

EXECUTIVE OFFICE OF THE PRESIDENT  
THE UNITED STATES TRADE REPRESENTATIVE  
WASHINGTON, D.C. 20508

The Honorable Nancy Pelosi  
Speaker  
United States House of Representatives  
Washington, D.C. 20515

DEC 30 2008

Dear Madam Speaker:

On September 22, 2008, I notified you of the Administration's intent to participate in the negotiation of the Trans-Pacific Strategic Economic Partnership Agreement (TPP). At the direction of the President, I am pleased to notify Congress that the President intends to include three additional countries in the TPP negotiations. These countries are Australia, Vietnam, and, following entry into force of our bilateral Free Trade Agreement (FTA), Peru. These additional countries would participate in the TPP negotiations along with the United States and the existing group of TPP countries: Singapore, Chile, New Zealand and Brunei Darussalam. As we have done in the past, we will be consulting closely with Congress in developing our negotiating positions to ensure that they are consistent with Congressional priorities and objectives.

The Administration is committed to negotiating and implementing trade agreements which open markets to benefit our businesses, farmers, workers, and families. With the help of Congress, we can move promptly to advance America's trade and commercial interests.

The United States will benefit from inclusion of these additional countries in the TPP negotiations. Their participation will further buttress the core of "like-minded" countries needed to develop and maintain a high standard agreement and demonstrates the growing interest of countries in the region of using this agreement as a vehicle for advancing trade and investment liberalization and integration across the Trans-Pacific region and perhaps beyond. While the seven countries in this region and the United States will constitute the first group of countries to participate in the expanded TPP agreement, we fully expect other countries to join in the future.

Strengthening U.S. economic ties to the Asia-Pacific region is a top policy priority for the United States. The Asia-Pacific region already is economically important to the United States. Two-way goods trade between the United States and the 20 other Asia Pacific Economic Cooperation (APEC) economies totaled \$1.9 trillion in 2007, an increase of nearly 6 percent over 2006 and of almost 150 percent since 1994. With its large markets and robust economic growth forecast over the next decade, this region will become even more significant in the coming years to U.S. exporters of industrial and consumer goods, agricultural commodities, and services.

An expanded TPP will facilitate U.S. trade and investment by ensuring common trading rules, while advancing U.S. economic interests and fundamental values in the region in such areas as investment, intellectual property rights, standards, transparency, labor rights, and environmental protection. It also will support U.S. efforts to offset the trade preferences other countries have obtained for their businesses, farmers and workers through their own preferential trade agreements. These agreements have proliferated in recent years and are likely to increasingly disadvantage U.S. commercial and strategic interests as they are fully implemented over the next decade.

The inclusion of Australia and Peru -- along with Chile and Singapore -- will help rationalize our existing Asia-Pacific FTAs, while Vietnam's participation will offer significant new market access opportunities for U.S. exporters. Their participation also will add geographic and developmental diversity to the initial group of countries, which is critical to the success of this initiative now and in the future.

An eight-member TPP will create a critical mass of countries to advance economic integration within the Asia-Pacific region under a higher-standard agreement than other existing regional economic integration initiatives that do not include the United States. Such an agreement also will support U.S. priority goals including building momentum toward a Free Trade Area of the Asia Pacific and promoting a high level of ambition in the WTO Doha negotiations. A successful conclusion of the Doha negotiations remains a top priority for the United States and the current and expanded group of TPP countries.

In addition to advancing U.S. economic interests, a broader based TPP agreement will promote our larger strategic interests in the Asia-Pacific region. It will reinforce our shared interests, promote our common values, and complement and facilitate cooperative efforts on economic as well as key political and security issues with the Trans-Pacific partner economies and other countries in the region that may seek to join the agreement.

We have held initial consultations with Members of the Committee on Ways and Means, the Committee on Agriculture, and other Members of Congress regarding a proposed TPP FTA. The Administration will continue to consult closely with Congress as the negotiations proceed.

