



## The Trans Pacific Partnership and You

25 February 2016

USDA Agricultural Outlook Conference



jason.hafemeister@fas.usda.gov<sup>1</sup>

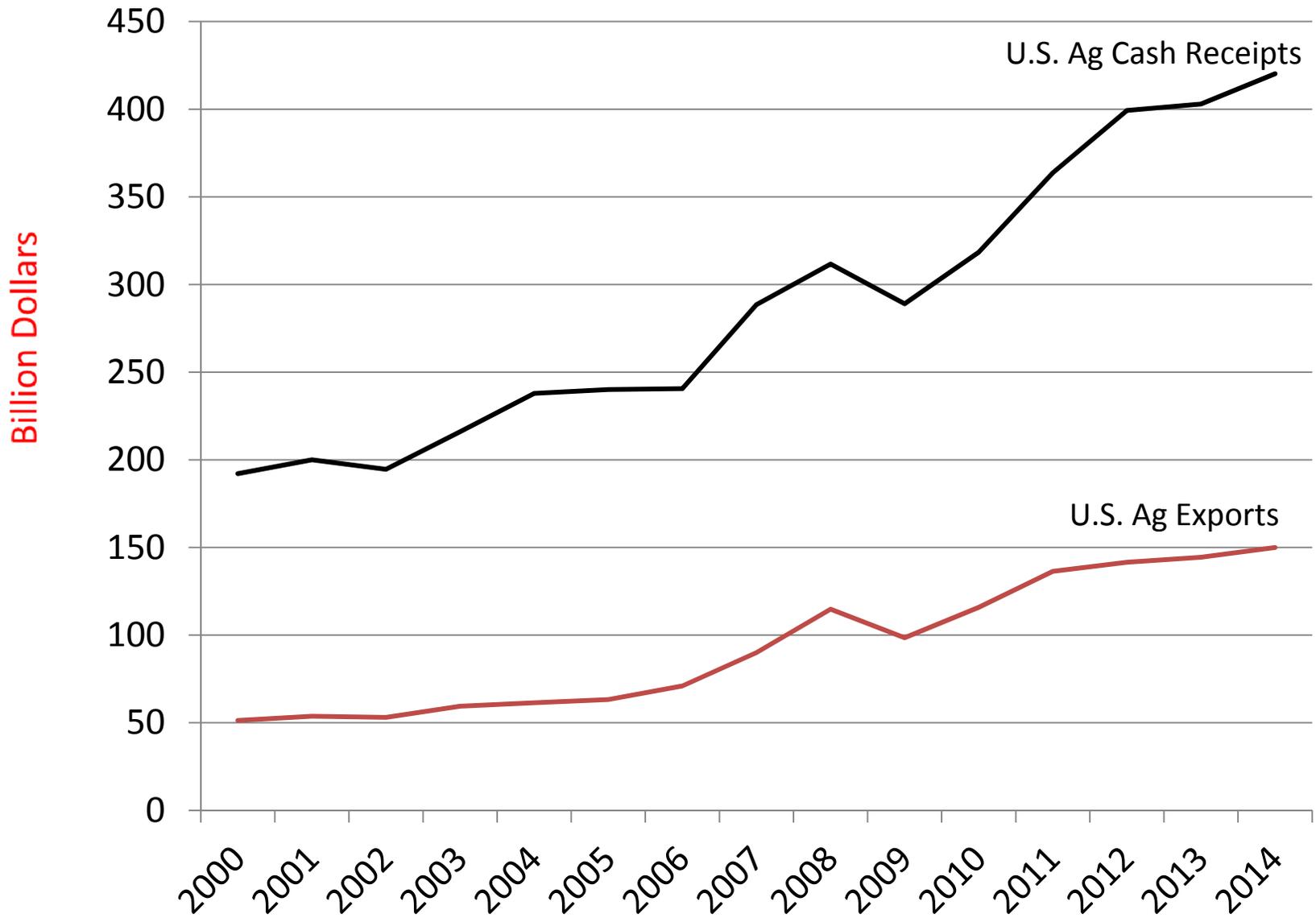
# Agenda

- U.S. Agriculture and Trade
- Key Challenges of TPP
- Key Outcomes of TPP
- What's Next



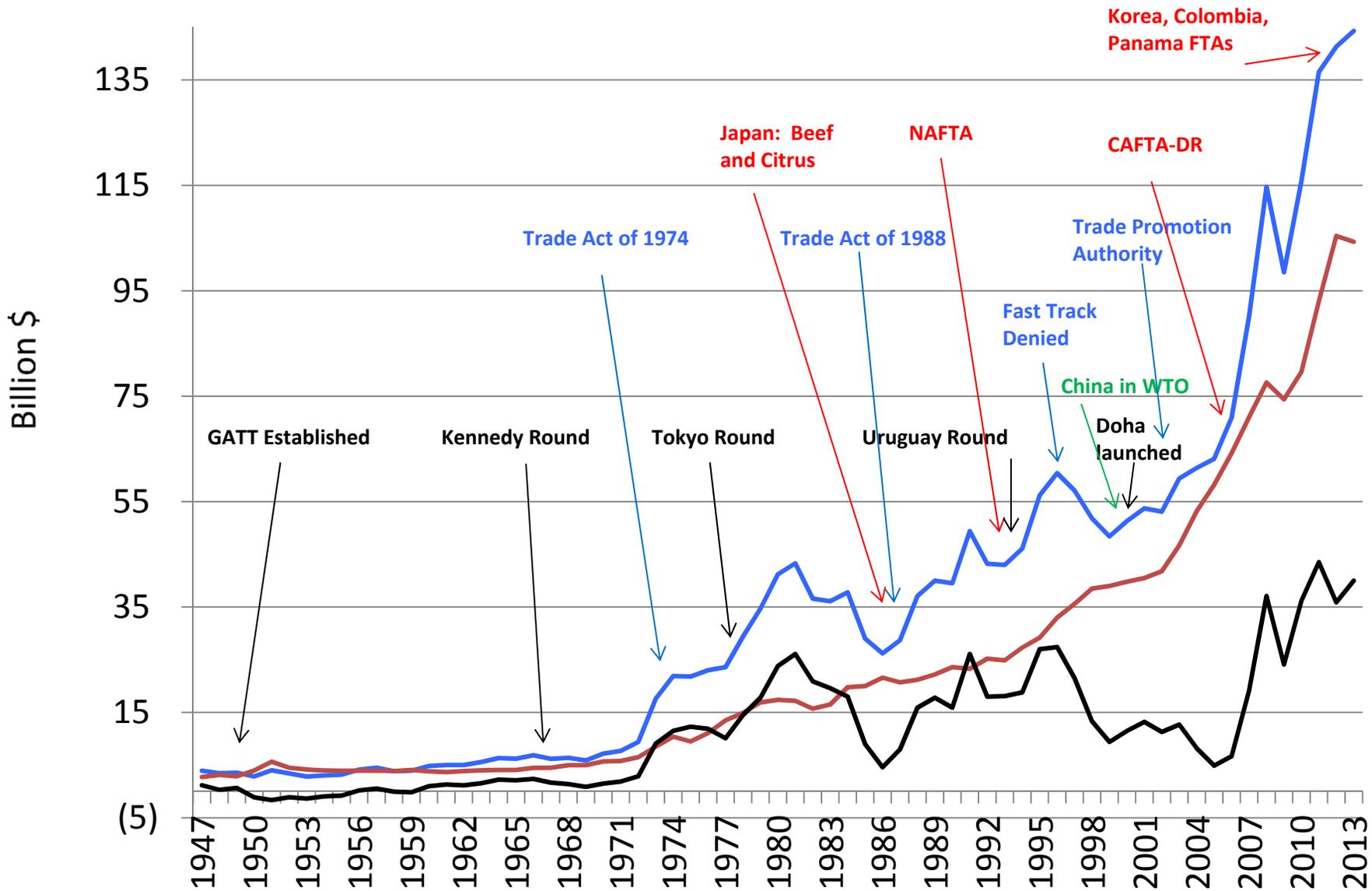
# U.S. Agriculture Relies on Exports.

