

January 25, 2010

Office of the United States Trade Representative
600 17th Street NW
Washington, DC 20508
On-line submission to: <http://www.regulations.gov>
VIA FAX: 202-395-3390

TO: Trade Policy Staff Committee (TPSC) Chair

FR: Commodity Markets Council

RE: The ``United States--Trans-Pacific Partnership Trade Agreement.''

Greetings TPSC Chair,

The Commodity Markets Council (CMC) is pleased to submit comments in response to Federal Register Notice Volume 74, Number 240, dated December 16, 2009, "Request for Comments Concerning Proposed Trans-Pacific Partnership Free Trade Agreement".

CMC is a trade association representing commodity futures exchanges, regional boards of trade and numerous industry counterparts in the agriculture, energy, metals and finance sectors. Our members represent the complete spectrum of commercial users in these markets including domestic and multinational commodity merchandisers, processors, millers, refiners, commercial and merchant energy companies, precious and base metal trading firms, bioenergy producers, futures commission merchants, food and beverage manufacturers, major transportation companies and financial institutions.

CMC strongly supports U.S. participation in the Tran-Pacific Strategic Economic Partnership (commonly referred to as TPP). The TPP would allow the United States to keep pace with the recent explosive growth in FTAs in the Asia-Pacific region. There are over 152 agreements in force in the region, 21 more agreements are completed and awaiting implementation, 72 are being negotiated and 81 are in an exploratory phase. The TPP would be an important step in allowing the United States to keep pace in this increasingly competitive regional trade environment.

The importance of Asian-Pacific trade for U.S. agriculture is demonstrated by reviewing the 25 months with the largest dollar value of U.S. agricultural exports. The only destinations for these large-value monthly exports are the two Asian giants, China and Japan -- which accounted for eight of the 25 largest months, and the NAFTA trading partners -- which accounted for the remaining 17. It is important to also note that the Asian markets are large **net** importers of U.S. Agricultural products while the NAFTA trading partners are generally net exporters to the United States in spite of large volumes of two-way trade.

China is a prime example of the value of Free Trade Agreements and improved orderly market access achieved through rules of law and WTO accession. During 1999 the dollar value of **annual** U.S. agricultural exports totaled **\$854 million**, and generally were **less than \$2.1 billion annually** prior to 2003. Following WTO accession and passage of Permanent Normal Trading Relations with China the value of U.S. agricultural exports more than doubled to \$5 billion annually. During November 2009 the **monthly** value of U.S. agricultural exports to China set an all-time record for any country at **\$2.35 billion**. When December data become available 2009 exports of U.S. agricultural products to China will likely rival the record \$12.1 billion set in 2008.

Even with this record there continues to be room for improvement. The November \$2.35 billion monthly record of U.S. agricultural exports to China was achieved without an agreement for legitimate beef trade, with pork trade largely halted by unjustified non-tariff trade barriers and poultry trade sporadic and unpredictable due to periodic disruptions to normalized trade access.

General Concerns regarding the Transpacific Partnership Free Trade Agreement

CMC underlines the importance of focusing not only on the removal of tariffs, but the removal of all non tariff barriers to trade, particularly technical barriers to trade (TBT) and sanitary and phytosanitary (SPS) barriers. Trade with China is a prime example of how these barriers can prevent and disrupt trade and U.S. negotiators should bring early and intense focus to the removal of SPS and TBT barriers during TPP discussions.

CMC is opposed to the re-opening of already concluded trade agreements with TPP countries. The United States has achieved a high level of market access under existing trade agreements, and we do not want to give any of these countries the opportunity to make changes to the agreements that could result in the loss of existing market access.

CMC is opposed to the use of agricultural concessions to obtain non agricultural concessions in these negotiations.

CMC appreciates the opportunity to comment regarding importance of a TPP to U. S. agriculture and we look forward to further discussion as negotiations progress.

Sincerely,

Christine Cochran
President,
Commodity Markets Council
1300 L Street, NW
Washington, DC 20005
(202) 842-0401
ccoehran@cmcmarkets.org