



Trans-Pacific Partnership Agreement Overview & Potential Impact to Bay Area Economy

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Executive Summary

The Trans-Pacific Partnership Trade (TPP) Agreement Overview and Potential Impact to the Bay Area Economy is an initiative of the Bay Planning Coalition to describe the current terms of the agreement, demonstrate the compatibility of the Greater Bay Area with the intent of the TPP and, finally, recommend legislative actions that will further enable the region to be adequately prepared to expand trade with the TPP member countries.

The TPP is a multilateral free trade agreement among nine member countries that will set new global trade precedents for the 21st Century. The TPP member countries are: Australia, Brunei, Chile, Malaysia, New Zealand, Peru, Singapore, United States and Vietnam. Seeking to address new-era challenges, the TPP will pioneer trade innovation with regards to public procurement, environment, labor, supply-chain management, competitiveness, transparency, trade unions, small and medium enterprises and intellectual property. In general, the TPP is comprised of five essential components: comprehensive market access; regionalism of agreement; emphasis on cross-cutting trade issues; endorse trade and investments; and status as a living agreement.

California has the strongest trade relationship with Asia among other US states. Moreover, the principal exports of the state are high-technology products, being a key trade sector emphasized in the TPP. The TPP will be of particular importance to the state for potentially expanding into new foreign markets.

The Bay Area, specifically, serves to gain from the TPP. First, the region has a sophisticated port network with a geographic advantage to trade access with the TPP member countries. Next, the digital economy and high technology sector of the region are stable markets and continue to gain strength. The TPP offers potential opportunities to increase the export of high value products from the region. Additionally, the Bay Area is an attractive choice for entrepreneurs seeking to open a new business. Finally, the Bay Area is an appealing option for foreign investment. It offers a secure environment to invest, high-skilled workforce and a cosmopolitan region. Even more evident, is the potential for the region to benefit from the terms of the TPP by attracting new markets abroad and by attracting new investments internally. The specific trade issues addressed by the agreement will offer new opportunities for linking the Bay Area economy with emerging markets.

Therefore, to adequately plan for this 21st Century agreement, the ports and harbors of the Greater Bay Area must be dredged and maintained to their fully authorized depths. Specifically, passage of the HR 104 - RAMP Act on the Federal level would mandate the full usage of Harbor Maintenance Trust Fund (HMTF) collections for the intended purpose of channel and harbor dredging and maintenance. Additionally, to ensure competitive operating costs for shippers, passage of the State Senate Bill 1234 would permanently eliminate sales tax on marine fuel in California.

Although the terms are not finalized, the overall intent of the Trans-Pacific Partnership is significantly aligned with the current economy of the Greater Bay Area. Therefore, looking ahead to a finalized agreement, it is anticipated that Northern California has the potential to optimize its global economic impact and further strengthen the regional economy.

1. Trans Pacific Partnership Trade Agreement

Background

The Trans-Pacific Partnership (TPP) is a multilateral free trade agreement among nine countries: Australia, Brunei, Chile, Malaysia, New Zealand, Peru, Singapore, United States and Vietnam. As stated in Article 1.1: “this Agreement covers in particular the commercial, economic, financial, scientific, technological and cooperation fields. It may be extended to other areas to be agreed upon by the Parties in order to expand and enhance the benefits of this Agreement.”¹

In November 2011, the leaders of the nine countries announced the broad outlines for the framework of the TPP. President Obama stated “taken together, these eight economies would be America’s fifth-largest trading partner. We already do more than \$200 billion in trade with them every single year, and with nearly 500 million consumers between us, there's so much more that we can do together.”² In fact, U.S exports to Asia-Pacific increased 63% from 2003 to 2008.³

¹ “Trans-Pacific Strategic Economic Partnership Agreement”, 2005. Chapter 1: Initial Provisions. Article 1.1: Objectives.

² Executive Office of the President of the United States “Remarks by President Obama in Meeting with Trans-Pacific Partnership,” Transcripts (Honolulu, Hawaii, November 2012), Accessed January 28, 2012, <http://www.ustr.gov/about-us/press-office/speeches/transcripts/2010/november/remarks-president-barack-obama-meeting-tran>.

