

Statement of John Andersen
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before
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Affairs

“Rebalance to Asia IV: U.S. Economic Engagement in East Asia and the Pacific”
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Introduction

Chairman Cardin, Ranking Member Rubio, and members of the Committee, thank you for the opportunity to speak about the Department of Commerce’s role in promoting U.S. businesses abroad, and in particular, our engagement in the East Asia and Pacific (EAP) region.

In 2011, President Obama acknowledged that the Asia-Pacific region is critical to achieving his highest priority, that of creating jobs and opportunities for the American people. To support the President’s objectives of advancing economic prosperity by expanding exports and deepening trade and investment ties between the United States and Asia, Secretary of Commerce Pritzker traveled to Indonesia, Singapore and Malaysia in October, to participate in the APEC CEO Summit meeting and to advance U.S. trade priorities, including pressing for the conclusion of the negotiations for a Trans-Pacific Partnership Agreement as soon as possible.

The Department of Commerce’s International Trade Administration (ITA) is one of the primary agencies responsible for strengthening the competitiveness of U.S. industry in the global market, promoting U.S. exports, monitoring compliance with U.S. trade agreements, and enforcing U.S. trade laws. ITA’s efforts are driven by the needs of our primary constituency – the U.S. business community. In 2013, seven of our top twenty-one priority export markets were located in Asia and forty-one percent of the clients we counseled worldwide, were interested in doing business in the EAP region. There is little doubt that Asia is a growing market for companies looking to expand their business and ITA continues to engage aggressively on this front.

The Importance of East Asia and the Pacific

The thirty five EAP¹ economies constitute a total population of more than 2.2 billion people with a combined GDP of \$24.5 trillion in 2012². This dynamic region represents 29 percent of global GDP. The Asia and Pacific region³ is a major market, accounting for 28 percent of U.S. goods and services exports in 2012. Among U.S. merchandise exports, manufactured goods such as electrical machinery, machinery, and aircraft are among the leading products the U.S. exports to EAP countries. Aside from manufactured goods, oil seeds such as soybeans are a major export to the region, most of which go to China.

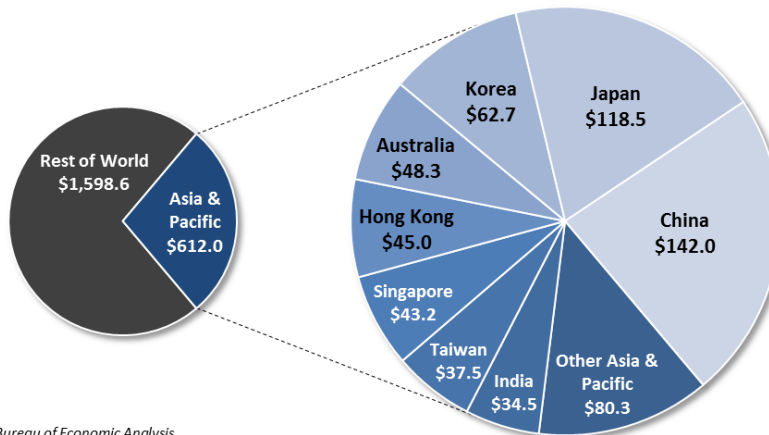
A priority for Department of Commerce in the region is to build partnerships and institutions across the Pacific capable of meeting 21st-century challenges and ensuring market access for U.S. firms. Through deeper trade and investment ties we intend to contribute to the peace, security, and prosperity of the region as a whole. The United States relationships with Japan, the Republic of Korea, Australia, the Philippines, and Thailand form a natural cornerstone of our strategic position in the Asia-Pacific and complement our multilateral efforts to ensure regional prosperity and development at a time of evolving challenges. At the same time, a key element of our rebalance policy is to continue pursuing a positive, comprehensive, and cooperative relationship with China.

¹ East Asia and Pacific economics include: China, Hong Kong, Macau, the Democratic People’s Republic of Korea—North Korea, Taiwan, Japan, Mongolia, the Republic of Korea (ROK- South Korea), Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, Timor Leste, Vietnam, Australia, Cook Islands (Realm of New Zealand), Federated States of Micronesia, Fiji, Kiribati, Nauru, New Zealand (MNNA), Niue (realm of New Zealand), Palau, Papua New Guinea, Republic of the Marshall Islands, (The Independent State of) Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu.

