

U.S. TRADE REPRESENTATIVE
EXECUTIVE OFFICE OF THE PRESIDENT



**The Trans-Pacific Partnership
and American Agriculture**

Trans-Pacific Partnership (TPP) Overview

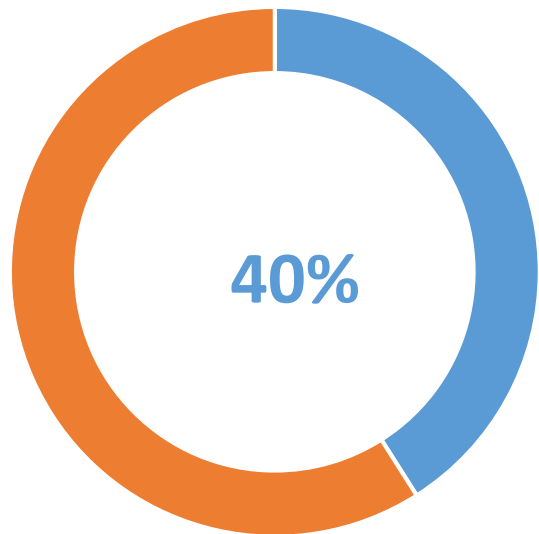
- The **Trans-Pacific Partnership** = 40 percent of global GDP & is the **highest-standard trade agreement in history**.
- American farmers & ranchers will gain unprecedented access to a region that will support **2/3 of the world's middle class by 2030**.
- TPP is the economic **cornerstone of the administration's pivot to Asia**, allowing us to shape a global economy that reflects our values.

Participating nations include...

Australia	Japan	Peru
Brunei	Malaysia	Singapore
Canada	Mexico	Vietnam
Chile	New Zealand	

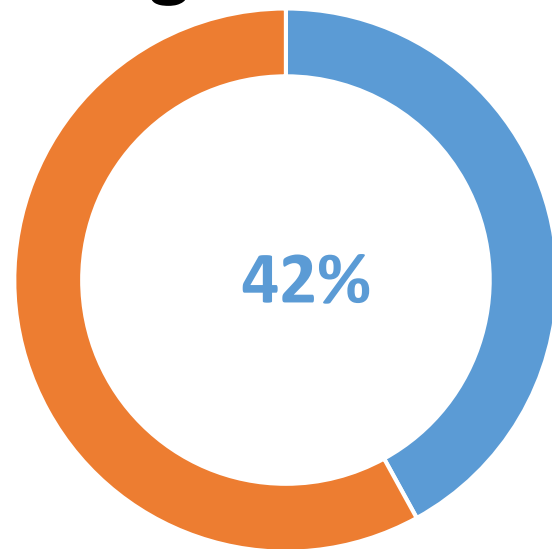
We export a significant amount of products to the TPP region despite current tariffs and trade barriers

United States Economy



\$898 billion
U.S. goods and services exports to TPP countries
40% of all U.S. exports

Agriculture

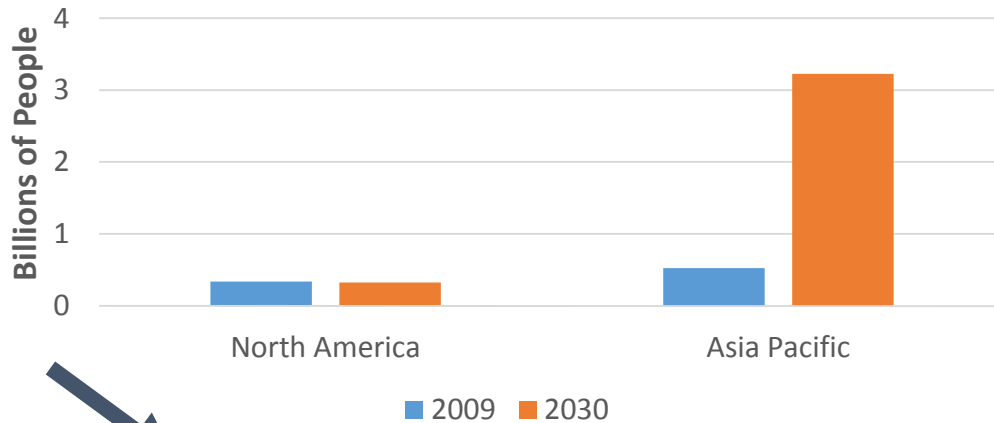


\$63 billion
U.S. agriculture exports to TPP countries in 2014:
42% of all U.S. agricultural exports