The United States intends to preserve U.S. rights and obligations under our existing FTAs with TPP partners and negotiate a new FTA that is not inconsistent with those rights and obligations. Our specific objectives for negotiation of this new agreement with the TPP countries are as follows:

*Trade in Goods:*

- Seek to eliminate tariffs and other duties and charges on trade between each TPP country and the United States on the broadest possible basis, taking into account the need to obtain competitive opportunities for exports of U.S. goods while addressing U.S. import sensitivities.
- Seek to eliminate non-tariff barriers to U.S. exports, including permit and licensing barriers on agricultural and other products, restrictive administration of tariff-rate quotas, unjustified trade restrictions that affect new U.S. technologies, including biotechnology, and other trade-restrictive measures.
- Seek to discipline state trading enterprises, state-owned enterprises and designated monopolies, as appropriate, to enhance transparency and eliminate market distortions.

- Pursue a mechanism that will support achieving the U.S. objective in the WTO negotiations of eliminating all export subsidies on agricultural products, while maintaining the right to provide *bona fide* food aid and preserving U.S. agricultural market development and export credit programs.
- Obtain fully reciprocal access to TPP country markets for U.S. textile and apparel products.

*Customs Matters, Rules of Origin, and Enforcement Cooperation:*

- Seek rules to require that each TPP country conducts its customs operations with transparency, efficiency, and predictability, and that customs laws, regulations, decisions, and rulings are not applied in a manner that would create unwarranted procedural obstacles to international trade.
- Seek rules of origin, procedures for applying these rules, and provisions to address circumvention that ensure that preferential duty rates under an FTA with TPP countries apply only to goods eligible to receive such treatment, without creating unnecessary obstacles to trade.
- Seek terms for cooperative efforts with the TPP countries regarding enforcement of customs rules and related issues, including in the areas of trade in textiles and apparel and agricultural products of concern.

*Sanitary and Phytosanitary (SPS) Measures:*

- Seek to have TPP countries reaffirm their WTO commitments on SPS measures and eliminate any SPS restrictions that are not based on science.
- Seek to strengthen cooperation between U.S. and TPP countries' SPS authorities.

*Technical Barriers to Trade (TBT):*

- Seek to have TPP countries reaffirm their WTO TBT commitments and eliminate any unjustified TBT measures.
- Seek to strengthen collaboration in implementing the WTO TBT Agreement and create a procedure for exchanging information on TBT-related issues.

### *Intellectual Property Rights:*

- Seek to establish standards to be applied in TPP countries that build on the foundations established in the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights and other international intellectual property agreements, such as the World Intellectual Property Organization (WIPO) Copyright Treaty, the WIPO Performances and Phonograms Treaty, and the Patent Cooperation Treaty.
- Seek to establish high standards for trademark protection and an appropriate balance between trademark and geographical indications.
- In areas such as patent protection and protection of information submitted to obtain marketing approval, seek to have TPP countries apply levels of protection and practices more in line with U.S. law and practices, including appropriate flexibility.
- Where appropriate, seek commitments from TPP countries to strengthen their laws and procedures on enforcement of intellectual property rights, such as by ensuring that TPP countries' authorities have authority to seize and destroy pirated and counterfeit goods, and the equipment used to make such goods.
- Seek commitments from TPP countries to: (1) strengthen their measures that provide for compensation of right holders for infringements of intellectual property rights, and (2) provide for criminal penalties under their respective laws that are sufficient to have a deterrent effect on piracy and counterfeiting.

### *Trade in Services:*

- Pursue a comprehensive approach to market access, including any necessary improvements in access to the telecommunications, financial services, express delivery, professional services, or other sectors and address the operation of any designated monopolies or state enterprises, as appropriate.
- Seek commitments from TPP countries to improve transparency and predictability in their respective regulatory procedures, specialized disciplines for financial services, and additional disciplines for telecommunications and other sectors, as appropriate.

