

Testimony of
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Mr. Chairman, Ranking Member Hatch, Senators – Thank you for the invitation to testify at today’s hearing on the Trans-Pacific Partnership Free Trade Agreement negotiation. I appear before you today in two capacities – first, as a former Deputy US Trade Representative under Ambassador Portman and then Ambassador Schwab, who had responsibility for overseeing the agency’s work leading up to the launch of the TPP negotiations from 2005-07. And, second, in my current role overseeing Global Government Affairs & Policy for General Electric. In both capacities – and as a citizen who cares about America’s competitiveness, economic growth and global influence – I strongly support the Trans-Pacific Partnership initiative, launched by President Bush and continued and expanded by President Obama.

As a former Deputy US Trade Representative, I can attest that the launch of TPP was carefully considered by the Bush Administration. As you will recall, this was a very busy period in US trade policy; we were negotiating, ratifying and implementing multiple FTAs, had an active regional agenda, and the Doha Round was still going full-throttle. But, notwithstanding our full plate, the TPP captured our attention:

- First, it represented a chance to create a sustained path of trade liberalization for the United States. With the expiration of Trade Promotion Authority in 2007, it was not clear what the future of trade liberalization would look like for the US. TPP presented an opportunity to keep advancing an international trade agenda – one that reflected US trade policies and enhanced US competitiveness.
- Second, TPP emerged at a time of growing concern about regional political and economic “architecture.” With America’s relative share of trade in the region eroding and a number of regional trade arrangements (like ASEAN +3, ASEAN +6, and CEPEA) that would exclude the United States proposed, there was concern that the US would increasingly be on the outside of the Asia Pacific region, looking in. TPP represented an opportunity for America to continue to engage and grow in this exciting, economically dynamic region.
- Third, TPP really presented a unique opportunity – an FTA that was based not on geography (it wasn’t about a single country or region) or sector, but rather one based on a common philosophy – a shared commitment to the highest level of ambition for trade liberalization and rule of law. In time, we believed this “coalition of the most ambitious” could create a model agreement that would set a new standard and attract others to join. I used the analogy of a wedding cake viewed from above – the inner circle (at that time, the United States and the P4 partners) would be at the

center, committed to the highest standards of market openness, and over time, the arrangement would expand to capture rings of other countries.

At that time, of course, there were some things we couldn't predict – the global financial crisis, the resulting economic slowdown, the failure of Doha, or the rise of state capitalism. But today, I would submit that the decision to launch TPP was prescient. At a time when all of these unforeseen developments could have led America and its Asia Pacific trading partners to turn inwards and erect barriers to trade, TPP – which, to its great credit, the Obama Administration has continued to pursue and expand – has helped solidify the commitment of a growing group of countries to trade liberalization.

Now in my role at GE, I can attest first-hand to the great promise that TPP offers innovative American companies, whose growth increasingly depends on global markets. Today 60% of GE's revenues derive from markets abroad – up from 40% just a decade ago – and much of our opportunity for future growth lies in these expanding markets. Increasingly, those revenues and opportunities come from emerging markets in the Asia Pacific region, whose growing middle classes create demand for the kinds of infrastructure that GE and its thousands of US suppliers produce.

Today, exports to countries like Malaysia, Japan, Canada and Vietnam help support GE and GE supplier operations making jet engines in Ohio and Massachusetts, gas turbines in South Carolina and New York, MRI machines in Wisconsin, and locomotives in Pennsylvania and Texas.

Last year, GE had revenues of more than \$20 billion from the 11 TPP countries – almost 2.5 times our revenues from those countries just 5 years ago. But we believe that, with a level playing field, we can do even better.

Which is why we are such big supporters of TPP. We are very hopeful that the agreement will offer American companies like GE an improved operating environment in the region by: (i) strengthening disciplines around government procurement, including addressing disqualifying local content requirements; (ii) ensuring a level playing field with State-owned enterprises; (iii) promoting enhanced transparency; (iv) promoting easier and faster clearance of goods and movement of people; (v) eliminating tariffs on manufactured goods; (vi) addressing nontariff barriers, including those imposed on “environmental goods” or flows of data; and (vii) fostering trans-Pacific innovation with 21st Century intellectual property disciplines, in particular for the protection of trade secrets.

Above all, though, we support TPP because we believe that the processes of economic reform and openness that TPP will drive will support broader and more inclusive economic growth and technological progress. And – simply stated – where economies are healthier, more transparent, and freer, we, our employees, and our shareholders do better. Indeed, the percentage of GE revenues derived from US FTA partner countries is more than twice their share of global GDP.

In sum, both as a former Deputy USTR in the previous Administration and as a representative of America's biggest manufacturing company, I believe that TPP represents the right course for US trade

policy. The US was right to join it and the Obama Administration was right to continue the negotiation and to expand it, including most recently to include Japan. It will be critical that the agreement fulfill its original goal – being a very ambitious agreement among countries committed to reform. I have every confidence that the superb negotiating team at USTR that is pursuing this negotiation, in close consultation with US stakeholders, will obtain just that, and, upon its submission, hope this Committee and this Congress will support its ratification.

Thank you.