³ Dale Kasler, “California’s economic recovery gathers steam in December,” The Sacramento Bee, February 22, 2012, accessed February 23, 2012, <http://www.sacbee.com/2012/01/21/4204092/californias-economic-recovery.html>.

The initial trade negotiations for the TPP started in 2003 between Chile, Brunei, Singapore and New Zealand. At that time the agreement was known as Pacific 4 or P4. In 2010, the United States, Australia, Peru and Vietnam entered the P4 negotiations. See Appendix 1 for more detail on the history of the agreement.

Comparison of TPP with other Free-Trade Agreements

The World Trade Organization is the international organization that assists negotiates and regulates free trade agreements. In its article XXIV (8)(b), WTO, stipulates the following with regard to free trade in all sectors:

A free-trade area shall be understood to mean a group of two or more customs territories in which the duties and other restrictive regulations of commerce (except, where necessary, those permitted under Articles XI, XII, XIII, XIV, XV and XX) are eliminated on substantially all the trade between the constituent territories in products originating in such territories.⁴

According to the WTO regulations, the TPP is comparable to other established Free-Trade Agreements (FTAs). However, the TPP is distinctive among other FTAs because this agreement sets a new precedent by not just focusing on traditional trade issues, but stressing behaviors such as “government procurement, the environment, labor, trade union and the support to

⁴ “World Trade Organization, “The basic rules for goods,” accessed February 13, 2012, http://www.wto.org/english/tratop_e/region_e/regatt_e.htm.

small and medium enterprises.”⁵ Thus, the TPP has been celebrated as a 21st-century agreement.

Currently, the United States has signed FTAs with Australia (2005), Chile (2004), Peru (2009) and Singapore (2004). The TPP aims to augment the previous FTAs with these countries. The negotiations will seek: ‘building on or integrating newly negotiated texts with existing bilateral agreements’⁶ with these three countries.

TPP Agreement Details

The agreement aims to solve emerging new era dilemmas in supply-chain management, competitiveness, transparency, and the most complex arena, Intellectual Property Rights (IP)⁷. The five key features identified for the Trans-Pacific Partnership are:

- **Comprehensive market access** - in order to remove tariffs to goods, services, trade and investment
- **Fully regional agreement** - for assisting the development of production and supply chains. See Appendix 2 for more detail on current critical supply-chain issues

⁵ “TPP – new playing field with great opportunities and big pressure,” VietNamNet Bridge, July 12, 2011, accessed February 5, 2012, <http://english.vietnamnet.vn/en/special-report/16107/tpp---new-playing-field-with-great-opportunities-and-big-pressure.html>.

⁶ Claude Barfield, “The Trans-Pacific Partnership: A model for Twenty-First-Century Trade Agreements?,” American Enterprise Institute for Public Policy Research 2 (June 2011): 3, accessed February 1, 2012. doi: 202.862.5800

⁷ “TPP – new playing field with great opportunities and big pressure,” VietNamNet Bridge, July 12, 2011, accessed February 5, 2012, <http://english.vietnamnet.vn/en/special-report/16107/tpp---new-playing-field-with-great-opportunities-and-big-pressure.html>

- **Emphasis on cross-cutting trade issues** - regulatory coherence, competitiveness and business facilitations, small and medium sized enterprises and development; expanding on the efforts of APEC. See Appendix 3 for more detail on APEC.
- **Endorse trade and investment** - innovation in goods and services containing digital economy and green technologies
- **Living agreement** - allows members to update the agreement in the future if new issues arise. Also, the agreement is flexible in order to accommodate new members in the future.

IP is considered a crucial issue for the TPP and remains a matter of controversy.

Members have agreed 'to reinforce and develop existing World Trade Organization Agreement on Trade-Related Aspects of Intellectual Property (TRIPS) rights and obligations to ensure an effective and balanced approach to intellectual property rights among the TPP countries'.⁸

Nevertheless, the member countries have yet to negotiate an appropriate approach to the complex issue that can be agreed upon by all parties. In particular, the negotiations have focused on the enforcement of pharmaceutical patents and generic drug production abroad.

TPP members have to settle the subject in order for the agreement to be in place.

