

The Honorable Penny Pritzker
U.S. Department of Commerce
Washington, DC 20230

Dear Madam Secretary,

The members of the Advisory Committee on Supply Chain Competitiveness appreciate the emphasis the Administration puts on global competitiveness as critical to America's economic recovery and to national growth and prosperity. Accordingly, we reaffirm our offer of assistance in any way that we can support the Department keeping America competitive in the global marketplace.

The Committee would like to express its support for the current trade and economic negotiating agenda to boost American trade competitiveness. We also urge the Administration to vigorously assure adherence by our trading partners to agreements that have already been negotiated and to enforce those agreements. Through the negotiation and adoption of trade agreements, we look forward to the opening of markets to American products in the same way America opens its markets to foreign competitors of American producers.

The Committee also supports those elements of the Trade Facilitation Agreement signed in Bali that seek to simplify export and import processes and procedures. One of the great impediments to United States exporters is the complexity of export regulations, access to information and regulations on the importing side and the risks associated with inadvertent non-compliance with U.S. regulations that result from complex regulatory frameworks. We believe a goal of the Administration should be regulatory simplification, and we stand ready to assist in achieving that goal.

The Transatlantic Trade & Investment Partnership, the Transpacific Partnership and the Trade in Services agreements now being negotiated provide opportunities to address regulatory harmonization and simplification. We urge negotiators to:

- Assure that duty elimination reductions, to the extent achieved, are not frustrated by complex country of origin evidentiary requirements so difficult to obtain and maintain that the benefits are significantly diminished or otherwise that the door is closed, especially to smaller and medium sized companies.

- Set as primary objectives harmonization and integration of the rules and requirements of the various border oversight agencies. As examples we cite the importance of American food exports and imports to both American farmers and consumers of foreign-origin products. Regulatory harmonization with our trading partners is essential to the safe and efficient flow of these commodities.
- We urge alignment with OECD on transfer pricing policies as a means to bring into harmony customs valuation with tax valuation principles. A major part of all international trade is conducted between related parties. Lack of tax and customs harmonization on pricing issues often puts American companies in the untenable position of having to comply with one or the other. Harmonization should specifically focus on rules within trade agreements respecting the duty treatment of royalty and license fees. These should be modernized to reflect the practice of modern businesses.
- We urge alignment of security programs in such a manner as to facilitate and not frustrate or impede legitimate trade. The key to modern, efficient supply chains is predictability and reliability. Except in the case of credible evidence of security threat, border authorities should be held accountable to specific, transparent clearance standards. We extend that to the application and approval of export license applications.

The members of the committee are privileged to be in a position to offer these ideas and insights. And we reaffirm our commitment to the Department to continue to dialog as a means to add clarity to these suggestions in support of American global trade competitiveness. Thank you.

Committee