Statement
of the
U.S. Chamber
of Commerce

The Trans-Pacific Partnership

Hearing for the Record on Negotiating Objectives with Respect to Canada's Participation in the Proposed Trans-Pacific Partnership Trade Agreement

September 24, 2012

The U.S. Chamber of Commerce is the world's largest business federation, representing the interests of more than three million businesses of all sizes, sectors, and regions, as well as state and local chambers and industry associations, is pleased to present this testimony on the Trans-Pacific Partnership (TPP).

No priority facing our nation is more important than putting Americans back to work. Fully 8.3% of the U.S. workforce is unemployed —a figure that soars beyond 15% when those who have stopped looking for jobs and the millions of part-time workers who want to work full time are included. As a nation, the biggest policy challenge we face is to create the 20 million jobs needed in this decade to replace the jobs lost in the current recession and to meet the needs of America's growing workforce.

World trade will play a vital role in reaching this job-creation goal. When President Barack Obama delivered his State of the Union address in January 2010, the U.S. Chamber and the rest of the business community welcomed his call for a national goal to double U.S. exports within five years. The rationale is clear: We cannot rely on domestic consumption to generate more demand for the goods and services we produce. The American consumer is likely to spend more frugally in the years ahead, and the federal government faces unsustainable budget deficits.

Most importantly, outside our borders are markets that represent 73% of the world's purchasing power (1), 87% of its economic growth (2) and 95% of its consumers. The resulting opportunities are immense.

Trade already sustains millions of American jobs. More than 50 million American workers are employed by firms that engage in international trade, according to the U.S. Department of the Treasury.(3) President Obama has noted that one in three manufacturing jobs depends on exports (4) and one in three acres on American farms is planted for hungry consumers overseas.(5)

Nor is trade important only to big companies. Often overlooked in the U.S. trade debate is the fact that more than 97% of the quarter million U.S. companies that export are small and medium-sized enterprises (SMEs), and they account for nearly a third of U.S. merchandise exports, according to the U.S. Department of Commerce. In fact, the number of SMEs that export has more than doubled over the past 15 years.

The bottom line is simple: If America fails to look abroad, our workers and businesses will miss out on huge opportunities. Our standard of living and our standing in the world will suffer. With so many

Americans out of work, opening markets abroad to the products of American workers, farmers, and companies is a higher priority than ever before.

The Problem: Foreign Tariffs and Other Trade Barriers

The chief obstacle to reaching the goal of doubling U.S. exports by 2014 is the complex array of foreign barriers to American exports. Those barriers are alive and well, and they pose a major competitive challenge to U.S. industry and agriculture and the millions of U.S. workers whose jobs depend on exports.

From the perspective of the U.S. business community, the foremost goal of U.S. trade policy should be to tear down those barriers. Casting light on this challenge, the World Economic Forum issues an annual Global Enabling Trade report, which ranks countries according to their competitiveness in the trade arena.(6) One of the report's several rankings gauges how high the tariffs are that a country's exporters face. Among the countries whose exporters face the lowest tariffs globally are Chile and Peru, ranked 2nd and 4th, which is a result of the massive network of free trade agreements that both countries have around the globe.

While the report found the United States did well in a number of areas, America ranked a disastrous 125th out of 132 economies in terms of "tariffs faced" by our exports overseas. In other words, American exporters face higher tariffs abroad than nearly all our trade competitors. It is also worth noting that tariffs are just part of the problem, as they are often found alongside a wide variety of non-tariff barriers that shut U.S. goods and services out of foreign markets.

Historically, the only way the U.S. government has ever enticed a foreign government to open its market to American exports is by negotiating agreements for their elimination on a reciprocal basis. This is done in bilateral free trade agreements (FTAs), such as the accords with South Korea, Colombia, and Panama recently approved by Congress, or the TPP.

