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AMERICAN AUTOMOTIVE POLICY COUNCIL

ICYMI: The right trade pact could deliver jobs and growth

Starting March 4, some of America's most important trading partners will meet in Singapore, to negotiate expanded trade across the Pacific. The Trans-Pacific Partnership (TPP) is a free trade agreement being negotiated between the United States and 10 other Pacific-rim countries: Australia, Brunei, Canada, Chile, Malaysia, Mexico, New Zealand, Peru, Singapore and Vietnam.

The TPP presents strong growth opportunities for the U.S. economy and its workers. As one of most important U.S. employers, the auto industry stands to benefit from this trade pact.

The negotiating members have worked together to design an international agreement with the goal of liberalizing trade and investment throughout the pan-Pacific region. The TPP is intended to increase the exchange of goods, services and capital among countries committed to open markets. If successful, this would be a win-win for each participating nation.

The United States and the other nations currently involved in the TPP should take advantage of the Singapore meeting to accelerate the talks and commit to liberalizing markets, maintaining market-based currencies, lowering trade barriers and creating a business environment that is conducive to economic growth and job creation.

The Japan issue

Japan, enticed by the potential benefits of what will be the largest free trade agreement ever signed, has voiced an interest in joining the negotiations. However, it would be a mistake to include Japan.

Despite presidential and congressional efforts in the 1980s and 1990s to open the Japan auto market, Japan is the most closed auto market in the developed world.

Since 2005, Japan exported 130 vehicles to the United States for every one U.S. vehicle we were able to get into Japan. Today, nearly 70 percent of the trade deficit with Japan is comprised of vehicles and parts. And the U.S. isn't alone in facing these barriers. All foreign automakers combined account for less than 6 percent of total sales in Japan. Compare that to most developed markets where typically foreign imports account for well over a third of the market, if not more. Any agreement that does not open Japan's auto market to U.S. competitors would be one-sided and continue to unfairly boost Japanese exports while hurting American workers.

Japan's government has long used non-tariff barriers to protect its domestic industry - including manipulating its currency to boost its exports artificially and hurt imports -in violation of its existing international commitments. To move to a truly open market in Japan would require measures antithetical to decades of Japanese industrial policy. It would therefore be naïve to think Japan would abandon this approach and adopt an entirely new economic strategy in order to simply ink another trade agreement. That is why it is critical that the TPP include commitments that go far beyond existing standards, such as disciplines against the use of currency manipulation.

The focus should be on getting an agreement done with the current 11 countries. Including Japan in the TPP risks either derailing these talks altogether, or locking in damaging one-way trade. A recent study by the Center for Automotive Research (CAR) found that including Japan in the TPP - coupled with its continued currency intervention – would result in the loss of over 90,000 American jobs.

Both a delay in the TPP talks or Japan's inclusion will hurt U.S. manufacturing at a time we can least afford it. Chrysler, Ford and General Motors are helping lead our economic recovery, value the importance of trade, and strongly support the TPP. Let's not derail this critical trade agreement and risk American jobs by including Japan. *Blunt is the president of the American Automotive Policy Council and the former governor of Missouri.*