The 11th round of TTP negotiations took place in Melbourne, Australia, on March 1-9, 2012. According to US Trade Representative, Ron Kirk, the member countries remain on track

⁸ U.S. Embassy. "USTR Fact Sheet on Trans-Pacific Partnership Agreement Outline" November 13, 2011, Accessed January 31, 2012, <http://iipdigital.usembassy.gov/st/english/texttrans/2011/11/20111113202959su0.4597829.html#axzz1luashEe8>

to finalizing the terms of the TPP agreement in 2012.⁹ The next round of negotiations is set for May 2012.

⁹ Babb, Mackenzie C., U.S. Trans-Pacific Partners Move Toward Trade Deal, 12 March 2012, <http://iipdigital.usembassy.gov/st/english/article/2012/03/201203121997.html#axzz1parDXXyb>

4. US Exports and Imports with TPP members

According to USA Trade, the United States imported a total of \$2 trillion for 2011. Of the TPP member countries, Malaysia exported the highest value of goods to the US. Figure 1 details the TPP member country import data.

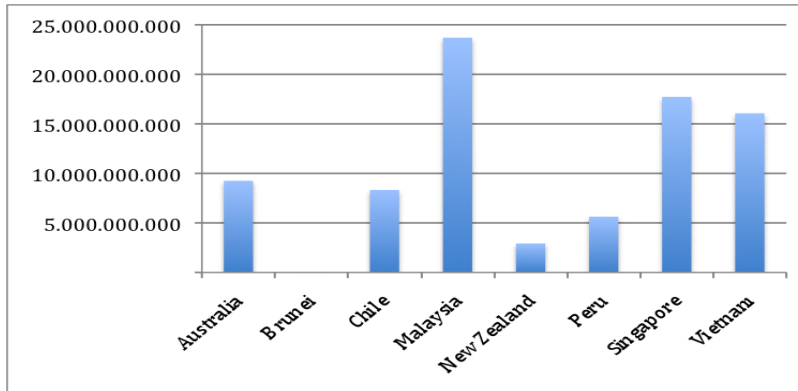


Figure 1. TPP Member Countries 2011 Import Data in USD;
Source: USA Trade Online

In exports, the United States grossed a total value of \$126.5 billion for all categories of products. Of the TPP member countries, Singapore imported the highest value of goods from the US. Figure 2 details TPP member country export data. As it can be seen, United States has already well-set relationship with some of the TPP members such as Australia, Singapore and Malaysia.

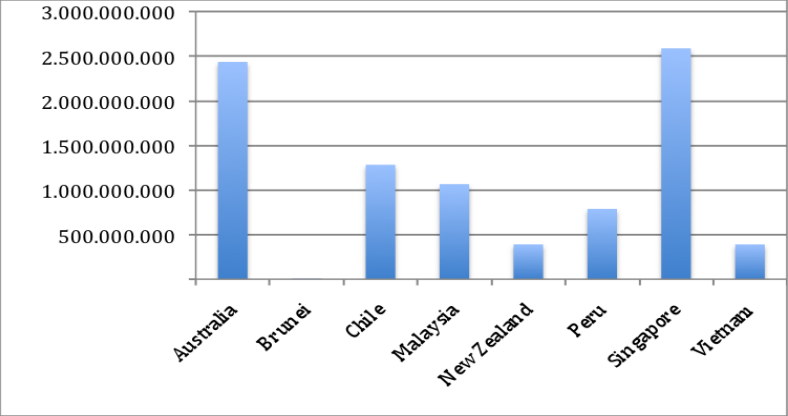


Figure 2. TPP Member Countries Export Data in USD;
Source: USA Trade Online

2. California Economic Data

Background

Across the globe, extremely slow growth patterns resulted from the 2008 economic recession. Despite the overall economic decline, the Federal Reserve estimates a national growth rate of 2.5% for 2012. Although the national economy is slowly regaining strength, California has recently slipped from the eighth largest global economy, to the ninth position. California remains as the country's largest economy with a GDP of \$1.9 trillion. By comparison, Texas is the country's second largest economy with a GDP of \$1.2 trillion.¹⁰

California particularly serves to benefit from the TPP due to the fact that the state 'is the largest exporting state to Asia. In 2010, California exported almost \$62 billion in goods to the region.'¹¹In 2011, in total for all commodities, the state generated \$13.5 million in exports whereas in imports the total was \$29.5 million. This means that the trade deficit for December was -15,934.2.¹² Among exports, the prominent products were: Industrial Machinery, including computers; Electronic Machinery, sound equip, TV equip; Optic Photo, Medic Or Surgical Instruments; Edible Fruit and Nuts Citrus, Fruit or Melon Peel; Vehicles

¹⁰ Walters, "California's economy dips to No.9 in world."