**Exports support higher prices and expanding production.**



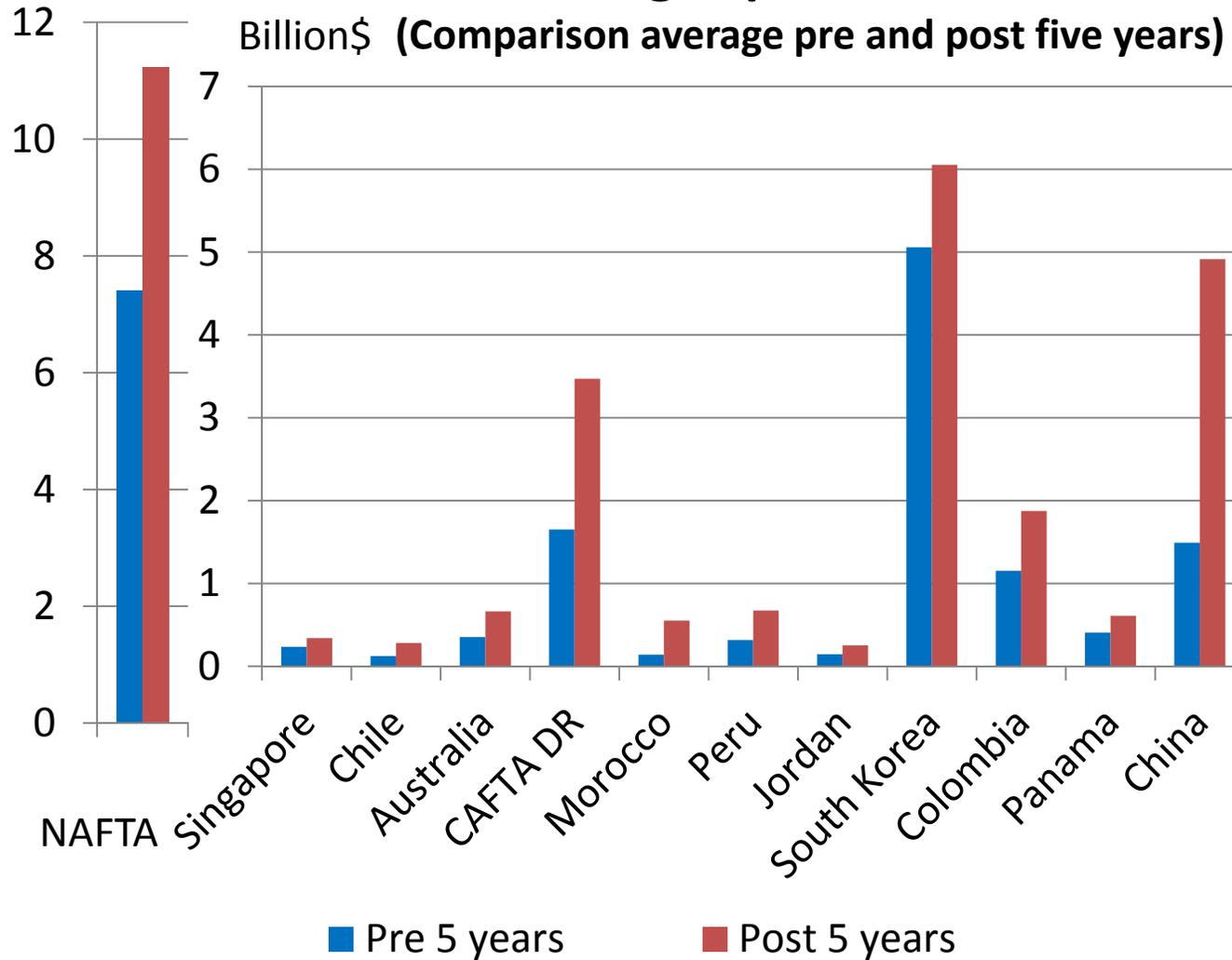
Source: USDA: ERS, Farm Income and Wealth Statistics. USDA: FAS, GATS, all agriculture. CY data.