² International Monetary Fund, World Economic Outlook Database October 2013, Gross domestic product based on purchasing power parity (PPP) valuation of country GDP. Country population and GDP data are unavailable for the Cook Islands (may be included in New Zealand totals), Macau (may be included in China totals), the Democratic People’s Republic of Korea, Nauru, and Niue.

³ Goods and services trade data is limited and only available for the “Asia and Pacific” region as defined by the Bureau of Economic Analysis. This region includes: China, Hong Kong, the Republic of Korea, the Democratic People’s Republic of Korea, Macau, Taiwan, Thailand, Mongolia, Japan, Brunei, Burma (Myanmar), Cambodia (Kampuchea), Indonesia, Laos, Malaysia, Philippines, Singapore, East Timor, Vanuatu (New Hebrides), Vietnam, Australia, Cook Islands, Fed States of Micronesia, Fiji, Kiribati (Gilbert Island), Nauru, New Zealand, Niue, Marshall Islands, Palau, Papua New Guinea, Solomon Islands, Tonga, Tuvalu, and Western Samoa.

In 2012, the Asia & Pacific Region Accounted for 28% of Total U.S. Exports to the World



Source: Bureau of Economic Analysis
Values presented in billions of US dollars

U.S. exports to Asia and the Pacific Region for 2012

Country	Value of Exports in \$	Share of U.S. Exports to the World
China	\$142.0 billion	6.4%
Japan	\$118.5 billion	5.4%
Republic of Korea	\$62.7 billion	2.8%
Australia	\$48.3 billion	2.2%
Hong Kong	\$45.0 billion	2.0%
<i>Asia & Pacific Region Total* total is not for East Asia-Pacific</i>	<i>\$612.0 billion</i>	<i>27.7%</i>
<i>World</i>	<i>\$2,210.6 billion</i>	<i>--</i>

Source: U.S. Bureau of Economic Analysis, "Table 12. U.S. International Transactions, by Area," (accessed September 20, 2013)

Top U.S. merchandise exported to the East Asia and Pacific Region in 2012

Top Merchandise Sectors	Value of Exports	Share of Sector's U.S. Exports to the World	Top EAP Markets
Electrical Machinery	\$52.3 billion	32.2%	China (\$9.7 billion), Hong Kong (\$7.4 billion), Republic of Korea (\$6.2 billion)
Machinery	\$49.1 billion	22.8%	China (\$11.6 billion), Australia (\$6.9 billion), Republic of Korea (\$6.3 billion)
Aircraft and parts	\$34.2 billion	32.7%	China (\$8.4 billion), Japan (\$8.3 billion), Singapore (\$4.0 billion)
Optic and medical instruments	\$28.8 billion	34.5%	Japan (\$8.2 billion), China (\$7.0 billion), Republic of Korea (\$3.0 billion)
Oil seeds	\$21.2 billion	71.8%	China (\$15.1 billion), Japan (\$1.9 billion), Indonesia (\$1.0 billion)
<i>All Merchandise Exports to East Asia & Pacific</i>	<i>\$396.2 billion</i>	<i>25.6%</i>	<i>China (\$110.5 billion), Japan (\$70.0 billion), Republic of Korea (\$42.3 billion)</i>

Source: Foreign Trade Division, U.S. Census Bureau

Supporting U.S. Companies

ITA currently has staff in over 100 cities in the United States and 73 markets around the world, whose goal is to help U.S. companies enter new markets and expand in current ones.

ITA understands the EAP region's growing demand for U.S. goods and services and the needs of American companies doing business there. In fact, in 2006, ITA began redeploying its resources from other regions to Asia. From 2010 until 2013, our staff increased from 210 to 299 in EAP. In this time of fiscal constraint, ITA repositioned staff from other parts of the world to take into account the growth in opportunities in Asia. The President's FY 2014 Budget requests additional funds to support adding more staff to the region.

