

September 3, 2014

The Honorable Michael Froman
United States Trade Representative
Office of the United States Trade Representative
600 17th Street, NW
Washington, DC 20508

Dear Ambassador Froman:

We write to underscore the importance of pursuing reciprocal procurement commitments in our trade agreements, which will create substantial new opportunities for U.S. providers of goods and services to access the procurement markets of our trading partners, while ensuring strong, quality-based and cost-effective procurement outcomes for U.S. taxpayers.

Recent legislative and other proposals, however, seek to preclude any change in current U.S. government procurement law in a manner that would prevent the United States from successfully negotiating reciprocal access to new procurement markets through the Trans-Pacific Partnership (TPP) and other potential trade agreements. As a result, U.S. companies and workers may be shut out of tens of billions of dollars of new procurement opportunities overseas. Furthermore, such proposals send the wrong signal to other countries, inviting them to impose additional barriers to the use of U.S. goods and services in their public tendering.

The United States has already opened its procurement market to foreign goods and services from countries that have agreed to reciprocal access, including by joining the World Trade Organization (WTO) Government Procurement Agreement (GPA), as well as by entering into trade agreements that include a government procurement chapter. The GPA itself has opened procurement activities worth an estimated \$1.7 trillion annually to international competition according to the WTO; a substantial portion of such activities are outside the United States.

The United States has long identified as an overall objective for its trade negotiations the need to obtain more open, equitable, and reciprocal market access, and many agreements with such provisions have been negotiated and approved by Congress, including the GPA (considered as part of the Uruguay Round Agreements) and trade agreements with 15 countries (including the recently approved agreements with Panama, Peru and Colombia). Expanded access to foreign procurement markets will help drive U.S. exports and sales to the benefit of manufacturers, services providers and workers in the United States and, more broadly, America's global competitiveness.

In the ongoing TPP negotiations, there are four countries, *i.e.*, Brunei, Malaysia, New Zealand and Vietnam, that are not party to the GPA and with which the United States does not currently have a trade agreement, though New Zealand is in the final stages of acceding to the GPA. The value of government procurement markets in those countries has been estimated to exceed \$72 billion. Gaining access for U.S. suppliers to the procurements of Malaysia and Vietnam is particularly important, as neither country has yet opened its procurement under any trade agreement. Absent an offer of reciprocal access under the TPP, it appears the United States will have very little leverage to gain access to their procurements.

Achieving a reciprocal agreement on government procurement in the TPP will also help make the United States a more attractive destination market for foreign investment that supports American jobs by creating new opportunities to access procurement markets in all of the TPP countries.

In addition, your office has stated that nothing in the TPP will impact how state and local governments implement their own procurement policies. Thus, even if a TPP agreement is concluded, state and local governments will remain free to make their own choices regarding what procurement policies to pursue.

If the United States reverses course and legislation is adopted preventing our government from waiving any domestic procurement requirements, the United States would be unable to conclude the reciprocal government procurement chapter in the TPP or other future trade agreements that may be negotiated. As a result, the United States would be denied non-discriminatory access to tens of billions of dollars in procurement opportunities at the expense of U.S. manufacturers, services providers and their workers, with no appreciable benefit to U.S. industry as foreign competitors from over 50 countries already have access to procurement opportunities in the United States. We urge you, therefore, to reject calls to pursue such an approach.

We share your strong interest in strengthening American competitiveness and promoting greater opportunities to grow the U.S. economy through opening markets overseas. We therefore urge that our negotiators continue to pursue strong, comprehensive trade agreements that include reciprocal procurement access commitments.

Respectfully,

BSA | The Software Alliance
Coalition of Services Industries (CSI)
Emergency Committee for American Trade (ECAT)
National Association of Manufacturers
National Electrical Manufacturers Association (NEMA)
National Foreign Trade Council
Telecommunications Industry Association (TIA)
US-ASEAN Business Council
U.S. Chamber of Commerce
United States Council for International Business
Water and Wastewater Equipment Manufacturers Association