¹¹ Calchamber, "Creating Certainty in an uncertain economy 2012 business issues on legislative guide." (2011-12 Legislative session) 112th Congress, Second Session: 95.

¹² Beacon Economics, "Beacon International Trade Report: California"

Except Railway or Tramway and Parts.¹³ It is important to emphasize that California's leading exports are 'high-technology goods, principally electronic products, industrial machinery, and medical equipment.' The top five destinations for California's exports in 2011 were: Mexico, Canada, China, Japan and Hong Kong.^{14 15}

Chile has the fastest increasing trade relationship with California. Exports from the Golden State to Chile were valued at \$333.4 million in December 2011, by contrast to \$132.4 million in November, a month earlier.¹⁶

Bay Area Analysis

The Bay Area is becoming synonymous with producing high technology (design and development of software and high-tech equipment), information services, environmental technology, medical technology and bio-pharmaceuticals. Consequently, human capital has become an important factor for the Bay Area. Relative to peer cities and regions, the Bay Area has the highest population, by percentage, with undergraduate and graduate degrees in business and science.¹⁷

¹³ Beacon Economics, "Beacon International Trade Report: California"

¹⁴ Beacon Economics, "Beacon International Trade Report: California"

¹⁵ Beacon International Trade Report "California Exporters Set All-Time Record un 2011," California Trade Report (February 10, 2012).

¹⁶ Beacon Economics, "Beacon International Trade Report: California"

¹⁷ The Bay Area Council Economic Institute, "Sustaining the Bay Area's Competitiveness in a Globalizing World", Bay Area Economic Profile (2008): 26

Silicon Valley and the South Bay continue to be destinations for innovative business. Silicon Valley is well known for being the host of many technology corporations that initiated the boom and the region continues to grow. As an example, the 2011 salaries for software and other engineering professionals in California's Silicon Valley rose 5.2% to an average \$104,195, surpassing the average 2% increase (\$81,327) in tech-workers' salaries nationwide.¹⁸

The Bay Area is an attractive option for new entrepreneurs and foreign firms by offering a stable environment for investment. Additionally, there are several Federal, State & local incentives to promote new business in the region. The best known incentive, The San Francisco Enterprise Zone, is a partnership among state and local government and private business. The purpose of the Enterprise Zone is to endorse credits and tax incentives for entrepreneurial ventures in the region. Biotechnology is an incentive directed specifically to business involved in biotechnology research and development.

The GDP of the nine Bay Area counties compared to the GDP of other national economies ranking nineteenth (\$535B).¹⁹ Due to its geographic position, the Bay Area has a natural advantage for trade with Asia compared to other gateways of the U.S. With Asia and the Pacific as its prime markets, computer and electronic equipment is the principal export for the Bay Area.

¹⁸ Pui-Wing Tam, "Average Silicon Valley Tech Salary Passes \$100, 000," The Wall Street Journal, January 24, 2012, accessed February 27, 2012, <http://online.wsj.com/article/SB10001424052970204624204577179193752435590.html>.

¹⁹ Numbers in the News, Center for Continuing Study of the California Economy, Jan 2012.

Furthermore, the Bay Area is an attractive destination for Asian, Latin American and European companies to collaborate with entrepreneurs or to seek investment. ‘The Bay Area is a thriving center for entrepreneurs seeking venture capital funding for their business, attracting far more funds per capita than any comparable region.’²⁰ Opportunities for global collaboration are increasingly feasible because of synergies between the Bay Area port network, access to high technology, the availability of highly skilled labor and the cosmopolitan consumer base of the region.

