

ROBERT P. CASEY, JR.  
PENNSYLVANIA

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SPECIAL COMMITTEE ON AGING

JOINT ECONOMIC

# United States Senate

WASHINGTON, DC 20510

January 18, 2012

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

Dear Mr. President:

I write to share my serious concerns with the potential inclusion of Japan in the Trans-Pacific Partnership (TPP) agreement. While Japan is a vital ally of the United States, Japan's history of excluding foreign competition from its markets, coupled with its ongoing policy of undervaluing its currency, raise questions about expanding our trading relationship.

Our trade policy must support the creation of good paying jobs and not put U.S. companies at a disadvantage. Japan's participation in the TPP could threaten American industries and impede economic growth. Japan has protected its markets for decades, allowing domestic industries to dominate. Despite an agreement by Japan to open its market in the 1990s, foreign automakers have less than a 5 percent market share. This dynamic is intentional. Japan created a national industrial plan aimed at excluding imports in the 1950s and they have not deviated from that plan. As a result of these policies, foreign market share plummeted in Japan from 60 percent in 1953 to one percent in 1960 and has never recovered.

I am also concerned with Japan's recent actions concerning the yen. In the last year, Japan has deliberately weakened its currency to support its economic growth. In fact, Japan intervened to weaken the yen on October 31, 2011, by buying approximately \$116 billion in foreign exchange assets; the third such intervention last year. For years, Pennsylvanians have seen the damage currency manipulation has on international trade, particularly in manufactured goods.

With these practices in mind, inclusion of Japan in the TPP could be particularly harmful to our domestic auto industry. Today, U.S. imports represent only a small fraction of all auto sales in Japan. Given that fact, it is no surprise that according to the U.S. Department of Commerce, the automotive industry represents more than 66 percent of the United States' trade deficit with Japan. Japan has not indicated a clear willingness to change its policies. Our domestic manufacturers need to compete on a level playing field. All three major American automobile manufacturers earned net profits in 2011; the first time that has occurred since 2004. This growth

not only aids the automobile manufacturers, but also small businesses like auto parts suppliers across the Nation.

I am continuing to monitor negotiations to determine if a final TPP deal will benefit Pennsylvania. However, I worry that including Japan further complicates negotiations. Unless Japan agrees at the outset to open its markets to all U.S. products, I urge you not to include Japan in this agreement.

Respectfully,

A handwritten signature in blue ink that reads "Bob Casey, Jr." in a cursive style.

Robert P. Casey, Jr.  
United States Senator