014, including two government-supported Centres d' Affaires (business centers) and two private university-NGO partnered centers. Next year, the Tunisian SBDCs will be linked via an online platform to U.S. SBDCs to create greater opportunities for trade among small businesses on both sides.

To read further please click [here](#).

Federal Register Notice

Federal Register Notice: Request for Comment and Notice of Public Hearing: Trade Barriers that U.S. Small and Medium-Sized Enterprises Perceive as Affecting Exports to the European Union- **Written comments due by October 15, requests to appear at hearing by September 13 .**

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CPATH ♦ Center for Policy Analysis on Trade and Health

Bringing a Public Health Voice to Trade and Sustainable Development

TOBACCO CONTROL AND TRADE AGREEMENTS: STRATEGIES FOR POLICY CHANGE IN THE 21ST CENTURY

This statement reflects views and recommendations that emerged from a consortium meeting convened by the Center for Policy Analysis on Trade and Health (CPATH) and the Center for Tobacco Control Research and Education (CTCRE) at the University of California-San Francisco on February 19, 2013, in San Francisco. Participants identified strategies to advance tobacco control in California and the U.S., and to strengthen public health and medical voices to inform trade policy.

Public health and medical organizations in the U.S. and internationally are increasingly engaged in addressing the nexus between tobacco control and global trade. Trade rules and trade agreements, including present efforts to negotiate the Trans Pacific Partnership (TPP), present challenges to tobacco control, at local, state, and national levels. Tobacco companies have recently accelerated their use of trade rules to attempt to delay and reverse tobacco control measures in the U.S., Australia, Uruguay, Norway, and Ireland. ***In negotiating the TPP, a new agreement for the 21st century, the United States is presented with the opportunity to be a leader to safeguard public health and reduce the enormous burden of disease related to tobacco use.***

The following proposals articulate concerns, goals, and key strategies to achieve them, that were discussed during the consortium meeting. Many have been consistently advanced by the medical, health care, and public health communities.

Concerns:

- ♦ Tobacco is unique, the only legal consumer product that kills when used as intended. Causing six million deaths a year, tobacco use is the leading preventable cause of death worldwide, and a major contributor to the global pandemic of non-communicable diseases.
- ♦ Curtailing tobacco use must be a central element of policies to reduce preventable childhood morbidity and mortality, a key goal of the present U.S. Administration.
- ♦ Trade agreements and trade rules offer the tobacco industry powerful tools to undermine and supersede local, state, and national measures to implement and enforce tobacco control measures.
- ♦ The closed process of negotiating and adopting trade agreements uniquely privileges commercial interests, without the benefit of democratic public dialogue and debate, and review of evidence. Public health principles and perspectives are shut out.
- ♦ Current proposals for a TPP, and a trans-Atlantic U.S.-EU trade agreement, present particular and urgent threats to public health.

Strategies for Creating a 21st Century Trade Agreement: Incorporating Health-Related Concerns into Global Trade Negotiations and Agreements

We call on the United States to advance a trade proposal in the TPP negotiations that will safeguard public health, advance tobacco control measures that contribute to reducing the enormous burden of disease related to tobacco use, and prevent incursions by the tobacco industry against those measures.

1. Trade agreements must guarantee nations' rights to protect public health from tobacco use.

- **Incorporate reference to the Framework Convention on Tobacco Control (FCTC) in trade agreements.** Acknowledge deference to FCTC principles, as an expression of the international consensus on tobacco control, and affirm the right of nations to protect public health from tobacco and tobacco products in the text of all relevant chapters of trade agreements.
- **Incorporate in the text of each regional and bilateral trade agreement the World Trade Organization (WTO) Doha Declaration on countries' rights to protect public health.** The 2001 WTO Doha Declaration on the TRIPS Agreement and Public Health affirms that WTO members may use "to the full" the flexibilities in the Agreement on Trade-Related Aspect of Intellectual Property Rights (TRIPS) "to protect public health and, in particular, to promote access to medicines for all." This right can and should be extended to tobacco control measures. (Policy Coherence)
- **Strengthen the primacy of public health principles.** Strengthen adoption and implementation of FCTC recommendations within and across nations to protect the public's health from tobacco and tobacco products.