US Ag Exports US Ag Imports US Trade Surplus



# Recent Trade Agreements Boost U.S. Ag Exports

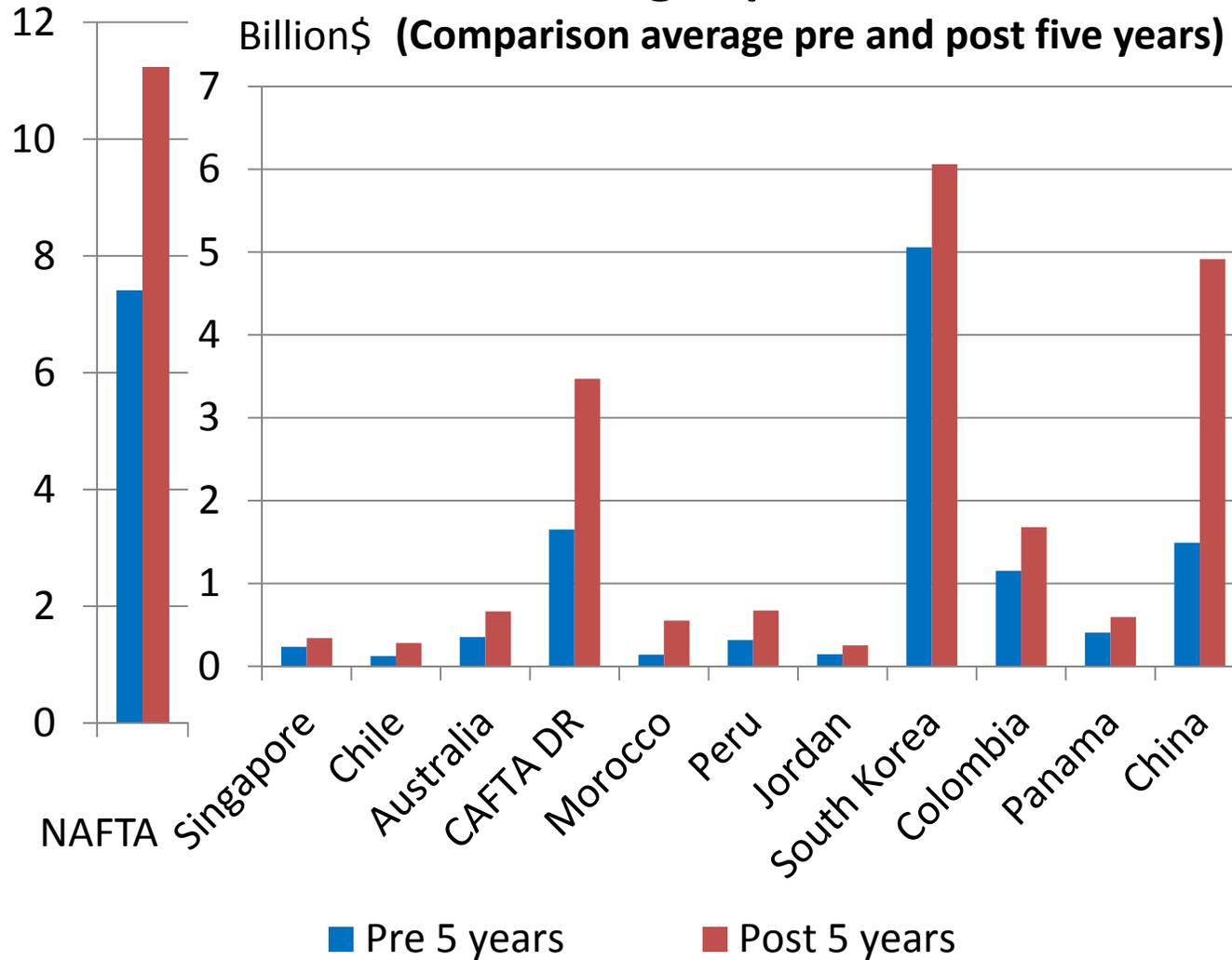
## U.S. Ag Exports after FTA



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



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

# Trans Pacific Partnership

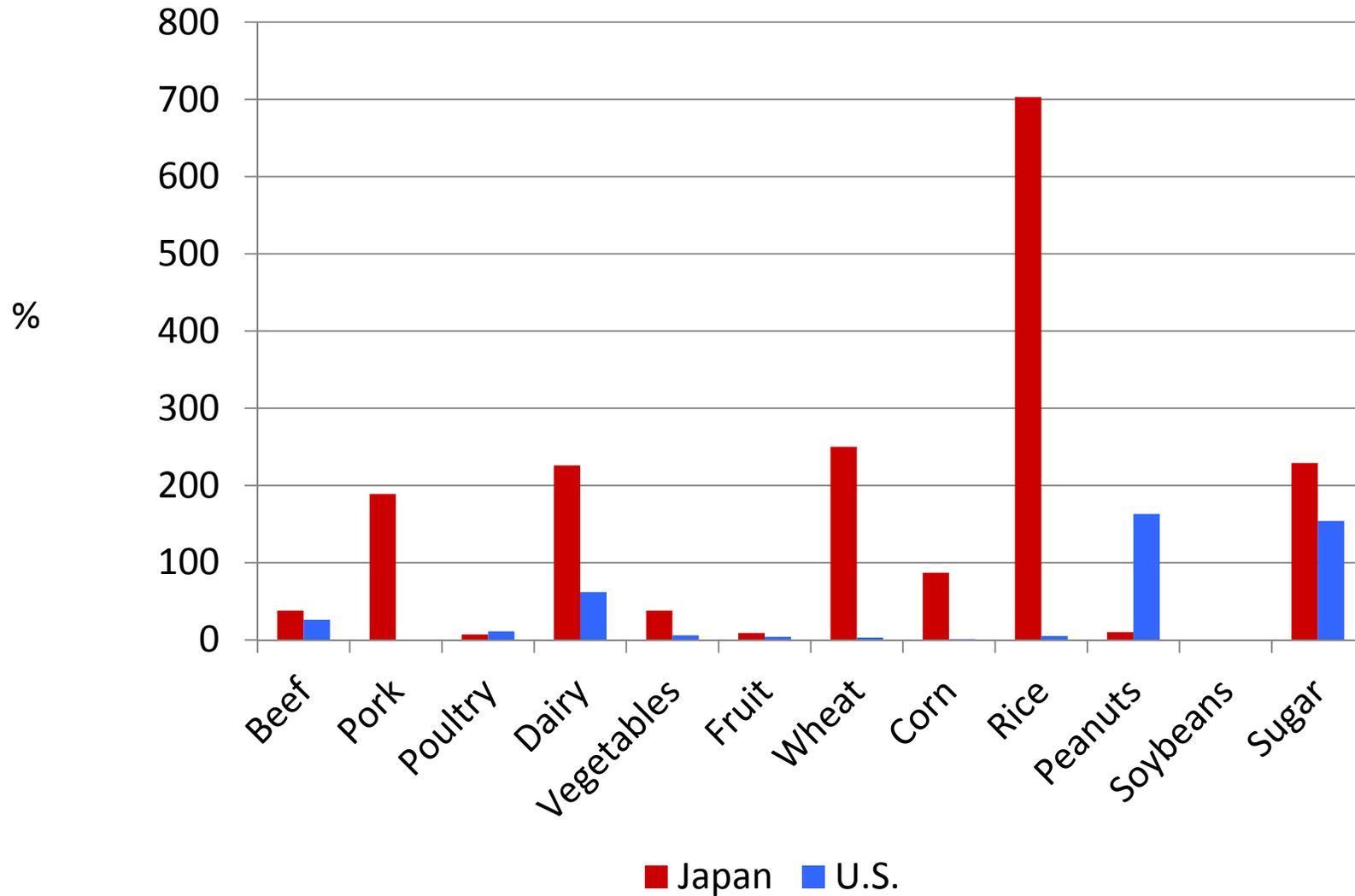
BLUE: new U.S. FTA partners

	Population	GDP	GDP/per cap	Agricultural Imports							
				(millions)	(billion US\$)	(US\$)	from World	from US		from TPP	
							(thou US\$)	(thou US\$)	percent	(thou US\$)	percent
Australia	22.7	1,532.0	67,537	11,771.6	1,391.4	12%	5,444.4	46%			
Brunei	0.4	17.0	41,124	464.6	9.5	2%	324.0	70%			
Canada	34.9	1,821.4	52,220	33,226.4	20,459.8	62%	23,665.4	71%			
Chile	17.5	269.9	15,454	5,814.8	692.0	12%	1,192.7	21%			
Japan	<b>127.6</b>	<b>5,960.0</b>	<b>46,723</b>	<b>66,251.6</b>	<b>16,874.8</b>	<b>25%</b>	<b>32,060.2</b>	<b>48%</b>			
Malaysia	29.2	305.0	10,431	16,785.6	949.1	6%	4,202.4	25%			
Mexico	120.8	1,178.0	9,747	24,650.8	18,158.6	74%	20,906.3	85%			
New Zealand	4.4	167.3	37,749	4,041.5	452.1	11%	2,577.2	64%			
Peru	30.0	203.8	6,796	4,451.8	650.1	15%	1,426.5	32%			
Singapore	5.3	274.7	51,709	12,327.8	844.4	7%	4,997.6	41%			
USA	313.9	16,240.0	51,734	113,214.5			52,439.1	46%			
Vietnam	<b>88.8</b>	<b>155.8</b>	<b>1,755</b>	<b>10,087.8</b>	<b>1,253.3</b>	<b>12%</b>	<b>3,527.3</b>	<b>35%</b>			
Total	795.5	28,124.9	35,354	303,088.8	61,735.3	20%	152,763.2	50%			

Source: Wainio USDA/ER. From World Bank (<http://data.worldbank.org/country/>) and the United Nations Comtrade database.

