

The Trans-Pacific Partnership: U.S. Agriculture – Feeding Asia-Pacific Consumers

Already a Success Story – U.S. Agriculture and Exports

Agricultural exports already provide over 20 percent of U.S. farm income and support one million American jobs. U.S. agricultural production occurs in each of the 50 U.S. states, where one in every three farm acres is planted for export. Exporting U.S. agricultural products is good for rural America. Furthermore, every dollar of agricultural exports stimulates another \$1.22 in business activity, so exporting U.S. agricultural products has positive ripple effects for the entire U.S. economy.



Growing the Success Story – TPP and U.S. Agriculture

Of the \$140 billion of annual U.S. agricultural exports, \$60 billion are sent to TPP countries. That said, there is room for growth, and an analysis of the TPP by the American Farm Bureau Federation indicates that congressional passage of the agreement would boost net farm income by \$4.4 billion annually over levels expected absent TPP and add \$5.3 billion to U.S. agricultural exports.

In fact, the U.S. agricultural sector will be among the largest beneficiaries of new TPP market access opportunities for the following reasons. First, TPP represents brand new market access. The TPP includes Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, Vietnam and the United States. While the United States has FTAs with six of these countries, another five of them (Brunei, Malaysia, New Zealand, Vietnam and most notably Japan) are countries with whom we do not have current FTAs and where elimination and/or reduction of tariff and non-tariff barriers offer new export opportunities.

One example is Japan, currently our fourth-largest agricultural export destination, with \$11.7 billion in sales in 2015. While Japan is a top market for U.S. agricultural exports of wheat, corn, soybeans, beef and pork, it also has had many restrictive policies in place against U.S. agricultural imports. Under the TPP agreement, *Japanese tariffs on beef will be reduced from 38.5 percent to 9 percent over 15 years; pork tariffs will go from 4.3 percent to zero, and the maximum duty on pork that enters below the gate price will be \$0.19 per pound; import quotas for butter and powder will increase by 70,000 tons; tariffs on cheeses will be phased out, and rice will gain 70,000 tons of additional access to the Japanese market.*

Additionally, in other new markets, *Vietnam will eliminate 90 percent of its tariffs on current U.S. trade over five years and Malaysia will eliminate tariffs on over 90 percent of current U.S. trade immediately.*

This agreement will lower and eliminate tariffs, adjust tariff-rate quotas, require the use of science-based food safety standards and reduce other non-tariff barriers to trade in agriculture for all TPP countries. In addition, it provides new and improved rules with respect to agricultural exports to TPP countries that have been FTA partners.

For example, existing restrictions with respect to the Canadian market will change. *Access to Canada for U.S. dairy producers, amounting to 3.25 percent of the Canadian market, will be phased in over 5 years and U.S. poultry producers also gained additional access into the Canadian market.*

Growth in Opportunity Also Stems From Modernization – TPP Addresses Key Agricultural Non-Tariff Barriers

In addition to the traditional tariff eliminations, strong rules regarding non-tariff barriers must exist to facilitate U.S. agricultural exports. The TPP offers WTO-plus rules that are well overdue. Examples include:

Clearance Issues: The TPP Sanitary and Phytosanitary (SPS) Chapter includes enforceable obligations that go beyond the WTO SPS Agreement on matters such as risk assessment, risk management, transparency, border checks and laboratory testing. It provides that SPS measures are to be based on science – they must conform to relevant international standards or be based on objective scientific evidence. It also states that risk management measures must not be more trade restrictive than necessary to achieve appropriate protection levels. Additionally, importers or exporters must be informed within seven days if a shipment is being prohibited from entry due to food safety or animal or plant health concerns. This rapid-response mechanism will help to resolve border-related issues that delay trade, with that resolution occurring much more quickly than under the usual dispute settlement approach.

Geographical Indications (GIs): In the Intellectual Property Chapter, there are new guidelines for determining whether a term is generic in its market, and also safeguards for owners of pre-existing trademarks. The provisions are intended to protect against the use of GIs in ways that discriminate against U.S. agricultural and food products. These rules governing the adoption and use of GIs, as well as procedures for challenging the protection or recognition of GIs, will help avoid their application to generic names, maintaining the free flow of trade in many U.S. products.

Biotech: In the National Treatment and Market Access Chapter, TPP partners commit to provide transparency regarding government measures on biotechnology trade. Information sharing and procedural measures are outlined for situations where a low-level presence of biotech material is detected in a shipment of agricultural commodities. TPP partners also agree to promote the timely authorization of biotechnology products and to create a working group to address matters related to trade in agricultural biotechnology products.