²⁰ The Bay Area Council Economic Institute, “Sustaining the Bay Area’s Competitiveness”

3. Bay Area & the TPP

According to the *2012 Calchamber Guide*, a prominent solution for economic recovery for the state is to ‘support free trade worldwide, expanding international trade and investment, fair and equitable access market for California products abroad.’²¹ Following this thought, the TPP has the potential to be critical to the state’s continuing economic recovery. Moreover, the Bay Area economy is clearly at an advantage to gain from the terms of this agreement.

As stated previously, key features of the TPP Agreement include comprehensive market access and endorsement of trade and investment with particular focus on the digital economy. The Bay Area is at the forefront of the digital economy and therefore will continue to be an attractive option for new entrepreneurs and foreign firms by offering a stable environment for investment. The TPP will enable expanded opportunities for foreign investment in new and existing markets. It is clear that the Bay Area has a strong foundation for advancing the global digital economy. The intended goals of the TPP will create more mechanisms for the region to expand its global economic impact.

Within the United States, the Bay Area GDP is comparable to the economies of Boston, New York, and Seattle, see Figure 3. Emerging and new technologies are playing a vital role in the economies of each of these US areas. However, the geographic proximity of the Bay Area and Seattle to the TPP member countries can prove to be a determining factor in the ability to maximize the economic benefit to be gained from the TPP by US port cities.

²¹Calchamber, “Creating Certainty in an uncertain economy 2012”: 21

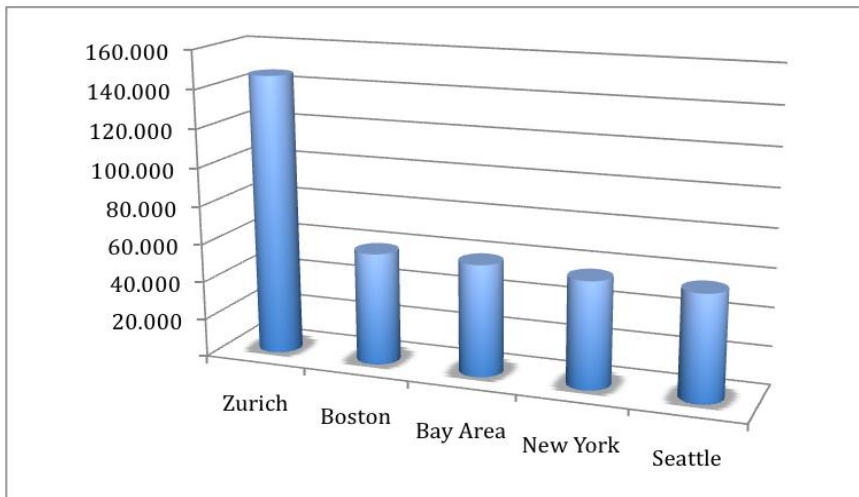


Figure 3. Regional GDP in USD;
Source: Association of Bay Area Governments

The ports of the greater Bay Area region are: Benicia, Oakland, Redwood City, Richmond, San Francisco, Stockton and West Sacramento. Table 1 shows the available import and export values for 2011. The Port of Oakland imports and exports the highest value of goods compared to the rest of the Bay Area ports. In fact, Oakland’s principal trading partners for 2011 were Asian countries (81%), with Australia/New Zealand also proving to be important partners.²² The TPP will increase opportunities for the Port of Oakland to expand existing Asia, Australia and New Zealand relationships and to develop future partnerships with the other TPP members. The principal exports of the port are agricultural products, machinery, non-rail vehicles, chemicals, metal scrap, paper and paperboard, plastic, and cotton.²³

²² Port of Oakland, Strategy and Policy. (February, 2012): 21. Accessed February 22, 2012, http://www.portofoakland.com/pdf/boar_shee_120202.pdf.