TPP will build on this strong base and cement the United States as the leader in agriculture in the Asia-Pacific region

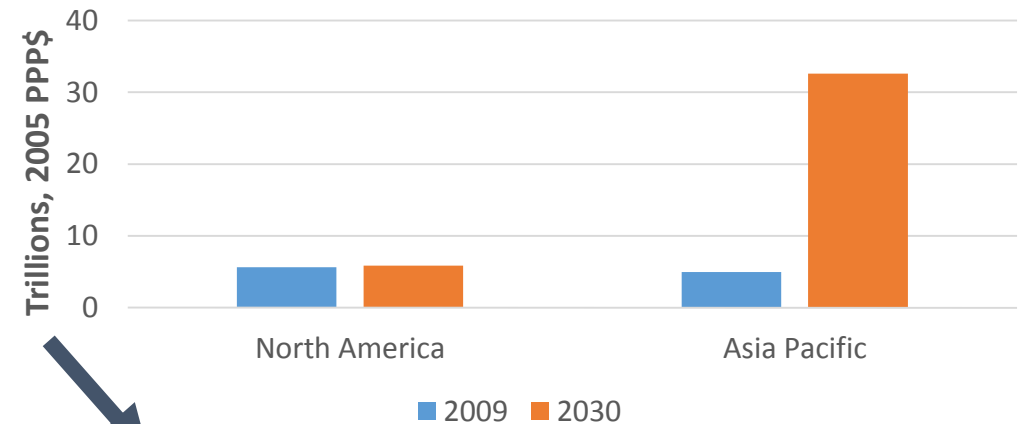
The Importance of TPP: Economic Growth Opportunities Beyond Our Borders

Asia's **middle class** is the fastest growing market in the world...



In 2030: **66% of the world's middle class** will be in Asia

...And will drive **global middle class demand** in the coming decades.



In 2030: **59% of the world's middle class consumption** will be in Asia

There are **tremendous growth opportunities for American agriculture products** in the Asia-Pacific region due to the ascending middle classes which are demanding more choice, quality, and safety in their food choices.

Trans-Pacific Partnership Agriculture Overview

- **Trade liberalization for every agricultural product, without exception.**
- **Brunei, Japan, Malaysia, New Zealand, and Vietnam will eliminate duties on **93 percent** of all agricultural tariff lines and **70%** of these tariff lines will be eliminated *immediately*.**
- TPP also establishes **new rules** to address:
 - SPS issues
 - Geographical Indications
 - Stronger TBT rules.

Trans-Pacific Partnership Soybean & Oilseed Products Summary

Japan: Eliminates tariffs on **soybean oil**, which are as high as 13.2 yen/kg (approx. 20.8% ad valorem equivalent), in 6 years.

Will immediately eliminate its existing **4.2% tariff** on **soybean flour/meal**.

Malaysia: Tariffs on **oilseeds and oilseed products**, currently as high as **5%**, will be eliminated immediately.

Vietnam: Tariffs on **oilseeds and oilseed products**, currently as high as **25%**, will be eliminated in 11 years or less. Soybean oil tariffs will be eliminated in 7 years or less. Tariffs for soybeans and soybean meal are already zero.

Vietnam's tariffs on **sunflower seeds & flaxseed**, both currently **10%**, will be eliminated immediately and in 4 years, respectively.

Additional TPP Market Access Gains for US Oilseeds Through Expanded Meat & Poultry Exports

TPP Meat & Poultry Summary

Japan & Canada

- **Japan's** tariffs for fresh, chilled, and frozen **beef** will be cut from **38.5%** to **9%** and other beef duties will be eliminated within **16 years**.
- **Japan's** duties on **pork** will be eliminated in 10 years, and import duties applied within "Gate Price" system will decline substantially, to a maximum of 50 yen, over 11 years.
- **Canada** will establish new duty-free TRQs for poultry and eggs.