# Trans Pacific Partnership

## Japan – U.S. Tariff Comparison



Simple average, using DDA ad valorem equivalents

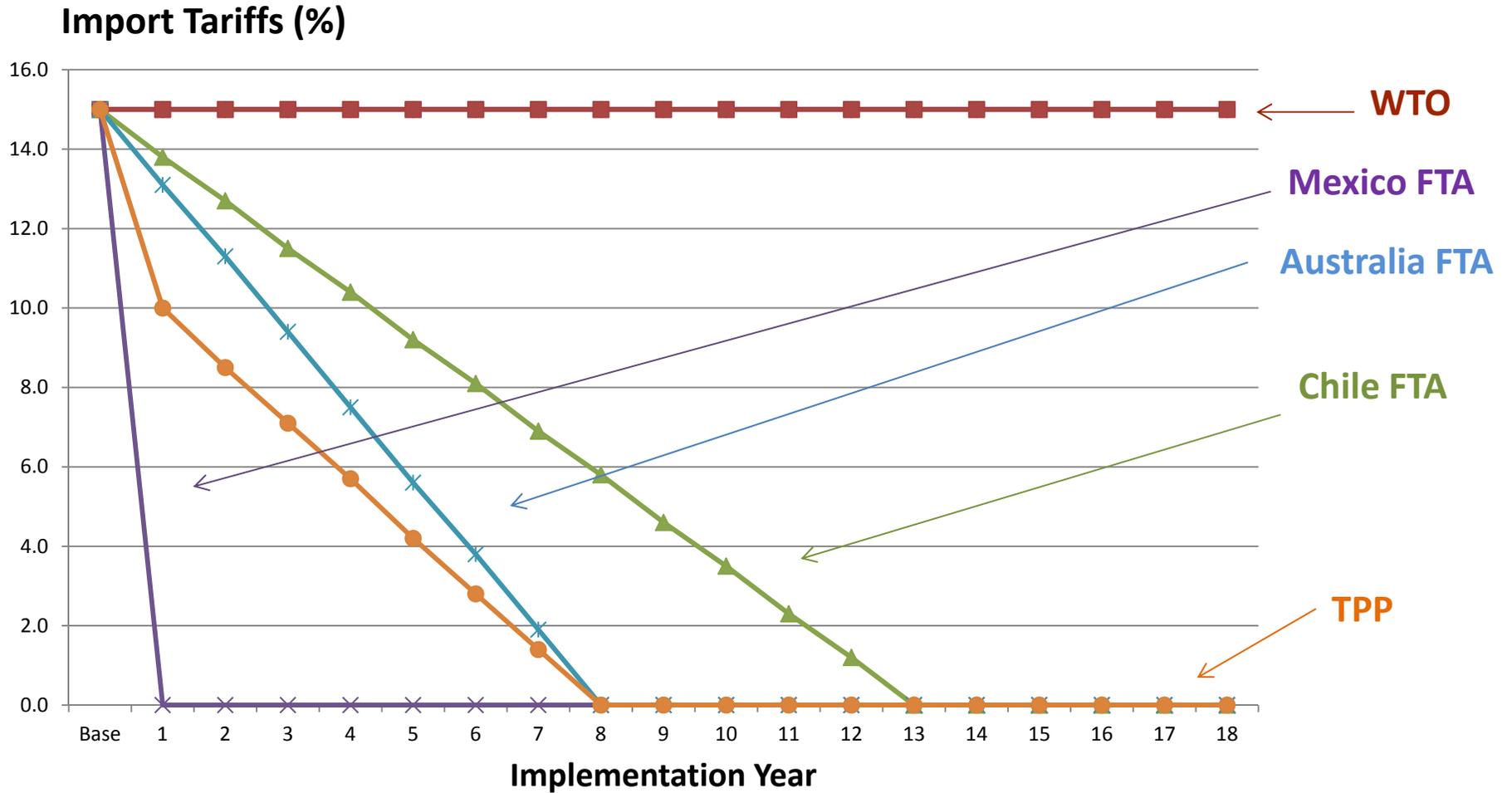
## Japan's Approach to Sensitive Products in Prior FTAs

- 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

	Australia	Brunei	Chile	India	Indonesia	Malaysia	Mexico	Peru	Philippines	Singapore	Switzerland	Thailand	Vietnam	ASEAN
<b>Beef</b>	Tariff reduction 38.5% to 19.5%	X	TRQ	X	X	X	TRQ	X	X	X	X	X	X	X
<b>Pork</b>	TRQ	X	TRQ	X	X	X	TRQ	X	X	Immediate Zero	X	X	X	X
<b>Dairy</b>	Cheese TRQ	X	X	X	X	X	X	X	X	X	X	X	X	Lots of Exclusions
<b>Wheat</b>	X	X	X	X	X	X	X	X	X	X	X	X	X	X
<b>Rice</b>	X	X	X	X	X	X	X	X	X	X	X	X	X	X
<b>Sugar</b>	X	X	X	X	X	X	X	X	TRQ	Immediate Zero	X	X	X	X