The Solution: The Trans-Pacific Partnership

The TPP has great potential as a pro-growth agreement that will create good American jobs, strengthen ties between Asia and the Americas, and confirm that the United States is not ready to cede its global leadership role in trade. The current nine TPP partners – Australia, Brunei, Chile, Malaysia, New Zealand, Peru, Singapore and Vietnam – already represent the U.S.'s fourth largest trading partner with over $196 billion in goods traded in 2011. With the addition of Canada and Mexico, the TPP will become our most economically significant trading block, and could generate billions of dollars in new American exports within a few short years.

Most importantly, the TPP will create a new template for conducting trade and investment which will provide a level playing field for American workers and farmers. While the U.S. market is already wide open to imports, several of the TPP countries impose tariffs on U.S. products that soar into the double digits, limiting the competitiveness of our companies and workers. By engaging in a free trade agreement, we will not only knock down those barriers and open the door for American companies, but we will set a model for liberalization that has the potential to be adopted across the region.

On average, U.S. exports to new FTA partner countries have grown four times as rapidly in the 3-5 year period following the FTA's entry into force as U.S. exports to the world, according to an analysis by the U.S. Chamber.

To settle once and for all the debate over whether these FTAs have benefitted American workers and companies, the U.S. Chamber commissioned a study entitled Opening Markets, Creating Jobs: Estimated U.S. Employment Effects of Trade with FTA Partners,7 which was released in May 2010. The study examined U.S. FTAs implemented over the past 25 years with a total of 14 countries. It excluded three other countries where FTAs have only recently been implemented. The study employs a widely used general equilibrium economic model which is also used by the U.S. International Trade Commission, the WTO, and the World Bank.

The results of this comprehensive study are impressive: 17.7 million American jobs depend on trade with these 14 countries; of this total, 5.4 million U.S. jobs are supported by the increase in trade generated by the FTAs. No other budget neutral initiative undertaken by the U.S. government has generated jobs on a scale comparable to these FTAs, with the exception of the multilateral trade liberalization begun in 1947.

The trade balance is a poor measure of the success of these agreements, but deficits are often cited by trade skeptics as a reason why the United States should not negotiate free trade agreements. However, taken as a group, the United States has run a trade surplus in manufactured goods with its 17 FTA partner countries for the past three years, according to the U.S. Department of Commerce (on top of the U.S. global trade surpluses in services and agricultural products).

High Standards, New Disciplines

The TPP also represents an opportunity to set a high bar for the rules governing trade and investment in the 21st century. Unlike many of the 338 trade agreements that are in force across the globe, the TPP promises to set a new standard for trade and investment that will generate greater benefits for all participating countries. It is a chance to introduce ground-breaking disciplines in new areas so that trade and investment norms can keep pace with the rapidly evolving global economy and the sophisticated behind-the-border measures that governments are increasingly using to block access and obstruct market-based competition.

At last year's APEC meeting the leaders of the TPP countries agreed that the TPP will:

"be a model for ambition for other free trade agreements in the future, forging close linkages among our economies, enhancing our competitiveness, benefitting our consumers and supporting the creation and retention of jobs, higher living standards, and the reduction of poverty in our countries."

Trans-Pacific Partnership Leader's Statement, Honolulu, HI, November 2011

Only by embracing open and competitive markets will we be able to truly level the playing field and realize the potential of the TPP agreement. All TPP members – the U.S. included – must commit to open access across agriculture, manufacturing and services, with no exclusions. If the U.S. chooses to protect minority special interests, as it has done in past bilateral trade agreements, we risk creating a negative precedent which will ultimately expose U.S. companies to retaliatory discrimination and barriers from our trading partners.

In addition to being comprehensive in scope, the rules of the TPP must be crafted in a way which protects U.S. exports and investors and promotes new growth in emerging sectors and markets.

Canada's Role in TPP

In its Federal Register notice requesting comments, USTR aptly summarized Canada's role in TPP: "Including Canada in the TPP negotiations furthers the objective of achieving a high-standard, broad-based Asia-Pacific regional agreement." But it is also more than that: Canada is the single largest market for U.S. exports, with Canadians spending one-quarter trillion dollars on American goods in 2010, and supporting eight million U.S. jobs. Accounting for nearly 20% of all U.S. exports, no other country comes close to the size of this export market.

