

May 15, 2019

The Honorable Wilbur Ross
Secretary
U.S. Department of Commerce
1401 Constitution Ave., N.W.
Washington, DC 20230

Dear Secretary Ross:

We are writing to provide our comments on the U.S.-Japan trade negotiations.

The Environmental Technologies Trade Advisory Committee (ETTAC) is a Federally-established committee whose purpose is to advise on the policies and procedures of the U.S. government that affect U.S. environmental technology exports. In this capacity, we especially appreciate the opportunity to provide our comments on the U.S.-Japan Trade Negotiations.

The U.S. environmental industry supports over 1.6 million jobs and generates over \$342 billion in revenue.

Japan is the United States' fourth-largest single-country trading partner for U.S. manufactured goods. U.S. manufactured goods exports to Japan in 2017 equaled \$75 billion and U.S. services exports equaled \$46 billion.

The ETTAC welcomes the opportunity to expand the commercial relationship with Japan, including through the negotiation of a U.S.-Japan Trade Agreement. A stronger, more open and competitive U.S.-Japan commercial relationship will expand opportunities for the growth of manufacturing and jobs in the United States.

We appreciate the opportunity to provide our comments and look forward to working with you to support the growth of the U.S. environmental goods and services exports.

Our comments are attached.

Sincerely,

A handwritten signature in black ink, appearing to read 'W. Decker', with a long horizontal flourish extending to the right.

William Decker
Chair, ETTAC

cc: Ambassador Robert Lighthizer
United States Trade Representative

ETTAC Recommendations on U.S.-Japan Trade Negotiations

Guiding Principles: In pursuing a trade agreement with Japan, the U.S. must engage in a comprehensive trade negotiation as set forth in USTR's negotiating objectives. A comprehensive negotiation includes not only industrial goods, but also services and agriculture. It will also address discriminatory practices and non-tariff barriers, as well as regulatory divergences. This will be critical to achieving an economically meaningful deal for U.S. industry. A staged approach, that only addresses industrial goods or certain sectors limits the value of these negotiations, and potentially limits economic opportunities in this critical bilateral relationship.

The United States and Japan share a robust commercial relationship and manufacturers in the United States have long supported efforts to expand and improve that relationship. Key challenges and opportunities for goods and service providers include, but are not limited to:

- **Regulatory Environment, Technical regulations, standards, testing procedures and conformity assessments:** Many of Japan's regulatory procedures remain unique to Japan and are not well aligned with global norms. The processes often do not use evidence-based cost-benefit analyses or provide opportunities for interested stakeholders to participate in advisory groups on new policies and other measures, including but not limited to Japan's implementation of European-style hazard-based regulatory approaches to chemical assessment and management (such as the U.S. EPA Toxic Substances Control Act (TSCA)). To address these challenges, Japan should:
 - **Accept globally recognized standards**
 - **Establish a transparent process based on sound science, risk-based approaches:** U.S. and Japan should work to ensure sector regulatory cooperation; and commitments to promoting similar regulatory approaches across Asia/Pacific. The two countries have an opportunity to play a leadership role in demonstrating the value and practicality of chemical regulatory approaches that are based on risk to ensure the protection of human health and the environment. More transparent processes would allow better coordination with U.S. approaches and data and facilitate exports of U.S. goods and services. For example: Japan's Food Contract Regulation (FDSL – Food Sanitation Law) would benefit from taking a Positive List approach to include issues such as additive requirements in food packaging. This would facilitate exports of U.S. sustainable and environment solutions in food packaging.
 - **Amend Public Comment Procedures:** Japan's current procedures should be amended to ensure sufficient time uniformly across agencies and provide meaningful opportunity to comment and submit data on impact of policies, regulations, standards, procedures; and other measures as they are developed. Additionally, translations of government notifications and regulations should be made available in a timely manner.
- **Eliminate Tariffs on Recyclable Commodities:** The United States exported \$700 million worth of recyclable commodities to Japan in 2018, a 38% increase over the previous year. But some of these environmentally-friendly products, including high value metals, face tariffs of 3-5.7% while U.S. tariffs on recyclable commodities from Japan are zero.
- **Eliminate the 232 Tariffs on Steel and Aluminum:** While not technically within the scope of the negotiations for the USJTA, the U.S. must address the existing Section 232 tariffs on Japanese exports of steel and aluminum, which are having an overall negative economic effect on U.S. manufacturers who depend on these products to produce goods for U.S. consumers as well as for export.