²³ World Port Source, “Port of Oakland, Port Detail.” Accessed March 1, 2012, http://www.worldportsource.com/ports/USA_CA_Port_of_Oakland_231.php

Port	Export	Import
Benicia	\$6.2 million	\$1.8 billion
Oakland	\$15.4 billion	\$24.3 billion
Redwood City	\$90 million	\$15 million
Richmond	\$838.8 million (2010 data)*	Unavailable
San Francisco	\$52.1 million	\$578.4 million
Stockton	\$421 million	\$754 million
West Sacramento	\$115.7 million	\$4.8 million

Table 1 - Bay Area Port Data; Source: Ports; International Trade Trends- The Southern California Region

The Port of San Francisco plans to develop increased future cargo capacity. Recently, the Pier 27 expansion for cruise ships resulted in a 28% revenue increase for the Port. Similarly, to expand its cargo capacity, the port ‘will invest in developing a bulk shipping facility at the vacant container terminal at Pier 26 to take advantage of the vacant demand for bulk export facilities...’²⁴ Moreover, ‘the modern Port of San Francisco grows increasingly connected to its neighbors, San Jose and the Silicon Valley, as high-technology industries mature. It is also growing as a center for biotechnology and biomedical research.’²⁵ Therefore, the future expansion offers the potential to further develop trade opportunities for the Port consistent with the intentions of the TPP.

²⁴ Calchamber, “Creating Certainty in an uncertain economy 2012

²⁵ World Port Source, “Port of San Francisco, Port Detail.” Accessed March 1, 2012, http://www.worldportsource.com/ports/USA_CA_Port_of_San_Francisco_230.php

In addition, the Port of Richmond stands out because it is considered ‘the most diversified cargo-handling port in northern California.’²⁶ It has a tradition in oil and liquid bulk movement and automobiles.²⁷ The Port of Stockton and can deliver dry and liquid bulk materials, ‘The Port is well-suited and situated to handle heavy steel and project cargoes with its excellent overland transportation connections.’²⁸ The Port of Redwood City is the only deep-water port in South San Francisco. The port is widely recognized as ‘the fastest growing “small” bulk port in California.’²⁹

The diverse capabilities of the Bay Area port network coupled with the structures of the TPP will enable the region to expand its trade networks. Also, the infrastructure for the high technology sector is well-established. Therefore, as a result of this new trade agreement there is the potential for synergies between the port’s capabilities and the sector to expand.

²⁶ World Port Source, “Port of Richmond Port Detail.” Accessed March 1, 2012, http://www.worldportsource.com/ports/USA_CA_Port_of_Richmond_167.php

²⁷ World Port Source, “Port of Richmond Port Detail.”

²⁸ Port of Stockton Home Page, Accessed March 1, 2012, <http://www.portofstockton.com/>

²⁹ Port of Redwood City Home Page, Accessed March 1, 2012, <http://www.redwoodcityport.com/p7iq/html/Overview.html>

4. Recommendations

In light of the continuing TPP negotiations, the Bay Planning Coalition has identified key legislative actions that will support the Greater Bay Area's current maritime activities and will increase the competitive edge in preparing for the potential impacts from the TPP. As stated in the 2007 Goods Movement Action Plan, "If infrastructure investments are stalled or not made, job growth may be more limited and aging infrastructure will likely be unable to serve the future needs of Californians."³⁰ It is necessary to take into consideration several operating factors in terms of infrastructure and access in order to fully maximize the trade potential for the region.

The terms of the TPP make the Greater Bay Area region ripe with possibility. Therefore, to adequately plan for this 21st Century agreement, the ports and harbors of the Greater Bay Area must be dredged and maintained to their fully authorized depths. Specifically, passage of the HR 104 - RAMP Act on the Federal level would mandate the full usage of Harbor Maintenance Trust Fund (HMTF) collections for the intended purpose of channel and harbor dredging and maintenance. Additionally, to ensure competitive operating costs for shippers passage of the State Senate Bill 1234 would permanently eliminate sales tax on marine fuel in California.

Appropriations from the HMTF, which are primarily used by the Army Corps of Engineers for maintenance dredging, dredged material disposal areas, jetties, and

³⁰ "Goods Movement Action Plan," Prepared by Business, Transportation and Housing Agency & California Environmental Protection Agency, January 2007

breakwaters, have lagged behind revenues into the HMTF for several years. The resulting HMTF surplus was approximately \$5.65 billion at the end of FY10 and continues to grow by hundreds of millions of dollars each year. Enough HMT revenue is collected each year to meet all of the nation's authorized harbor maintenance needs, but less than two-thirds of it is appropriated for harbor maintenance. Charging maritime commerce this tax while failing to provide the service for which it was established is unfair.