Vietnam & Malaysia

- **Vietnam** will eliminate tariffs on **beef** products in 3-8 years.
- **Vietnam** will eliminate tariffs on **pork** products ranging up to 34% , in 5-10 years.
- **Vietnam** will eliminate all tariffs – currently as high as 40% – on **all poultry** products within 13 years.
- **Malaysia** will lock in **beef & pork** products at 0% % establish TRQs for **poultry** with an in-quota tariff of 0%.

TPP Exports the American Way of Doing Business

- **TPP reflects America's values** and our rules of the road.
- In order to meet our high standards, TPP partners will **liberalize sacred markets** and **raise their standards** on:
 - Sanitary and Phytosanitary standards;
 - Technical Barriers to Trade;
 - Intellectual Property;
 - State Owned Enterprises;
 - Labor & Human Rights;
 - And the Environment.

Market Access: Non-Tariff Barriers

Regulatory and other non-tariff barriers increasingly are the **major hurdles** that U.S. companies face in gaining access to foreign markets. TPP includes commitments to address these barriers, including by:

- 1 **Building on WTO SPS rules** to ensure transparent, science-based decisions based on risk, encouraging other countries to move toward high U.S. standards.
- 2 **Building on TBT rules** to promote open, transparent standards setting, with specific commitments in important U.S. export sectors.
- 3 **Establishing rapid response mechanisms** to address non-tariff measures to resolve goods and agricultural issues.
- 4 **Promoting transparency and anti-corruption and good regulatory practices** to advance the U.S. campaign against corruption in global trade and promote good governance.

Trans-Pacific Partnership SPS Summary

TPP will **build on and enhance** the rules of the World Trade Organization's (WTO) Sanitary and Phytosanitary Agreement.

1

Strengthens SPS disciplines for **\$66 billion (40%)** of food & agricultural products that the US exports to the TPP region.

2

Includes stronger commitments to scientific decision-making, greater transparency, and ensuring these commitments are subject to dispute settlement.

3

Ensures that **U.S. food safety and plant and animal health standards will not be changed**.

TPP Establishes New Rules on Intellectual Property Rights

Intellectual property promotes innovation and 40 million American jobs are attributable to IP-intensive industries. TPP includes strong and **balanced IP protections**, including with first-ever commitments on:

1

Geographical Indications, allows US agriculture to maintain & build new market access opportunities

2

Rules to help SMES increase market access

3

New smart digital copyright policies

4

Enhanced penalties for counterfeits that threaten public health and safety

TPP Establishes New Rules on State Owned Enterprises (SOEs)

TPP is the first-ever FTA to address SOEs competing with private companies. The agreement will address market distortions caused by SOEs, while preserving space for governments to provide public services through SOEs by:

1

Ensuring SOEs make purchases & sales on a commercial basis

2

Expanding coverage of subsidy rules to services exports

3

Ensuring that subsidies SOEs invested in U.S. receive do not have an adverse impact on our companies and workers

4

Including detailed transparency requirements

New Rules: Labor & Environment

Labor and environmental standards are core to TPP & go beyond standards of past agreements. The standards are enforceable through the same type of dispute settlement as other obligations, including the availability of trade sanctions.

Labor:

- TPP addresses long-standing labor rights concerns in Vietnam, Malaysia, Brunei, and Mexico, including:
 - Adopting statutes and regulations governing acceptable conditions of work (minimum wage, maximum hours, safe workplace)
 - Discouraging imports made by forced labor
 - Stronger protections in export processing zones

Environment:

- Combat wildlife trafficking through enhanced national & regional actions
- For the first time in any trade agreement, TPP will prohibit fisheries subsidies
- Combat illegal fishing, promote sustainable fisheries management practices, and protect wetlands, and important natural areas

