

The Trans-Pacific Partnership: U.S. Opportunity and Competitiveness in the Asia-Pacific Region

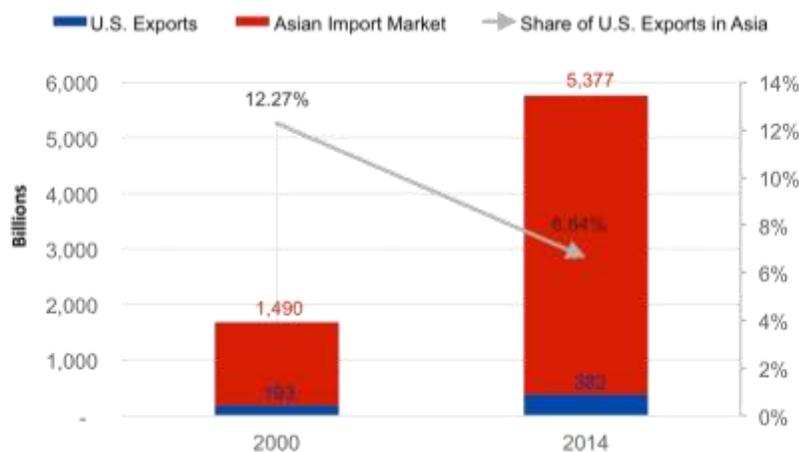
The Asia-Pacific Market = Opportunity

The Asia-Pacific region is booming. Over the last two decades, the region’s middle class has grown by 2 billion people and that number is expected to rise by another 1.2 billion by 2020. The region is known to be the largest trading area in the world and accounts for almost 37 percent of global trade. With a growing middle class and increased spending power in the Asia-Pacific region, there are clearly increased export and sales opportunities for U.S. farmers, ranchers, manufacturers and other businesses – small, medium and large. According to the East-West Center, recognizing this economic trend, there has been a 100 percent increase in U.S. investment in Asia in the past decade.

Why the TPP is Needed to Enhance U.S. Competitiveness in the Asia-Pacific

Despite these statistics, U.S. companies are falling behind in the Asia-Pacific region, according to economists at think tank Third Way. In 2000, U.S exports accounted for 12.27 percent of the Asian import market. 14 years later, U.S. exports accounted for just 6.64 percent of that market. Therefore, from 2000 to 2014, the U.S. share of total goods imports into the Asia-Pacific markets fell by 43 percent.

U.S. Exports and the Asian Import Market



Source: [Third Way](#)

The problem: Many countries in the Asia-Pacific region maintain steep barriers against U.S. exports. A typical Southeast Asian country imposes tariffs that are five times higher than the U.S. average, while its duties on agricultural and manufacturing products soar close to and into the triple digits. In addition, a web of nontariff and regulatory barriers block market access in many of these countries. Furthermore, Asia-Pacific nations are concluding trade deals with one another, leaving the United States outside looking in. The number of trade accords between Asian countries surged from three in 2000 to more than 50 today. Some 80 additional agreements are in the pipeline. In contrast, the United States has just three trade agreements in Asia (with Australia, Singapore and South Korea).

The Regional Comprehensive Economic Partnership (RCEP) is the latest intraregional agreement being negotiated in the Asia-Pacific. It includes Australia, China, India, Japan, Korea, and New Zealand as well as the 10 ASEAN countries – but not the United States. While this negotiation is not expected to produce as wide-ranging an agreement as the TPP, its successful conclusion will undermine U.S. competitiveness in the region.

For the United States, the proposed TPP will not only strengthen current trade commitments with existing FTA partners but will also open new markets in the Asia-Pacific where the United States does not have trade agreements in place – with Brunei, Japan, Vietnam, New Zealand and Malaysia. It is critical that the United States remain a Pacific power at a time when the Asia-Pacific region is undergoing significant economic change -- that we not be left outside looking in. The TPP has the potential to strengthen our nation's commercial, strategic, and geopolitical ties in one of the fastest-growing and most influential parts of the world.