

TRANS-PACIFIC PARTNERSHIP (TPP)

BACKGROUND

The Trans-Pacific Partnership (TPP) is a significant trade agreement being negotiated by the United States and 11 other countries throughout the Asia-Pacific region (Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam).

A strong TPP in the Asia-Pacific region will boost U.S. economic growth and support high quality American jobs. Today, the Asia-Pacific region represents more than 40 percent of global trade. TPP countries are an attractive market for U.S. farmers, manufacturers, and service providers—including insurers.

ACLI supports negotiation of a commercially meaningful TPP with inclusion of the highest possible standards to reflect the modern realities and challenges of today's global economy. TPP should include: full market access and national treatment provisions; the encouragement of regulatory "coherence" with reference to transparency and administrative procedures that promote sound markets; and rules that permit innovative and specialized business practices/products unless specifically prohibited.

TPP should also include commitments to global best practices on cross-border trade. Strong overseas investment provisions should be established to ensure nondiscrimination, fair and equitable treatment, free transfers of profits and capital, protection from expropriation, and the ability to use international arbitration to resolve disputes.

OTHER KEY ELEMENTS TO INCLUDE:

Cross-Border Support Services: Allow U.S. financial institutions with operations in a particular country to transfer information out of that country for processing and allow financial institutions to perform certain functions (such as trade and transaction processing) in their U.S.-based home offices, regional processing centers, or with qualified expert vendors rather than requiring activities to be conducted by a local affiliate.

Government-Affiliated Service Providers: Allow clear and definitive rules to establish level playing fields between government-affiliated insurance entities with the private market within a reasonable time frame. This includes the removal of any tax advantages, subsidies, or other government-provided competitive advantages and the removal of any governmental-advantaged guarantees and application of the same laws. Government-affiliated service providers should be regulated and supervised by the same authority as private companies.

Independent and Accountable Authorities: Provide clear and definitive protections against improper delegation of regulatory authority to non-governmental groups that dilute confidentiality and due process protections.

Regular Implementation Dialogues for Insurance: Urge the creation of an annual dialogue on implementation of insurance regulations, either at a bilateral or TPP level. Adoption of such a mechanism is difficult at a regional level for every industry, but insurers are one of the most regulated industries and this will be integral to the trade and economic stability of national economies. Similar dialogues in Japan, Korea, and NAFTA have proven useful and served national interests.

STATUS

The TPP agreement originated in 2005 as the Trans-Pacific Strategic Partnership Agreement (TPSEP or P4). The Obama Administration strongly supports TPP.

ACLI POSITION

ACLI supports negotiation of a commercially meaningful TPP, with inclusion of the highest possible standards to reflect the modern realities and challenges of today's global economy.

AT A GLANCE

- Life insurers' products help provide financial security to emerging markets and expanding middle class.
- More than one in five—38.1 million—U.S. jobs depends on international trade.
- Insurance is one of the fastest growing U.S. services exports, increasing by 15 percent every year since 2002.
- Total U.S. domestic exports to TPP countries in 2013 totaled \$588 billion, a 51 percent increase since 2009.
- TPP markets represent about 39 percent (\$28 trillion) of the world's GDP and represent nearly 15 percent of global trade.
- In the TPP countries, there are almost 486 million consumers (40 percent of the world's consumers) with the majority of future growth in the global middle class coming from Asia.
- Companies headquartered in TPP countries employ 1.5 million Americans.

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