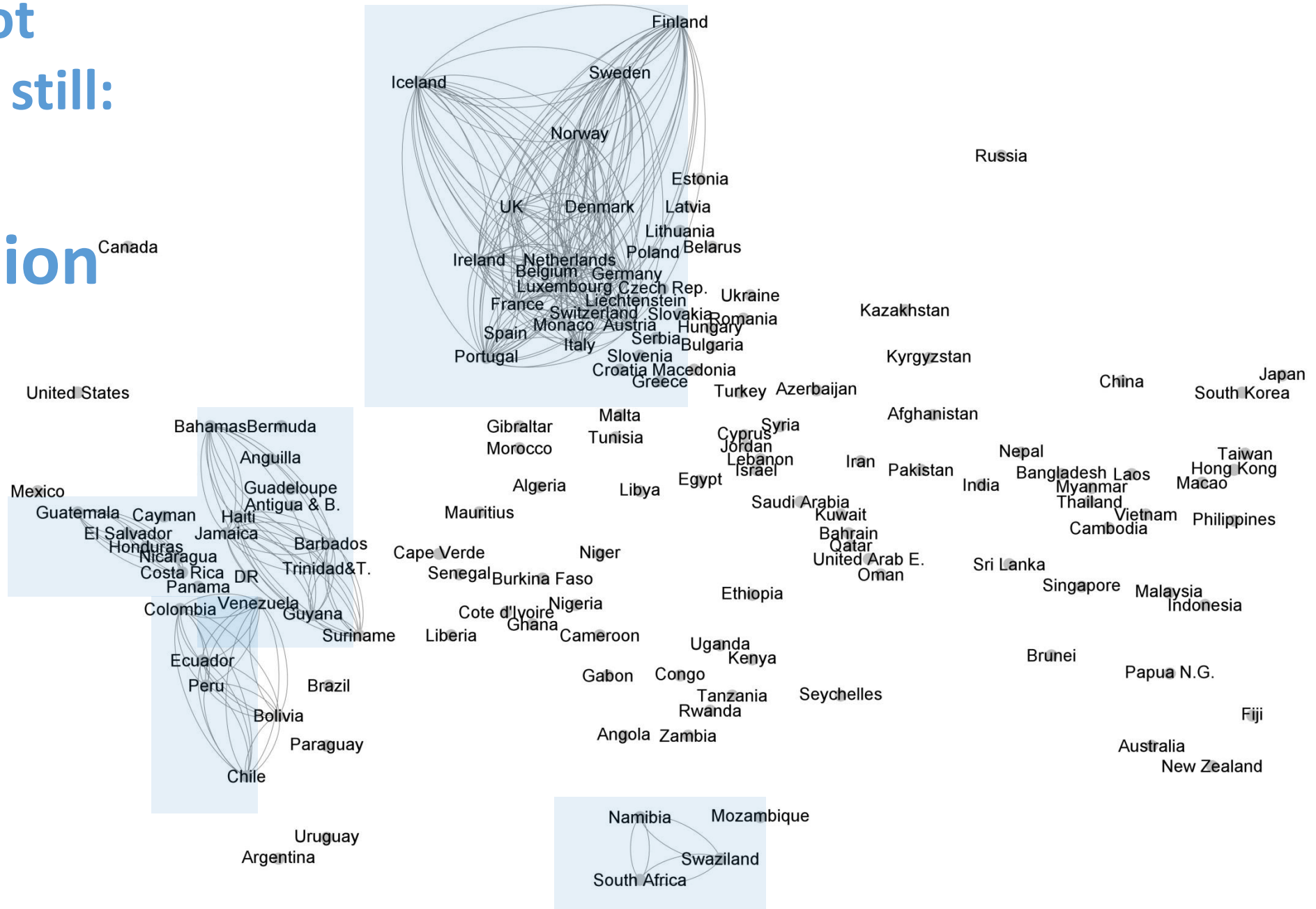
Failing to pass & implement TPP has significant economic & geopolitical costs

- If we fail to implement TPP, the choice is not between the status quo and TPP...
- According to the **Peterson Institute**, the **cost of delaying TPP** by just **1 year** represents a **permanent loss**, or opportunity cost, for the US economy of **\$94 billion**
- This opportunity costs translates into a cost of roughly **\$700 per household per year**.

