

# CALIFORNIA CHAMBER of COMMERCE



September 9, 2013

The Honorable Penny Pritzker  
Secretary, U.S. Department of Commerce  
1401 Constitution Ave N.W.  
Washington D.C. 20230

Dear Secretary Pritzker:

On behalf of the California Coalition for Free Trade, we extend our congratulations on your appointment and confirmation to the position of Secretary of the U.S. Department of Commerce. As the 113th Congress returns to Washington for session, the undersigned members of the California Coalition for Free Trade urge you to consider our international trade agenda outlined below.

The California Coalition for Free Trade was initiated in May of 2008 by the California Chamber of Commerce Council for International Trade. This group of California companies and business organizations believe that opening markets and promoting trade rules are critical for California's economy. The California Coalition for Free Trade is a broad-based group of companies and business organizations working to secure a national free trade agenda.

The California Coalition for Free Trade supports free trade worldwide, expansion of international trade and investment, fair and equitable market access for California products abroad together with intellectual property protection, and elimination of disincentives that impede the international competitiveness of California business.

California is one of the 10 largest economies in the world with a GSP of over \$2 trillion. International related commerce (including exports and imports of goods and services, plus investments) accounts for approximately one-quarter of the state's economy. Although trade is a nationally determined policy issue, its impact on California is immense. California exports to over 220 foreign markets. Trade offers the opportunity to expand the role of California's exports. In its broadest terms, trade can literally feed the world and raise the living standards of those around us.

## ***Trade Promotion Authority***

The California Coalition for Free Trade supports the extension of trade promotion authority so that the President of the United States may negotiate new multilateral, sectoral and regional trade agreements ensuring that the United States may continue to gain access to world markets, resulting in an improved economy and additional employment of Americans.

America's standing as world leader depends directly upon our competitive success in the global economy. For the past half century, the United States has led the world in breaking down barriers to trade and in creating a fairer and freer international trading system based on market economics and the rule of law. Increased market access achieved through trade agreements has played a major role in our nation's success as the world's leading exporter.

### **Trade Agreements**

The California Coalition for Free Trade urges support regarding pending regional and multilateral trade agreements. This is critical to consumers, workers, businesses, farmers, and ranchers in our state that these job-creating trade agreements are negotiated and approved at a time when they are needed more than ever.

Trade Agreements ensure that the United States may continue to gain access to world markets, which will result in an improved economy and additional employment of Americans. We urge your support of these trade agreements that will continue to keep American and Californian businesses competitive.

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### ***The Trans-Pacific Partnership: TPP***

Leaders of the current twelve Trans-Pacific Partnership countries – Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the United States, and Vietnam have announced the achievement of the broad outlines of an ambitious, high-standard, regional, 21st century Trans-Pacific Partnership Trade Agreement, of which the California Coalition for Free Trade is supportive.

The Asia-Pacific region is a key driver of global economic growth, representing nearly 60 percent of global GDP and roughly 50 percent of international trade. U.S. trade with Asian countries totals nearly \$1 trillion annually.

The TPP Agreement is important as a vehicle for Trans-Pacific-wide economic integration. This regional agreement sets a high standard that will enhance the competitiveness of the countries that are part of it and help facilitate trade and promote investment between them, increasing their economic growth and development. Moreover, the Trans-Pacific Partnership is reinforcing the Asia-Pacific Economic Cooperation goal of promoting regional economic integration and could serve as a potential way to build toward the Free Trade Area of the Asia-Pacific.



### **Transatlantic Trade and Investment Partnership: TTIP**

The trans-Atlantic economic partnership is a key driver of global economic growth, trade and prosperity, and represents the largest, most integrated and longest-standing regional economic relationship in the world. Together, the European Union and the United States are responsible for 11% of the world's population, nearly half of global gross domestic product (GDP), 30% of global merchandise trade, and 40% of world trade in services. The trans-Atlantic relationship defines the shape of the global economy as a whole; either the European Union or the United States also is the largest trade and investment partner for almost all other countries.

The EU market represents more than 503.8 million people, and the United States has more than 317 million people, with both having an approximate GDP of \$16 trillion.

Total bilateral goods trade between the European Union and United States was nearly \$636 billion in 2012, with the United States exporting \$265 billion worth of goods to EU member nations.

California exports to the European Union in 2012 totaled \$25.8 billion. California is one of the top exporting states to Europe, with computers, electronic products and chemical manufactures as the state's leading export sectors to the region. EU countries purchase roughly 16% of all California exports. For California companies, the single market presents a stable market with huge opportunity.

Tariffs on goods traded between the U.S. and the EU average less than 3%, but even a small increase in trade could have major economic benefits. U.S. trade with Europe is much larger than with China. Although there are numerous issues such as agricultural subsidies, privacy, aircraft subsidies, obtaining agreements on issues such as uniform car safety testing could be a huge benefit.

