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12 January 2016

Ms Lisa Barton
Secretary
U.S. International Trade Commission
500 E Street, SW
Washington, DC 20436

Dear Madam Secretary,

**United States International Trade Commission: Investigation No. TPA-105-001 –
Trans-Pacific Partnership Agreement: Likely Impact on the U.S. Economy and on
Specific Industry Sectors**

In connection with the United States International Trade Commission's (USITC) Investigation No. TPA-105-001 – Trans-Pacific Partnership Agreement: Likely Impact on the U.S. Economy and on Specific Industry Sectors, please find enclosed the pre-hearing statement by the Government of Singapore.

Should the USITC have further queries or require any additional information, please do not hesitate to contact First Secretary (Economic), Ms. Nydia Ngiow, at 202-465-3370 or email at nydia_ngiow@mti.gov.sg.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Ashok'.

ASHOK KUMAR MIRPURI

US INTERNATIONAL TRADE COMMISSION'S
PUBLIC HEARING ON THE TRANS-PACIFIC PARTNERSHIP AND
THE LIKELY IMPACT ON THE US ECONOMY

*Wednesday, 13 Jan 2016
9.30am*

STATEMENT BY HIS EXCELLENCY ASHOK KUMAR MIRPURI
SINGAPORE'S AMBASSADOR TO THE UNITED STATES

Good morning, Madam Chairperson. It is my pleasure to present Singapore's perspective on the likely impact of the Trans-Pacific Partnership, or the TPP, on the US economy.

2 With 2016 upon us, Singapore is delighted to celebrate 50 years of bilateral relations with the United States this year. Singapore and the United States enjoy deep and longstanding bilateral relations underpinned by a common belief in open markets and free trade. We strengthened this bond with the signing of the US-Singapore FTA in 2003, which was an FTA not just of economic significance but of strategic importance, being the first FTA between the United States and an Asian country. And now, in 2016, we hope to see this bond strengthened further with a swift ratification of the TPP.

3 The TPP brings us into an exciting era in our relationship, where we may seize the rare opportunity to set the rules of trade for the Asia-Pacific region. Singapore shares similar interests with the United States in that international trade forms an important part of our economies. As a small and open economy, Singapore's survival depends on a free and open global trading system. More than half of the jobs in Singapore are related to trade. Similarly, in the US, nearly 40 million American jobs are supported by trade. Of this, more than 15 million jobs depend on trade with the current 11 TPP countries.

4 Singapore is proud to have played a key role in the history of the TPP. Together with Brunei, Chile, and New Zealand, Singapore was a part of the Trans-Pacific Strategic Economic Partnership, which you may know better as the P4. This grew into the TPP as we know it today, after the United States, Australia, and Peru indicated interest in it, followed by Vietnam, Malaysia, Mexico, Canada, and Japan.

Economic and Strategic Benefits of the TPP

5 The TPP brings with it new economic opportunities. You would have heard by now statements from various sources including Ambassador Michael Froman and President Barack Obama on how the TPP will eliminate over 18,000 tariffs on American exports, creating new opportunities and markets for exports. Greater tariff elimination combined with more trade facilitative rules will reduce costs and make it easier for SMEs, which comprise 98% of US exporters and 99% of Singapore enterprises respectively to also participate in regional production and supply chains. The World Bank recently published a

report on 6 January 2016, citing how the agreement could raise GDP in the TPP countries by an average of 1.1% by 2030, and increase TPP countries' trade by 11% by 2030¹.

6 The TPP reinforces the region's commitment to a rules-based trading system, by updating international rules that apply to trade and investment, not just in traditional areas such as technical standards, sanitary and phytosanitary measures, services and investment, but also emerging areas such as digital economy and innovative industries, which will be enhanced by rules that will promote fair competition and support innovation. This is done with the aim of making it easier to do business in the region, to promote more inclusive trade, and allow the benefits arising from the TPP to be enjoyed by a wider segment of our economies and people, thereby spurring economic development.

7 The TPP countries represent a considerable market for businesses, with a population of 800 million and a combined GDP of around US\$30 trillion, which comprises 40% of global GDP. Collectively, it is clear these TPP countries are important trading partners of both Singapore and the United States.

8 But the stakes for US trade policy go beyond economics. Trade is strategy. Strategically, the TPP represents an avenue for the United States to create patterns of engagement and habits of cooperation that spill over into broader relationships, setting rules of the game not just regionally, but globally. Against the backdrop of unresolved territorial and maritime disputes, the TPP can signal and reinforce the US' leadership and commitment in the region, and interest in establishing methods of cooperation and mechanisms for peacefully resolving tensions. It demonstrates that the US is and always will be a Pacific power, and is a concrete manifestation of the US' strong commitment to the region.

9 The TPP carries with it a historic opportunity to enhance the US' regional partnerships with the strength that comes from enhanced economic engagements in an increasingly unpredictable world. Closer relationships with economic partners newly invigorated by the TPP would only serve to strengthen the US' geopolitical hand. Conversely, the failure of the TPP would be a serious blow to the US' credibility in the region, and the strategic costs will be grave.

