



**AgEcon** SEARCH  
RESEARCH IN AGRICULTURAL & APPLIED ECONOMICS

*The World's Largest Open Access Agricultural & Applied Economics Digital Library*

**This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.**

**Help ensure our sustainability.**

Give to AgEcon Search

AgEcon Search

<http://ageconsearch.umn.edu>

[aesearch@umn.edu](mailto:aesearch@umn.edu)

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*



## The Trans Pacific Partnership and You

25 February 2016

USDA Agricultural Outlook Conference



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

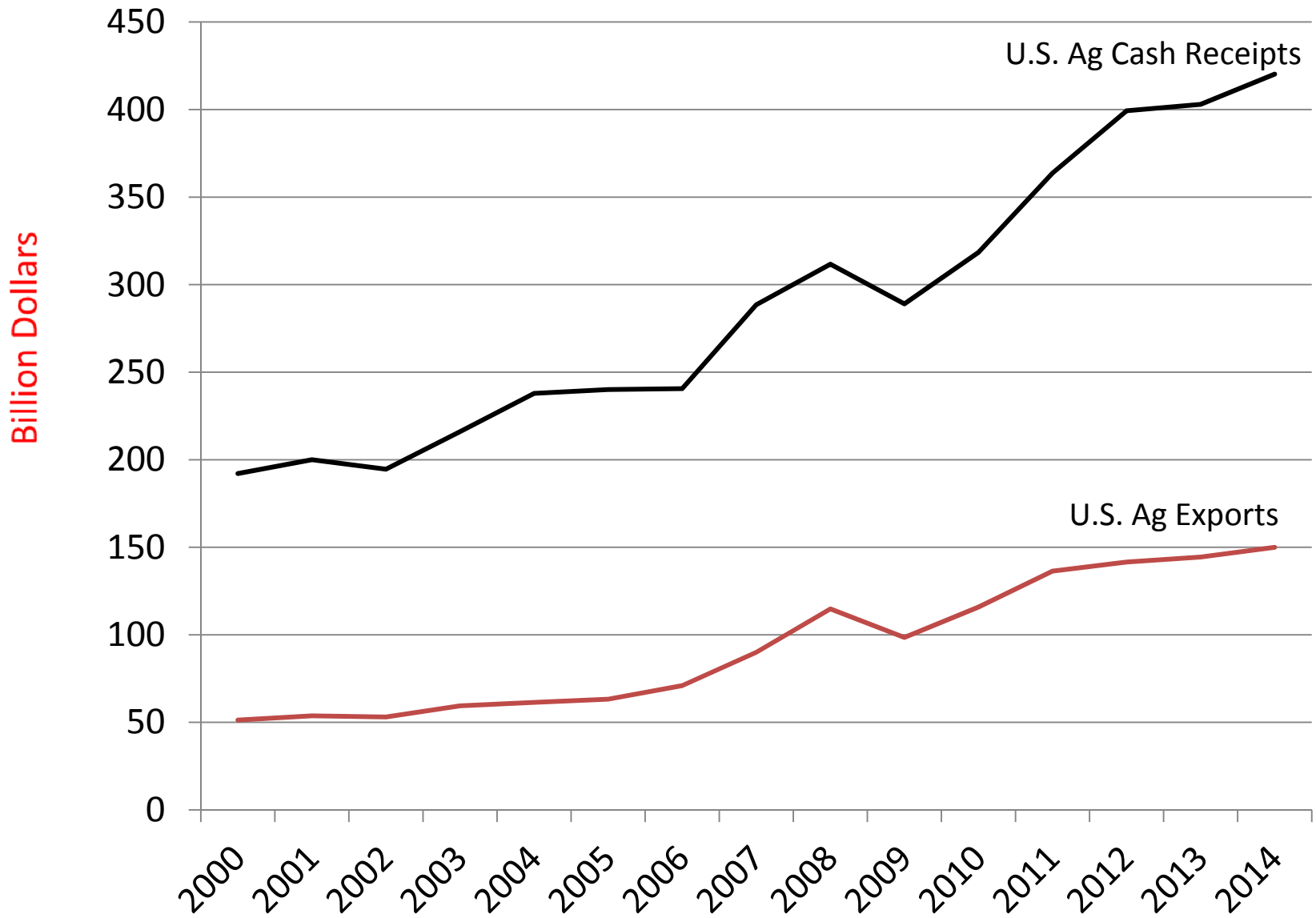
# Agenda

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



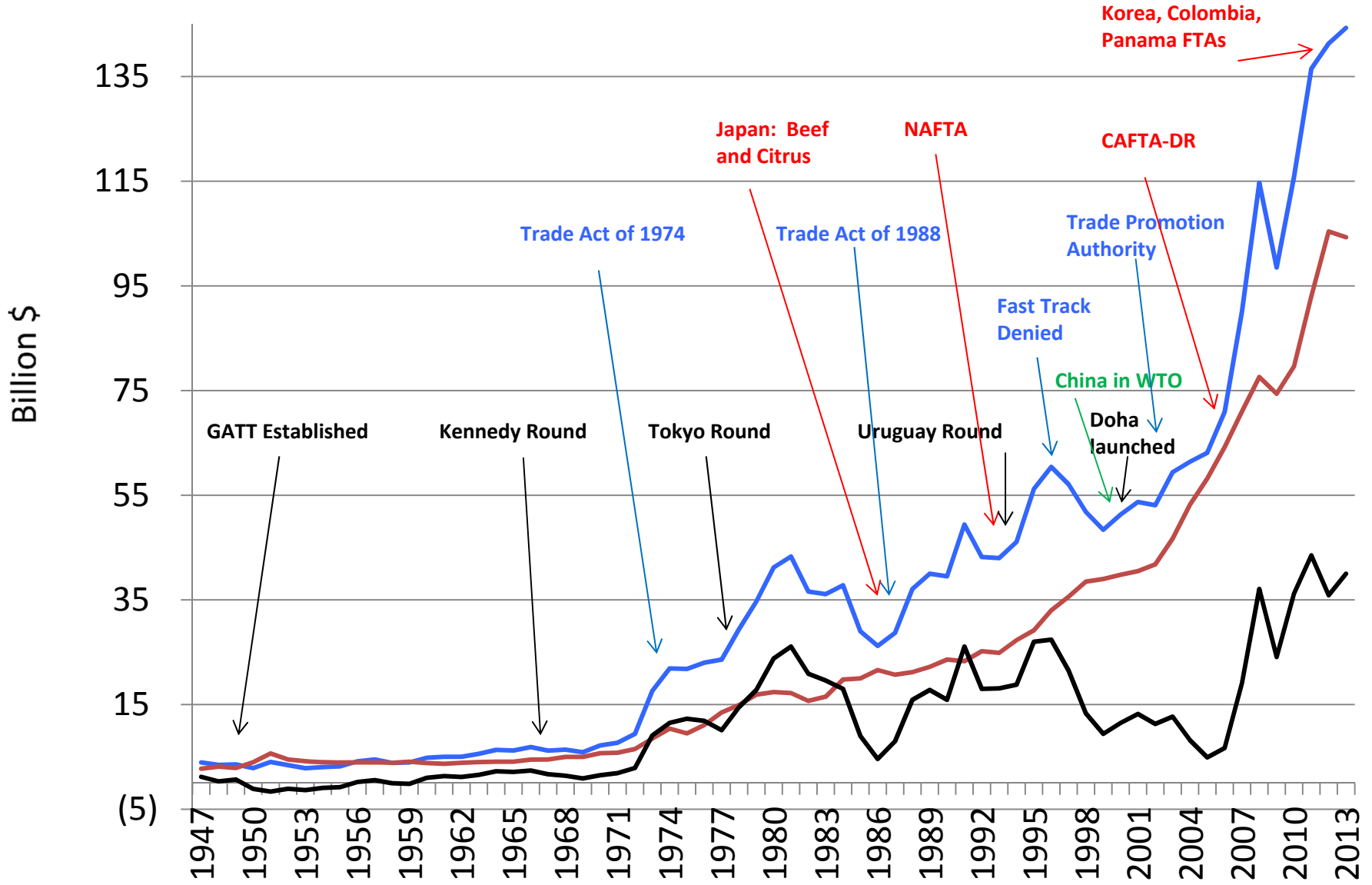
# U.S. Agriculture Relies on Exports.

