The Trans Pacific Partnership and You

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USDA Agricultural Outlook Conference

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Agenda

• U.S. Agriculture and Trade
• Key Challenges of TPP
• Key Outcomes of TPP
• What’s Next
U.S. Agriculture Relies on Exports.
Exports support higher prices and expanding production.

Source: USDA: ERS, Farm Income and Wealth Statistics. USDA: FAS, GATS, all agriculture. CY data.
Recent Trade Agreements Boost U.S. Ag Exports

U.S. Ag Exports after FTA

Billion$ (Comparison average pre and post five years)

Pre 5 years Post 5 years

USDA/FAS/GATS CY data.

Note: China reference is WTO Accession
Note: four year data post agreement only for Colombia, Korea and Panama.
Recent Trade Agreements Boost U.S. Ag Exports

U.S. Ag Exports after FTA

Billion$ (Comparison average pre and post five years)

Pre 5 years

Post 5 years

Note: China reference is WTO Accession
Note: three year data post agreement only for Colombia, Korea and Panama.

USDA/FAS/GATS CY data.
## Trans Pacific Partnership

**BLUE: new U.S. FTA partners**

<table>
<thead>
<tr>
<th></th>
<th>Population (millions)</th>
<th>GDP (billion US$)</th>
<th>GDP/per cap (US$)</th>
<th>Agricultural Imports from World (thou US$)</th>
<th>Agricultural Imports from US (thou US$)</th>
<th>percent</th>
<th>Agricultural Imports from TPP (thou US$)</th>
<th>percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>22.7</td>
<td>1,532.0</td>
<td>67,537</td>
<td>11,771.6</td>
<td>1,391.4</td>
<td>12%</td>
<td>5,444.4</td>
<td>46%</td>
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<tr>
<td>Brunei</td>
<td>0.4</td>
<td>17.0</td>
<td>41,124</td>
<td>464.6</td>
<td>9.5</td>
<td>2%</td>
<td>324.0</td>
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<td>Canada</td>
<td>34.9</td>
<td>1,821.4</td>
<td>52,220</td>
<td>33,226.4</td>
<td>20,459.8</td>
<td>62%</td>
<td>23,665.4</td>
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<tr>
<td>Chile</td>
<td>17.5</td>
<td>269.9</td>
<td>15,454</td>
<td>5,814.8</td>
<td>692.0</td>
<td>12%</td>
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<td>Japan</td>
<td><strong>127.6</strong></td>
<td>5,960.0</td>
<td><strong>46,723</strong></td>
<td><strong>66,251.6</strong></td>
<td><strong>16,874.8</strong></td>
<td><strong>25%</strong></td>
<td><strong>32,060.2</strong></td>
<td><strong>48%</strong></td>
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<td>16,785.6</td>
<td>949.1</td>
<td>6%</td>
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<td>9,747</td>
<td>24,650.8</td>
<td>18,158.6</td>
<td>74%</td>
<td>20,906.3</td>
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<td>4.4</td>
<td>167.3</td>
<td>37,749</td>
<td>4,041.5</td>
<td>452.1</td>
<td>11%</td>
<td>2,577.2</td>
<td>64%</td>
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<td>Peru</td>
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<td>203.8</td>
<td>6,796</td>
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<td>5.3</td>
<td>274.7</td>
<td>51,709</td>
<td>12,327.8</td>
<td>844.4</td>
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<td>4,997.6</td>
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<td>52,439.1</td>
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<td>Vietnam</td>
<td><strong>88.8</strong></td>
<td><strong>155.8</strong></td>
<td><strong>1,755</strong></td>
<td><strong>10,087.8</strong></td>
<td><strong>1,253.3</strong></td>
<td><strong>12%</strong></td>
<td><strong>3,527.3</strong></td>
<td><strong>35%</strong></td>
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<td>Total</td>
<td>795.5</td>
<td>28,124.9</td>
<td>35,354</td>
<td>303,088.8</td>
<td>61,735.3</td>
<td>20%</td>
<td>152,763.2</td>
<td>50%</td>
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Trans Pacific Partnership
Japan – U.S. Tariff Comparison