Moreover, U.S. exports to Canada are geographically distributed throughout the United States, with 37 states counting Canada as the top destination for their exports. Canada-U.S. trade represents the largest bilateral commercial relationship in the world, with goods and services trade crossing the border at a pace of $1 million per minute. Notably, many of these expenditures are intra-firm trade, reflecting two facts: 1) U.S. and Canadian supply chains and production processes are deeply integrated; and 2) Canada (together with Mexico) represents an export platform for U.S. products, with a high proportion of U.S. content in Canadian exports.

For both reasons, we believe that close collaboration with both Canada and Mexico on current and future trade negotiations, including the TPP, will help maximize the benefits of new market access and related trading rules for U.S. producers whose competitiveness depends in part on the strength and efficiency of these North American supply chains.

Further, we believe that Canada's participation in the TPP negotiations will lend further support to many key U.S. negotiating positions:

Market Access:

Canada: Under the North American Free Trade Agreement (NAFTA) Canada has eliminated all tariffs on consumer, industrial, and agricultural products imported from the United States. However, cumbersome compliance processes associated with the agreement mean that the use of NAFTA preferences is actually on the decline.

The Chamber believes that due to its strong track record as a trade agreement partner as well as its recent unilateral tariff removal initiative, Canada will be an especially strong ally in the TPP talks for thorough and expeditious elimination of both tariff and non-tariff barriers to trade, and TPP offers an important opportunity to streamline the rules applied to bilateral trade, as well.

Investment:

U.S. firms that invest overseas are more globally competitive, export more, invest more in research and development in the United States and pay their workers more compared to firms operating purely domestically. Additionally, multinationals' investments abroad serve as the gateway to the global economy for American small and medium sized businesses as they purchase 90 percent of their intermediate inputs from other U.S. companies.

Attracting investment is also vital to the long term success of the U.S. economy. Foreign companies have invested $2.3 trillion in the United States and employ more than 5.3 million Americans with an annual payroll of more than $400 billion, according to the U.S. Department of Commerce. Moreover, average annual compensation at foreign-owned firms tops $77,000. It's impressive to note that U.S. affiliates of foreign companies have spent more than $40 billion on research and development and $150 billion on plants and equipment in recent years, and they have reinvested more than $90 billion in their U.S. operations.

It is therefore vital that the TPP include gold standard obligations that support and open investment climate. These obligations should ensure companies have the freedom to own and control their investment, assurances that foreign direct investment receives fair and non-discriminatory treatment, and an expectation that host governments will adhere to rule of law. TPP parties must agree to uphold contract and property rights, prohibit discrimination against foreign companies, avoid onerous performance requirements as conditions for investment, and provide recourse to investor-State arbitration as a mechanism for settling dispute. Any derogation from these principals will be inconsistent with the ambition of the TPP leaders and unacceptable to U.S. industry.

Canada: Canada is generally open to investment from the United States. With U.S. investment stocks in Canada of $306 billion as of 2010, the United States accounts for more than half of all foreign investment in Canada. However, some concerns do remain. For instance, Canada maintains a number of investment and content restrictions in the broadcasting industry that restrict opportunities for US companies to operate in Canada. Removal or reduction of these barriers would expand the ability of US broadcasters and other companies to invest directly in the delivery of programming to Canadian consumers. All things considered, Canada would be expected to be a strong voice for an open investment regime in TPP.

Intellectual Property:

Intellectual property (IP) is a key engine of growth and economic development in the global economy. IP-intensive industries create real jobs for Americans. These jobs can be found in every corner of the U.S., as evidenced by the U.S. Chamber's recently-released IP Creates Jobs study. According to this study, IP-intensive industries directly and indirectly support more than 55 million American jobs – jobs that pay 30% higher wages than those in other industries – and account for $5.8 trillion in national output.

IP is also one of our most valuable trading assets and a key to our global competitiveness. In 2011, our innovative and creative industries comprised close to three quarters of all U.S. exports. In both Florida and California, for example, IP accounts for over 75 percent of each state's exports. With 95 percent of consumers living outside the U.S. transparent, high standard and commercially meaningful IP rules in the global marketplace are essential to the growth of our IP-intensive industries in all states.