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



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

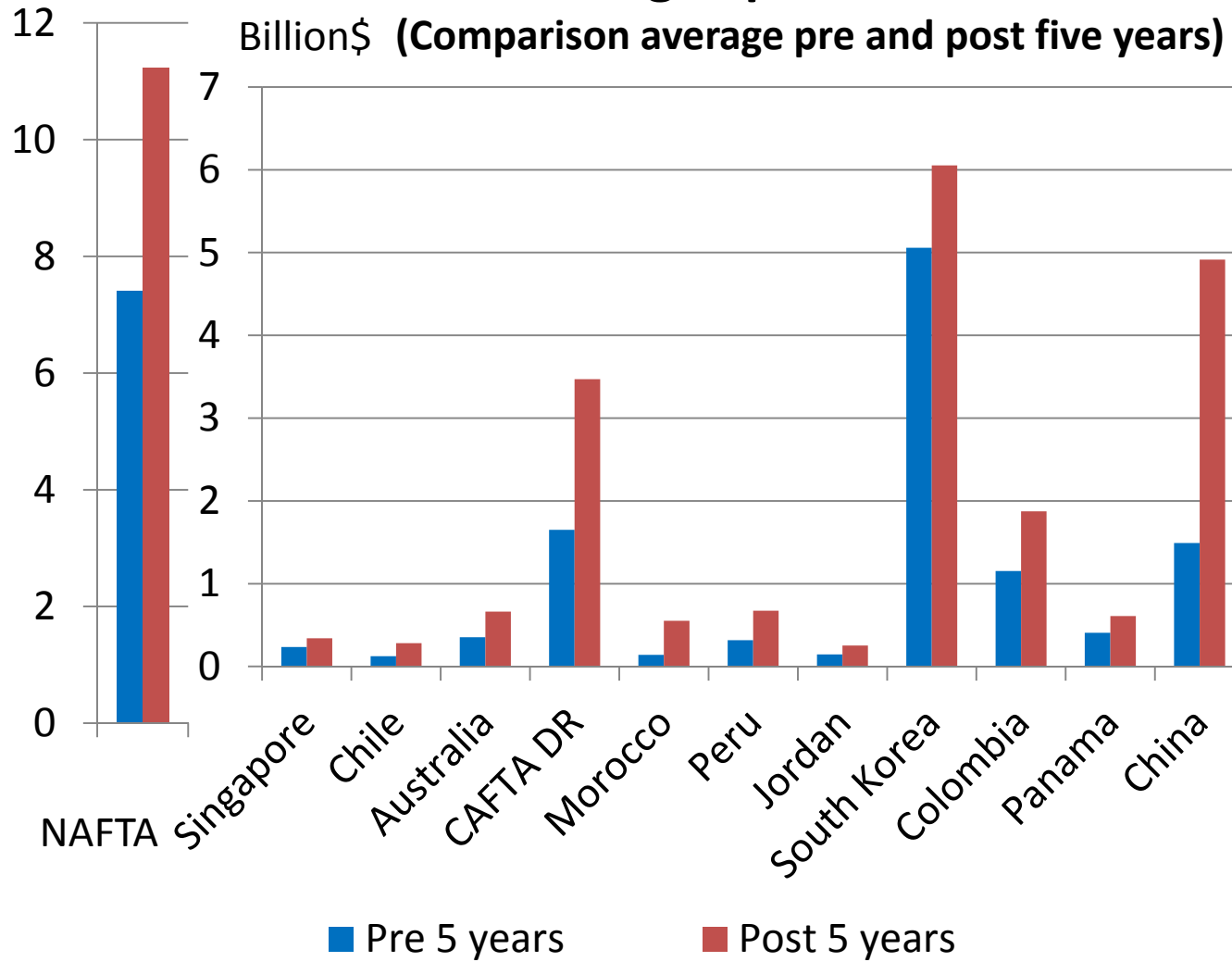
US Ag Exports US Ag Imports US Trade Surplus



