



Ken Monahan
Vice President
International Economic Affairs

April 8, 2022

Mr. William Shpiece
Chair of the Trade Policy Staff Committee
Office of the United States Trade Representative
600 17th St. NW
Washington, DC 20508

Re: Docket No. USTR-2022-0002; Request for Comments on the Proposed Fair and Resilient Trade Pillar of an Indo-Pacific Economic Framework

Dear Mr. Shpiece:

The National Association of Manufacturers welcomes the opportunity to provide comments to the Office of the U.S. Trade Representative in response to its Federal Register request on the proposed fair and resilient trade pillar of an Indo-Pacific Economic Framework.

The NAM is the largest manufacturing association in the United States, representing 14,000 businesses in every industrial sector and in all 50 states. The NAM represents businesses of all sizes, with small and medium-sized manufacturers comprising 90% of our members. Manufacturing employs more than 12.5 million women and men across the United States, accounting for nearly 58% of all private sector research and development and contributing \$2.57 trillion to the U.S. economy annually.

Manufacturers of all sizes compete in a competitive global economy, selling not only to U.S. customers but also to billions of consumers outside the United States, supporting U.S. jobs and production. The expansion of manufacturers' global reach through a more open and fairer global trading environment has improved U.S. competitiveness, grown U.S. manufacturing production and enabled businesses of all sizes to raise wages and create more high-skilled jobs over the past quarter century. It has also helped propel manufacturing innovation across America that is saving lives, improving quality of life and protecting the environment.

Manufacturing exports and trade also support well-paying manufacturing jobs here in the United States. The jobs of 6 million manufacturing workers in the United States, and the economic health of the communities they live in, depend directly on U.S. exports to global markets. And these are well-paying jobs: workers in export-intensive sectors earn 26% more on average compared to less export-intensive sectors.

Manufacturers welcome and are encouraged by the administration's efforts to pursue the IPEF, particularly as the framework addresses key industry priorities needed to strengthen manufacturing in the United States. Robust, high-standards trade with the Indo-Pacific is critical to manufacturers' success and global competitiveness; the region already represents more than two-fifths of total U.S. manufacturing trade and is a market for U.S. exports that support nearly 2 million American jobs.

As the administration engages with regional partners and domestic stakeholders to build out this framework, it must prioritize an approach that supports manufacturing businesses and

workers by opening markets, strengthening U.S. innovation and technology leadership, raising global standards to U.S. levels and putting in place best-in-class trade rules.

In a [Feb. 15 letter](#) sent to senior administration officials, NAM President and CEO Jay Timmons laid out key manufacturing priorities for the IPEF and the administration's broader approach to the Indo-Pacific, including specific areas listed in this Federal Register notice as well as additional priorities in areas such as market access, innovation and intellectual property and export controls.

It is critical that the administration ensure that the IPEF, including USTR's fair and resilient trade pillar and the Department of Commerce's pillars in areas such as infrastructure and supply chains, support manufacturers in the United States. The administration should think creatively to ensure that the framework's trade pillar includes regional partners that collectively adopt clear, strong rules and binding commitments. Furthermore, manufacturers encourage the administration to expand the scope of the framework to include additional areas not covered by this Federal Register notice that would strengthen U.S. economic opportunity in the region in line with manufacturing priorities, including but not limited to market access, intellectual property and specific technical barriers to trade.

The NAM is pleased to provide detailed comments on specific aspects of the framework in line with the scope of USTR's Federal Register notice.

General Negotiating Objectives for the Proposed Agreement

Manufacturers urge USTR and other agencies to ensure that the trade pillar has best-in-class trade rules cross the economic areas it covers. It must also secure broad sign-on from regional partners to ensure that the high standards in this pillar truly move the region forward, together, on areas of critical economic importance. Achieving these goals will require the administration to develop an ambitious agenda in close consultation with regional partners to ensure achievable outcomes.

While the administration has said that the framework will not currently include market access through tariff liberalization, manufacturers urge the administration to create market access and export opportunities for manufacturers through the framework, including high-standard economic commitments in areas such as infrastructure and green technology and closer alignment in trade-facilitating disciplines such as customs procedures. The IPEF's legal architecture must also not bar any future agreement that will enable additional market access discussions, including tariff liberalization. Finally, the trade pillar should also include binding rules and commitments, as well as timelines and benchmarks to achieve specific, tangible economic targets.

Digital Economy-Related Matters

Digital rules are vital for manufacturers as they compete in a 21st century economy. Manufacturers are not only the creators and producers of advanced digital technology, including next-generation information technology products and new technology platforms such as artificial intelligence and the Internet of Things, but they are also adopting digital technologies and services to compete in the global marketplace and reach new customers.