Simple average, using DDA ad valorem equivalents
### Japan’s Approach to Sensitive Products in Prior FTAs

- Most are completely excluded
- Singapore scores access for pork and sugar (not a producer)
- Some limited TRQs but no real tariff cuts
- Australia gets some (limited) advantages

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<th>Australia</th>
<th>Brunei</th>
<th>Chile</th>
<th>India</th>
<th>Indonesia</th>
<th>Malaysia</th>
<th>Mexico</th>
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TPP Illustration
(Japan Wine Tariff)
The Trans-Pacific Partnership (TPP) will provide significant new market opportunities for U.S. exporters, promoting economic growth in 11 countries across the Asia-Pacific region and expanding demand for U.S. food and agricultural products among nearly 500 million consumers outside the United States.

- **Japan**
  - Duties on more than 65% of tariff lines eliminated within 11 years and on nearly 80% within 16 years. Gate-price-specific duty reduced from 482 yen/kg to 50 yen/kg by year 10.

- **Vietnam**
  - Tariffs, currently as high as 30%, eliminated in 5–10 years.

- **Brunei**
  - All tariffs eliminated immediately.

- **Malaysia**
  - All tariffs eliminated within 16 years.

- **Australia**
  - U.S. exports already duty-free under existing trade agreement.

- **Singapore**
  - U.S. exports already duty-free under existing trade agreement.

- **Canada**
  - U.S. exports already duty-free under NAFTA.

- **United States**
  - Tariffs, currently as high as 6.4%, eliminated within 10 years.

- **Peru**
  - U.S. exports already duty free under existing trade agreement.

- **New Zealand**
  - Tariffs, currently as high as 5%, eliminated within 2 years.

- **Chile**
  - U.S. exports already duty-free under existing trade agreement.

- **Mexico**
  - U.S. exports already duty-free under NAFTA.

The TPP strengthens trade and provides new market access for U.S. agricultural exports to Japan, Malaysia, Vietnam, New Zealand, and Brunei.

**Top Hog-Producing States**
1. Iowa
2. North Carolina
3. Minnesota
4. Illinois
5. Indiana
6. Nebraska
7. Missouri
8. Ohio
9. Kansas
10. Oklahoma

Source: USDA - FAS GATS
The Trans-Pacific Partnership (TPP) will provide significant new market opportunities for U.S. exporters, promoting economic growth in 11 countries across the Asia-Pacific region and expanding demand for U.S. food and agricultural products among nearly 500 million consumers outside the United States.

- **JAPAN**: Duties on 74% of tariff lines eliminated within 16 years. Reductions on remaining lines include 77% cut for fresh, chilled, and frozen beef.
- **CANADA**: U.S. exports already duty-free under NAFTA.
- **VIETNAM**: Tariffs, currently as high as 34%, eliminated in 3-8 years.
- **UNITED STATES**: Tariffs, currently as high as 26.4%, eliminated within 15 years.
- **BRUNEI**: All tariffs eliminated immediately.
- **MALAYSIA**: All tariffs locked in at 0%.
- **MEXICO**: U.S. exports already duty-free under NAFTA.
- **PERU**: Tariffs eliminated by 2020 under existing trade agreement.
- **NEW ZEALAND**: 

The TPP is expected to increase U.S. exports by $3.9 billion annually, primarily for U.S. ag products to Japan, New Zealand, and Vietnam.
The Trans-Pacific Partnership (TPP) provides significant new market opportunities for U.S. exporters, promoting economic growth in 11 countries across the Asia-Pacific region and expanding demand for U.S. food and agricultural products among nearly 500 million consumers outside the United States.