For the U.S. to remain the most innovative economy on Earth, we must ensure that our IP-intensive industries remain confident that copyrights, patents, and trademarks will be enforced. Sound IP policies and enforcement of IP rights abroad are essential to advancing U.S. economic recovery, driving America's competitiveness and export growth and creating high-quality, high-paying American jobs.

In the TPP, the U.S. negotiators must continue to press aggressively for the strongest IP and technology transfer provisions, building on the world-class provisions of KORUS and U.S. law to level the playing field for America's creative and innovative industries.

Additionally, the TPP must go beyond the KORUS text to provide enhanced protections for trade secrets or "know how", which are critical to the competitiveness and strength of many U.S. companies across sectors as diverse as complex as manufacturing, climate change technologies, chemicals, defense, biotech, IT services, and food and beverages. The TPP must prevent governments from masquerading industrial policy as competition policy through forced licensing of trade secrets solely because a trade secret owner unconditionally refused to grant a license to a third party that wants or needs access to proprietary information to innovate and/or compete. This bright line between the right to keep proprietary information secret and competition enforcement should be articulated as a matter of Administration policy, advocated overseas on a regular basis and included in the TPP.

Canada:

The TPP must include robust IP standards, similar to those found in the US-Korea Free Trade Agreement (FTA). Canada's IP protection and enforcement regime continues to fall short of that standard in a number of ways.

With the enactment into law of Bill C-11, the Copyright Modernization Act, Canada took a positive step toward advancing IP protections. However, Canada's intellectual property system continues to lag behind that of many developed nations. In order to sufficiently modernize Canada's intellectual property laws and enforcement practices and to position Canada as a strong partner in promoting robust intellectual property standards in regional and multilateral fora, we recommend the following reforms.

While the Chamber commends Canada for passage of Bill C-11, which went a long way toward implementing the WIPO Internet Treaties, we continue to urge Canada to do more to combat IP theft, particularly online. During TPP negotiations, the US government should highlight the need for continuing reform, including inter alia: clarifying the right of making available on behalf of record companies and performers; providing greater incentives for timely cooperation on the part of internet service providers in addressing the use of their services for infringing purposes; ensuring the application of statutory damages for relevant online conduct; application of national treatment to US right holders without exception; and extension of the term of protection.

Canada's IP system provides inadequate stability and certainty for innovative pharmaceuticals. One of the most significant challenges facing pharmaceutical and biopharmaceutical innovators in Canada is the lack of an equitable right of appeal under The Patent Medicines (Notice of Compliance) (PMNOC) regulations. Under the PMNOC regulations, while a generic company can appeal a decision in a Notice of Compliance proceeding, a patent holder effectively does not have this same right. We urge the United States to encourage Canada to correct this significant regulatory inequity by providing a meaningful and effective right of appeal to patent holders, thereby avoiding significant harm to innovative pharmaceutical and biotechnology companies operating in Canada.

Canada could also secure greater stability and certainty by providing Patent Term Restoration (PTR) and clarifying certain restrictions in its data protection regulations. We are concerned about the requirement that innovative products must be "marketed in Canada" in order to receive and maintain data protection. This marketing requirement does not appear to be supported by either Article 39.3 of the TRIPS Agreement or Article 1711 of the North American Free Trade Agreement (NAFTA). We would welcome greater clarity with respect to this additional requirement in order to avoid harm to innovators if the drug is not marketed in Canada.

We are also concerned about Canada's application of the "utility" requirement to determine patentability of a drug. We believe that recent Canadian court decisions on the issue lead to heightened requirements for pharmaceutical innovators, requirements that are not applied to other technological fields.

In addition, we have concerns across sectors that Canada does not have sufficient tools to combat the transshipment of counterfeit and pirated goods through its borders. In particular, Canada should provide ex officio authority to its Customs officials to allow for the seizure of counterfeit and pirated products at the border without a court order and greater resources and tools to combat intellectual property rights infringements, including illicit trade of counterfeit goods, to both its customs and law enforcement authorities.