To ensure that revenue entering the HMTF is spent for its intended purpose, Congressmen Charles Boustany (R-LA) and Joe Courtney (D-CT) introduced H.R.104, bipartisan legislation with 26 original cosponsors. Senator Carl Levin (D-MI) and Senator Kay Bailey Hutchinson (R-TX), with 12 original cosponsors have introduced S. 412, a companion bill in the Senate. BPC calls for the immediate passage of the RAMP Act to ensure Northern California shippers have adequately operated and maintained shipping channels.

Next, BPC calls for the immediate passage of California State Senate Bill 1234. SB 1234, proposed by Senator Alan Lowenthal, calls for a permanent bunker fuel tax exemption. Pacific Maritime Magazine reported, "The current exemption, which requires renewals every five years, has expired twice before, in 1992 and 2002. According to the state Legislative Analyst, the previous temporary expirations caused marine fuel sales statewide to drop almost 50 percent."³¹ Bunker fuel tax exemptions are an industry standard across the country.

California's shipping industry must be able to compete with the rest of the nation and passing

³¹ "California Senator Pitches Permanent Bunker Fuel Tax Exemption," Pacific Maritime Magazine Online, March 2, 2012, http://www.pmmmonlinenews.com/2012/03/california-senator-pitches-permanent_02.html

a permanent state maritime fuel tax exemption will ensure that the state can stand on equal footing with the nation's other port facilities.

5. Conclusion

The Trans-Pacific Partnership Trade Agreement will set the new paradigm for free trade in the 21st century. Seeking to address new-era challenges, the TPP will pioneer trade innovation with regards to public procurement, environment, labor, supply-chain management, competitiveness, transparency, trade unions, SMEs and IP. In general, the TPP is comprised of five essential components: comprehensive market access; regionalism of agreement; emphasis on cross-cutting trade issues; endorse trade and investments; and status as a living agreement.

With the exception of Brunei, the US has well-established trade relationships with all of the TPP member countries. In terms of exports, the United States sells more products to Singapore whereas it buys more from Malaysia. California, specifically, has the strongest trade relationship with Asia among other US states. Besides, the principal exports of the state are high-technology, which is also a key trade sector emphasized in the TPP. The TPP will be of particular importance to the state in potentially expanding to new markets.

The Bay Area, particularly, serves to gain from the TPP. First, the region has a sophisticated port network with a geographic advantage to trade access with the TPP member countries. Next, the digital economy and high technology sector of the region are stable markets and continue to gain strength. Additionally, the Bay Area is an attractive choice for entrepreneurs seeking to open a new business. Finally, the Bay Area is an appealing option for foreign investment. It offers a secure environment to invest, high-skilled workforce and a cosmopolitan region.

Looking at all of these key economic facets of the Bay Area, there are natural synergies that occur across these sectors. Even more evident, is the potential for the region to benefit from the terms of the TPP by attracting new markets abroad and by attracting new investments internally. The TPP offers potential opportunities to increase the export of high value products from the region. The specific trade issues addressed by the agreement will offer new opportunities for linking the Bay Area economy with emerging markets.

However, due to the complexity of the trade realms negotiated within this agreement, there are challenges for the members to overcome before the agreement is finalized. In addition, there is further coordination needed to determine the finer details of how the agreement will integrate with current FTAs that the United States has with Australia, Chile, Peru and Singapore. The target for enacting a finalized agreement is set for the end of 2012.

Therefore, to adequately plan for this 21st Century agreement, the ports and harbors of the Greater Bay Area must be dredged and maintained to their fully authorized depths. Specifically, passage of the HR 104 - RAMP Act on the Federal level would mandate the full usage of Harbor Maintenance Trust Fund (HMTF) collections for the intended purpose of channel and harbor dredging and maintenance. Additionally, to ensure competitive operating costs for shippers passage of the State Senate Bill 1234 would permanently eliminate sales tax on marine fuel in California.