- **Japan**: Tariffs eliminated on whey in 21 years and on most cheeses in 16 years. Quotas created for milk powder, evaporated and condensed milk.
- **Canada**: Tariffs eliminated for whey and expanded access through duty-free tariff-rate quotas for cheese, fluid milk, butter, milk powders, and other products.
- **United States**: Tariffs for Malaysia, Vietnam, and Japan eliminated within 20 years. For Australia and New Zealand, tariffs on milk powders eliminated in 20-30 years. Tariff-rate quota access for other dairy products for Australia, New Zealand, and Canada.
- **Vietnam**: Tariffs, currently as high as 20%, eliminated within 5 years.
- **Brunei**: All tariffs eliminated immediately.
- **Malaysia**: Tariffs, currently as high as 5%, eliminated on nearly all dairy products. Fluid milk tariffs eliminated in 16 years through quota.
- **Peru**: Tariffs eliminated by 2025 under existing trade agreement.
- **New Zealand**: All tariffs eliminated immediately.
- **Singapore**: U.S. exports already duty-free under NAFTA.
- **Chile**: U.S. Dairy Exports

Top Milk-Producers
1. Calif
2. Wis
3. Nev
4. Idaho
5. Peru
6. Tex
7. Min
8. Min
9. Min
10. Min
11. Min

Source: USDA

TPP Region: $3.6 billion
The Trans-Pacific Partnership (TPP) will provide significant new market opportunities for U.S. exporters, promoting economic growth in 11 countries across the Asia-Pacific region and expanding demand for U.S. food and agricultural products among nearly 500 million consumers outside the United States.

**Japan**
- New quotas for wheat and wheat products. Tariffs for processed wheat products (including biscuits, cookies, crackers, and other bread products), currently as high as 26%, eliminated in 6 years.

**Vietnam**
- Tariffs, currently as high as 35%, eliminated within 4 years.

**Brunei**
- All tariffs eliminated immediately.

**Malaysia**
- Tariffs, currently as high as 7%, eliminated immediately.

**Canada**
- U.S. exports already duty-free under NAFTA.

**United States**
- Tariffs, currently as high as 68%, eliminated within 5 years.

**Mexico**
- U.S. exports already duty-free under NAFTA.

**Peru**
- U.S. exports already duty-free under existing trade agreement.

**New Zealand**
- All tariffs eliminated immediately.

**Chile**
- All tariffs eliminated immediately.

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**Top Wheat-Producing States**

1. Kan
2. Nor
3. Mor
4. Was
5. Okla
6. Sou
7. Tex
8. Idaho

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**U.S. Wheat Exports by Region**

- **TPP Region**
  - $2.4 billion

Source: USDA

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The TPP strengthens and provides new market opportunities for U.S. agriculture, enhancing exports to Japan, Malaysia, New Zealand, and other TPP countries.
The Trans-Pacific Partnership (TPP) will provide significant new market opportunities for U.S. exporters, promoting economic growth in 11 countries across the Asia-Pacific region and expanding demand for U.S. food and agricultural products among nearly 500 million consumers outside the United States.
The Five Factors of TPP

• **Commercial opportunities in TPP markets:** the sooner we implement the TPP the sooner our producers will benefit from tariff cuts.
• **Avoid falling behind:** failing to move forward on trade means falling behind other countries that are negotiating preferences at our expense.
• **Changing the policy direction:** TPP sets new standards on SPS, Geographic Indications, biotech and many “doing business” areas in line with U.S. standards.
• **Opening the door for next generation TPP countries:** expressions of interest from Indonesia, Philippines, Thailand, Taiwan, Korea and others (including China ...)
• **Strengthen our negotiating leverage with others:** ongoing negotiating with the European Union, World Trade Organization, others
• **Global economic growth and security:** economic integration spurs economic growth and reduces prospects of conflict.
Summary Information

Sanitary and Phytosanitary Measures

Geographic Indications

Biotech

Etc.

Detailed Information:

http://www.fas.usda.gov/tpp
Summary of Agreement
Key points for Agriculture
Commodity Highlights
State Information

https://ustr.gov/
Text of Agreement
General Information
Non-Ag Information
House Trade Votes

Top 230 Congressional Districts ranked by value of ag production ($200 million or greater)
Conclusion

• Trade is an important element of U.S. and global economic growth, which creates demand for farm products and supports farm income

• Trade agreements expand purchasing power for our customers and remove barriers to our exports

• The TPP is important for commercial and for strategic reasons: it opens important markets and increases our leverage in other negotiations.

• All of U.S. agriculture is better off with TPP than without.

• The agreement still needs to be finalized and then sent to Congress for approval.