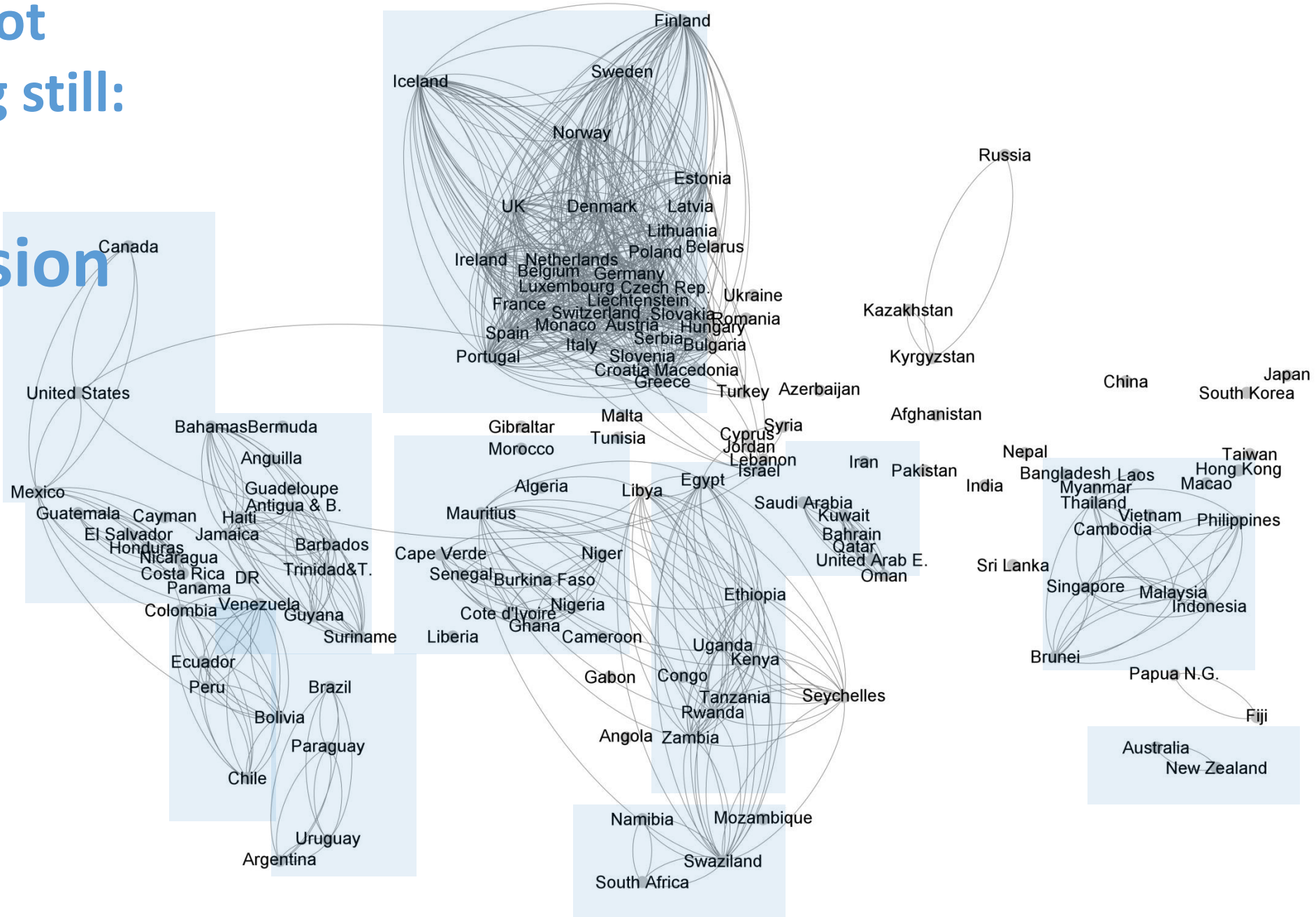
“For the T.P.P. parties, failure to conclude an agreement would have untold costs, as countries like China that pursue mercantilist, government-directed economic policies would be emboldened to set the terms of trade in the Asia-Pacific region.”