A free trade agreement could increase economic output and to the GDP in the long term, benefiting industries ranging from chemicals to automakers. EU-U.S. commercial links are unrivaled. Total U.S. annual investment in the EU is higher than in all of Asia, while EU investment in the U.S. far outstrips EU investment in India and China combined.

The California Coalition for Free Trade is supportive of the Europe and the United States launching trade talks to deepen the world's largest trading relationship with focus on trade and investment initiatives including:

- eliminating tariffs on trans-Atlantic trade in goods;
- establishing compatible regulatory regimes in key sectors to address regulatory divergences that unnecessarily restrict trade;
- a bilateral investment agreement;
- liberalizing cross-border trade in services, without exclusions; and
- bilateral expansion of government procurement commitments.

### ***World Trade Organization***

The WTO continues to have a tremendous impact on how California producers of goods and services compete in overseas markets, as well as domestically, and is creating jobs and economic growth through expanded international trade and investment. It gives businesses improved access to foreign markets and better rules to ensure that competition with foreign businesses is conducted fairly. The California Coalition for Free Trade is supportive of a successful Doha Round in the future.

### **Generalized System of Preferences**

The California Coalition for Free Trade supports the continuation of the Generalized System of Preferences (GSP) program designed to promote economic growth in the developing world by providing preferential duty-free entry for products from designated beneficiary countries and territories.

GSP was instituted on January 1, 1976, by the Trade Act of 1974, and is authorized annually - making US manufacturers more competitive and reducing prices for U.S. consumers of entering products.

GSP is an important tool for boosting economic growth and job creation. Many U.S. companies source raw materials and other inputs from GSP countries, and the duty-free treatment of these imports reduces the production costs of these U.S. manufacturers, making them more competitive. According to analysis by the Coalition for GSP, approximately 82,000 jobs are either directly or indirectly associated with the importation and use of GSP-eligible imports. It is hoped that Congress will renew the program through September 2015.

The California Coalition for Free Trade supports allowing California companies to compete more effectively in foreign markets, as well as to attract foreign business to California. We appreciate your consideration of our positions and look forward to working with your Office

Sincerely,

The California Coalition for Free Trade  
*(members listed below)*



## California Coalition for Free Trade Member Companies

- American Logistics International
  - Applied Materials, Inc.
  - Arrowhead Credit Union
    - Bear Creek Winery
  - Blue Diamond Growers
- California Business Ventures
  - Cange International Inc.
    - Caterpillar Inc.
    - Chevron
    - Citigroup, Inc.
- CNA Insurance Companies
  - De Avila Law Firm
  - DHL Express
  - East Bay CITD
- El Camino College CITD
- Express Employment Professionals
- Fernandez Barragan & Associates
  - Fillner Construction Inc.
  - Foxx Hunter Farms
  - Gathers Strategies, Inc.
    - General Electric
- HBLA Certified Public Accountant
  - Hewlett Packard
- Hitchcock Automotive Resources
- Hitchcock Commercial Properties
- Holtouse, Carlin & VanTright
  - Hunter International
  - Intel Corporation
- International Information Specialists
- International Technical Services
  - Ironstone Vineyards
- Irvine Chamber of Commerce
  - John Kautz Farms
  - Kikkoman Foods Inc.
- LA Metro Hispanic Chambers of Commerce
- Long Beach Area Chamber of Commerce
- Los Angeles Area Chamber of Commerce
  - Lyles Diversified, Inc.
- Merrill Lynch - Mill Valley
- Montebello Chamber of Commerce
- Monterey Bay International Trade Assn
  - Moon Shot Communications
- Motion Picture Assn. of America
  - News Corporation / Fox Entertainment Group
  - North County BMW
- Northern California World Trade Center
  - Northridge Toyota
  - OWI Specialized, Inc.
- Oliva Global Communications
  - Oracle Corporation
- Orange County Bus. Council
  - Otis McAllister, Inc.
  - Pacific Resources
  - Paramount Farms
- Paulson Manufacturing Corporation
  - Port of Long Beach
  - Port of Los Angeles
  - Puente Hills Toyota
  - RB International
  - Ruiz Foods
  - Safeway, Inc.
- San Diego North Chamber of Commerce
- San Dimas Chamber of Commerce
  - Silicon Valley CITD
  - South Bay BMW
- So. Orange Cty Reg Chambers of Commerce
  - SunWest Foods, Inc.
  - The Boeing Company
  - The California Parks Co.
- The Dow Chemical Company
- Toyota Motor Sales, USA, Inc.
  - Tradeport.org
- Toyota of Santa Barbara
  - Voiland Enterprises
  - WJ Byrnes & Co.