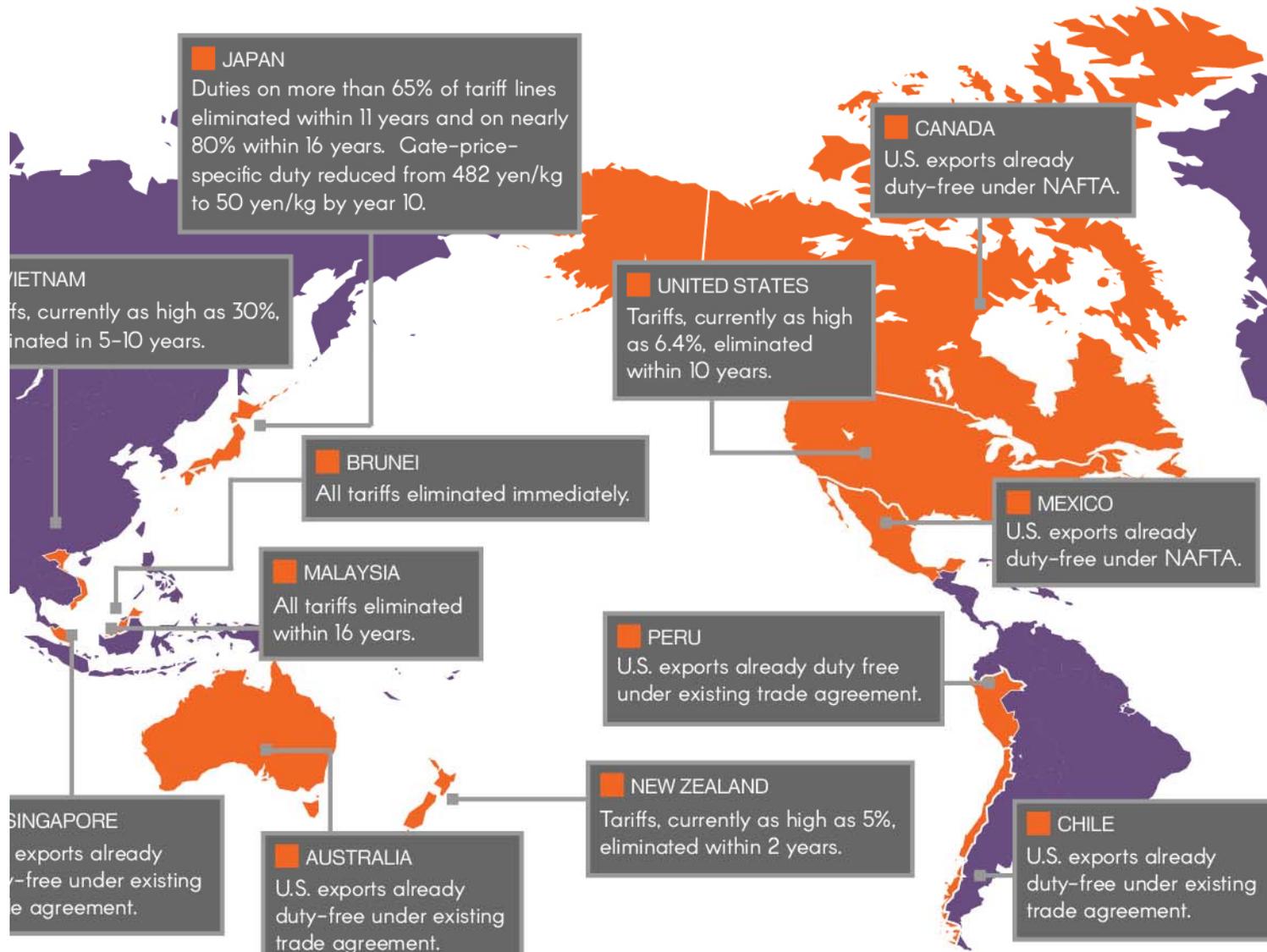
# TPP Illustration

## (Japan Wine Tariff)

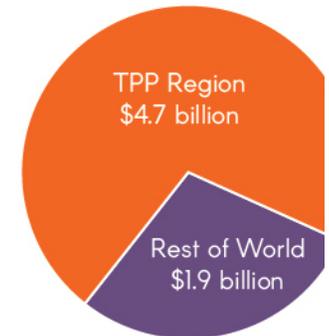


# Trans-Pacific Partnership (TPP) PORK AND PORK PRODUCTS

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.



U.S. Pork Exports, 2011  
Total = \$6.6 billion



Source: USDA - FAS GATS

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

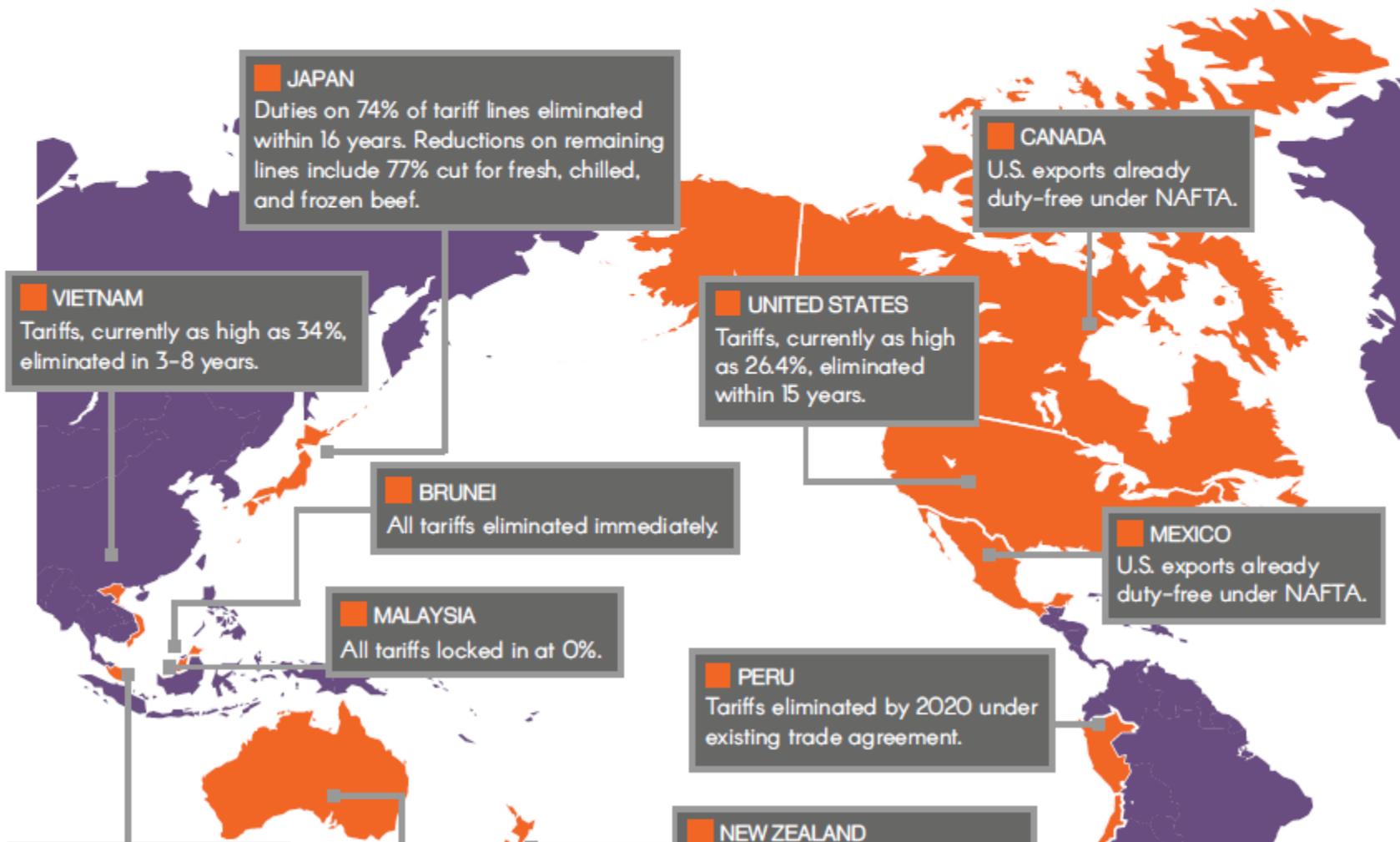
## Top Hog-Producing States

1. Iowa
2. North Carolina
3. Minnesota
4. Illinois
5. Indiana
6. Nebraska
7. Missouri
8. Ohio
9. Kansas
10. Oklahoma

Source: USDA - NASS

# Trans-Pacific Partnership (TPP) BEEF AND BEEF PRODUCTS

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.