We continue to urge the U.S. government to continue to actively engage Canada on improving its IP protection and enforcement laws and practices in order to meet the high standards of a 21st century TPP agreement.

State Owned Enterprises:

U.S investors and exporters are increasingly being disadvantaged by the unfair practices of companies that are owned and assisted by governments. State-owned enterprises engaged in commercial transactions are progressively distorting competition and allowing governments to circumvent their multilateral and bilateral trade and investment obligations. The TPP represents a precedent setting opportunity to establish a basic set of rules for fair play that would place state-owned commercial companies on an equal footing with other private owned competitors and ensure that commercial actors have the same opportunities for market access. We understand that government involvement in the marketplace will always be present in various forms and to various degrees within each country, but in order to prevent an undermining of trade commitments, anti-competitive SOE behavior and government favoritism of its commercial SOEs must be held in check.

Canada: Canada should support the U.S. position in the TPP on ensuring pro-competitive policies in regard to monopoly suppliers of postal services. Canada should agree with the principle that monopoly suppliers should not abuse their monopoly position to subsidize the supply of express delivery services in a manner that is inconsistent with the competition provisions of the TPP, which includes a Party preventing revenues derived from monopoly postal services from being directed to confer an advantage to its own or any other competitive supplier's express delivery services.

Competition Policy:

Canada: The Canadian government has demonstrated, through a bill which would end the Canadian Wheat Board's monopoly, its intention to restructure its long-held domestic approach on supply management (regarding dairy and poultry, for example) and associated frameworks—a move welcomed by the U.S. business community. Canada should demonstrate a concrete level of readiness to be a fully committed partner within the TPP framework by continuing to reassess and modify a range of existing

Canadian policies preventing other countries' ability to participate in various sectors (e.g., telecommunications, banking, and agriculture).

Regulatory Coherence:

As tariff rates have been lowered around the world, exporters and importers are left to deal with the emerging barriers of behind the border regulations which can impede trade and investment flows. Regulatory inconsistencies, conflicting standards and duplicated testing requirements can diminish the benefits of trade agreements, resulting in fewer jobs and less growth and competition. These inconsistent regimes across countries can stymie trade and investment, and constitute a pernicious form of both unintentional and intentional protectionism.

At the suggestion of the Chamber's Global Regulatory Cooperation Project, the TPP partner countries have agreed to address regulatory barriers through a new horizontal chapter. The TPP's chapter on Regulatory Coherence presents an opportunity to align regulatory best practices across among signatories to the agreement with the aim of minimizing unnecessary regulatory divergence thus avoiding the creation of new non-tariff barriers by calling for increased regulatory cooperation between U.S. regulators and their foreign counterparts across the TPP countries.

The TPP will encourage our trading partners to follow the principles that underlie U.S. administrative law and which are hallmarks of the APEC-OECD joint regulatory checklist. These principles include increased transparency and public participation, evidence-based regulation, accountability under the law, and impartiality. These basic disciplines will help to ensure that TPP regulators do not use regulations and standards as tools to unfairly restrict or hinder the competitiveness of U.S. companies.

Canada: It is important for the TPP agreement to adopt and maintain transparent, effective, enforceable, and mutually coherent regulatory systems which are both risk- and science-based, adhere to international best practices, and assure high levels of collaboration among TPP governments and their stakeholders. Canada is a strong partner in regulatory coherence, and both governments recently announced significant progress toward deeper regulatory cooperation through the work of the Regulatory Cooperation Council.

Supply Chain:

Trade facilitation is critically important to the trade community and the economic competitiveness of businesses. Manufacturers, retailers, and other businesses rely on the efficiency of the supply chain for their products and services in a just-in-time delivery environment. In order to ensure that the market openings are reached, we need to promote trade facilitation and get away from the errors of the past.