### *Investment:*

- Seek to secure for U.S. investors in TPP countries important rights comparable to those that would be available under U.S. legal principles and practice, while ensuring that TPP country investors in the United States are not accorded greater substantive rights with respect to investment protections than U.S. investors in the United States.

- Seek to ensure that U.S. investors receive treatment as favorable as that accorded to domestic or other foreign investors in TPP countries, and to address unjustified barriers to the establishment and operation of U.S. investments in TPP countries.
- Seek to establish rules that reduce or eliminate artificial or trade-distorting barriers to U.S. investment in TPP countries.
- Provide and maintain procedures to resolve disputes between U.S. investors and the TPP countries that are in keeping with the goals of expeditious, fair, and transparent dispute resolution.

*Electronic Commerce:*

- Seek commitments from TPP countries not to impose customs duties on digital products or unjustifiably discriminate among products delivered electronically.

*Government Procurement:*

- Seek to establish rules that require government procurement to be conducted in the TPP countries in a manner that is fair, transparent, and predictable, and that ensures that U.S. goods, services, and suppliers of goods and services receive treatment as favorable as that accorded to domestic and other foreign goods, services, and suppliers in the TPP countries.
- Seek to expand market access opportunities for U.S. goods, services, and suppliers of goods and services in the government procurement markets of the TPP countries.

*Transparency/Anti-Corruption/Regulatory Reform:*

- Seek commitments to make each TPP country's administration of its trade and investment regime more transparent, and pursue rules that will permit timely and meaningful public comment before a TPP country adopts trade-and investment-related measures.
- Seek commitments to ensure that the TPP countries apply high standards prohibiting corrupt practices affecting international trade and investment and enforce such prohibitions.

*Competition:*

- Address anticompetitive business conduct, and other competition-related matters, as appropriate.

- Seek provisions that provide, as appropriate, for cooperation on competition law and policy and consultations on competition issues that may arise.

*Trade Remedies:*

- Provide a safeguard mechanism during a transition period to allow a temporary revocation of tariff preferences, if increased imports from the TPP countries are a substantial cause of serious injury or threat of serious injury to the domestic industry.
- Make no commitments that would require changes to U.S. antidumping and countervailing duty laws and practices.

*Environment:*

- Consistent with U.S. priorities and objectives, seek appropriate commitments by the TPP countries to effectively enforce their environmental laws and undertake implementation of applicable multilateral environmental agreements.
- Seek to establish mechanisms, including those for consultations and cooperation to work with the TPP countries, with a view to promoting sustainable development and addressing environmental issues of mutual interest, and as appropriate helping strengthen their capacity to protect the environment.

*Labor:*

- Consistent with U.S. priorities and objectives, seek an appropriate commitment by the TPP countries to respect internationally recognized labor rights and effectively enforce their respective labor laws concerning those rights.
- Based on a review and analysis of the TPP countries' labor laws and practices, establish procedures for consultations and cooperative activities to strengthen their capacity, as appropriate, to promote respect for internationally recognized labor rights, including the principles and rights embodied in the ILO Declaration on Fundamental Principles and Rights at Work and ILO Convention 182 on the Worst Forms of Child Labor.

*State-to-State Dispute Settlement:*

- Encourage the early identification and settlement of disputes through consultation.
- Seek to establish fair, transparent, timely, and effective procedures to settle disputes arising under the FTA.

In addition, we will take into account other U.S. objectives including, but not limited to, the protection of health, safety, environment, essential security, and consumer interests.

We are committed to concluding these negotiations with timely and substantive results for U.S. workers, consumers, businesses, farmers, and ranchers, keeping in mind U.S. priorities and negotiating objectives. We look forward to continuing to work with the Congress as negotiations with TPP countries begin, and we commit to work with you throughout the process.

Sincerely,

A handwritten signature in black ink, appearing to read "Susan C. Schwab". The signature is fluid and cursive, with the first name "Susan" being the most prominent part.

Susan C. Schwab