

June 4, 2013

Acting United States Trade Representative Miriam Sapiro
Office of the United States Trade Representative
600 17th Street NW
Washington, DC 20508



Dear Ambassador Sapiro:

On behalf of the members of the Washington Council on International Trade – manufacturers, service providers, farmers and ranchers, retailers and other Washington state employers who value strong, pro-trade policies that increase our international competitiveness – I am pleased to submit our response to the Request for Comments on Negotiating Objectives with Respect to Japan’s Participation in the Proposed Trans-Pacific Partnership (TPP) Trade Agreement.

The Washington Council on International Trade strongly supports Japan’s inclusion in the TPP. Japan is Washington state’s top services export destination and second largest goods export destination; last year goods exports increased 39 percent to over \$9 billion. Japan’s participation in the TPP will further open up one of Washington’s most important export markets, creating new opportunities for our state’s employers and resulting in a much more robust, impactful trade agreement. **However, for Japan’s entry to the TPP to be beneficial for Washington state, Japan must be willing to reduce tariffs on many goods, eliminate unnecessary regulatory barriers, and address barriers to services trade.**

Many Washington products, especially agricultural products, face high tariffs that considerably limit export growth. For example, combined tariffs on some of Washington’s potato products reach as high as 25 percent, and apples face a 17 percent tariff. The tariff rate on wheat is 10 cents per kilogram.

Despite these tariff rates, Japan is already a major market for many of our agricultural products, and Washington agricultural industries could significantly benefit if Japan eliminated or lowered tariffs on agricultural products. The National Potato Council projects that exports of frozen potatoes could increase by \$140 million over the next five years if Japan eliminated potato tariffs, and the Northwest Horticultural Council estimates elimination of the nine percent tariff on cherries would provide benefits of at least \$2 million over one year.

Sanitary and phytosanitary (SPS) barriers also prevent many Washington agricultural products from being sold in Japan. For example, Washington apples, cherries and pears face overly restrictive and unnecessary plant health requirements that prevent sales growth of these products in Japan. We urge USTR negotiators to work toward removing these barriers as part of the TPP negotiations.

It is also critical that Japan embrace the high standards in services trade sought by the TPP. Washington state services exports to Japan reached \$2.3 billion in 2010, making Japan our state’s top services export destination. For Washington service providers to benefit from Japan’s participation in the TPP, Japan must address the 21st century issues included in the

TPP such as competition against state-owned and state-assisted enterprises, data flows, forced localization and regulatory coherence.

Finally, a TPP agreement including Japan must include comprehensive customs facilitation provisions that reduce border processing times, improve transparency, utilize effective risk management tools and eliminate fees. This would facilitate exports of many Washington products, including aerospace products, which are Washington's top export to Japan. Strong customs facilitation provisions in the TPP would also benefit Washington aerospace companies by increasing the efficiency and predictability of their supply chains, thus supporting more job creation in Washington state.

In conclusion, liberalizing trade with Japan creates more opportunities for Washington employers across a variety of industries, and we urge USTR to work toward eliminating tariffs, lowering non-tariff barriers such as SPS regulations, addressing barriers to services trade, and simplifying customs procedures as part of the TPP negotiations with Japan.

Thank you for the opportunity to submit comments on this issue, and we look forward to working with you toward the successful conclusion of these negotiations. If you have additional questions, please do not hesitate to contact me at 206.389.7273 or erics@wcit.org.

Sincerely,

A handwritten signature in cursive script that reads "Eric Schinfeld".

Eric Schinfeld
President, Washington Council on International Trade