-Admiral Denis Blair, Former Director of National Intelligence

World not standing still: RTA Expansion 1975

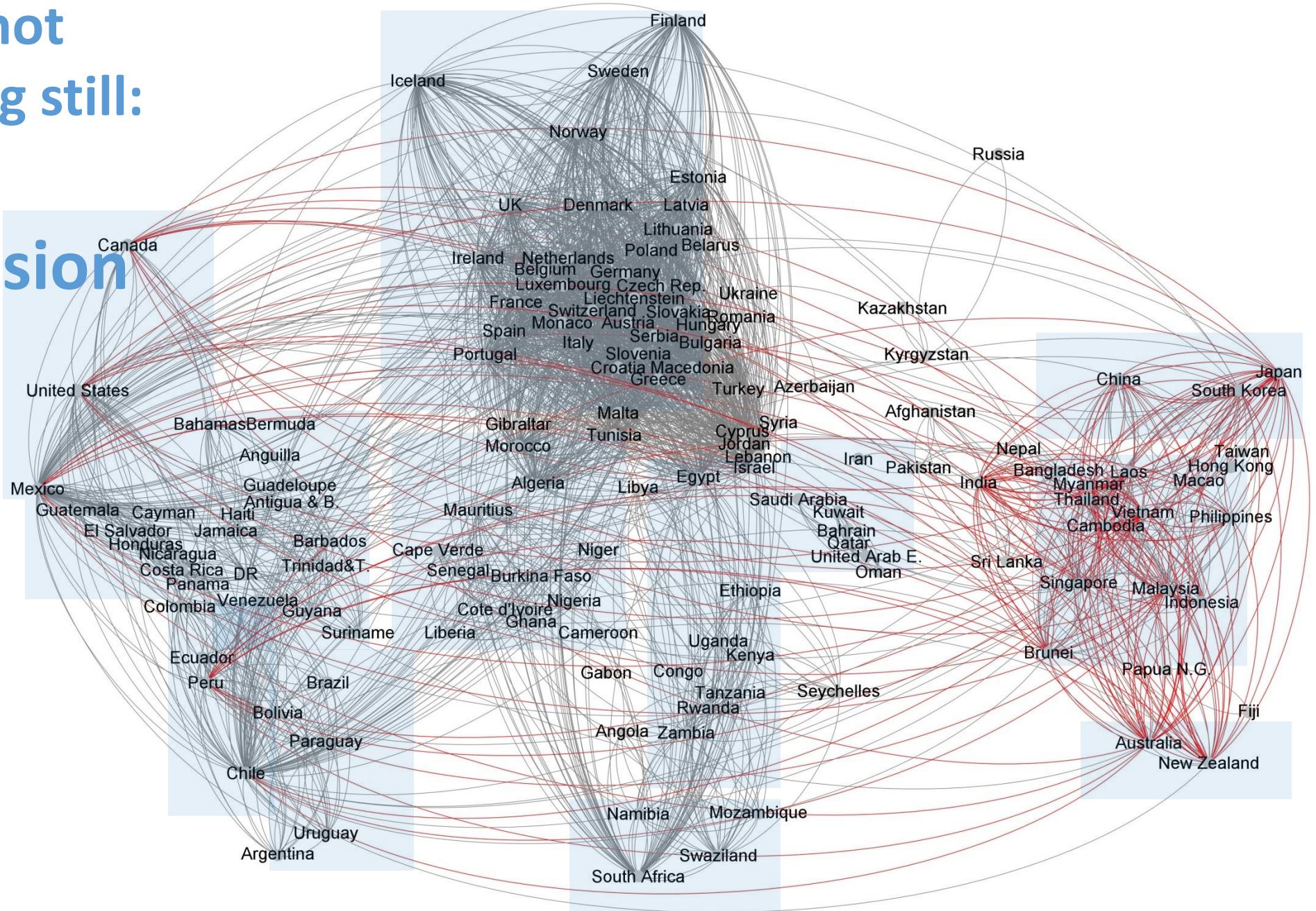


World not standing still: RTA Expansion 1995



Source: IDB Integration and Trade Sector based on INTrade.