U.S. E

TPP F  
\$3.9

s

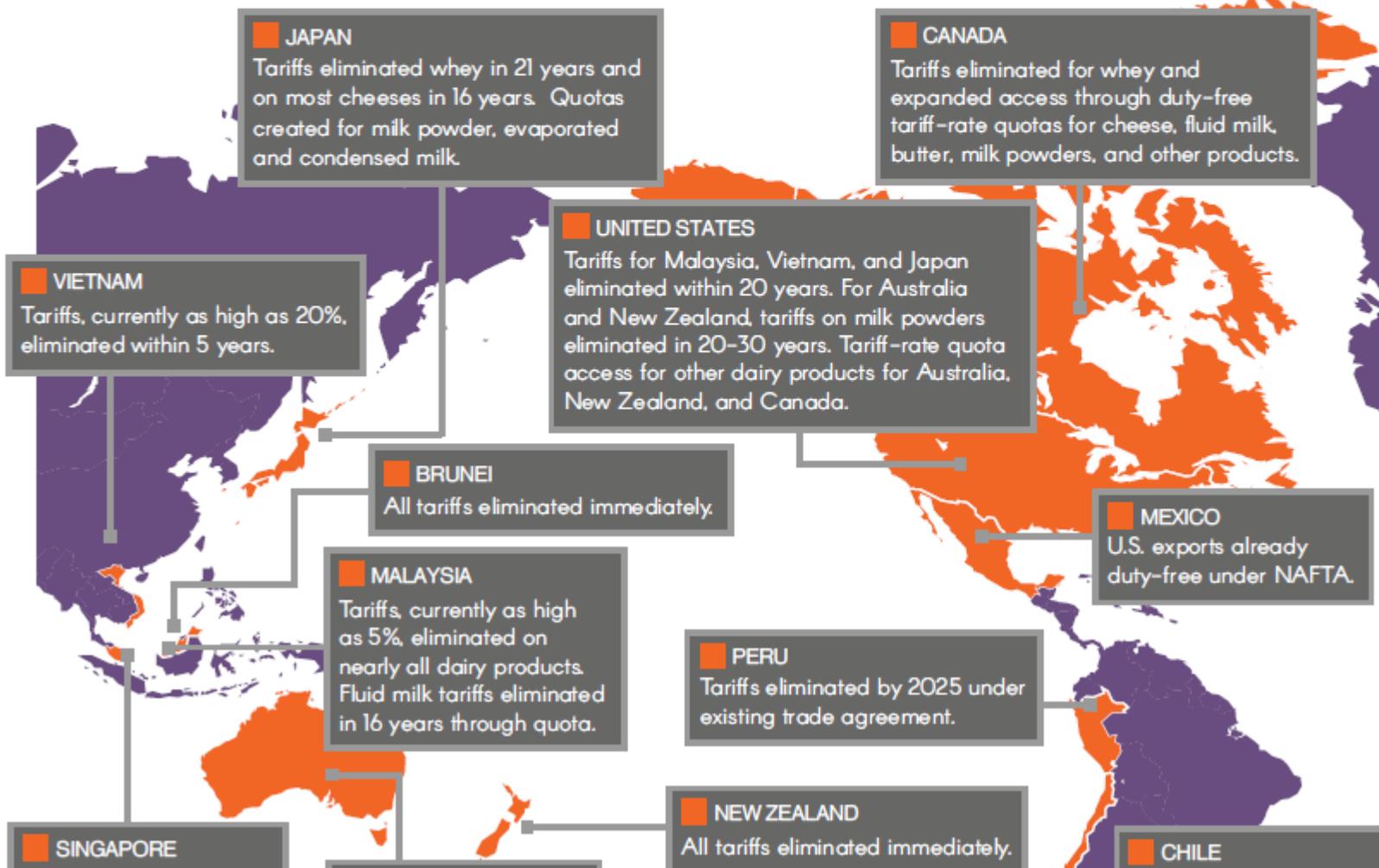
The TPP s  
and provid  
for U.S. a  
Japan,  
New Z

Top Cat

- 1
- 2
- 3
- 4
- 5
- 6

# Trans-Pacific Partnership (TPP) DAIRY PRODUCTS

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.



U.S. Dairy Exports  
Total = \$



Source: USDA

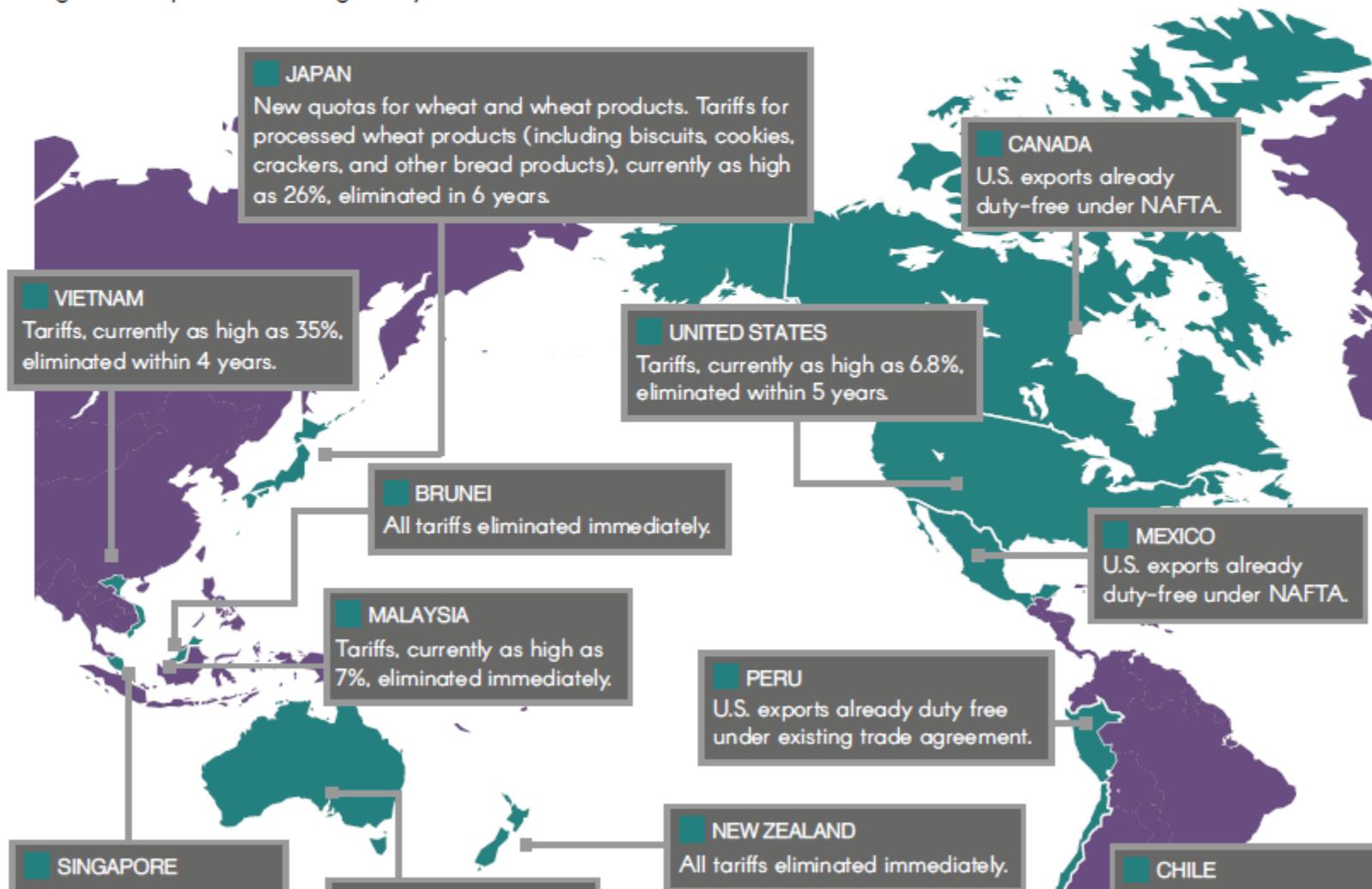
The TPP strengthens and provides new opportunities for U.S. agricultural exports to Japan, Malaysia, and New Zealand.

