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January 13, 2012

Mr. Douglas Bell
Chair, Trade Policy Staff Committee
Office of the U.S. Trade Representative
600 17th Street NW
Washington, D.C. 20508

Via Electronic Submission

RE: USTR-2011-0019--Canada's Expression of Interest in the Trans-Pacific Partnership
Trade Negotiations

USTR-2011-0018--Japan's Expression of Interest in the Trans-Pacific Partnership Trade
Negotiations

USTR-2011-0020--Mexico's Expression of Interest in the Trans-Pacific Partnership
Trade Negotiations

Dear Mr. Bell:

The Retail Industry Leaders Association (RILA) appreciates the opportunity to provide comments to the Trade Policy Staff Committee of the United States Trade Representative on the expressions of interest in the Trans-Pacific Partnership Trade (TPP) negotiations by Canada, Japan and Mexico. RILA strongly supports the negotiation of a comprehensive TPP, and the stated objective to achieve a high- standard, 21st century agreement with a membership and coverage that provides economically significant market access opportunities. RILA believes that the addition of Canada, Japan and Mexico to the TPP would contribute meaningfully to the achievement of these goals.

Background

RILA is the trade association of the world's largest and most innovative retail companies. RILA members include more than 200 retailers, product manufacturers, and service suppliers, which together account for more than \$1.5 trillion in annual sales, millions of American jobs and more than 100,000 stores, manufacturing facilities and distribution centers domestically and abroad. Our members pay billions of dollars in federal, state and local taxes and collect and remit billions more in sales taxes. Our members are also leading corporate citizens with some of the nation's most far-reaching community outreach and corporate social responsibility initiatives.

The retail sector, along with the suppliers and customers that it serves, is an essential part of the U.S. economy. Retail is known for its innovation and cutting edge business practices in areas

such as supply chain management, marketing, commercial real estate, and other professional disciplines. Retailers meet the needs of U.S. consumers, and in doing so are essential drivers of the U.S. economy. We also serve the global market for consumer goods and bring U.S. products to the foreign markets where they operate. Retailers provide quality jobs at all employment levels with good benefits. The industry also creates opportunities for entry-level employment, part-time work, jobs for non-skilled workers, management training, as well as a variety of rewarding professional careers.

RILA Supports Inclusion in the TPP of Canada, Japan and Mexico

RILA supports the addition of Canada, Japan and Mexico in the TPP negotiations. As with any country aspiring to join the TPP, all three countries should be prepared to support and commit to the objective of a high-standard agreement that promotes trade and investment in all sectors.

The TPP provides an important opportunity to modernize and promote best practices in international trade rules. For example, the TPP should be comprehensive and eliminate duties on all products as quickly as possible, include rules that maximize trade and investment in all sectors, promote important protections for intellectual property rights and investors, including investor-state dispute settlement, and break down non-tariff barriers that inhibit trade.

RILA also welcomes negotiators' efforts to develop innovative provisions that go beyond existing FTAs. One new customs provision that RILA supports for inclusion in the TPP is to incorporate account-based customs processing to create a more efficient entry process and facilitate secure and compliant trade. Also as part of the TPP's living agreement, RILA supports the creation of a regular strategic dialogue of TPP nations and industries to address challenges/developments and to discuss solutions.

From its beginning, the TPP was envisioned to be an agreement that would grow over time with new participating countries. Indeed, much of the promise of the TPP lies in the idea that it would create a seamless regional free trade area with new countries joining when they are ready to accept the TPP's high standards. Therefore, we strongly believe that it is important to establish an efficient and transparent process for new countries to accede to the TPP without slowing down the pace of the talks and without watering down the high standards that countries are seeking in the TPP. The true potential of the TPP will only be realized if membership can be expanded beyond the current parties to create a broad Asia-Pacific regional agreement.

The opportunity to share the TPP's updated trade rules with Mexico and Canada is a good one to break down persistent barriers to trade (such as supply managed commodities) that have not to date been addressed under the North American Free Trade Agreement (NAFTA). It is also time to update the overly restrictive yarn-forward style rule of origin for apparel that was originally created in NAFTA. The US apparel industry in 2012 is very different than in 1994 when NAFTA was implemented. Today's American apparel and retail industry is globally competitive

and utilizes efficiencies in global sourcing. Flexibility in sourcing inputs is critical for our industry's ability to provide the fashionable apparel that consumers demand at affordable prices. The development of new TPP rules with countries that already have FTAs does not need to eliminate existing rules. Instead, the TPP can provide an alternative model that runs in parallel with existing FTAs.

A new agreement with Japan, the United States' fourth largest trading partner, is an opportunity to significantly expand the economic importance of the TPP and to address the trade and competition barriers that hinder retail operations in Japan. For example, exorbitant tariffs on staple goods such as rice, dairy and other food products severely limits choice and increases the cost of many grocery items in retail stores in Japan. In addition, inefficient and collusive distribution networks create price disparities among retailers that also hinder the ability of American retailers to serve our customers in Japan.

Conclusion

RILA supports the inclusion of Canada, Japan and Mexico in the TPP negotiations. RILA agrees with many in the business community and the administration that all new TPP aspirants must agree to a comprehensive, high standard TPP with across the board liberalization in all product sectors. In addition, new members must accede in a way that contributes to, and does not diminish the momentum towards a timely conclusion of the negotiations. At the same time, negotiators should not be so cautious and deliberative about new members as to undermine the desire and will of acceding countries to join the TPP. A TPP that is too difficult to join (either by demanding pre-negotiation of issues or limited participation in the negotiations process) would undermine the ability to achieve the full promise of the pact.

We look forward to working constructively with negotiators to secure a comprehensive, commercially-meaningful agreement. Once a fulsome agreement is achieved, RILA believes that the TPP's greatest potential will come with further addition of other countries in the future. We look forward to continuing to work with you as the negotiations progress on this important initiative. If you should have any questions about these comments, please contact me at stephanie.lester@rila.org or by phone at (703) 600-2046.

Sincerely,



Stephanie Lester
Vice President, International Trade