



DEMAND ENFORCEMENT OF EXISTING TRADE AGREEMENTS

Policy Factsheet

Why it Matters to Washington

International trade is a vital tool in strengthening Washington's economy, but it cannot work to its fullest capacity if Washington's partner nations don't follow rules laid out by trade agreements and the WTO.

Enforcing rules is a critical priority to secure the success of Washington's global-facing businesses. Whether we're discussing trade with our NAFTA neighbors or exports across the Pacific to China, a lack of enforcement has a direct impact on local jobs.

Local Leadership

"Global trade has helped create countless jobs here in the United States...With a strong trade agenda, we have the potential to continue growing these jobs and expand opportunities for businesses. However, the success of our global trading system depends on transparency and strong enforcement. Each partnering country must play by the same rules." – **Dave Reichert**, 2015⁴

"We must ensure our trading partners play by the rules and live up to their commitments" – **Maria Cantwell**, 2015⁵

Fast Facts

If Mexico did not use discriminatory regulations against U.S. potatoes and our growers had full access to the Mexican market, exports could generate an additional \$200 million annually.²



British Columbian winemakers are exempt from an 89% B.C. Liquor Distribution Board markup to which U.S. producers are subject.³

The U.S. filed 20 WTO enforcement complaints from 2009-2016 – more than any other member – and has won every case disputed so far.¹



Enforcement Progress

In February 2016, Congress passed the Trade Facilitation and Trade Enforcement Act. Senator Maria Cantwell drove an amendment that serves as the first guaranteed source of funding dedicated to ensuring U.S. trade partners maintain their commitments. Every year, \$15 million must be transferred into the Trust Fund and this allotment is required to be spent exclusively on enforcing the trade partnerships through free trade agreements and the WTO.⁶

Washington state is hopeful to continue progressing toward policy that emphasizes enforcement, especially addressing trading partners that have rules impeding digital trade, such as restrictions on cloud computing or cross-border data flows.

Policy Recommendations

Enforce the rules of current trade agreements.

Washington cannot reap the full benefits of free trade agreements when its trading partners do not follow their rules. For example, Washington cannot access the full rewards of The U.S.-Korea Free Trade Agreement (KORUS) until pharmaceutical, consumer appliance, car import, digital trade, and regulatory discrepancies are corrected to align with the standards implemented with the agreement's ratification in 2011.⁷ It is critical that the U.S. use policy provisions provided in current agreements to promptly and aggressively pursue redress when trading partners fail to fulfill their commitment.

Ensure future trade agreements have clear and enforceable standards.

Although it wasn't ratified in the U.S., the Trans-Pacific Partnership (TPP) provided an excellent roadmap to positive enforcement mechanisms that must be included in future free trade agreements. The TPP was the first-ever agreement to include enforceable labor and environmental provisions in its main text.⁸ It is vital that similar mechanisms are included in future agreements to reflect U.S. standards and protect local interests.

Utilize the WTO to establish enforceable rules and standards.

The World Trade Organization (WTO) is the only body that facilitates the rules of trade between countries across the globe. The WTO is an integral tool in ensuring all member nations cooperate, collaborate, and follow rules they signed onto. For example, when China joined the WTO in December 2001,⁹ it committed to standards that prohibited the subsidization of specific industries and the dumping of excess products. A U.S. complaint via the WTO about a Chinese export subsidy program in 2016 helped remove Chinese policies that disadvantaged businesses here at home.¹⁰