

United States Senate

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WASHINGTON, DC 20510-2204

November 10, 2011

President Barack Obama
The White House
1600 Pennsylvania Ave NW
Washington, DC 20500

Dear Mr. President:

I am writing to express my deep concern that Japan is expected to announce its intention to participate in Trans-Pacific Partnership (TPP) trade agreement negotiations at the Asia Pacific Economic Cooperation (APEC) meeting in Honolulu this month. Before joining negotiations, Japan must first demonstrate a sustained commitment to opening its market to U.S. automobiles and automobile parts. Opening U.S. markets to more Japanese automobiles while Japan keeps its market closed to American automobiles simply does not make sense.

Despite being a long-time U.S. ally, Japan has a decades-long history of creating a maze of rules and other non-tariff barriers to keep foreign automobiles out of its market. These unjustified barriers have made Japan the most closed automobile market in the developed world. By shielding its automakers from international competition in its large market, Japan ensures that over 95% of the vehicles sold in Japan are made by Japanese automakers. Last year, only 8,000 American-made automobiles were sold in Japan. In contrast, Japan exported 1.5 million automobiles to the United States.

The predictable result of Japan's anti-competitive trade practices is our huge trade deficit in automobiles—which accounts for 70% of our \$60 billion trade deficit with Japan. This one-way trading relationship is an example of why so many Americans are skeptical of “free trade.” Americans see other countries like Japan and China getting access to our market, while products Americans make are systematically denied access. There's nothing “free” about that sort of trade. It's an imbalanced system that prevents our businesses from competing on a level playing field.

We must also insist that Japan stop manipulating the value of the Yen before it is allowed to join TPP negotiations. Like China, Japan has a history of intervening in currency markets to devalue its currency and make its products—including automobiles—artificially cheap. Japan last intervened in currency market less than two weeks ago. Currency manipulation gives other countries an anti-competitive advantage and directly translates to lost American jobs, especially in Michigan. Countries like Japan and China have been costing us jobs with this illegal practice for years while facing little or no consequences.

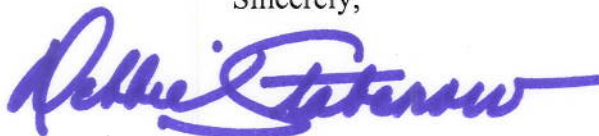
Your previous actions have clearly demonstrated your strong commitment to the American automobile industry and American manufacturing. Our automakers and suppliers have emerged

from the global financial crisis with industry-leading products that are creating tens of thousands of new American jobs. Giving Japan even greater access to the U.S. market without a demonstrated commitment from Japan to open its market to American automobiles and suppliers threatens to undermine this resurgence.

Now is not the time for Japan to join the TPP trade agreement negotiations. Japan has a long history of keeping out American products and has embedded many trade barriers deeply in the structure of its economy. These barriers cannot be addressed through traditional trade agreement negotiations. Japan needs to take concrete, unequivocal actions to open its automobile market before it is allowed a seat at the table.

If Japan is allowed to join negotiations before it opens its market, it will attempt to use any agreement to cement its restrictive trading regime while benefitting from even lower U.S. automobile tariffs. Adding Japan would also create a troubling new dynamic that encourages the other countries in TPP negotiations to offer less market access for U.S. automobiles. Therefore, I urge you to oppose Japan joining negotiations before it demonstrates a sustained commitment to open its market and stops manipulating its currency to gain an anti-competitive advantage for its companies.

Sincerely,

A handwritten signature in blue ink, reading "Debbie Stabenow". The signature is fluid and cursive, with a long horizontal stroke at the end.

Senator Debbie Stabenow