



CONGRESSMAN DAN LIPINSKI
SERVING THE THIRD DISTRICT OF ILLINOIS

The Truth, Transparency, Accountability, and Fairness in Trade Act
Summary and Section by Section

Summary

The Truth, Transparency, Accountability, and Fairness in Trade Act would mandate that the International Trade Commission, in conjunction with the Department of Labor, provides reports on the operation of existing free trade agreements (FTA) to in order to have the Government Accountability Office verify it and determine whether American jobs and exports are being negatively impacted over time. Upon a determination that American jobs or exports are being disrupted, an interested Member of Congress would have the right to submit a “termination bill,” which would be subject to expedited consideration and allow for the cancellation of the FTA or a portion thereof upon enactment. Any renegotiated agreement would be barred from being considered under Trade Promotion Authority and USTR would be required to negotiate severable FTAs moving forward so as to allow for the cancellation of specific provisions of FTAs without necessarily cancelling entire agreements.

Section by Section

Sec. 1: Short title

Sec. 2: Reporting

- Amends section 163 of the Trade Act of 1974 to require the United States International Trade Commission (USITC) and Department of Labor (DOL) to submit reports to Congress on the operation of each FTA during the preceding year.
- Each report must include information on the exports and imports between the United States and its free trade partners, outlined by industry and commodity, as well as the number of Trade Adjustment Assistance (TAA) applications filed by individuals affected by the FTA, as determined by the DOL and USITC, during the preceding year and each year before that.

Sec. 3: Termination of Agreements or Portions Thereof

- Amends Section 125 of the Trade Act of 1974 to provide that an FTA or a section, chapter, or portion thereof may be cancelled after the USITC submits its reports under Section 163 and GAO determines that a report shows that any of the following occur during a consecutive three-year period or during three years in a five year-period:
 - Export Disruption: a 5% decline in U.S. exports to the FTA partner and increase in imports from the FTA partner;
 - Labor Disruption: a 5% increase in Trade Adjustment Assistance applications from workers and firms affected by the FTA;
 - Trade Balance Disruption: a 5% increase in the trade deficit between the U.S. and the FTA partner.
- In the event that GAO determines that a disruption has occurred, any interested Member of Congress then has the right to submit a termination bill with Trade Termination Authority, which follows fast track procedures for a vote to cancel the FTA.
- USTR must ensure that the renegotiated FTA is not substantially similar to the prior version and it is not permitted to seek Fast Track consideration for the renegotiated FTA.

Sec. 4 Retaliatory Actions:

- Amends section 301 of the Trade Act of 1974 to require the USTR to take action in the event that a country affected by a termination bill implements a retaliatory tariff or trade barrier.

Sec. 5 Severability Requirement

- Requires the USTR to ensure that any free trade agreement entered into on or after the date of the enactment of the Truth, Transparency, Accountability, and Fairness in Trade Act is negotiated in a form that allows for the termination of specific sections, chapters, or portions to allow for Congress to terminate those provisions causing disruption without cancelling the entire free trade agreement.



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Example: Trade Balance Disruption in the U.S.-Korea Free Trade Agreement (KORUS)

Table 1: Project vs. Actual Exports

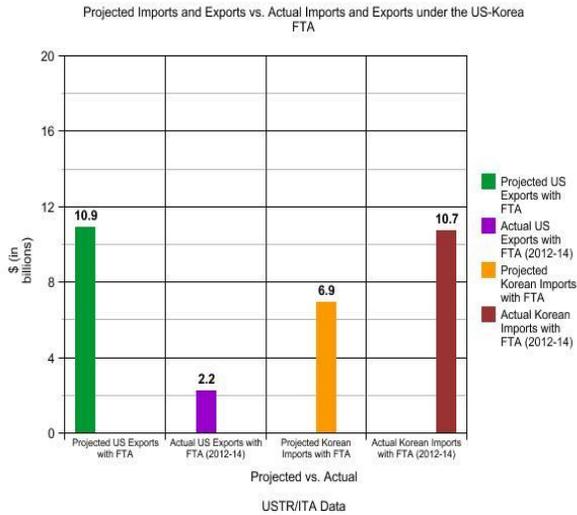
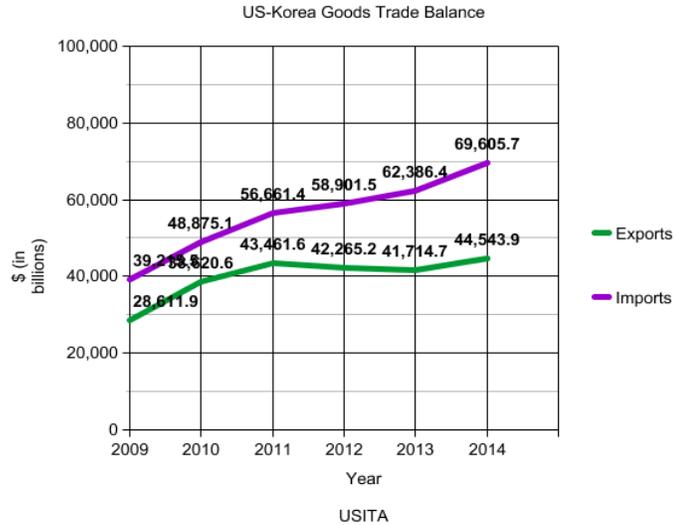


Table 2: Goods Trade Balance



An example where the Truth, Transparency, Accountability, and Fairness in Trade Act would have an effect is the KORUS FTA. If you look at Table 1, USTR projections have fallen far short of their expectations. Looking at Table 2, it becomes apparent that these incorrect projections caused Trade Balance Disruption as the trade deficit increased 26% in 2012 after KORUS was enacted and then further increased 24% in 2013 and 21% in 2014. If the Truth, Transparency, Accountability, and Fairness in Trade Act were in effect, a Member of Congress could introduce a bill to cancel this agreement before the trade balance widens even further.