In conclusion, the TPP is an ambitious FTA that will set new global trade precedents for the 21st Century. Although the terms are not finalized, the overall intent of the Trans-Pacific Partnership is significantly aligned with the current economy of the Greater Bay Area.

Therefore, looking ahead to a finalized agreement, it is anticipated that Northern California has the potential to optimize its global economic impact and further strengthen the regional economy.

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Appendix 1

2002- At the Asia Pacific Economic Cooperation, leaders of Singapore, New Zealand and Chile announced intentions for multi-national free trade agreement.

2003-2005- Four rounds of negotiations on the Pacific Three Closer Economic Partnership (P3 CEP). Brunei joined negotiations at the fifth round. The negotiations led to the Pacific 4 or P4³²

2006-The agreement came into force.

2008-Bush Administration announced intention to enter into negotiations with the P4. Australia, Peru and Vietnam also entered in the talks.

2009-President Barack Obama spoke on the subject of the inclusion of the United States in the agreement. In December 2009, the Administration formally stated its desire to the Congress.

2010-First negotiations hosted in Melbourne with all nine member countries, followed by three more sessions in San Francisco, Brunei and Auckland, respectively. In the first session, the negotiators divided ten negotiation groups: industrial goods, agriculture, sanitary and phytosanitary standards, telecommunications, financial services, customs rules of origin (ROOS), government procurement, environment and trade capacity building.³³

³² Deborah Elms, "From the P4 to the TTP: Explaining Expansion Interest in the Asia-Pacific." United Nations Economic and Social Commission for Asia and the Pacific, Paper Prepared for the Asia-Pacific Trade Economists' Conference. Bangkok, (November 2-3, 2009).

³³ Claude Barfield, "The Trans-Pacific Partnership": 2

In the second round the logistics of the agreement were discussed; particularly, how the new agreement will complement the other existing free trade agreements between the member countries. In the third round, the areas were added and subdivided.

2011- Ten rounds of negotiations concluded in broad outlines of the treatment. Japan, Canada and Mexico pronounced interest to join negotiations.

2012 – March; Melbourne, Australia – IP and other pertinent issues under negotiation. Next round of talks set for May, 2012.

Appendix 2

Global Supply Chains (GSC) deals with cross-border movements of goods, international competitors and difficult patterns of customer demand; GSCs are now more spread through the world as never before, 'the largest shoemaker doesn't actually make shoes, but only designs and sells them. A world where the largest direct seller of personal computers doesn't so much manufacture its products as it assembles them from components sourced elsewhere.'³⁴ Therefore, the competitiveness for companies has increase in recent years. TTP seeks to increase regional jobs through supply chains, as well aims to raise the development in the region.³⁵

Another point that will be in the TPP will be rules of origin to resolve whether a product originates within the borders of the TTP member. Countries have agreed to be 'objective, transparent and predictable' in using materials from a non-TPP country.

³⁴ Ruud Bosman, "The New Supply Chain Challenge: Risk Management in a Global Economy." FM Global (2006): 6

³⁵ U.S. Embassy. "USTR Fact Sheet on Trans-Pacific Partnership Agreement Outline"

Appendix 3

Asia Pacific Economic Cooperation (APEC) is an economic forum with the primary aim 'to support sustainable economic growth and prosperity in the Asia-Pacific region'.³⁶ Nine economies of APEC are members of the TPP; therefore APEC helps as an adviser when it is required from the TPP parties. Regarding the point of SMEs, APEC is aware of the challenge that small and medium companies face when it comes to international competitiveness. This is why it has created "The APEC SME Working Group" to assist SMEs. In particular, 'the group asserts to: enhance market liberalization and access, facilitate business collaboration by encouraging cross-border network and platforms, and support SME internationalization.'³⁷

³⁶ Asia-Pacific Economic Cooperation, "Mission Statement", accessed February 25, <http://www.apec.org/About-Us/About-APEC/Mission-Statement.aspx>

³⁷ Asia-Pacific Economic Cooperation, "Small and Medium Enterprises", Fact Sheets accessed February 25, <http://www.apec.org/About-Us/About-APEC/Fact-Sheets/Small-and-Medium-Enterprises.aspx>