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**Comments of the National Foreign Trade Council
to the Office of the U.S. Trade Representative
Concerning Canada's Expression of Interest in the Proposed
Trans-Pacific Partnership Agreement
January 13, 2012
(Docket ID USTR-2011-0019)**

The National Foreign Trade Council (NFTC) is responding to a request for comments published in the Federal Register on December 7, 2011, by the Office of the U.S. Trade Representative concerning Canada's expression of interest in the proposed Trans-Pacific Partnership Agreement (TPP). The NFTC, organized in 1914, is an association of several hundred U.S. businesses engaged in all aspects of international trade and investment. Comprised of companies representing a broad cross section that drives the U.S. economy, we are dedicated to an open rules-based international trading system.

The NFTC welcomes Canada's expression of interest in joining the TPP and supports its inclusion at the earliest opportunity as a full partner in negotiating its accession.

The NFTC strongly supports the TPP process and calls for the current negotiations to conclude an agreement in 2012. A successful TPP agreement should cover all elements of trade and investment, including agriculture, goods, services, digital trade and intellectual property, with no product or sub-sector exclusions. To exclude sectors would limit the opportunities for American farmers, manufacturers and service providers to reach new markets, grow their businesses and support or create American jobs.

The current TPP partners are on a path to concluding an agreement which achieves greater economic integration, eliminates unnecessary barriers to competition, sets new higher standards of transparency, fairness and property protection, which opens all markets to trade and investment, and develops innovative new approaches to global platforms for manufacturing and provision of services, regulatory coherence and the enactment of disciplines on state-owned enterprises.

As the NFTC stated in its March 2009 testimony before the U.S. Trade Policy Staff Committee, "Starting with an existing agreement, with partners who have proven a willingness to negotiate to the highest standards is a sound strategy, although a calculated risk. The proof of success of the TPP process will be the ability to reach a critical mass under a high standard agreement that will also pull in larger economies in the region."

The NFTC believes Canada is ready to join the TPP agreement process in a manner that will raise the standards of the agreement and increase momentum as the TPP moves to conclude an agreement and to expand to other nations in the region. A TPP which includes Canada furthers a common goal of the agreement fully encompassing the Pacific Rim, and expanding broad

hemispheric ties to Asia.

Canada's Track Record as a Reliable Partner

Since 2009, Canada has unilaterally liberalized tariffs on 1,800 tariff lines and concluded free trade agreements with nine countries. It has passed legislation removing the monopoly power of the Canadian Wheat Board and in February 2010, Canada liberalized government procurement at the provincial level with the United States, under the auspices of the WTO Agreement on Government Procurement (GPA).

Canada has a comprehensive domestic consultation process with key stakeholders which has demonstrated private sector and broad based business support and domestic political consensus to participate fully to the highest standards of the TPP. Furthermore, the May 2011 elections provided the government of Prime Minister Stephen Harper with a parliamentary majority for the first time, solidifying domestic support for the government's policies.

The last major trade agreement between the U.S. and Canada entered into force nearly 20 years ago. There is a tremendous opportunity to update key aspects of our trading relationship to reflect the current trading system, and to address evolving issues in technology, intellectual property, supply managed agricultural commodities and other key areas under the TPP umbrella.

Despite this positive record, we remain concerned over Canada's ability to meet the higher standards of intellectual property protection which we support in the TPP. Canada has lagged in key IP areas, such as patent term extensions and still pending copyright reform legislation.

Economically Significant

Canada is the United States' largest trading partner and U.S. exports to Canada are three times greater than to all current TPP members combined. In 2010, more than US\$600 billion in goods and services and 10.7 million trucks crossed the U.S.-Canada border. An estimated 8 million jobs in the U.S. depend on trade with Canada. Northern and Eastern States rely on Canada for up to 50% of their total trade, and Canada accounts for over 900,000 jobs in California and 600,000 jobs in Texas. U.S. direct investment into Canada topped US\$296.7 billion in 2010.

Canada's entry into the TPP is has the potential to increase the TPP's ability to support and sustain future U.S. economic growth and the creation of American jobs.

Strategic Benefit to the U.S. Economic Model

The world trading system's evolution to a global supply chain model is reflected in the TPP's priority focus on strengthening production and supply chains. The NFTC and the U.S. business community are united in working for a TPP agreement which eliminates duplicative, trade-distorting and unnecessary barriers within each country, enhances cross-border physical connectivity, and improves the communication, coordination, and diffusion of regional and international best regulatory practices to facilitate trade among the TPP countries.

U.S. based companies successful in the global market operate from a highly integrated North

American production platform. TPP commitments which do not include Canada and Mexico put the U.S. at a distinct disadvantage. Twenty-nine per cent of U.S.-Canada trade is intra-company and production processes to complete final goods are often conducted in both the U.S. and Canada. U.S. affiliates operating in Canada are worth US\$1.2 trillion and the TPP's preferential access would extend to these affiliates, and to products assembled in Canada from U.S. components. An expanded TPP including Canada has the potential to increase the TPP's ability to support and sustain future U.S. economic growth and the creation of American jobs.

We urge you to actively support Canada's participation and to work with other TPP countries to facilitate Canada's entry into the TPP process at the earliest possible time.