2. The TPP must not undermine the right and ability of participating countries from exercising their domestic sovereignty in order to adopt or maintain measures to reduce tobacco use and to prevent the harm it causes to public health.

- **Exclude tobacco control measures from existing and future trade agreements.** The medical, health care, and public health community has consistently supported removing tobacco, tobacco products, and tobacco control measures from trade agreements as the most effective solution.
- **Remove investor-state dispute settlement (ISDS) provisions.** Eliminate the rights of tobacco and other corporations to contest governments' domestic sovereignty over public health and other policies, and to sue nations directly for financial damages through the global trade arena.

3. We must set trade policy through a transparent process that involves the public.

- **Trade agreements and trade rules which may affect public health should be discussed and debated publicly, and in Congress,** including preventing disease and death from tobacco.
- **Include effective public health representation in setting trade policies** at the national, state, and local levels.

We further propose that advocacy for these goals can be strengthened by identifying and communicating with related constituencies concerned with trade: Labor, environment, access to medicines, sustainable agriculture, sustainable economic development, internet access; policy-makers at the local, state and national levels.

Establishing Endorsements

Organizational Endorsements:

Action on Smoking and Health, Laurent Huber, MSFD, Director; Chris Bostic, MSFS, JD, Deputy Director for Policy
American Academy of Family Physicians, Julie K. Wood, MD, FAAFP, Vice President, Health of the Public and Interprofessional Activities
American Academy of Pediatrics, Jonathan D. Klein, MD, MPH, FAAP, Associate Executive Director and Director, Julius B. Richmond Center of Excellence
American College of Obstetricians and Gynecologists, Barbara Levy, MD, Vice President for Health Policy
American College of Physicians
American Heart Association, American Stroke Association, Terry Sue Mock, Senior Health Systems Policy Director
American Public Health Association, Georges C. Benjamin, MD, FACP, FACEP (E), Executive Director
Center for Policy Analysis on Trade and Health (CPATH): Joe Brenner, MA, Co-Director; Ellen R. Shaffer, PhD MPH, Co-Director; Sohil Sud, MD, MA, Senior Fellow, CPATH, Senior Pediatric Resident, UCSF
San Francisco Medical, Society Steve Heilig, MPH
San Francisco Tobacco Free Coalition

Individual Endorsements:

Phillip Gardiner, Dr.PH, Program Officer, Policy and Regulatory Sciences, Tobacco Related Disease Research Program*
Stanton Glantz, PhD, Director, Center for Tobacco Control Research and Education, University of California, San Francisco*
Richard L. Barnes, JD, Health Sciences Clinical Professor; Eric Crosbie; Mariaelena Gonzalez, PhD; Heikki Hiilamo, PhD; Lauren Lempert, JD MPH
Holly Jarman, PhD, Research Assistant Professor, Center for Law, Ethics & Health / Department of Health Management & Policy, University of Michigan School of Public Health*
Wendy Max, PhD, Professor of Health Economics, Co-Director, Institute for Health & Aging, University of California, San Francisco*
Michael Ong, MD PhD, Associate Professor-in-Residence of Medicine, University of California, Los Angeles*
Marty Otañez, PhD, Assistant Professor, Anthropology Department, University of Colorado, Denver*
Heather Wipfli, PhD, Associate Director, USC Institute for Global Health, Assistant Professor, Department of Preventive Medicine and School of International Relations*
Donald Zeigler, PhD, Adjunct Associate Clinical Professor, University of Illinois at Chicago School of Public Health. Retired Director of Prevention and Healthy Lifestyles, American Medical Association*

* Organizations listed for identification purposes only

Kennebec Journal; 8/23/13

New England shoe companies push for elimination of shoe tariffs

New Balance argues tariffs are integral to US footwear jobs

By Kevin Miller kmiller@mainetoday.com
Washington Bureau Chief

WASHINGTON — A fight about footwear is brewing among several major sneaker manufacturers in New England.

