



ASIA PACIFIC
COUNCIL OF AMERICAN
CHAMBERS OF COMMERCE

November 4, 2016

The Honorable Paul D. Ryan
Speaker
U.S. House of Representatives
U.S. Capitol H-232
Washington, DC 20515

The Honorable Nancy Pelosi
Minority Leader
U.S. House of Representatives
U.S. Capitol H-204
Washington, DC 20515

The Honorable Mitch McConnell
Senate Majority Leader
United States Senate
U.S. Capitol S-230
Washington, DC 20510

The Honorable Harry Reid
Senate Minority Leader
United States Senate
U.S. Capitol S-221
Washington, DC 20510

Dear Members of Congress:

The American Chambers of Commerce in the Asia-Pacific Region, with more than 15,000 U.S. companies as members, express our united unequivocal support for the Trans-Pacific Partnership (TPP) and strongly urge members of Congress to ratify the agreement before the end of 2016. U.S. companies and their employees have \$620 billion of investments in the region and are well positioned to harness the economic growth in the region for the benefit of the U.S. economy. The consequences of failing to ratify the TPP this year will be detrimental to our nation's short- and long-term economic and national security interests. We stress the importance of seizing the small window of opportunity we now have to cement the United States' leadership in the fastest growing region of the world and boost economic activity both at home and abroad.

Two-thirds of the global middle class, representing 59 percent of global middle class consumption, will reside in the Asia-Pacific by 2030. The rapid emergence of this middle class will bring far-reaching economic change, creating new market opportunities for domestic and international companies. With U.S. GDP predicted to grow no more than two percent for the foreseeable future, the TPP is a unique and immediate opportunity to accelerate the U.S. economy by allowing U.S. businesses of all sizes to expand export markets to reach this burgeoning middle class. This will not only stimulate economic growth but will also create good paying American jobs in every district throughout the country.

Today, U.S. companies are competing against formidable Asian and European multinationals, with deep, historical links throughout the economies, reinforced by strong government-to-government bilateral ties. While U.S. companies offer high quality goods, services, environmental and workforce protections, and best practices including intellectual property protections, our success can be limited by commercial realities on the ground. The TPP is a significant and meaningful step in the right direction in addressing many of these realities, which include:

- 1. Modest Share in Asian Markets and Supply Chains:** Asian consumers are sophisticated and savvy buyers with some of the world's highest disposable incomes. While American goods and services have strong brands, Asian consumers are accustomed to buying instead from local and regional businesses and providers. These consumers are also using local banks, insurance, telecom, delivery, distribution, and professional services, and gravitating towards fast-emerging local technological champions and solutions providers. The strength of U.S. brands will not automatically translate into market share if we cannot break down country tariffs to compete on a level playing field and reduce the uncertainty about the U.S. commitment to the region. The TPP provides the foundation from which U.S. companies, ranging from SMEs to large multinationals, can more confidently invest in the region, sending a strong signal that the U.S. is committed to competing for market share.
- 2. Competitive Disadvantage from Asia's Free Trade Agreements (FTAs):** American goods and services are at a competitive disadvantage against Asian goods and services due in part to the many existing and developing free trade agreements (FTAs) prevalent throughout the region. In many cases, these FTAs offer unfettered duty free access to products and services from signatory countries. Compounding the issue, every year, U.S. multinationals spend millions of dollars navigating the web of FTAs in the region to find competitive savings, a luxury that American small businesses certainly cannot afford. The TPP simplifies this for U.S. companies by allowing our goods to qualify more easily for preferential duties that otherwise are not consistently available due to place-of-origin criteria and the significant proportion of U.S. value-add. We have a very small window of opportunity to get ahead of our competitors before the conclusion of the 16-member mega-FTA, the Regional Comprehensive Economic Partnership (RCEP) in the next one to two years. Combined with China's ever-expanding "One Belt, One Road" initiative, this will put us even further behind.
- 3. Proliferation of Barriers Undermining U.S. Innovations and Standards:** Throughout the Asia-Pacific, American companies find themselves coming up against policies that inhibit our ability to innovate, apply independently developed standards, and freely decide where and in what form of establishment we would like to operate. These range from traditional market access barriers to U.S. goods and services to other impediments unique to the digital era. Most prominently, these include barriers impeding cross-border e-Commerce shipments, localization of data centers, and discrimination of e-payment systems. The TPP is our *only* binding platform for guaranteeing that U.S. innovation continues to flourish and that new standards or rules are not set by a limited group of dominant Asian players in the region. In the void of American leadership on such critical policy areas, we risk one day finding that Asia has moved in a certain direction, closed-off to American companies.
- 4. Lost Opportunity in Emerging Markets:** Asia's emerging markets offer great opportunity to U.S. companies but continue to present risks. Without comprehensive reform, including basic protections such as right of capital transfers, fair compensation in the event of expropriation, and legal recourse through internationally recognized arbitral proceedings in the event of disputes, our investments, assets, and intellectual property are vulnerable. The TPP is already driving the much needed reform in economies that otherwise would not politically be able to push them through. We are also observing strong interest from non-TPP economies to join this club, spurring positive changes in the Philippines, Indonesia, Thailand, Taiwan, and China.

