



National Electrical Manufacturers Association

PHILIP A. SQUAIR

Vice President, Government Relations

November 26, 2018

Edward Gresser
Chair, Trade Policy Staff Committee
Office of the United States Trade Representative
600 17th Street, NW
Washington, DC 20508

Re: Docket USTR–2018–0034, *Request for Comments on Negotiating Objectives for a U.S.-Japan Trade Agreement*

Dear Mr. Gresser,

As the leading trade association representing the manufacturers of electrical and medical imaging equipment, the National Electrical Manufacturers Association (NEMA) provides the attached comments in response to the October 26, 2018 notice inviting public input on priorities for U.S.-Japan trade agreement negotiations.

NEMA represents nearly 350 electrical equipment and medical imaging manufacturers that make safe, reliable, and efficient products and systems. Our combined industries account for 360,000 American jobs in more than 7,000 facilities covering every state. Our industry produces \$106 billion shipments of electrical equipment and medical imaging technologies per year with \$36 billion exports.

Attached please find the NEMA comments. We would welcome discussing this matter and our comments further. Our Member companies count on your careful consideration and we look forward to outcomes that meet their expectations.

If you have any questions on these comments, please contact Craig Updyke of NEMA at craig.updyke@nema.org.

Sincerely,

A handwritten signature in blue ink that reads "Philip A. Squair". The signature is written in a cursive, slightly slanted style.

Philip Squair
Vice President, Government Relations

Attachment

NEMA Comments on Negotiating Objectives for a U.S.-Japan Trade Agreement

Executive Summary

- In pursuing a new trade agreement with Japan, the United States must achieve market access and favorable terms that are, at a minimum, equivalent to those afforded by Japan to other member countries of the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP) Agreement as well as to the European Union.
- In several areas, the U.S. Mexico Canada Agreement (USMCA) reached on September 30, 2018, provides even more favorable terms – in terms of openness, transparency and trade liberalization – than does the CPTPP. Japan should agree to these higher-level commitments as well.
- Where possible, the U.S. and Japan should seek to build on the trade-liberalizing terms of the USMCA to set even higher standards for trade in the Indo-Pacific region.

Discussion

U.S. bilateral and plurilateral efforts to reduce and eliminate non-tariff barriers in Japan have produced too little in the past three decades. Inclusion of Japan in the Trans-Pacific Partnership (TPP) negotiations in 2012 appeared to promise the reversal of that trend. However, U.S. withdrawal from the TPP in January 2017 put out of reach the benefits of the TPP Agreement concluded in October 2015. The renegotiated CPTPP is set to enter into force for Japan and 10 other countries in December of this year.

In the meantime, the U.S. negotiated a new trade agreement with CPTPP participants Mexico and Canada, two of the U.S. electroindustry's top trading partners. For its part, Japan concluded negotiations on a new trade agreement with the European Union. The USMCA builds on the North American Free Trade Agreement in many respects with improvements from the original TPP texts.

In general, the U.S. and Japan should seek to negotiate a bilateral trade agreement of the highest standard, building on the trade liberalizing provisions of the TPP and USMCA while also ensuring U.S. exporters benefit from market access and transparency provisions at least on par with those to be enjoyed by European Union member states under the terms of the Japan-EU Economic Partnership Agreement.

Timely reduction and elimination of Japan's customs import tariffs for industrial goods, while welcome, would only open a small hole in the formidable barriers U.S. electroindustry exporters face there. A bilateral trade agreement such as has been proposed by the U.S. and Japan presents a significant opportunity to level the playing field for U.S. manufacturers and service providers.

Accordingly, in addition to tariff elimination, NEMA strongly recommends U.S. negotiators seek to:

- Eliminate anti-competitive practices in Japan's government procurement and public works markets that have stymied U.S. companies

- Require good regulatory, Standards, and market-driven conformity assessment practices that afford openness and transparency, enable cost-effective compliance and, whenever possible, achieve alignment that promotes and enhances market access opportunities in Japan for U.S. electroindustry manufacturers. However, NEMA opposes Mutual Recognition Agreements (MRAs) for products that are not federally regulated in the U.S.
- Affirm Japan's acceptance of conformity attestation methods that include the optional use of the International Electrotechnical Commission's Conformity Assessment Systems – IECCEB, IECEx and IECQ, where appropriate
- Reform Japan's medical policies and practices that lead to discriminatory trade treatment
- Fully open Japan's market for services, including testing and technical services, distribution services, energy services, environmental services, and medical services.
- Achieve the strongest possible intellectual property rights and trade secret protections as well as government cooperation in enforcement under customs service operations that facilitate efficient legitimate trade while preventing importation for sale in the U.S. of goods that are counterfeit, violate intellectual property rights, or fail to comply with U.S. requirements.
- Raise Japan's customs *de minimis* level to parity with the U.S. level of \$800.
- Achieve commitments related to digital trade that at least match if not exceed the disciplines agreed in the U.S. Mexico Canada Agreement.

END COMMENTS