While ITA does not have sufficient resources to place staff in all EAP countries, we are maximizing regional coverage in partnership with other agencies. For example, ITA has a formal relationship with the State Department whereby our staff provides guidance and assistance to the State Department in locations where ITA is not present. Our offices in Bangkok, Singapore, Beijing, and Sydney support State Department staff in Burma, Laos, Brunei, Mongolia, Cambodia, and Fiji. This partnership is an important component of our strategy and efforts to leverage resources across the Federal Government. This relationship has also allowed us to maintain staff at the Asian Development Bank (ADB) in the Philippines where we provide information to U.S. companies on projects funded by the ADB.

ITA also runs the Advocacy Center which helps U.S. companies – small, medium and large enterprises in various industry sectors win government contracts across the globe. Last December, the President established an Interagency Commercial Task Force on commercial advocacy in order to better coordinate U.S. government efforts and better support U.S. firms competing for foreign project or procurement opportunities. The most active sectors which have requested commercial advocacy include: aerospace, defense, energy and power, healthcare, infrastructure, computers/IT/security, and telecommunications. The Advocacy Center coordinated the U.S. government strategy across the Executive branch (Departments of Commerce, Defense, Energy, State and Transportation) for U.S. exporters during interactions with relevant members of foreign governments. As of September 30, 2013, client companies reported 10 wins with estimated contract values of \$12.4 billion and U.S. export content of \$8.4 billion. In addition, the Advocacy Center is managing 207 cases in the EAP region worth approximately \$70 billion in proposed contracts.

Whether it is educating companies on how to take advantage of growing commercial opportunities in the region, enforcing existing free trade agreements (FTAs) or working more generally to improve the region's business climate, ITA's goal is to ensure U.S. companies have the tools necessary to compete on a level playing field. ITA helps level the playing field by monitoring foreign governments' compliancy with their trade agreement obligations, and by enforcing U.S. trade laws.

Meeting the Challenges of Doing Business

Doing business internationally can be risky and confusing for companies, particularly small- and medium-sized enterprises that are at the core of ITA's mission. ITA's policy efforts are geared toward improving short-, medium- and long-term successes in international commerce. We do this in three ways: 1) providing direct support to U.S. companies, using existing tools and relationships to help resolve commercial problems; 2) opening markets and improving the business climate; and 3) by representing U.S. industry interests during trade negotiations.

ITA provides direct support for real-time business needs. Its goal is to ensure that trading partners in the EAP region implement their trade and investment agreement obligations and otherwise afford market access for U.S. exports. Within the EAP region, the United States has FTAs in effect with Australia, Singapore and the Republic of Korea. In order to monitor implementation of these agreements, ITA uses its close relationship with U.S. industry, as well as its understanding of the region and its presence overseas to ensure that these countries are fulfilling their obligations under the FTAs. ITA's network of foreign and domestic commercial officers, locally-employed staff, and industry experts in Washington, D.C and trade specialists around the country work closely with U.S. firms to help them overcome barriers to doing business in foreign markets.

Let me highlight a few key EAP markets and regional associations where ITA plays a critical role helping U.S. companies:

China

ITA's presence in China, with a total of five posts (Beijing, Chengdu, Guangzhou, Shanghai, Shenyang) and a staff of over 130 representing several ITA units and other Commerce bureaus, gives us the largest footprint of any ITA operation outside the United States. Our Commercial Service staff in China has seen the highest number of state-supported trade missions since the inception of the State Trade and Export Promotion program over a year ago. In fact, given the growing importance and sophistication of the Chinese market, ITA, as part of its recent consolidation, created a separate unit to focus greater attention on the Chinese economic area.

China is our second largest trading partner and the relationship continues to grow. In 2012, we exported \$110.5 billion worth of goods to China, with agriculture and transportation equipment representing the largest export sectors. Demand for U.S. goods and services continues to grow in China, however, there are many issues that U.S. companies need to be aware of and vigilant about before attempting to enter the Chinese market. These include registration and protection of intellectual property rights (IPR), due diligence on potential clients and partners, and administrative licensing. In addition, China often lacks predictability in its business environment, and its legal and regulatory systems can be opaque, inconsistent, and often arbitrary. The U.S. government uses two main bilateral venues for addressing challenges that

U.S. companies face in China: the U.S.-China Joint Commission on Commerce and Trade (JCCT) and the U.S.-China Strategic and Economic Dialogue (S&ED).

