

THE PRESIDENT'S EXPORT COUNCIL

WASHINGTON, D.C. 20230

June 19, 2014

President of the United States of America  
The White House  
Washington, DC 20500

Dear Mr. President,

Last December, the 159 member countries of the World Trade Organization (WTO) completed negotiations on the Agreement on Trade Facilitation (ATF). By reducing barriers and other impediments encountered at borders, the ATF should have a substantial, positive impact by boosting exports, increasing trade, and growing the global economy. The PEC encourages your Administration to continue to commit the needed resources to ensure a speedy implementation process, opening this gateway for America's consumers, workers, farmers and businesses of all sizes to enjoy the benefits of the ATF.

While the ATF is not a panacea that addresses every supply chain barrier around the world, the agreement still includes many important provisions that can reduce time, cost, and complexity at the border. For American exporters, such improvements are vital. In today's integrated global economy, supply chains are burdened and disrupted by barriers that result in bottlenecks at borders. The results are increasingly costly to producers and consumers alike and are particularly problematic for time-sensitive products such as food and agriculture and other consumer goods.

Once implemented, the ATF will reduce trade costs across borders, spurring commercial growth and igniting economic development around the world. A 2013 report published by the World Economic Forum estimated that eliminating just some of these barriers at the border could increase global GDP over six times more than removing all tariffs.

The ATF will benefit American exporters of all sizes, but studies have consistently demonstrated that trade facilitation barriers disproportionately impact developing countries and impair American small- and medium-sized enterprises (SMEs) from selling goods in those markets. The ATF will benefit SMEs, which often lack the means and capacity to comply with complex rules at the border and a labyrinth of customs regimes. According to the World Economic Forum, lowering trade facilitation and other supply chain barriers could trigger a sixty percent to eighty percent increase in cross-border SME sales. By helping SMEs access new markets, the ATF will contribute to job creation through export growth.

Many developing and least developed countries are vibrant and growing economies that could serve as significant new markets for American goods and services. American businesses struggle to enter these markets in part due to burdensome regulations at the border. At the same time, these barriers prevent countries from raising their level of development through enhanced participation in global supply and value chains. The ATF's emphasis on streamlining procedures will therefore promote development and unlock significant new opportunities for American

businesses to access the 95 percent of global consumers and eighty percent of global buying power located outside the United States.

Private sector operational expertise and experience can inform and assist optimal implementation of the ATF. American companies can provide unique insights to help WTO members prioritize, harmonize, and sequence ATF commitments. Moreover, private sector knowledge and expertise will provide valuable guidance to augment the efforts of national governments and international organizations efforts to dedicate resources and implement the agreement.

To maximize the benefit of private sector technical support, the PEC recommends that your Administration create a formalized mechanism for private-sector stakeholders to engage with the U.S. government interagency process and provide continuous input during ATF implementation. Furthermore, your Administration should demonstrate global leadership by urging national governments and international organizations to set up similar mechanisms. Private sector input should also inform the U.S. Executive Director's efforts to direct funds and technical support for ATF implementation within multilateral development organizations funded by the United States.

The PEC applauds your Administration's efforts to conclude the ATF, and we look forward to working together to achieve the full benefits.<sup>1</sup>

Sincerely,

A handwritten signature in black ink, appearing to read "Jim McNerney". The signature is fluid and cursive, with a large initial "J" and "M".

Jim McNerney

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<sup>1</sup> Please note this letter was prepared by the private sector appointed members of the PEC.