World not standing still: RTA Expansion 2014



Source: IDB Integration and Trade Sector based on INTrade.

China Isn't Standing Still

China currently has or is in the process of negotiating preferential access to 17 markets in the Asia-Pacific, including 9 of our 11 TPP partners.

China's **Regional Comprehensive Economic Partnership (RCEP)** means

- Preferential access to **35%** of the global economy
- No tariffs for China
- High tariffs for the U.S.

RCEP will not

- Protect worker rights
- Protect the environment
- Promote a free and open internet
- Establish fair rules for state-owned corporations



Australia
Brunei
Burma
Cambodia
Chile
India
Indonesia
Japan
Korea
Lao
Malaysia
New Zealand
Peru
Philippines
Singapore
Thailand
Vietnam

Pre-Congressional Consideration Timeline

Prior to the TPP vote in Congress, we will be **coordinating closely with Congress** on the timing of the following steps:

1

Congressional Notification

POTUS will send a notification to Congress of intent to enter into the trade agreement.

2

Congressional and Public Review

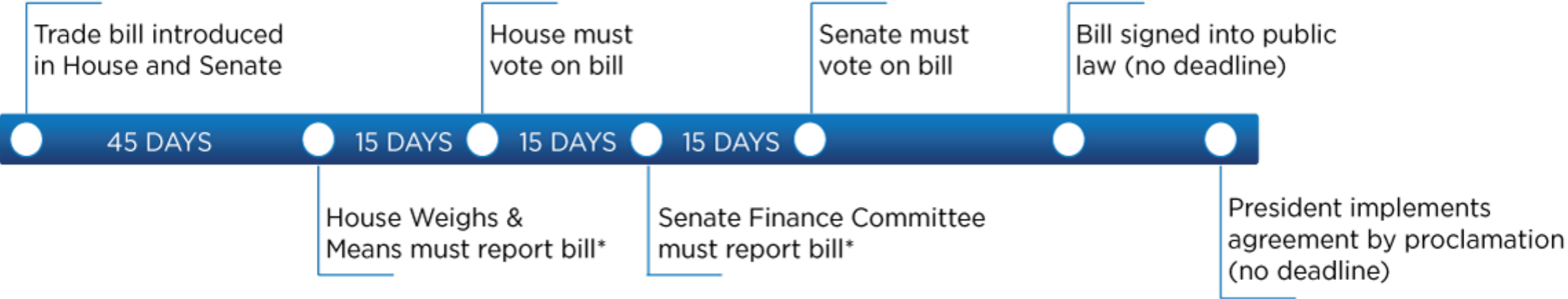
Once notification is received, Congress and the public have **90 days to review the agreement** before the agreement is signed.

3

Agreement Signed

After the agreement is signed by all parties, draft legislation will be sent to Congress to kick off the following process:

Congressional Consideration Timeline



*or bill is automatically discharged

Source: Congressional Research Service

Resources

Resource #1: Foreign Agricultural Service – USDA

A comprehensive resource for the agricultural component of TPP

Link: fas.usda.gov/tpp

Resource #2: Office of the US Trade Representative

A comprehensive resource about all things TPP

Link: ustr.gov/tpp

Resource #3: The White House

The President's remarks & helpful videos on trade and TPP

Link: whitehouse.gov/issues/economy/trade

Resource #4: Department of Commerce

Reports on TPP's benefits by state and by industry for non-ag products

Link: trade.gov/fta/tpp

USDA-FAS Resource: State Factsheets

Arizona

Trans-Pacific Partnership (TPP)

The Trans-Pacific Partnership (TPP) will boost demand for U.S. farm and food products among nearly 500 million consumers in 11 countries across the Asia-Pacific region. By reducing tariffs and opening new markets for American agricultural products, the TPP will help increase farm income, generate rural economic activity, and support local jobs.



Top 5

Arizona Agricultural Exports

- Vegetables 1
- Cotton 2
- Dairy 3
- Beef and Veal 4
- Fruits and Nuts 5

10,600

Arizona jobs supported by
agricultural exports

\$1.4 billion

Annual value of Arizona
agricultural exports

TPP Highlights



Poultry and Products

Japan and Vietnam will eliminate tariffs. Malaysia will establish tariff-rate quotas for live chicks, poultry meat, and eggs.