The JCCT is the primary forum for addressing bilateral trade and investment issues and promoting commercial opportunities between the United States and China. The Secretary of Commerce and the U.S. Trade Representative co-chair the annual U.S.-China JCCT forum. ITA serves as the lead bureau for Commerce's participation in the JCCT. At last year's JCCT meeting, the United States made progress in addressing key concerns in our bilateral trade relationship including: protection and enforcement of IPR; localization of intellectual property and technology; certain tax provisions; government procurement practices; regulatory obstacles; regulatory data protection for pharmaceuticals; and market access for U.S. companies in China's strategic emerging industries⁴. The next JCCT High-Level Meeting is scheduled for December 19-20.

For the S&ED, the Commerce Department plays a leading role in the Trade and Investment Session of the Economic Track of the dialogue. The S&ED met this past July and made concrete progress toward expanding U.S. export and investment opportunities in China. Most important, the Chinese government committed to enter into substantive bilateral investment treaty negotiations with the United States to provide greater protections for U.S. investments in China. China also agreed to prioritize enforcement against the theft of trade secrets, to submit a new and improved offer to accede to the World Trade Organization (WTO) Agreement on Government Procurement in 2013, and to adopt new disciplines on state-owned enterprises (SOEs), which would help level the playing field for U.S. companies competing against SOEs.

Japan

Japan is the world's third largest economy and our fourth largest trading partner. The United States exported \$70 billion in goods to Japan in 2012. Responding to an economic recovery package introduced by new Prime Minister Shinzo Abe, Japan has shown steady economic growth and its Nikkei stock market has increased over 50 percent this year. On July 23, 2013, Japan formally joined negotiations for the Trans-Pacific Partnership (TPP) during the 18th round of negotiations in Malaysia after working out a robust package of actions and agreements with the United States. TPP participation creates for Japan a tremendous opportunity to stimulate domestic economic reform and continue on the track towards sustained economic growth. The participation of Japan, a major U.S. trading partner, as well as close U.S. ally, raises the economic significance of a TPP Agreement. With Japan's entry, TPP countries account for nearly 40 percent of global GDP and about one-third of all world trade. Japan's TPP

⁴ In 2010, China announced its strategic emerging industries (SEI) industrial policy initiative to propel Chinese companies into leading positions in emerging technologies and to drive its economy in the next decade. These seven industries include biotechnology, new energy, high-end equipment manufacturing, energy conservation and environmental protection, new energy vehicles, new materials, next-generation IT.

participation, its nascent economic recovery, and prospect for domestic structural reforms create new opportunities for American exporters and investors. Japanese companies are also key partners for U.S. firms in major sectors, including civil aviation and defense.

Since the March, 2011 accident at Fukushima Dai-ichi Nuclear Power Plant, U.S. firms have assisted Japan in various ways including monitoring at the damaged plant, nuclear waste water treatment, decontamination work, and support of integrated dose reduction planning. U.S. firms have the expertise and technology to assist with continued clean-up at the plant (decommissioning, water treatment), remediation of the area outside the exclusion zone surrounding the plant, and waste management. In October 2013, Japan informed the United States of its plans to ratify within the coming year the Convention on Supplementary Compensation for Nuclear Damage (CSC), an agreement that establishes an international framework for nuclear liability. In its official announcement, Japan noted that ratifying CSC would help to facilitate the participation of foreign companies in nuclear decommissioning and contaminated water management at Fukushima. Commerce is working with Japan to facilitate partnerships between U.S. and Japanese firms to best assist with the recovery. In February 2014, Commerce is organizing a business to business forum which will promote these partnerships.

Lower Mekong Initiative

The Lower Mekong Initiative (LMI) is a multilateral partnership effort initiated by the United States in 2009 for promoting cooperation in the Mekong sub-region (Burma, Cambodia, Laos, Thailand and Vietnam) in the areas of education, health, environment and water, connectivity, agriculture and food security, and energy security.