Chokepoints, such as excessive customs mandates, ineffective security mandates, and inadequate infrastructure, can have the same detrimental impact on the flow of trade. These hidden costs contribute to trade inefficiencies that are as high as 15% of the product value (OECD). In many countries, the benefits of improving trade facilitation could be as high as reducing tariffs. A seamless TPP supply chain would unleash the growth potential for all businesses, especially small and medium enterprises (SME), by connecting them to international markets. Trade facilitation enables economic growth, creates jobs, decreases the transaction costs of trade, and is critical to reaching the full potential of a TPP.

Existing U.S. trade partners know how important the issue of trade facilitation is to the competitiveness of the trade agreement. The North American Free Trade Agreement (NAFTA) is a good example. The recent U.S.-Canada Beyond the Border Initiative seeks to address problems that have plagued the border for years. Progress on this initiative should be complimented, but if there is one criticism of the Beyond the Border Initiative, it is that it took President Obama and Prime Minister Harper coming together to solve these issues. While the recent progress is welcome, it never should have taken 20 years to get to this point. The issues should not have to reach a boiling point before they get attention.

The Chamber believes that it is imperative that supply chain and trade facilitation be institutionalized into the TPP agreement to avoid past mistakes. Participants in the TPP should be committed to the elimination of chokepoints in the short and long term, as many of these issues cannot be solved overnight, which is why efforts to move a Competitiveness and Business Facilitation chapter into the agreement should be supported by all countries.

Canada: The United States and Canada have made great strides in improving our economic relationship. Most recently with the announcement of the Canada-U.S. Action Plan on Perimeter Security and Economic Competiveness, trade facilitation and security has taken center focus. With nearly one-third of U.S.-Canada trade being intra-company delivery of input materials, it is clear that our manufacturing supply chains depend on this trade. The business community is encouraged by the Action Plan and expects that Canada would be a strong ally on the issue of trade facilitation.

The U.S. Chamber believes Canada should commit to increase their de minimis value applicable to products being exported to Canada. De minimis regulates the entry process for low-valued goods, so they can be brought into a country duty free. More applicable to Canada, it provides for a simplified entry process for business to move products without using the services of a broker to go through the formal entry process. The de minimis level in Canada is stuck at an unreasonable level of $20, which is minimal to the U.S. value of $200 applied to Canadian exports to the U.S. Increasing Canada's de minimis value would simplify entry requirements and reduce transaction costs for small and medium-sized businesses, making them more competitive in the global economy.

Rules of Origin:

Canada: Given the size and strategic significance of the U.S. trade relationship with Canada, and especially the high degree of co-production inherent in that relationship, it is critical to ensure to the greatest extent possible that the United States and Canada take a consistent approach to rules of origin in global free trade agreements. The TPP has the potential to set the new model in this regard and the United States and Canada should be in alignment.

Government Procurement:

Canada: Canada has expressed interest in deepening the existing trade relationship governing government procurement to allow greater participation by U.S. and Canadian contractors in sub-federal procurement markets. The Chamber believes there is significant room to improve access to government procurement at all levels of government. This is another area where the TPP could prove to be a meaningful upgrade of the existing trade relationship.

Cross Border Data Flows:

The movement of electronic information across borders, or cloud computing, is critical to the success of businesses operating in the today's global market. U.S. companies are increasingly using digital platforms to reach and sell to new customers in the TPP countries and around the world. Business, financial, insurance, information, communication, education, entertainment, retail and other services rely heavily on digital data and information flows, and many of these services act as enablers for the rest of the economy.

To accommodate this growing area of trade, the TPP agreement must ensure that enterprises and individuals can move and maintain information and data across borders in a reliable and secure manner. It is therefore critical that the TPP negotiations ensure that trade and investment rules promote, rather than inhibit, the growth of the digital economy.

A successful TPP agreement must promote rules that are consistent with international best practices, are transparent, and allow businesses the flexibility to transact business through e-commerce platforms without establishing a commercial presence in each country.

In short, the American business community wants and needs an ambitious TPP agreement completed as soon as possible —an agreement with high standards that will create jobs, spur growth, and raise living standards and strengthen our nation's commercial, strategic, and geopolitical ties across the most dynamic and economically vibrant region in the world.

