



Paul D. Wolfowitz  
*Chairman of the Board*

Vance D. Coffman  
*Vice Chairman*

Senator Lisa A. Murkowski  
*Honorary Co-Chairman*

Senator John D. Rockefeller IV  
*Honorary Co-Chairman*

Rupert J. Hammond-Chambers  
*President*

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## **US-TAIWAN BUSINESS COUNCIL SUPPORTS TAIWAN'S INCLUSION IN THE TRANS-PACIFIC PARTNERSHIP (TPP) FREE TRADE AGREEMENT**

March 11, 2009

Ms. Gloria Blue  
Executive Secretary  
Trade Policy Staff Committee  
Executive Office of the President  
600 17th Street, NW  
Washington, D.C. 20508

Docket Number: USTR-2009-0002  
United States--Trans-Pacific Partnership Free Trade Agreement

Dear Ms. Blue,

I am writing on behalf of the US-Taiwan Business Council, whose mission is to promote closer trade and economic ties between the United States and Taiwan. My comments below are in support of Taiwan's eventual inclusion in the Trans-Pacific Partnership (TPP) Free Trade Agreement. I believe that the United States would benefit substantially from Taiwan's early inclusion among the parties to the TPP.

Taiwan is already an important regional trading partner and investor with close links to existing and future TPP participants. Taiwan's trade relations with Singapore, Chile and New Zealand have grown significantly in recent years, and Taiwan is currently the largest investor in Vietnam. Trade and investment flows between Taiwan and China have steadily increased, to the point where China is now Taiwan's largest trading partner. Both Taiwan and China are exploring prospects for closer economic ties, and have made progress in addressing the cross-Strait relationship through improved direct air, shipping and communication links. Current indications are that both governments are interested in pursuing expanded economic cross-Strait cooperation in the form of an Economic Cooperation Framework Agreement (ECFA).

In the Asia Pacific region, investments from Taiwan form the backbone of several key global sectors, including petrochemicals, the semiconductor industry, the mobile computing and notebook industries, and the flat panel LCD/Plasma industry. Taiwan also has ambitions to become a world leader in solar panel and other "clean technologies", and has government support promoting path-breaking research in sectors such as biotechnology and nanotechnology, as well as for leading applications such as bio fuels and other forms of renewable energy.

Many of these are areas where U.S. companies are also highly competitive, and I believe that closer economic integration between Taiwan and the United States through the TPP would lead to even greater collaboration among U.S. and Taiwan companies than is the case today. I am confident, based on past experience, that Taiwan's economic success will play an important role in spurring U.S. competitiveness in a number of these key technology sectors.

In addition to U.S.-Taiwan trade and investment links, Taiwan's economic relations with China and Southeast Asia provide major opportunities for U.S. companies. Taiwan firms, through their many existing linkages and relationships in the region, provide a ready framework on which U.S. firms can build in order to expand their own presence in China and beyond. By formalizing regional ties among the participating economies, the TPP solidifies and makes these important trade and investment linkages long-lasting and certain. Ongoing stable



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economic ties in the Asia Pacific region brought about by the TPP, in particular if the agreement becomes the basis for an eventual Free Trade Area of the Asia Pacific (FTAAP), will be of major benefit to future U.S. exporters and investors in the region.

The TPP extends direct benefits to U.S. exporters and investors in the Asia Pacific region. In addition, Taiwan's involvement as a participant in the TPP will be vital to Taiwan's own economic future and stability. Taiwan, with nearly 70 percent of its GDP dependent on exports, has already been the worst hit in East Asia by the global economic downturn. During the first two months of 2009, Taiwan's exports fell 37.2% compared with the same period last year. These circumstances add urgency to the need to integrate Taiwan's economy more closely with the rest of the Asia Pacific region, and the TPP would be instrumental in addressing this critical objective.

I urge U.S. negotiators to expand the TPP to include Taiwan in future talks. Taiwan has expressed support for the TPP and its role in bringing about closer economic ties and enhancing the region's future growth and competitiveness. As the world's economies seek to recover from the current downturn, it is certain that Taiwan will be at the forefront of those leading the way to renewed prosperity. Taiwan's past record of innovation and economic achievement makes it a strong candidate for TPP membership, as do its own high-standard approaches to trade and investment - including in areas such as environmental and labor standards.

Taiwan's early involvement in the TPP makes clear economic sense, and should be actively pursued.

Sincerely yours,  
Rupert Hammond-Chambers  
President  
US-Taiwan Business Council