

Federal Government Relations

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May 10, 2013

Mr. Douglas Bell
Chair, Trade Policy Staff Committee
Office of the U.S. Trade Representative
600 17th Street NW
Washington, D.C. 20508

Submitted electronically via www.regulations.gov

RE: TRANSATLANTIC TRADE AND INVESTMENT PARTNERSHIP: DOC. USTR 2013-07430

Dear Mr. Bell:

Thank you for the opportunity to provide comments on the Transatlantic Trade and Investment Partnership (TTIP). Wal-Mart Stores, Inc. (Walmart) strongly supports the negotiation of a comprehensive agreement between the United States and the European Union.

By way of background, Walmart helps people around the world save money and live better – anytime and anywhere – in retail stores, online, and through their mobile devices. Each week, more than 200 million customers and members visit our 10,600 stores under 69 banners in 27 countries and e-commerce websites in 10 countries. With fiscal year ending January 31, 2013 sales of approximately \$466 billion, Walmart employs more than 2.2 million associates worldwide. Walmart continues to be a leader in sustainability, corporate philanthropy and employment opportunity.

With regard to the TTIP, Walmart currently operates over 4,600 stores in the United States and 568 Asda stores in the United Kingdom, together representing over \$300 billion in total sales.

Overall Comments:

The United States and the European Union currently demonstrate a shared commitment to an open trading system. From a retail perspective, negotiation of the TTIP offers an opportunity to build upon that relationship by constructing a template for future agreements with:

- Comprehensive liberalization across all modes of delivery for services

- Flexibility to accommodate new services and technologies in the digital marketplace
- Elimination of duties and non-tariff barriers on the trade of agricultural and manufactured goods
- Mutual recognition of standards and regulations; and
- Facilitation of the movement of goods through the supply chain and across borders.

Retail/Distribution Services

Retail and distribution services are essential components of a well functioning economy. An open and transparent system for retail and distribution services promotes competition, reduces the cost of essential goods for consumers and creates jobs throughout the global supply chain. In the United States alone, the retail industry accounted for over 11 percent of U.S. employment (15 million workers) in 2012.

Globally, Walmart supports full market access for retail and distribution services as well as national and most-favored nation treatment for all forms of distribution, including e-commerce platforms. Agreements should protect retail and distribution rights in both single and multi-brand formats, with no limits on size, geographic location, or merchandise assortment.

The European Union already maintains a high standard of investor protections in the retail sector. As the US and EU proceed with negotiations, however, both sides should strive to maintain a high standard model for future agreements. And, specifically related to the European Union, we request that the TTIP eliminate economic needs tests with regard to department stores and binding commitments related to foreign ownership of pharmacy operations.

The Global Digital Marketplace

The retail industry continues to evolve from a traditionally “brick and mortar” industry to a new, multi-channel “brick and click” industry where multiple methods of product delivery are necessary to remain competitive and optimize the customer experience.

As electronic commerce continues to grow, the ability to pull information from open networks, conduct business transactions and establish secure online communications across borders is as critical for retailers as it is for traditional tech companies. As such, we support measures that facilitate and enhance participation in the global digital marketplace.

In particular, we believe that a forward looking agreement will protect legitimate cross-border information flows without domestic infrastructure requirements or mandates that prevent innovation and entrepreneurship.

Additionally, we believe that the TTIP is an opportunity for both markets to establish strong digital principles on which to model future global discussions.

Both the United States and the European Union should work cooperatively to address data protection issues. Both markets should devise solutions that address concerns while maintaining flexibility and recognizing each market's different, yet compatible, approach to data protection, rather than using country-specific standards that could restrict innovation.

Import Duties on Consumer Products

Walmart's core philosophy is to provide consumers with the highest quality products at the lowest price. While both the United States and the European Union have considerably reduced tariff barriers across the board, European consumers would benefit from the elimination of duties on household items. As an example, some of our U.S. suppliers face duties of around 8% on chocolate exports and 9% for other sugar confectionaries. Processed foods such as soups and ketchup face double-digit duties as well. As many of our U.S. based suppliers looks to export, tariffs can be one more obstacle to growing their business.

Similarly, U.S. consumers face duties on a wide range of products from jewelry (5-6%) to glassware (7.5%) and grocery items such as olives and olive oil (up to \$0.05/kg).

A comprehensive agreement would immediately eliminate duties across the board, with only limited longer phase outs. This will result in greater selection as well as a lower cost of goods resulting in savings we can pass on to our customers.

Regulatory Cooperation

While import duties are directly added to the price of goods, measures unrelated to tariffs can be equally restrictive to trade. At Walmart we have found that the difficulties of bringing a product to a foreign market such as product labeling specifications and the cost of any redundant testing and licensing procedures deter potential new suppliers from engaging in international trade.

A robust agreement between the U.S. and E.U. will involve commitments from regulatory agencies in both governments to:

- Harmonize product labeling specifications, particularly with regard to grocery items

- Establish mutual recognition of compatible regulatory regimes; and
- Create transparent public-private sector dialogues on regulatory issues with the objective of building common approaches going forward.

Trade Facilitation

As a global retailer, Walmart knows firsthand the importance of speed to market and the cost of delayed shipments. For this reason, we support efforts at customs cooperation and simplification of customs procedures. Alongside customs itself, solutions to facilitating trade should also examine the role of other government agencies in moving goods across borders. The objective of these discussions should be to eliminate redundancies and devise mutually recognized programs for supply chain security and clearance processes.

Finally, the TTIP is a new opportunity to build upon the global nature of trade. A forward looking agreement should also consider extending the idea of accumulation among free trade partners that the two markets have in common. Using the trade agreements as building blocks to craft a cohesive global manufacturing structure, versus establishing free standing silos, allows economies to leverage efficiencies and maximize outcomes of U.S. inputs.

Conclusion

Walmart strongly supports negotiation of a comprehensive TTIP that addresses both direct and indirect barriers to trade. We look forward to working with the Administration as these negotiations proceed.

Thank you for your consideration of these comments.

Sincerely,

A handwritten signature in cursive script that reads "Sarah F. Tharn".