Trade Promotion Authority:

However, to make the TPP a reality, the president needs the authority to negotiate trade agreements — Trade Promotion Authority (TPA). Congress has granted every president since FDR the authority to negotiate market-opening trade agreements in consultation with the Congress.

The U.S. Constitution gives the Congress authority to regulate international commerce, but it gives the president authority to negotiate with foreign governments. TPA permits the executive branch to negotiate agreements in consultation with the Congress; when an agreement is reached, Congress may approve or reject it, but not amend it.

While TPA lapsed in 2007, the U.S. Chamber believes that every American president should have it. Potential partners won't negotiate seriously if they know agreements could be picked apart by Congress. Without TPA, the United States is relegated to the sidelines as other nations negotiate trade agreements without us — putting American workers, farmers, and companies at a competitive disadvantage.

The last time Congress passed TPA, in 2002, it took more than a year for a bill to reach the president's desk. Congress, the Administration, and the business community should start this process now.

Conclusion

For the Chamber, the agenda is clear. The United States cannot afford to sit on the sidelines while others design a new architecture for the world economy and world trade.

A comprehensive, ambitious, and enforceable market-opening TPP has the potential to create an explosion of trade and new American jobs and would demonstrate continued U.S. leadership across the region. It is an exciting vision which, on the right terms, can be an economic shot in the arm for the

United States and for our friends and allies in the region. It can send a clear, unmistakable message that America's leadership in the Pacific is here to stay.

Canada, like Mexico, plays a key role in U.S. export success; our markets, production, and supply chains are deeply connected. Therefore, it would be counterproductive for the United States to forge new global precedents for the rules governing trade without Canada's active participation and support.

Third-party tariff treatment, rules of origin, regulatory procedures, and trade-related environmental and labor standards, among other things, should be harmonized with Canada to the greatest extent possible to make the most of this relationship. Accordingly, the United States should seek to secure Canada's participation in the TPP negotiations, with a firm commitment that Canada agrees to come into compliance with any and all outstanding trade-related commitments to the United States. Doing so will ensure that Canada continues to be a model free trade partner, and an integral component of a regional export strategy that moves the United States closer to achieving its goal of doubling exports, and most importantly creating additional jobs for American workers.

The United States is a nation of the Pacific. We have been for hundreds of years. We've spilled our blood, spent our treasure, opened our markets, mobilized our humanitarianism, and shared our innovations and technologies. We have helped defend the peace, promote liberty, and advance human progress. We aren't going anywhere—nor should we.

If we stand still on trade, we fall behind. At stake is the standing of the United States as the world's leading power, our ability to exert positive influence around the world, our reputation and brand overseas, and our best hopes for escaping high unemployment, massive deficits, and exploding entitlements.

The U.S. Chamber of Commerce looks forward to working with the members of the Committee to secure a commercially strong TPP agreement as soon as possible.

NOTES

1 David Wessel, "Asia's Latest Export: Recovery," The Wall Street Journal, February 24, 2010, http://online.wsj.com/article/SB10001424052748703510204575085280515242598.html.

2 Office of the U.S. Trade Representative, Executive Office of the President, The President's 2010 Trade Policy Agenda, March 2010, http://www.ustr.gov/webfm_send/1673. "IMF forecasts indicate that nearly 87% of world growth over the next 5 years will take place outside of the United States."

3 U.S. Department of the Treasury: https://ustreas.gov/press/releases/hp285.htm.

4 The White House: http://www.whitehouse.gov/the-press-office/remarks-president-announcing-presidents-export-council.

5 American Farm Bureau Federation:
http://www.fb.org/index.php?fuseaction=newsroom.fastfacts.

6 World Economic Forum, The Global Enabling Trade Report 2012
http://members.weforum.org/en/initiatives/gcp/GlobalEnablingTradeReport/index.htm.

7 U.S. Chamber of Commerce, Opening Markets, Creating Jobs: Estimated U.S. Employment Effects of Trade with FTA Partners, May 2010, http://www.uschamber.com/trade.