

COUNCIL FOR INTERNATIONAL TRADE

CALIFORNIA CHAMBER of COMMERCE



January 6, 2015

To: Members of the California Congressional Delegation

**From: (Mrs.) Susanne T. Stirling
Vice President, International Affairs
California Chamber of Commerce**

Re: International Trade Agenda

On behalf of the California Chamber of Commerce, congratulations as you convene for the 114th Congress. Our California Council for International Trade would like to outline our international trade agenda below. The letter reiterates CalChamber support for Trade Promotion Authority (TPA), the related Trans-Pacific Partnership (TPP) and the Transatlantic Trade and Investment Partnership (TTIP), and the re-authorization of the US Export-Import Bank.

As you may know, the California Chamber of Commerce is a broad-based nonprofit membership organization through which business, industry and agriculture join forces to work toward positive action on key issues that affect California's economic climate

The organization, established in 1890, is the largest and most broadly based employer representative in Sacramento. Its members include more than 13,000 firms of all kinds and sizes, representing three million jobs--one quarter of the state's private sector workforce, as well as 300 affiliated local chambers of commerce and 200 trade associations.

The California Chamber supports expansion of international trade and investment, fair and equitable market access for California products abroad, and elimination of disincentives that impede the international competitiveness of California business.

Detailed information vital to the businesses that make California one of the largest exporting states in the nation and one of the largest economies in the world is available on the international trade section of the California Chamber website: www.calchamber.com/international.

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 229 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 Chamber of Commerce 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 Chamber of Commerce 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.

New multilateral, sectoral and regional trade agreements ensure that the United States may continue to gain access to world markets, resulting in an improved economy and additional employment of Americans.

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 CalChamber is supportive.

According to a 2013 analysis supported by the Peterson Institute, a TPP agreement provides global income benefits of an estimated \$223 billion per year, by 2025. Real income benefits to the United States are an estimated \$77 billion per year. The TPP could generate an estimated \$305 billion in additional world exports per year by 2025, including an additional \$123.5 billion in U.S. exports.

The market size is nearly 800 million consumers with a combined gross domestic product (GDP) of \$28.1 trillion in 2012 (39% of world GDP). In 2013, U.S. exports with the TPP members reached over \$699 billion and California exports were approximately \$70.4 billion, according to the U.S. Department of Commerce.

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 11.5% 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.

According to the World Bank, the EU market represents 506.7 million people, and has a total GDP of \$17.4 trillion. The United States has more than 316.1 million people and a GDP of \$16.8 trillion.

Total bilateral goods trade between the European Union and United States was nearly \$650 billion in 2013, with the United States exporting \$262 billion worth of goods to EU member nations.

California exports to the European Union in 2013 totaled \$28.2 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 17% 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 Chamber of Commerce is supportive of 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.

Export-Import Bank of the United States

The California Chamber of Commerce supports the renewal of the Export-Import Bank of the U.S. (Ex-Im Bank) designed to assist in financing the export of U.S. goods and services to international markets. Ex-Im Bank enables U.S. companies—large and small—to turn export opportunities into real sales that help maintain and create U.S. jobs and contribute to a stronger national economy.

With 80 years of experience, Ex-Im Bank has supported more than \$567 billion of U.S. exports, primarily to developing markets worldwide. In FY 2013, Ex-Im Bank approved more than \$27 billion in total authorizations to support an estimated \$37.4 billion in U.S. export sales and approximately 205,000 American jobs in communities across the country. According to the Ex-Im Bank, in 2013 alone it supported nearly 400 California exporters for a total of \$5 billion in sales.

In addition to supporting U.S. jobs, the Ex-Im Bank is a self-sustaining agency that operates at no net cost to the taxpayers. Ex-Im Bank pays for itself by charging fees or interest to its customers for loans, credit insurance and loan guarantees that they receive. In the past fiscal year, the Ex-Im Bank has generated more than \$1 billion in excess revenue for U.S. taxpayers.

Failure to reauthorize the Ex-Im Bank, which is set to expire on June 30, 2015, would amount to unilateral disarmament in the face of other nations' aggressive trade finance programs, putting billions of dollars in U.S. exports and thousands of U.S. jobs at risk.

The California Chamber of Commerce 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.