Under the LMI Connectivity Pillar, ITA is working with other U.S. government agencies to develop workshops for the health, information and communication technology, aviation, and energy sectors. The workshops will provide an opportunity for the LMI countries to highlight numerous active and potential infrastructure projects. These workshops will also allow the LMI governments and the U.S. government agencies to develop successful methods of incorporating private investment into infrastructure development through the use of public-private partnerships. The workshops will take place in the LMI countries over the next few years.

Using Existing Tools and Relationships

ITA is actively engaged with both the Association of South East Asian Nations (ASEAN) and the Asia Pacific Economic Cooperation (APEC) on a variety of economic issues. U.S. engagement within these fora focuses on making improvements in the region, including by addressing trade and investment barriers.

ASEAN⁵

As part of the rebalance, President Obama announced the Expanded Economic Engagement (E3) initiative with leaders of the ten ASEAN countries in November 2012. The Commerce Department plays a key role in this initiative, particularly on standards development and practices; small and medium-sized enterprises, and trade and the environment. In addition, ITA works with ASEAN to create an environment that enables and encourages U.S. exports by addressing market-access issues, ensuring non-discrimination against foreign firms, improving investment protections, increasing transparency and promoting responsible business activities. This past summer, ITA working with the United States Trade Representative (USTR) and State organized roadshows to Los Angeles, San Francisco and Washington, D.C. for the ASEAN Economic Ministers. These events allowed companies and policy makers to discuss opportunities and policies aimed at expanding trade and investment. Further, Commerce leads cooperation between the United States and ASEAN on standards and related issues. Together, we introduced initiatives on green buildings, food safety, medical devices, dietary supplements, green chemistry, and electrical and electronic products. Standards, as a core element of U.S. cooperation with ASEAN, were highlighted this year during the ASEAN Ministers Road Show and the recent ASEAN Summit in Brunei.

APEC⁶

Within APEC, ITA spearheaded efforts to implement voluntary codes of business ethics for the medical device, biopharmaceutical, and construction and engineering sectors through public and private organizations. Each of these initiatives was developed in conjunction with U.S. associations and companies to help ensure a more business friendly environment for their industries. ITA also plays a lead role in the APEC Small and Medium-sized Enterprises (SME) Ministerial, which focuses on ways to empower SMEs so they can enter international markets. SMEs comprise the majority of businesses in all 21 APEC member economies, so building the capacity of SMEs to engage in international commerce is a key component of U.S. government efforts to bolster trade and investment linkages across the Asia-Pacific region.

ITA has also hosted capacity-building workshops on ethical business practices for SMEs, energy-efficient building standards, and good regulatory practices. ITA is opening these workshops to Burma, Cambodia, and Laos so as to further integrate these economies into the global market. Given that APEC and ASEAN have designated energy as a priority sector, it is important to mention that the United States and Indonesia co-hosted a regional natural-gas event which was jointly endorsed by APEC and ASEAN. This event focused on the changing global

⁵ ASEAN Economies: Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar (or Burma), Philippines, Singapore, Thailand, and Vietnam.

⁶ APEC Member Countries: Australia, Brunei, Canada, Indonesia, Japan, Republic of Korea, Malaysia, New Zealand, Philippines, Singapore, Thailand, Taiwan, Hong Kong, China, Mexico, Papua New Guinea, Chile, Peru, Russia, Vietnam and the United States.

gas markets and the development of unconventional gas. In August, ITA led a trade mission to Thailand, Malaysia and the Philippines focused on renewable energy equipment, smart grid and green-building technology, water treatment and emissions control, and natural gas exploration and development.

Representing U.S. Industry Interests:

ITA is ensuring that U.S. industry's interests are taken into account and reflected in Trans-Pacific Partnership (TPP) negotiations which will help U.S. companies better compete in the region. The TPP is the focal point of U.S. government economic policy in the region, and seeks to build on trade agreement advances made in the United States - Korea Free Trade Agreement (KORUS FTA).