10 The Asia-Pacific is not a region that stands still. There are other trade deals being negotiated that the US is not a party to, which will also seek to set the rules of engagement in the region. Through the TPP, the US now has the opportunity to proactively shape the forces of international trade with its economic leadership, rather than let its future be shaped by globalisation. Singapore has been a firm and steadfast partner to the US over the past 50 years, and with yet another avenue to work together to set the rules and standards for the next generation of trade agreements, we are confident that all the TPP Parties will be able to reap the benefits of this ambitious, high-standard agreement.

Asia as a Region of Growth

¹ Source: World Bank Global Economic Prospects, January 2016 – *Potential Macroeconomic Implications of the Trans-Pacific Partnership*.

11 The TPP is an integral component of the US' pivot to Asia strategy, and presents a window of opportunity for the US to anchor its interest in the Asia-Pacific region, which is critical to stability and growth in the region, and which in turn is in the best interest of the United States and its partners.

12 Despite slower global growth in 2015, Asia remains the world's fastest growing region, and is expected to be a key driver for future global economic growth. In 2014, GDP growth across China, Japan, Korea, and Southeast Asia is strong at 6.1% compared to the global GDP growth rate of 2.6%². ASEAN alone is projected to grow annually at 5.6% from 2015 to 2019³, and with its growth trend, ASEAN could become the fourth largest economy in the world by 2030⁴, after the EU, US, and China.

13 Already, China has eclipsed the United States in becoming ASEAN's largest trading partner since 2010⁵, while the US is currently ASEAN's fourth largest trading partner. According to the Asian Development Bank's Asian Economic Integration Report 2015, ASEAN's trade with the US has fallen from 20% of ASEAN's total trade in 2000 to 10% in 2013 and 8.4% in 2015. In contrast, intra-regional trade comprises 68.4% of ASEAN's total trade of which trade with China alone amounts to 15%, almost double that of the US.

14 Asia's growth potential and favourable demographics will have important implications on global consumption patterns, and has not gone unnoticed. The growing middle class in Asia translates into growing markets for US products and services. More than 60% of the world's middle class consumption will come from the Asia Pacific region in 2030. In 2013, the World Economic Forum reported that "urban millennials" are now one of the fastest growing consumer segments in the world, constituting a market worth around US\$7 trillion in 2030.

15 The TPP will help ensure that the United States is drawn into the region's economic opportunities, and improve the US' competitiveness in the Asia-Pacific, and potentially even beyond the 12 countries. The TPP is envisioned to expand to include other economies in the Asia-Pacific region that are willing to meet the high standards of the TPP, thereby boosting regional economic integration, and provide a possible pathway to a Free Trade Area of the Asia-Pacific or FTAAP, in line with the shared goal of APEC members.

Bilateral relations

16 Madam Chairperson, both our countries have benefitted from the US-Singapore FTA (USSFTA), which entered into force in 2004 and is 12 years old this year. We can see it in the robust two-way trade that we both enjoy. Since signing the FTA, US goods exports have grown over 80%, with exports amounting to US\$30.5 billion in 2014, making Singapore the 13th largest export destination for US' merchandise exports. In particular, agricultural exports to Singapore have tripled since the USSFTA. The US has enjoyed a surplus with

² Source: UN World Economic Situation and Prospects 2015

³ Source: OECD: "Economic Outlook for Southeast Asia, China and India 2015: strengthening institutional capacity"

⁴ Source: ASEAN-US Business Council

⁵ Source: ASEAN Secretariat

Singapore in trade in goods since 2001, which has grown to US\$13.8 billion in 2014. Services exports reached a record high in 2012 that was more than double pre-USSFTA export levels in 2003. Again, the US has enjoyed a surplus with Singapore in trade in services since 1999, amounting to US\$5.8 billion in 2014. These trade surpluses only show how FTAs can increase export opportunities for the United States. We also see trade with Singapore can benefit small businesses, as more than 20,500 SMEs accounted for over 25% of the US' total goods exports to Singapore in 2012.

17 US investment in Singapore also increased significantly following the USSFTA, improving US companies' reach of growing Asian markets. Singapore holds the second-largest stock of US FDI in Asia – at nearly US\$180 billion in 2014⁶, this is almost 3 times that in China, and more than 6 times that in India. This shows the confidence that US businesses have in using Singapore as a gateway to Asia to grow in the region. Singapore is the US' fourth-largest Asian foreign direct investor with a total stock of FDI of US\$20 billion in the US, nearly 10 times pre-USSFTA levels. In 2012, Singapore FDI in the US supported over 36,000 U.S. employees and US\$1.3 billion in U.S. exports.⁷

18 Madam Chairperson, the facts speak for themselves. We can see the impact of the USSFTA in both Singapore and the US, and the benefits it has brought to both our countries not just in our economic relations but also in being a cornerstone of our strategic partnership. Singapore envisions that the TPP will build on the successes of our bilateral FTA and trust that it will usher in a higher level of bilateral relations than before, and deeper engagement in the region. Thank you for giving me the time to present our views. I would welcome your questions.

⁶ Latest statistics released by the Bureau of Economic Analysis

⁷ Source: Bureau of Economic Analysis, FDI by Ultimate Beneficial Owner