Cotton

Vietnamese tariffs, currently as high as 10%, will be eliminated. Japanese and Malaysian tariffs will be locked in at 0%.



Soybeans

Tariffs are already low in TPP markets, but soybean producers will benefit from reduced meat tariffs that are expected to create new feed demand. Japan, Malaysia, and Vietnam will eliminate tariffs on soybean oil and soybean meal.



Wheat

Japan will create new tariff-rate quotas for wheat and wheat products and eliminate existing tariffs for processed products such as cookies and crackers. Malaysia and Vietnam will eliminate tariffs on wheat and wheat products.

LINK: <https://ustr.gov/sites/default/files/TPP-Detailed-Benefits-for-US-Agriculture-by-State.pdf>

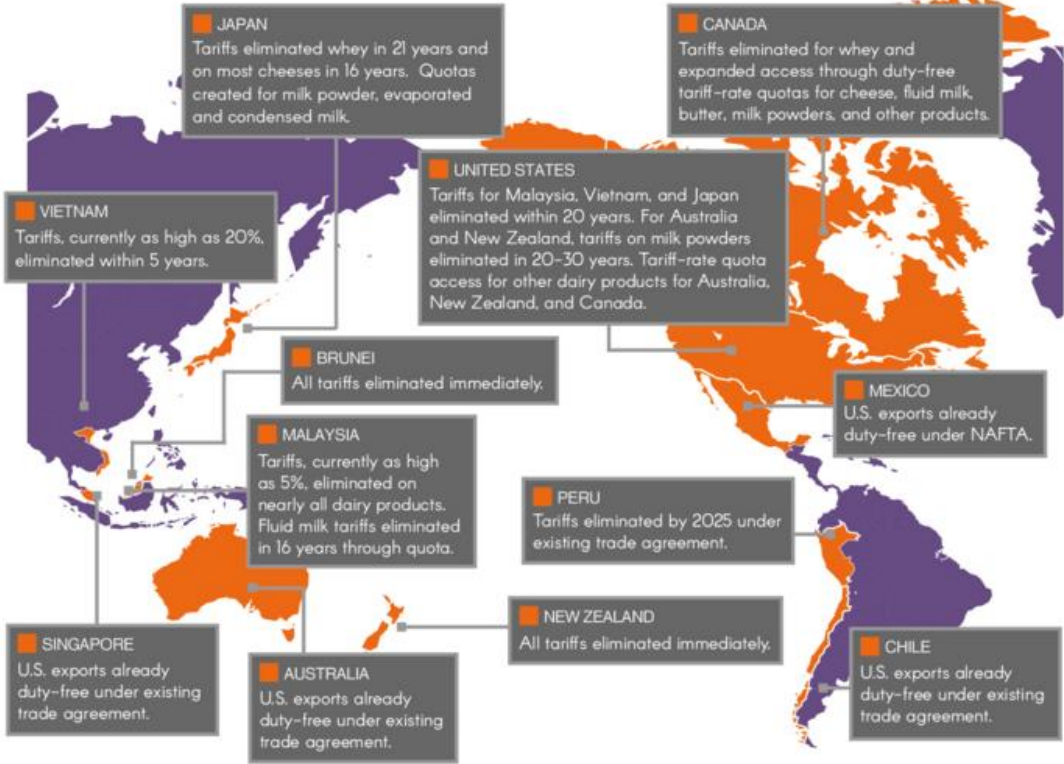
USDA-FAS Resource: Commodity Factsheets

United States Department of Agriculture
Foreign Agricultural Service



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.



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

- Top Milk-Producing States
1. California
 2. Wisconsin
 3. New York
 4. Idaho
 5. Pennsylvania
 6. Texas
 7. Minnesota
 8. Michigan
 9. New Mexico
 10. Washington
- Source: USDA - NASS, 2012 Census of Agriculture

LINK: <http://www.fas.usda.gov/tpp-benefits-us-agricultural-products>

Thank You!
Any Questions?