TPP

The TPP agreement is both the economic cornerstone of the Obama Administration's rebalance toward the Asia-Pacific, as well as a reflection of the President's commitment to a 21st century trade agenda, including with our NAFTA partners. USTR is the lead U.S. government agency negotiating the TPP agreement, with extensive assistance from the ITA. Together, we are advancing the U.S. trade agenda, through intensive cooperation preparing for and conducting the TPP negotiations and bilateral meetings with our counterpart ministers from TPP member economies. In doing so, ITA works closely with the U.S. business community to ensure that its interests are fully reflected in the TPP agreement. ITA seeks input from the private sector both informally through its network of business contacts and U.S. offices and more formally through the Industry Trade Advisory Committees (ITAC). The ITACs are composed of private sector representatives covering all sectors of the U.S. economy, as well as important functional priorities, and provides advice to the Secretary of Commerce and the U.S. Trade Representative on the negotiation and operation of trade agreements, as well as development, implementation, and administration of U.S. trade policy.

At a meeting of TPP Ministers in Singapore (December 7-10), considerable progress was made across a wide range of areas. On December 10, the TPP Ministers announced substantial progress had been made toward completing the agreement, with progress identified for the majority of key outstanding issues in the text. Negotiators will continue their intensive work during the coming weeks. Following that, Ministers intend to meet again early in the coming year.

Trade Promotion Authority (TPA)

For over 30 years, Congress has enacted laws providing TPA to guide both Democratic and Republican Administrations pursuing trade agreements that support U.S. jobs, eliminate barriers in foreign markets and establish rules to stop unfair trade. TPA provides special

procedures for Congressional consideration of legislation approving and implementing those agreements. TPA is a critical tool to keep the United States competitive and is connected to the progress that is being made on TPP. Having TPA will help bring home a trade agreement that includes some of the fast-growing economies of Asia Pacific. Since TPA's last renewal in 2002, hundreds of trade agreements between other countries have entered into force and several more are currently being negotiated. While these agreements are not the high-standard, comprehensive trade agreements the United States negotiates, they do offer foreign companies better and cheaper access to these markets. This places U.S. workers, businesses, and farmers at a comparative disadvantage. In fact, China is currently negotiating agreements with other Asia-Pacific partners that could displace U.S. goods, services, and agriculture products and set standards that exclude U.S. exports from these countries' markets. We need TPA to stay competitive. The Administration supports TPA and looks forward to continuing to work with Congress on its renewal.

U.S.-Korea Free Trade Agreement (KORUS)

The Republic of Korea (ROK) is currently our 7th largest trading partner with approximately \$101 billion in total (two-way) goods trade during 2012. Since entry into force of the KORUS on March 15, 2012, trade data shows that KORUS has bolstered U.S. exports to the ROK. In fact, exports of U.S. manufactured goods to the ROK from January- October, 2013, the latest data available, are 1.6 percent higher than in the same period of 2011, before the FTA. U.S. exports of motor vehicles to the ROK in the first 10 months of 2013 are also 54 percent higher than in the same period in 2011, pre-FTA. Other industrial goods have also seen notable increases, such as pharmaceuticals and electrical equipment. Services exports for the first two quarters of 2013 are 21 percent higher than in the same time period in 2011 (pre-FTA), and 5.4 percent higher than in the same period last year. Using the same time periods, the U.S. trade surplus in services with the ROK has grown by 52 percent compared to 2011 and by 21 percent compared to last year.

Linking U.S. Business with Buyers Overseas and Attracting Investment Back Home

ITA provides numerous tools to help U.S. companies learn more about the EAP markets, and meet potential clients, distributors, and partners. ITA organizes trade missions and trade events, and provides market research and export counseling in the markets of interest.

As demonstrated in the chart below, each year ITA's customers are reporting more export successes to the East Asia and Pacific region.

