

United States Senate

WASHINGTON, DC 20510

September 9, 2015

The Honorable Michael Froman
United States Trade Representative
The Office of the United States Trade Representative
600 17th Street, N.W.
Washington, D.C. 20508

Dear Ambassador Froman:

The Trans-Pacific Partnership (TPP) could have a significant impact on the U.S. auto supply chain due to the agreement's inclusion of major auto producing nations, including Japan, Canada, and Mexico. The agreement must include tariff phaseouts and rules of origin that maximize U.S.-based production and suppliers to ensure U.S. producers gain equal market access and prevent our foreign competitors from gaining an unfair advantage.

Before Japan joined the TPP talks, the U.S. secured a commitment from Japan that U.S. tariffs on motor vehicles will be phased out in accordance with the longest staging period in the agreement and will be back-loaded to the maximum extent. It is imperative that the agreement live up to this commitment, given the chronically closed nature of the Japanese market. In addition, an agreement that provides the longest tariff to cars but not trucks or vice versa is not acceptable.

The NAFTA rules of origin should be the starting point for the TPP agreement. We understand that changes to the tracing list are being discussed, but we do not believe that removing the tracing list automatically justifies the reduction of the regional value content requirement from NAFTA. In addition, we urge you not to accept competitors' offers that would confer an advantage on producers whose primary supply chain is located in countries outside the TPP agreement. Undermining the NAFTA rules of origin would displace the U.S. auto supply chain and result in the loss of jobs throughout the country.

Non-tariff barriers and currency must also be addressed to ensure a level playing field for U.S. auto producers. Japan has no tariffs on auto imports yet only six percent of autos purchased in its country are foreign-made. Non-tariff barriers and currency manipulation have effectively shut U.S. car companies out of the Japanese market for years; in 2013 for every one car the U.S. exported to Japan, Japan exported 99 to the U.S. If not negotiated appropriately, TPP will exacerbate this auto trade deficit with Japan and undermine the U.S. auto sector over time.

The auto industry was critical to the nation's recovery after the Great Recession and is a linchpin in our national economy, with 1.7 million workers and more than \$70 billion in annual tax revenues. We urge you to negotiate the TPP to support and grow domestic auto manufacturing by including the longest, backloaded tariff phaseouts on cars and trucks, NAFTA-based rules of origin, and provisions to remove non-tariff barriers, including currency manipulation. An agreement that does not include these provisions will give our foreign competitors an even greater unfair advantage and will undermine the future of the U.S. auto industry.

Thank you for your consideration of this letter. We look forward to working with you to support and promote the U.S. auto and auto parts industry.

Sincerely,



Sherrod Brown
United States Senator



Rob Portman
United States Senator



Debbie Stabenow
United States Senator