

## ITC Predicts Net Benefit to the U.S. Economy from the TPP

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The U.S. International Trade Commission (ITC) on May 18 released its report on the likely impact of the Trans-Pacific Partnership (TPP) on the U.S. economy as a whole and on specific sectors. Under applicable law, the ITC was required to submit this assessment to the President and Congress within 105 days of the February 4, 2016 entry by the President into the TPP.

The ITC's "dynamic computable general equilibrium model" compared the U.S. economy after implementation of the TPP with a baseline. The ITC report predicts that the TPP would have some, albeit limited, positive impact. Fifteen years in the future (2032), U.S. annual real income would increase by 0.23 percent and GDP would increase by 0.15 percent. Net employment would be 0.07 percent higher (128,000 jobs). Overall U.S. exports and imports would each grow slightly (approximately one percent), whereas exports to the TPP partners not previously party to a free trade agreement with the United States would grow by \$34.6 billion (18.7 percent), which is more than the projected growth of imports from those countries \$23.4 billion (10.4 percent).

As expected, the report suggests that the gains and losses from the TPP would not be spread equally, with agriculture and food output gaining \$10 billion (0.5 percent) and services gaining \$42.3 billion (0.1 percent). On the other hand, output in manufacturing, natural resources and energy would decrease by a total of \$10.8 billion (0.1 percent).

In any event, none of these gains or losses would be particularly large in comparison to the overall U.S. economy. It is thus to the indirect and less quantifiable aspects of the TPP that many supporters point. For example, protections on cross-border data flows as well as prohibitions on requirements for data localization are thought to be crucial to the development of worldwide trade in services and to optimization of international business operations. More broadly, the ITC notes that the "TPP would generally establish trade related disciplines that strengthen and harmonize regulations, increase certainty, and decrease trade costs for firms that trade and invest in the TPP region. Interested parties particularly emphasized the importance of TPP chapters addressing intellectual property rights, customs and trade facilitation, investment, technical barriers to trade, sanitary and phytosanitary standards, and state-owned enterprises."

Although not part of the ITC report, Administration officials also stress the geo-political importance of the TPP, especially in encouraging liberalization of the Vietnamese economy and setting trade rules in the Asia-Pacific region that are consistent with U.S. values and interests.

Read the complete 792-page ITC report entitled, "[Trans-Pacific Partnership Agreement: Likely Impact on the U.S. Economy and on Specific Industry Sectors.](#)"

For more information, please contact one of the Haynes Boone lawyers below.