



SFIA Legal Task Force Series:

Updates on Changing International Trade Landscape Webinar

- **SFIA Host:** Jonathan Michaels, **SFIA**
- **Webinar Moderator:** Mark Granger, **Granger Legal Consulting**
- **Presenters:**
 - Bill Sells, **SFIA**
 - Jonathan (Josh) Kallmer, **Crowell & Moring LLP**
 - Laurent Ruessmann, **Field Fisher Waterhouse LLP**

1. Tariff Relief issues pending on Capitol Hill
2. Updates on Trans-Pacific Partnership Trade (TPP) & Transatlantic Trade and Investment Partnership (TTIP)
3. How Regulations will Impact the Industry
4. Question & Answers

**Questions Can Either Be Submitted Via the
GoToWebinar Toolbar or emailed to
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Current Tariff Relief issues on Capitol Hill



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Miscellaneous Tariff Bill

- Temporary Duty Relief Expired 1/1/13
- 1,500 tariff relief bills fully vetted
- 11 Sports Equipment Bills \$5.5 Million in relief
 - Golf Bags & Clubs, Basketballs and Volleyballs
- MTB Introduced end of 2012 & again July 2013
- Has votes to pass in House & Senate
- Senate obstacles
 - Democrats - New Taxes
 - GOP - Tea Party "Earmark" Objection
- Prognosis: passes by end of year - retroactive relief?
 - Part of broader must-pass bill or via 'Unanimous Consent'
 - Risk of a "Hold" over Earmark if 'Unanimous Consent'

- General Systems of Preference (GSP)
 - Expired 7.31.13
 - Duty-Free Entry on 5,000+ Products made in 127 “developing economies”
 - Thailand \$3.7B, Indonesia \$2.2B, Philippines \$1.2B
 - 2012 \$19.9 Billion in GSP imports
 - \$750 million in tariff relief
 - Retroactive to 7.31.13
 - Most Apparel and Footwear not GSP eligible
 - Sporting goods equipment GSP eligible
 - Senator Coburn Hold
 - Make up ‘lost’ tariff revenue – not in favor of Senate offset

Latest Free Trade Agreement (FTA) Developments with a Focus on the Transatlantic Trade and Investment Partnership (TTIP)

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FTAs can provide significant benefits for companies doing business across borders

- **Reduce burdens of import tariffs and customs procedures**
- **Liberalize and harmonize rules of origin**
- **Enhance market access, incl. government contracts**
- **Protect companies' intellectual property**
- **Provide binding dispute settlement**

However, one company's (or one sector's) benefit may disadvantage others

TPP is, until now, largest and most complex FTA

- **Represents significant economic heft**
 - **12 countries** (Australia, Brunei, Canada, Chile, Malaysia, Mexico, New Zealand, Peru, Singapore, Japan, the United States, and Vietnam)
 - **40 percent** of global gross domestic product (GDP)
 - **33 percent** of world trade
- **Addresses both traditional and modern trade barriers**
 - tariffs, rules of origin, supply chains, and trade facilitation
 - apparel and footwear
 - regulatory issues
 - intellectual property rights
 - investment
- **Formidable obstacles still remain**
 - Japan's recent entry into the negotiations
 - Vietnam's demands on apparel and footwear

Clues to what US-EU agreement might contain : EU-Korea FTA (2011) & US-Korea FTA (2012)

- **Tariff elimination : more than 90% of goods**
- **Rules of origin : detailed, different models**
- **Customs administration**
- **Technical barriers to trade : different sector coverage**
- **Services liberalisation : different approaches**
- **Investment access and protection : US FTA includes investor-State**

EU-US trade and investment relationship is single largest and most significant in world

Together, EU and US account for:

- **54 percent of global GDP;**
- **30 percent of world trade;**
- **\$2.7 billion/€2.0 billion of daily trade in goods and services; and**
- **\$3.7 trillion/€2.8 trillion of investment in each others' markets.**

There is no “model” for this negotiation between the world’s two largest economies
TTIP negotiations will address three broad categories of issues

- **Market Access:** Goods, Services, Investment, Procurement
- **Regulatory Issues:** Sanitary and Phytosanitary (SPS) Measures, Technical Barriers to Trade (TBT), Sector-Specific Regulatory Issues
- **Global Rules and Principles:** Intellectual Property Rights (IPR), Trade Facilitation, Competition/State-Owned Enterprises (SOEs)/State Aids, Localization measures

TTIP promises significant commercial gains for proactive companies, but companies must also actively manage downside risks

To get best results, companies must actively engage negotiators and other stakeholders

- **Gather pre-negotiation intelligence and establish priority objectives**
- **Assess other companies'/stakeholders'/governments' positions**
- **Articulate priorities into workable negotiating proposals**
- **Engage with negotiators and other officials on both sides**
- **Develop coalitions of like-minded stakeholders**
- **Monitor negotiations for threats and developments re objectives, positive or negative**



Thank You To All of Our Speakers

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www.sfia.org/ils

2014 National Health Through Fitness Day

March 4-5, 2014 • Washington, DC

www.sfia.org/nhtf

2014 Litigation & Risk Management Summit

April 8-9, 2014 • Phoenix, AZ

www.sfia.org/lrms