

# U.S. GLOBAL VALUE CHAIN COALITION



December 12, 2018

Secretary,  
U.S. International Trade Commission,  
500 E Street SW,  
Washington, DC 20436

Comments on the U.S.-Japan Trade Agreement: Advice on the Probable Economic Effect of Providing Duty-free Treatment for Currently Dutiable Imports

Investigation Number: TA-131-043 and TPA-105-004

To Whom It May Concern:

These comments are being filed on behalf of the U.S. Global Value Chain Coalition – a coalition of U.S. companies and associations – that is on a mission to educate policymakers and the public about the American jobs and the domestic economic growth our companies generate through their value chains.

Global value chains include those jobs we traditionally associate with creation of a product – such as those in a factory or on a farm – as well as those positions involved in the conceiving of and delivery of those products – such as design, marketing, research and development, logistics, compliance and sales. Simply put, the global value chain accounts for all the jobs that add value to the good or service sold in the global marketplace. These positions are essential to the creation or sale of a good or service. Moreover, the jobs are here in the United States and are usually high-paying, accounting for much of the value that is paid at the register.

While we are not taking a position on the U.S./Japan trade agreement *per se*, we are writing to communicate our support for using these negotiations to maximize U.S. global value chains. We note that Congress, through the Bipartisan Congressional Trade Priorities and Accountability Act of 2015 made “utilization of global value chains” a priority in the first two negotiating objectives– relating to goods and services – for trade agreements. Such a priority is well placed because, in today’s global economy, global value chains measure the full impact of trade policies on jobs. This is particularly important with our trading relationship with Japan.

Please consider the following:

- In the first nine months of 2018, two-way trade with Japan accounted for nearly \$160 billion, equivalent to about 5 percent of total trade that transited our nation’s ports. Cargo activities at our nation’s seaports – imports, exports and domestic shipments – support more than 23 million American jobs and over a quarter of annual U.S. GDP.

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- U.S. companies design and market consumer products in the United States that are produced around the world and sold in Japan. Everyday items such as U.S. branded clothes, shoes, and backpacks that are produced abroad and sold in Japan contain high U.S. value in the form of design, quality control, marketing, and compliance.
- Chemicals imported from Japan make their way through a network of U.S. distributors employing tens of thousands of Americans into industries, employing millions, including agriculture, automotive, pharmaceuticals, textiles, plastics, paints and coatings, and more.
- A wide assortment of hood liners, head liners, dash insulators, load floors, and sun shades, and other automotive textiles components are designed and produced in New Jersey, then tested in Japan to Japanese standards, and finally sold to U.S.-based automotive suppliers for incorporation in Japanese branded cars made throughout the United States.

These are just a few examples of how global value chains dependent upon trade with Japan create jobs and economic opportunities across the United States.

As you assess the probable economic effects of this agreement, we urge you to view these through the lenses of U.S. global value chains to maximize their utilization, which will benefit U.S. jobs and the U.S. economy.

Sincerely,

The U.S. Global Value Chain Coalition