



Statement of The Honorable Henry Cuellar, U.S. Representative, 28th District, Texas

“Trans-Pacific Partnership Agreement: Likely Impact on the U.S. Economy and on Specific Industry Sectors”

U.S. International Trade Commission

January 13, 2016

Remarks as Prepared

“ I would like to thank Secretary Barton, Chairwoman Broadbent, and the International Trade Commission for having me here this morning.

As the member of Congress for one of the most active trading regions in the country, I have consistently supported free trade agreements. Over the summer, I was a strong proponent of Trade Promotion Authority, which will give the president the authority to present the agreement to Congress for a simple up-or-down vote. I have witnessed first-hand how trade has transformed my district and the entire country and I believe this agreement is an important way that we can help improve our economy and grow jobs even further.

The spending power of East Asia has grown significantly in the last few years due to growth of the region’s middle class. According to Third Way, America’s share of the region’s imports has declined by around 43%, the Trans-Pacific Partnership will grant the United States access to these markets. The U.S. Chamber of Commerce predicts that the world economy will grow by \$21.6 trillion over the next five years with half of that growth in Asia. U.S. access to the Asia-Pacific region will greatly improve during a time when imports in the region are expected to reach \$10 trillion in 2020. The Trans-Pacific Partnership is an opportunity for the United States to be a part of that growth.

All sectors of our economy will reap the benefits of the Trans-Pacific Partnership’s market-opening and tariff-lowering provisions that will make our world marketplace more amenable to American goods and services. TPP increases the ability for small and medium sized businesses to benefit from trade by addressing barriers that pose disproportionate challenges to small businesses, such as high taxes, complex paperwork, corruption, and customs “red tape.” Less than 5 percent of all American small businesses export goods, however, 98 percent of companies that export are small and medium sized businesses. This means that there is vast untapped potential for all American industries. TPP could boost U.S. exports by almost \$124 billion by 2025. Under this agreement, American producers will enjoy access to a market of more than 800 million consumers living in Trans-Pacific Partner countries. With 95 percent of the world’s consumers living outside of the United States and American exports at an all-time high in 2014, implementation of this accord is all the more important for our businesses and farmers here at home.

TPP will level the playing field for Texas workers and businesses by dramatically increasing Made-in-America exports to the fastest growing region in the world. According to the International Trade Administration, TPP will eliminate foreign import taxes on all industrial and consumer goods, including Texas’s top exports to new TPP markets: Information and Communication Technologies, Chemicals, and Machinery (Source: International Trade Administration). Over 1.1 million U.S. jobs are supported by

goods exports from Texas in 2014. In 2014, 54% of Texas's goods exports went to TPP countries – that's equal to \$156.6 billion. This includes \$5.5 billion in goods exports to Japan, \$1.7 billion to Malaysia, and \$574 million to Vietnam. Almost 19,000 companies from Texas exported goods to TPP countries in 2013. Of these companies, over 90 percent were small- and medium-sized businesses. In Texas's 28th Congressional District – including the metropolitan areas around San Antonio and New Braunfels – exports in 2014 were valued at \$25.8 billion.

Our farmers and ranchers will also benefit from TPP. According to the U.S. Department of Agriculture, our agricultural exports reached an all-time high of over \$155 billion in 2014, with 43% of those exports going to the 12 TPP nations. Additionally, 43,600 Texas jobs were supported by agricultural exports in 2013 and agricultural exports from Texas valued \$6.4 billion in 2014. The 28th district alone has 5.1 million acres of farmland, which sold \$407 million worth of agricultural products in 2012 (Source: USDA). Exports account for approximately 20% of American farmers' income. With numbers like these, it is clear that the passage of TPP is incredibly important for boosting economic growth and job creation in all sectors of our economy

I have seen the positive effects of NAFTA and other free trade agreements on the state of Texas, my district, and the country as a whole. The Trans-Pacific Partnership is an opportunity for us to build on the successes of NAFTA, establish more effective enforcement mechanisms, and bring our trade standards into the 21st century. TPP introduces the highest environmental and labor standards of any previous trade agreement that will be fully enforceable. The agreement introduces standards for State-Owned Enterprises (SOEs), the growing digital marketplace, and other areas not covered by existing agreements.

It is imperative that we remain accessible to international markets so that the economy can prosper and create more jobs. After reviewing the text of the agreement, I am confident that the Trans-Pacific Partnership agreement will offer such a possibility. I have long been a proponent of trade and am of the belief that the TPP is a step in the right direction toward job creation and economic growth. With that said, I urge the International Trade Commission to conduct its analysis in a manner so that Congress can take this up for a vote.”