

April 15, 2011

Mr. Michael Froman  
Deputy Assistant to the President and Deputy National Security Advisor  
International Economic Affairs and Development  
Executive Office of the President  
1650 Pennsylvania Avenue, NW, Room 374  
Washington, DC 20504

Dear Mr. Froman:

The undersigned organizations strongly support U.S. engagement in the Trans-Pacific Partnership (TPP) negotiations and support the Administration's goal of achieving a 21<sup>st</sup>-century agreement. Among our key priorities in these negotiations are provisions that will ensure that the United States and U.S. companies can more effectively overcome the challenges that arise from state capitalism, state-owned enterprises, and discriminatory state influence over commercial actors. We write, therefore, to urge the United States to seek to address these challenges directly and concretely in the TPP negotiations.

Several TPP negotiating parties have economies characterized by high degrees of state capitalism. While each country is entitled to pursue its own economic strategy, the state-capitalist approach is increasingly resulting in discrimination against U.S. goods and services and is putting our companies at a competitive disadvantage in those and third markets. It is critical, therefore, that the ultimate TPP agreement addresses these issues directly to create a fair competitive environment for U.S. companies and workers. Failure to address this issue concretely not only undermines the benefits of the TPP, it also runs a high risk of signaling to other countries that the United States will tolerate a discriminatory state-capitalism system.

We appreciate the challenge of developing new and improved obligations to address these issues, but we believe that the Administration, Congress and the private sector working together in the coming weeks can develop concrete proposals for the United States to table ahead of the next round of negotiations. To that end, a number of our organizations have presented ideas to members of the Administration.

We also understand the domestic defensive concerns that have been raised. Given the limited role our government plays as a commercial actor, however, we believe that these concerns are overstated. As well, additional provisions can be drafted to safeguard our legitimate defensive concerns, while ensuring U.S. companies can fairly compete as they increasingly find themselves up against state commercial actors.

The TPP negotiations are too important to let this opportunity pass by without addressing the important and complex issues related to state capitalism and our trading relationships. To achieve that objective, we, along with our member companies, look forward to working closely with you and your Administration colleagues to pursue concrete obligations on these issues within the TPP so that the final agreement fully reflects the President's goal of achieving a high-standard, 21<sup>st</sup>-century agreement.

Sincerely,

Coalition of Service Industries (CSI)  
Emergency Committee for American Trade (ECAT)  
National Association of Manufacturers (NAM)  
National Foreign Trade Council (NFTC)  
United States Council for International Business (USCIB)  
U.S. Chamber of Commerce

cc: Mr. Demetrios Marantis  
Ms. Lael Brainard  
Mr. Robert D. Hormats  
Mr. Francisco Sánchez  
Ms. Christine Varney