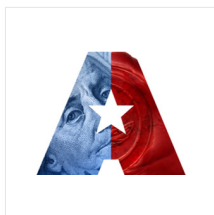
5. Limited Opportunities to Shape Outcomes: U.S. companies have benefitted greatly from our participation in U.S. government-supported capacity building offered to developing economies in the region. Vietnam is a good example of how USAID-funded capacity building on WTO implementation provided over the years has produced reform and positive outcomes in Customs, Intellectual Property, Services Regulation, Transparency, and Judicial Reform. Without the TPP, we expect such opportunities for this kind of engagement to be limited, impacting our ability to shape outcomes. America's engagement in the TPP will allow us to continue to be at-the-table and avail ourselves of this powerful tool.

Commercial and economic realities aside, we collectively cannot stress enough how important the TPP is to maintaining the leadership position that the United States has built up over the decades in Asia. Operating on the front lines of U.S. commercial diplomacy in the Asia-Pacific, we see firsthand the need for and impact of U.S. leadership in the region. Not acting on the TPP and cementing U.S. influence in the Asia-Pacific for decades to come risks undermining our influence by creating the perception of the U.S. as an unreliable trading partner. Now more than ever, U.S. companies and our employees need to have the United States Congress firmly behind us, fully engaged in the Asia Pacific region, strengthening U.S. presence and cooperation in a concrete, consistent, and meaningful manner.

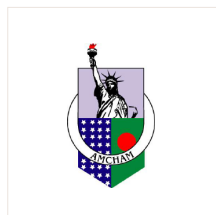
This is a window of opportunity that cannot be missed and we urge you to take action to make the Trans-Pacific Partnership a reality.

Please be assured of our best wishes and warmest personal regards.

Respectfully,



American Chamber of Commerce in Australia



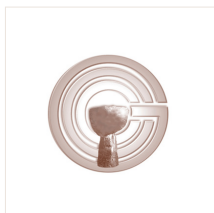
American Chamber of Commerce in Bangladesh



American Chamber of Commerce in Cambodia



American Chamber of Commerce in China



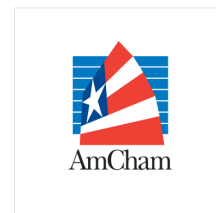
Guam Chamber of Commerce



American Chamber of Commerce in Vietnam (Hanoi)



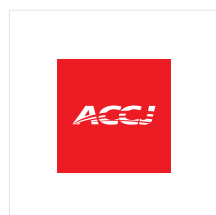
American Chamber of Commerce in Vietnam (Ho Chi Minh City)



American Chamber of Commerce in Hong Kong



American Chamber of Commerce in Indonesia



American Chamber of Commerce in Japan



American Chamber of Commerce in Korea



American Chamber of Commerce in Laos



American Chamber of Commerce in Malaysia



American Chamber of Commerce in Macau



American Chamber of Commerce in Mongolia



American Chamber of Commerce in Myanmar



American Chamber of Commerce in New Zealand



American Business Council of Pakistan



American Chamber of Commerce in Philippines



American Chamber of Commerce in Shanghai



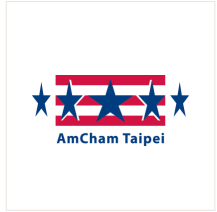
American Chamber of Commerce in Singapore



American Chamber of Commerce in South China



American Chamber of Commerce in Sri Lanka



American Chamber of Commerce in Taipei



American Chamber of Commerce in Thailand