Year	Export Successes	New-to-Market SMEs
2010	3,255	735
2011	3,954	843
2012	4,868	795
2013	5,254	952

An example of the growing interest in this area is how the ASEAN team in Singapore, in collaboration with numerous ITA domestic offices, provided over 150 Gold Key services in 2013. A Gold Key service is a custom-tailored approach to supporting a company interested in doing business in a specific country and sector. This service includes arranging one-on-one meetings in-country with potential customers or partners. With an average of five appointments per Gold Key Service, this translates to more than 750 direct engagements for U.S. companies looking to do business in the region.

ITA annually hosts a large trade event called Trade Winds. Trade Winds is a multi-country trade mission that takes U.S. companies to a key export market where they meet local companies and attend business conferences to learn about doing business in the region, accompanied by an optional spin-off trade mission with visits to additional markets. This past May, Trade Winds was held in Seoul and was the largest-ever U.S. trade event in the Republic of Korea. Seventy-two U.S. firms participated in the event and over half took part in spin-off trade missions to Hong Kong, Japan, the Philippines and Taiwan.

ITA prides itself on helping SMEs. For example, ITA's Baltimore staff provided market research to identify opportunities and a financial background report on prospective partners for Haemo-Sol International, LLC, a small manufacturing company with less than five employees headquartered in Maryland. Haemo-Sol International exports specialized cleaning agents and was struggling to break into new markets and to increase sales in existing markets. The Baltimore staff suggested the company participate in the ExporTech exporter education program. ExporTech is a collaborative program between ITA's domestic field offices and the National Institute of Standards and Technology's Manufacturing Extension Partnership Program to provide export training to U.S. manufacturers. Through ExporTech, Haemo-Sol attended two trade missions to Asia which resulted in forging new partnerships. The company has increased sales and acquired new customers in Japan and China, and has seen the export portion of its sales grow from 50 to 66 percent of total revenue since participating in its first trade mission in 2010.

Foreign Direct Investment (FDI)

While our trade promotion activities are pivotal to improving the U.S. economy, inward investment also contributes significantly to job creation and economic growth. ITA is seizing this potential and has been working diligently around the world to let investors know that the United States is open for business. In total, U.S. subsidiaries of foreign companies accounted for one-fifth of total U.S. exports, showing the important relationship between trade and investment. In 2012, the Asia and Pacific region's stock of FDI in the United States totaled roughly \$424 billion, led by investment in manufacturing, wholesale trade and information and telecommunications⁷. Additionally, U.S. FDI in the region exceeded \$623 billion.⁸

While the EAP region is not our largest source of FDI, it has great potential. As it stands, approximately 16 percent of FDI in the United States originates from Asia in comparison to over 60 percent originating from Europe. In terms of average annual growth over the past five years, China is the fastest growing source of FDI in the United States. Many of the fastest growing sources of FDI in the United States are located in the EAP region⁹. Japan and Australia both rank among the ten largest sources of FDI.

The United States is the world's largest free and open market with a longstanding open-investment policy. SelectUSA is the federal-level resource for firms and U.S. economic development organizations (EDOs). SelectUSA is the only U.S. Government-wide program to attract, retain, and grow business investment in the United States. On October 31 and November 1, 2013, the Department of Commerce and its SelectUSA program hosted the SelectUSA Summit. The event was a huge success and was completely sold out. The Summit connected 1,300 participants, including 456 foreign or multinational firms, with more than 200 EDOs from 48 states, four territories and the District of Columbia. In addition, over 650 prearranged match-making meetings occurred and a number of impromptu meetings took place during the two day conference.

SelectUSA, while relatively new, has proven to be a successful program. In July 2011, RPB Safety Ltd., headquartered in Christchurch, New Zealand, contacted ITA's staff for information on setting up a manufacturing plant in Michigan. RPB Safety is a manufacturer of respiratory protective equipment and was already distributing products via its Michigan office.

⁷ Information as an industry includes: data processing, hosting and related services; broadcasting (except internet); motion picture and sound recording industries; newspaper, periodical, book, and database publishers; software publishers; other information; and telecommunications.

⁸ U.S. Bureau of Economic Analysis, "U.S. Direct Investment Abroad: Balance of Payments and Direct Investment Position Data" (accessed September 30, 2013).

