

Trans-Pacific Partnership Agreement Finalized

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Wednesday, October 7, 2015

On Monday, October 5, an agreement on the Trans-Pacific Partnership (TPP) was reached between the United States and 11 other Pacific Rim nations. This historic partnership would potentially link 40 percent of the world's economy, covering the map from Canada to Chile and Japan to Australia. The TPP, which would be the biggest trade deal since the 1994 North American Free Trade Agreement (NAFTA), includes the United States, Australia, Brunei, Chile, Malaysia, Mexico, New Zealand, Peru, Singapore, Vietnam, Canada, and Japan. (Click [here](#) to see a high level agreement summary issued by the Office of the United States Trade Representative.)

The TPP aims to create a common set of rules governing international trade between member countries. The agreement addresses contentious areas like trade barriers, market access, and customs duties. Some of the more challenging negotiations have dealt with issues related to the automotive industry, pharmaceuticals (especially relating to intellectual property), and agriculture.

Importantly, while Monday's announcement signals a final agreement on these contentious issues, the text of the agreement has not yet been released, so few details are known about the agreed upon provisions, or how they will be implemented. For instance, the rules of origin, which dictate how much processing foreign material inputs must undergo in a member country before being considered "originating" and benefitting from preferential treatment, have not been released. Without this level of detail, it remains difficult for importers to gauge the benefits provided by the agreement.

According to U.S. Trade Representative Michael Froman, negotiators from TPP countries must complete a legal review, translations, and drafting and verification of the text before the official text is released. Once that is complete, the procedures mandated by recently-enacted Trade Promotion Authority require Congress to have 90 days, and the public 60, to review the final text of the agreement before President Barack Obama can sign it. Once signed, the deal would be subject to an up-or-down vote by Congress, unless lawmakers decide the deal does not conform to negotiating objectives.

Although many questions remain about exactly how the TPP will be implemented and what specific benefits it will provide U.S. companies, Monday's announcement that the agreement has been finalized is a giant step in the implementation of a trade agreement that will undoubtedly change the international trade landscape for a long time to come. The proliferation of such Regional Trade Agreements (RTA) creates more cooperation for member countries, but also adds complexity given the web of bilateral and multilateral trade agreements already negotiated - not to mention those still on the table, such as the Trans-Atlantic Trade and Investment Partnership which could create an RTA between the United States and the EU.

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