The administration should ensure that IPEF digital trade provisions build on standards in other key U.S. trade agreements, including the U.S.-Mexico-Canada Agreement and the

Information Technology Agreement, and also align with key international frameworks, such as the Asia Pacific Economic Cooperation organization's Cross-Border Privacy Rules system, to secure the highest possible digital trade protections and opportunities for manufacturers in the United States. Specific priority areas include:

- Facilitating cross-border data flows and prohibiting forced data localization measures that negatively impact the global operations of manufacturers in the United States;
- Ensuring non-discriminatory treatment by foreign governments for U.S. digital products in regional markets;
- Prohibiting forced disclosure of source code or encryption methods as a condition for importation, distribution, or sale of digital products;
- Accelerating digitization of key business, trade and customs-related procedures to reduce the paperwork burden for businesses;
- Increasing collaboration on the development and implementation of national, regional and international digital standards based on transparent, consensus-based, industry-led approaches; and
- Encouraging the development and deployment of key emerging digital technologies in ways that create opportunity for manufacturers in the United States.

Agriculture-Related Matters

The IPEF provides an opportunity for regional partners to strengthen alignment, coordination, and cooperation on critical issues related to food and agriculture, including increased alignment on technical barriers to trade and sanitary and phytosanitary issues. The framework should also include commitments and mechanisms to strengthen coordination and alignment by IPEF partners in relevant international organizations and standard-setting bodies.

Existing agreements, including the USMCA, provide a template for additional areas of priority in the food and agriculture space, including efforts to strengthen export opportunities for U.S. products in the region, such as those under common name protections.

Transparency and Good Regulatory Practice Issues

The IPEF provides a critical opportunity for the United States to support transparent, inclusive science- and evidence-based regulatory processes in the Indo-Pacific region that align with commitments under the World Trade Organization agreements on TBT and SPS measures.

Adherence to good regulatory practices by regional governments, including alignment with relevant international standards under the WTO TBT Committee's Understanding on International Standards, is critical to ensuring more effective regulation that accomplishes legitimate regulatory objectives while avoiding barriers to trade. Strong commitments on TBT and good regulatory practices also provide a clear basis for addressing new and existing barriers in Indo-Pacific markets. Moreover, stronger regional alignment around good regulatory practices expands upon provisions in U.S. trade agreements that have proven effective in the international standards space, as well as critical U.S.-led initiatives at APEC.

Manufacturers strongly support the inclusion of strong commitments on regulatory transparency and good regulatory practices in the final IPEF. Such commitments should ensure that countries:

- Run non-discriminatory, stakeholder-inclusive processes for developing technical regulations, standards and conformity assessment procedures;

- Adopt science- and evidence-based approaches to the development and implementation of such standards and regulations;
- Do not create unnecessary barriers to trade in the drafting and implementation of technical regulations and standards;
- Conduct any checks, audits or inspections under these measures promptly, consistently, transparently and in a non-discriminatory fashion; and
- Properly notify manufacturers of any emergency measures taken to protect human, animal, or plant life and health to all affected parties.

IPEF partners should also establish and promote industry-led pilot programs on regulatory transparency and regulatory practices, aligned with existing work at APEC and other regional forums, that can demonstrate strong economic and regulatory benefits for all parties.

Additionally, the IPEF should include commitments by, and specific channels, for regional partners to address existing TBT and SPS issues as well as to head off potential issues before they are implemented. Such steps will strengthen regional cooperation, boost regional trade, and provide a more predictable business environment.

Customs and Trade Facilitation Issues

In order to boost exports around the world and to obtain needed inputs, the United States and its trading partners need 21st-century customs and border processing systems. These systems must efficiently facilitate the clearance and movement of legitimate goods, while strengthening enforcement efforts against dangerous illicit and counterfeit goods that are harming manufacturers and consumers.

The IPEF should strengthen transparency and coordination of customs and trade facilitation measures, including publication of relevant customs laws, regulations and procedures, prompt implementation of existing customs procedures, including product release and payment, and improved information sharing by customs authorities with industry to effectively address issues such as counterfeiting. Such measures will best ensure compliance with customs measures and boost transparency, particularly for small- and medium-sized manufacturers, while targeting bad actors.

Additionally, partner countries should commit to further steps to strengthen customs procedures such as:

- Modernizing customs rules to simplify and streamline requirements for customs clearance in line with the diversity of goods and shipment sizes that cross borders and to equip officials to better tackle evolving counterfeiter practices;
- Incorporating automation to improve customs procedures and operations to better catch counterfeit activity and facilitate trade in legitimate goods;
- Offering advance rulings on customs valuation and other key procedures that will make trade more predictable;
- Continuing to expand and build on *de minimis* rules that cut red tape and facilitate trade in low-value shipments while upholding critical appropriate controls for health, safety, and security; and
- Increasing transparency and industry engagement in both the development and implementation of customs regulations and procedures.

IPEF partner countries should also make clear commitments not to impose export restrictions in ways designed to protect domestic industry at the expense of critical shared goals, such as fighting COVID-19. These conversations should include explicit conversations on removing existing export restrictions on critical COVID-19 products, as well as refraining from future restrictions, to facilitate trade in lifesaving medicines and vaccines.

The NAM appreciates the opportunity to provide remarks on the proposed fair and resilient trade pillar of the IPEF. Manufacturers look forward to continuing to work with the administration to ensure that the framework is successful in demonstrating robust U.S. economic engagement in the region and strengthening opportunities for manufacturers and workers here in the United States.

Sincerely,

A handwritten signature in black ink, appearing to read 'K. Monahan', written in a cursive style.

Ken Monahan