Six New England-based footwear companies wrote a letter to President Obama's top trade official recently, urging the administration to eliminate import tariffs on shoes made overseas as it negotiates a new free-trade agreement with Pacific nations.

The letter, signed by executives of companies including Converse and Adidas, is a direct response to efforts by New Balance to protect tariffs that the company claims are critical to preserving more than 1,000 manufacturing jobs in Maine and Massachusetts.

"Today over 99 percent of all shoes sold in this country are made outside the United States," reads the letter to U.S. Trade Ambassador Michael Froman, signed by executives of Converse, Adidas, Saucony, Sperry Top-Sider, Clarks Americas and Black-Diamond Group. "Excessively high duties have failed to keep manufacturing jobs here, but they have succeeded in making shoes artificially expensive, hampering our ability to expand domestic employment throughout the footwear supply chain."

The letter ends with an invitation "to visit any of our companies and meet the men and women of the 21st Century footwear industry" and "consider their future" as the administration negotiates the Trans Pacific Partnership free-trade agreement.

The invitation is a direct response to Froman's visit last month to New Balance's factory in Norridgewock, one of three New Balance plants in Maine that employ a total of about 900 people.

Froman met with workers and listened to their concerns that eliminating tariffs on shoes made in low-wage countries such as Vietnam will endanger the few footwear manufacturing jobs left in the U.S.

New Balance is the only large sneaker manufacturer that still makes shoes domestically, although about 75 percent of the company's footwear is made overseas.

Matt LeBretton, spokesman for New Balance, called the letter "disingenuous on its face" and a "transparent political maneuver" by the six companies.

“None of them make shoes in the U.S. today,” said LeBretton. “It is a huge distinction. In my opinion, it is not reasonable to compare manufacturing jobs to design and retail jobs. We have design and retail jobs too, and they are all in New England.”

LeBretton also dismissed the letter’s suggestions that eliminating tariffs would create jobs in the U.S. or lower retail prices. If the tariffs were eliminated, he said, New Balance’s domestic manufacturing would be at an even bigger disadvantage, threatening jobs in parts of Maine that already are struggling with high unemployment.

But Matt Priest, president of the trade group Footwear Distributors and Retailers of America, said the letter “makes it clear where the vast majority of the footwear industry stands in New England and across America.”

“This letter is a powerful counter to what Ambassador Froman heard from just one New England company he visited last month,” Priest said in a prepared statement. “We applaud these companies for being the voice of and fighting for the thousands of 21st century footwear jobs in the North East. In spite of excessive duties, New England footwear companies are innovative and forward-thinking. Can you imagine the growth that will be unleashed if we can eliminate duties on footwear from Vietnam, the second largest supplier to the U.S. market?”

Most free-trade agreements eliminate perceived “barriers” to exports and imports between nations, which often means phasing out U.S. tariffs on foreign imports.

Froman and other officials from the U.S. Trade Representative’s office are in the small southeastern Asian nation of Brunei for negotiations on the Trans Pacific Partnership. Other nations in the negotiations include Vietnam, Singapore, New Zealand, Japan, Australia and Chile.

Members of the Maine and Massachusetts congressional delegations have been lobbying to preserve the footwear tariffs. Obama’s previous trade ambassador, Ron Kirk, toured New Balance factories in Maine last year, and U.S. Sen. Angus King of Maine held up Froman’s nomination on the Senate floor until Froman agreed to visit a factory as well.

During his visit to Maine, Froman said shoe manufacturing is one of the most difficult and sensitive aspects of negotiations about the Trans Pacific Partnership.

According to LeBretton, he assured New Balance that he understands the importance of the manufacturing jobs in Maine and Massachusetts.

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