

**U.S. International Trade Commission
Hearing on the Transpacific Partnership
(Investigation No. TPA-105-001)
Statement by Francine Lamoriello
Executive Vice President, Global Strategies**

Good Morning. I am Francine Lamoriello, Executive Vice President of Global Strategies for the Personal Care Products Council. Thank you for the opportunity to discuss our industry's strong support for the Transpacific Partnership (TPP). We believe the TPP will open avenues for our country's economic growth and the growth of our industry by expanding opportunities to provide our global consumers with the safe and innovative products they trust and enjoy every day.

The Personal Care Products Council is the leading national trade association representing the global cosmetic and personal care products industry. Founded in 1894, our 600 member companies manufacture, distribute, and supply the vast majority of finished personal care products marketed in the United States. Our companies represent some of the most trusted and beloved brands in personal care today. We represent multi-national companies as well as small and medium-sized companies with annual sales under \$5 million.

According to a recent study by Price Waterhouse Coopers, the U.S. personal care products industry contributed nearly \$240 billion to the U.S. GDP, supporting nearly 4 million U.S. jobs.

International trade is a critical component to the success of our industry, and significantly contributes to our ability to expand U.S. manufacturing and employment, as well as to support other U.S. industries such as advertising, packaging, and distribution.

As described in the Price Waterhouse study, our industry exported \$16.9 billion worth of products from the U.S. in 2014, and generated a 50% surplus in the balance of trade. In fact, personal care products manufacturers generate the largest trade surplus relative to the value of domestic shipments of all U.S. manufacturing industries.

TPP partner countries have been important export markets for our industry. Our industry exported products worth more than \$5.3 billion to TPP countries in 2014, again, exceeding imports by 50%.

And, the global reach of the personal care products industry continues to expand at a faster rate than the manufacturing sector overall, averaging a 9.5 percent increase in exports annually from 1990 to 2014. The cosmetics and personal care products industry is a truly global industry, and we are proud of our industry's export performance. But, as such, our industry is especially dependent on open markets and transparent, consistent regulatory environments around the world. Our support for TPP and free trade agreements generally, reflects these needs.

Our industry is very supportive of the TPP's achievements in eliminating tariffs, strengthening intellectual property protections, and injecting greater transparency and cooperation in standards setting.¹ The TPP's inclusion of strong labor and human rights protections and high environmental standards reflect our industry's

¹ While tariffs are not consistently high for all cosmetics products in all TPP countries, in some cases, TPP will provide significant relief. For example, the TPP agreement will eliminate Vietnam's 27 percent tariff on all US cosmetic products by year 4 and immediately eliminate Malaysia's 20 percent tariff on cosmetic accessories.

own commitments and practices at home and abroad, and will further enhance our trade and investment opportunities.

But of all the achievements of the TPP, we are especially pleased with the Agreement's unique inclusion of a Cosmetics Annex that addresses long-standing regulatory divergences and barriers. Currently, both the ASEAN and Latin American countries have regional agreements that reduce trade and regulatory barriers in cosmetics and offer mutual recognition of product standards and other requirements. The TPP Cosmetics Annex will allow U.S. exporters to realize these benefits as well.

The TPP Cosmetics Annex commits partner countries to important underlying principles of "Good Regulatory Practices." It affirms a risk-based, transparent approach to cosmetics regulation; promotes international standards and approaches, such as those developed by the International Organization for Standardization; and recommends that regulators move away from bureaucratic pre-market approval systems, instead relying, as the U.S. does, on shared responsibilities between manufacturers, which assure the safety of their products, and government, which establish and enforce regulations. The Annex also supports industry's long-standing commitment to avoid animal testing, by prohibiting such tests when validated alternatives are available.

The Cosmetics Annex will most certainly contribute to increased U.S. exports. The Annex commits TPP partners to simplify burdensome labeling and registration requirements, for example, eliminating the need for periodic and expensive re-authorizations for products that have been safely on the market for years, and eliminating separate authorization processes for each product shade and fragrance variation. The Annex also eliminates requirements for exports to be accompanied by Certificates of Free Sale.

In these and other ways, the Cosmetics Annex will reduce costs and facilitate trade in practical ways that are especially meaningful for small and medium-sized companies. One of our member companies has noted that it presently costs them in excess of \$1,000 to register a cosmetic product in a single TPP country. When different fragrance or shades are taken into account, over 100 SKUS must be registered. This savings of over \$100,000 can make a big difference to a smaller company.

Of course, it will be important to ensure that TPP partner countries live up to their commitments in the TPP and in the Cosmetics Annex. We have heard that Vietnam, for example, has recently proposed changes to its cosmetic labeling regulations that would directly contradict promises made in the TPP. Our industry stands ready to work with the US Government to monitor these issues.

We believe that the TPP Agreement, and the Cosmetics Annex, will also promote ongoing regulatory cooperation, and serve as a model for future trade agreements. As other countries have expressed interest in joining the TPP in the future, the benefits to our industry will only increase.

Therefore, we strongly support the TPP, and hope that the Agreement will be ratified and implemented as soon as possible. Once again, we appreciate this opportunity to present the views of our industry and would be pleased to answer any questions.

Thank you.