



TRANS PACIFIC PARTNERSHIP (TPP) AGREEMENT

Issue:

The Trans Pacific Partnership Agreement was signed in February, 2016. The goal of the TPP was to improve the conditions of trade in the Asia/Pacific region and boost economic activity in all participating countries. The Trump administration withdrew the United States from the TPP on January 23, 2017.

Background:

The TPP Agreement included 12 countries: Australia, Brunei, Canada, Chile, Malaysia, Mexico, New Zealand, Peru, Singapore, Vietnam, Japan and the United States. Australia, Canada, Chile, Mexico, Peru and Singapore already have Free Trade Agreements (FTAs) with the U.S. U.S. agricultural exports to these six countries already have mostly tariff-free access, with the exception of dairy and poultry products going into Canada. The others, including Japan, represented new market access by eliminating or reducing tariffs and non-tariff barriers with all the countries in the TPP.

Japan is our fifth-largest agricultural export destination, with \$11.8 billion in sales in 2017. 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 some U.S. agricultural products. Under the TPP agreement, Japanese tariffs on beef would have been reduced from 38.5 percent to 9 percent over 15 years; pork tariffs from 4.3 percent to 2.2 percent; import quotas for butter and powder would have increased by 70,000 tons; tariffs on cheeses were to be phased out and rice would have gained 70,000 tons of additional access to the Japanese market.

Access to Canada for U.S. dairy producers, amounting to 3.25 percent of the Canadian market, was to be phased in over 5 years, to include 270,000 mt of milk, 12,600 mt of cheese and 3,000 mt of butter.

The agreement also included added enforcement mechanisms for Sanitary/Phytosanitary regulations, disciplines for enacting science-based food safety standards and limits on the use of geographic indications in product labeling.

AFBF analysis of the agreement determined that the TPP would have added \$5.3 billion to net U.S. agricultural exports. The total increase in cash receipts was estimated at \$8.5 billion.

Status:

The eleven remaining TPP countries have agreed to continue with the agreement, with modifications, and renamed as the Comprehensive and Progressive Trans Pacific Partnership. This agreement will be finalized in 2018. The U.S. can negotiate to join the new agreement.

AFBF Policy:

Farm Bureau supports actions to increase market opportunities for U.S. farmers and ranchers in the Asia-Pacific region.

The full analysis is posted at: <http://www.fb.org/issues/tpp/pdf/TPP%20Full%20Report.pdf>. State fact sheets are posted at: <http://www.fb.org/issues/tpp/>.

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