## Top Milk-Producing States

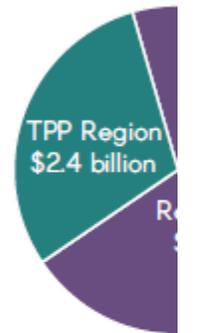
1. California
2. Wisconsin
3. New York
4. Idaho
5. Pennsylvania
6. Texas
7. Minnesota

# Trans-Pacific Partnership (TPP) WHEAT

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.



U.S. Wheat Exports  
Total = \$



Source: USDA

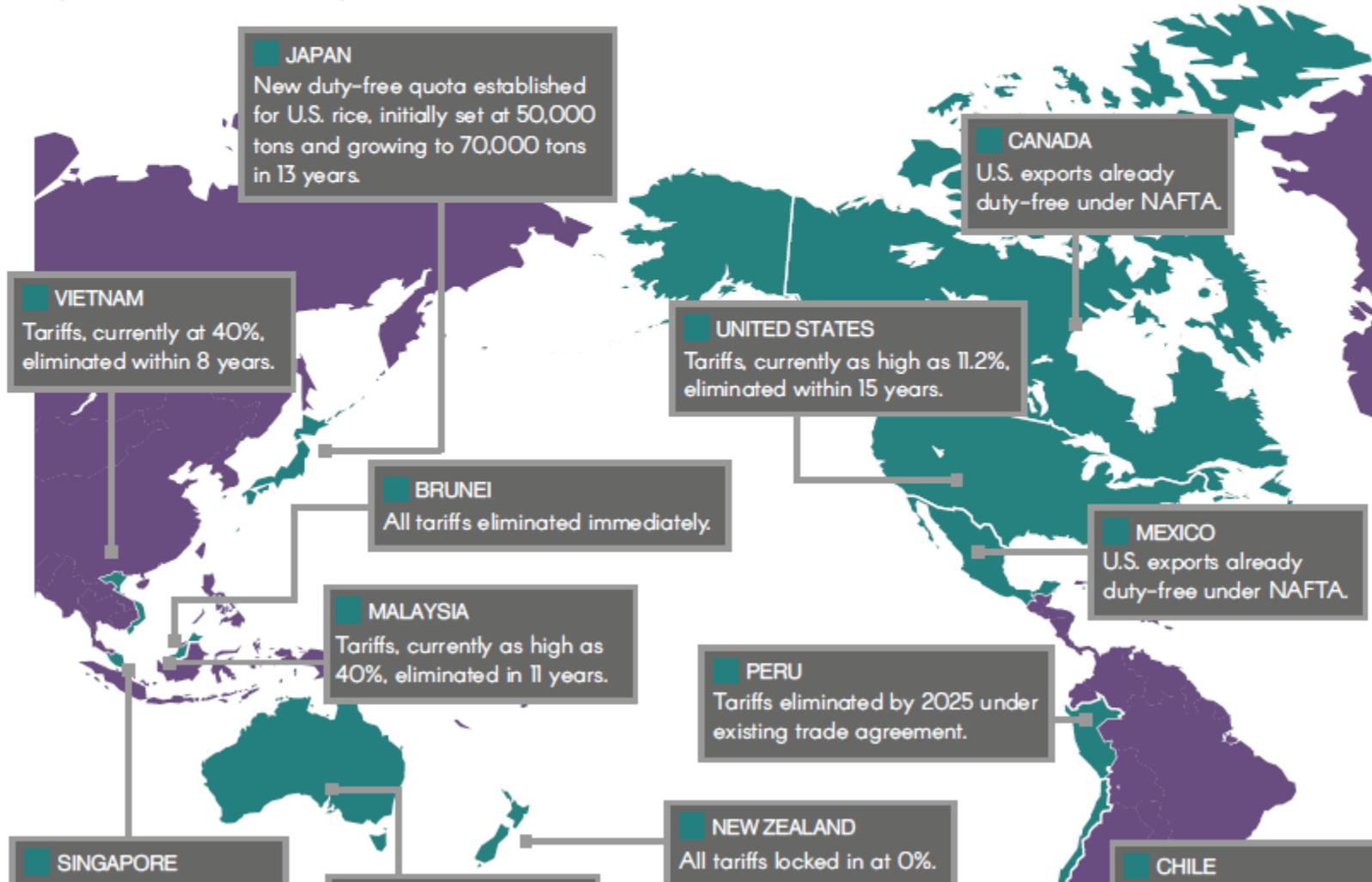
The TPP strengthens U.S. trade relationships and provides new market opportunities for U.S. agricultural products in Japan, Malaysia, Mexico, New Zealand, and Singapore.

### Top Wheat-Producing States

1. Kansas
2. North Dakota
3. Montana
4. Washington
5. Oklahoma
6. South Dakota
7. Texas
8. Idaho

# Trans-Pacific Partnership (TPP) RICE

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.



U.S. Rice Exports  
Total = \$



Source: USD

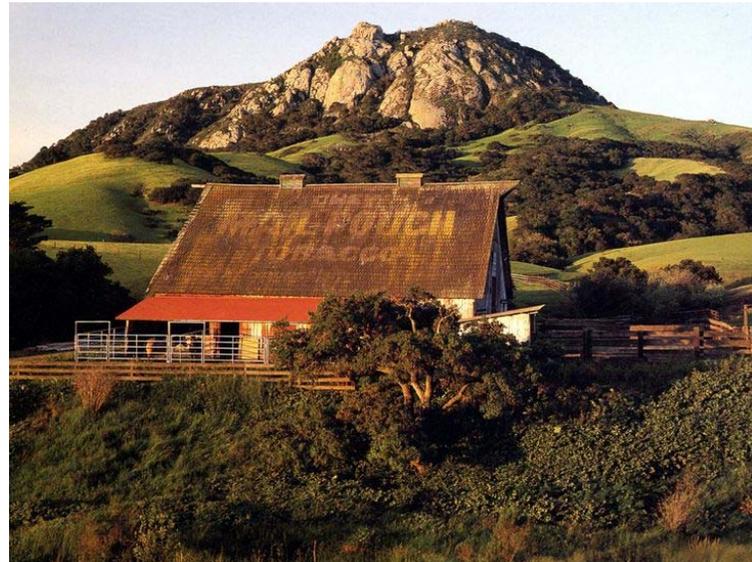
The TPP strengthens and provides new opportunities for U.S. agricultural exports to Japan, Malaysia, and New Zealand.