⁹ In 2012, growth rate of Chinese FDI in the United States by Ultimate Beneficial Owner (UBO) was 70.82 percent, Indonesia's was 38.05 percent, Malaysia's was 26.37, the Republic of Korea's was 14.86 percent, New Zealand's was 8.05 percent, Japan's was 6.80 percent and Australia's was 5.51 percent.

SelectUSA supplied the company with initial information on establishing a business in the United States and the contact details at the American consulate general in Auckland to assist in the visa process. On August 28, 2012, RPB Safety Ltd. publicly announced its purchase of a new manufacturing facility in Michigan and is now investing more than \$4 million into the commercial venture, with plans to create 30 jobs over the next three years.

Enforcing Domestic Trade Laws

ITA is also in charge of enforcing certain trade laws, including the application of antidumping duty (AD) and countervailing duty (CVD) laws¹⁰. ITA also monitors and works with USTR to ensure foreign government compliance with trade agreements to counter foreign trade barriers and unfair trade practices to support the competitive strength of American industry.

With respect to the administration of the U.S. trade remedy laws, as of October 31, 2013, ITA maintains the following AD and CVD orders and ongoing investigations.

September 2013	Antidumping	Countervailing	Products	Countries
World-wide	240	52	Over 120	36
EAP Region Orders	162	36	Consumer goods, paper and plastic products, steel products, agricultural/aquaculture products, and chemical	10
EAP Region Investigations	20	5	Various steel and chemical products	8
China Orders	96	27	Consumer goods, steel products, agricultural products, seafood and chemical	

ITA also helps U.S. businesses, especially small ones, overcome foreign government-imposed trade barriers to gain access to and fair treatment in foreign markets in Asia, as well as the rest of the world. ITA monitors foreign governments' compliance with trade agreement

¹⁰ U.S. trade remedy cases are governed by U.S. laws and international obligations, which require fair, objective, and transparent factual determinations. Consistent with these laws and obligations, U.S. AD and CVD proceedings are open, transparent and afford all interested parties involved the opportunity to participate and defend their interests. Strong enforcement of the AD and CVD laws plays an important role in supporting the USG's goal of advancing a progressive trade agenda.

obligations and engages with these governments when problems arise. An example is when ITA worked with Navistar Inc. from Lisle, Illinois. Navistar's heavy-duty trucks encountered entry issues when the ROK's Ministry of Environment (MOE) issued a ruling that Navistar's open crankcase engines were non-compliant with the ROK emissions regulations. This determination would have limited Navistar's ability to fully access the Korean market. ITA worked with MOE to resolve this issue and to get Navistar an unconditional certification from the agency showing that Navistar's engines were compliant with ROK emissions standards. Navistar projects that sales to the ROK in 2014 will reach 100 units, including spare parts, totaling US\$15 million. These exports will support several thousand unionized jobs in Illinois and in Ohio.

When ITA is unable to resolve cases, they may be referred to USTR or to the recently created Interagency Trade Enforcement Center (ITEC) -- which serves as the primary forum within the Federal Government to coordinate enforcement of U.S. trade rights under international agreements and enforcement of domestic trade laws -- for further research and evaluation for action. ITEC provides critical research, analysis, translation and support for a number of ongoing WTO disputes. These disputes include: China Raw Material Export Restraints, China's Autos and Auto Parts Export Bases, and Indonesia Import Licensing, to name a few.

Conclusion

The United States remains actively engaged in the East Asia and Pacific region. Secretary Pritzker and Ambassador Froman are on their way to Beijing, China for the JCCT Ministerial meeting. In addition, our TPP negotiators are working to substantially conclude this historic agreement early next year that, once finalized, will significantly support economic and job growth here in the United States.

Secretary Pritzker, at the President's request, will also lead a CEO delegation to Southeast Asia, including Burma, next spring and, in early 2014, Commerce will lead two executive trade missions. In February, we will take U.S. companies to the Singapore Airshow, and in March, we will take U.S. travel and tourism industry representatives to Japan, the Republic of Korea, and Taiwan.

As you can see, the EAP region is growing and there continues to be an incredible amount of opportunities for U.S. businesses in the region. The Commerce Department and ITA stands ready to help these companies wherever it can.