### Top Rice-Producing States

1. Arkansas
2. California
3. Louisiana
4. Mississippi
5. Missouri
6. Texas
7. Tennessee

# 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>

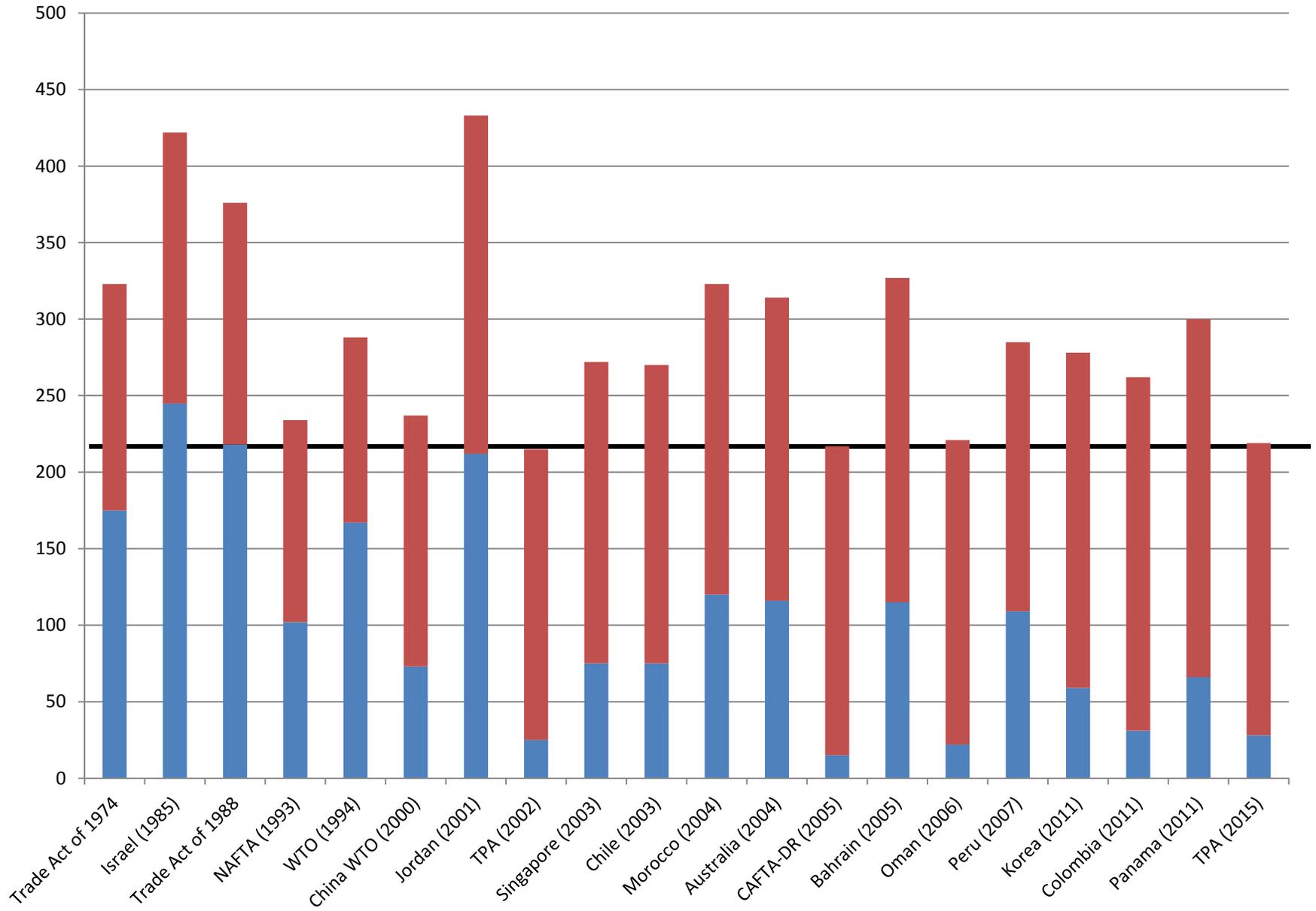
Summary of Agreement  
Key points for Agriculture  
Commodity Highlights  
State Information

[http://www.fas.usda.gov/sites/default/files/2015-10/missouri\\_0.pdf](http://www.fas.usda.gov/sites/default/files/2015-10/missouri_0.pdf)

<https://ustr.gov/>

Text of Agreement  
General Information  
Non-Ag Information

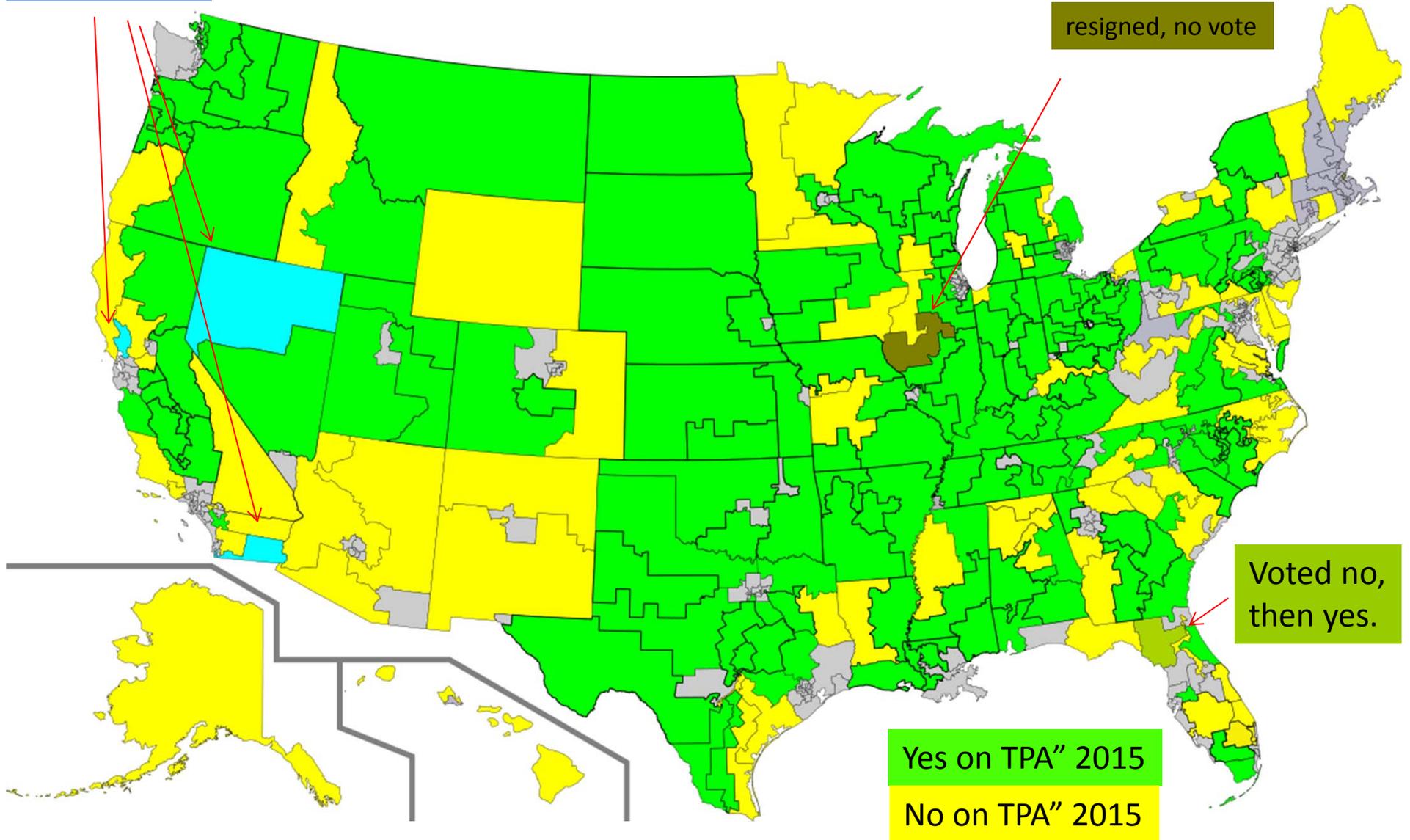
# House Trade Votes



# TPA 2015 – Vote of AG Congressional Districts

Did not vote

resigned, no vote



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.**