(5)

# Recent Trade Agreements Boost U.S. Ag Exports

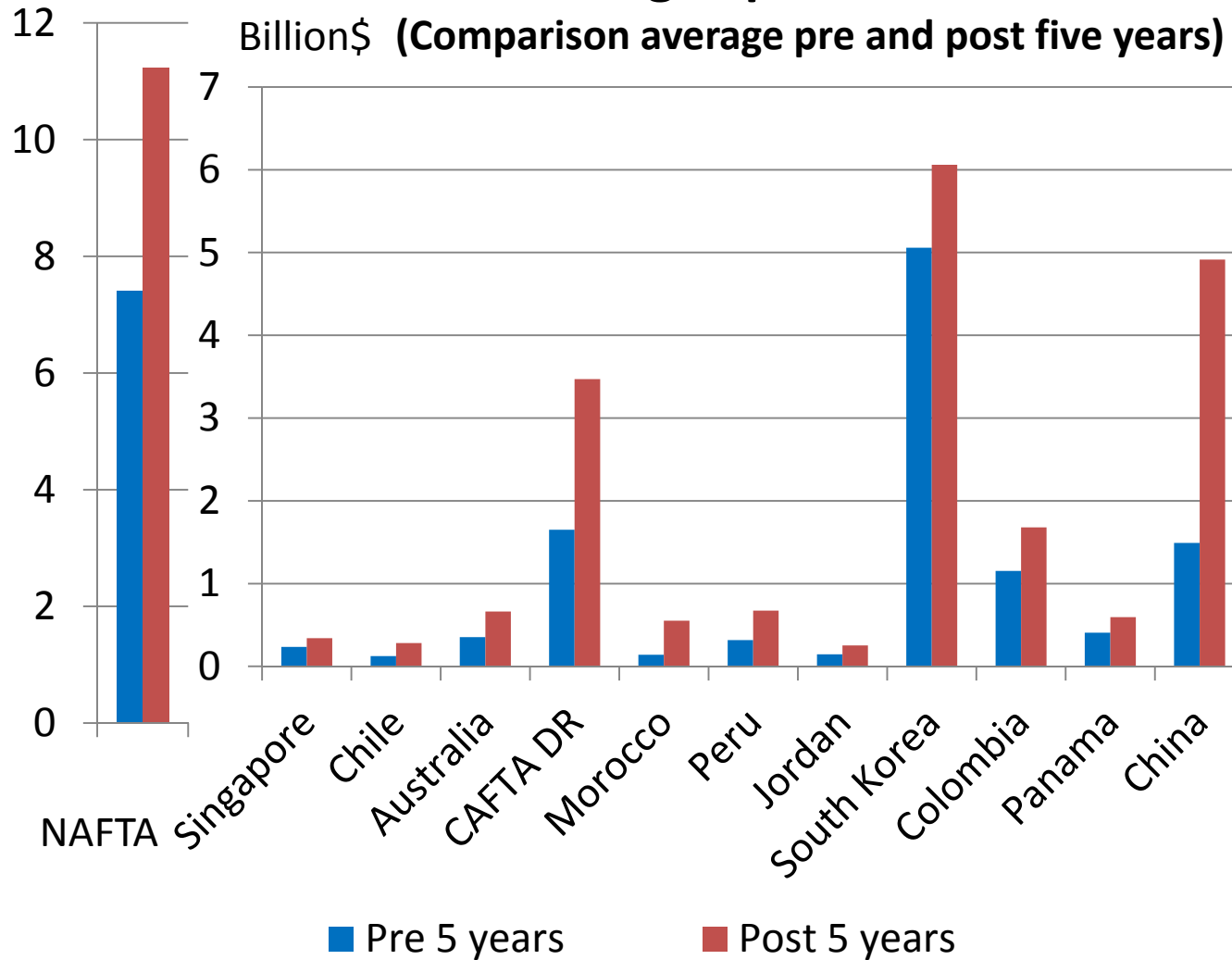
## U.S. Ag Exports after FTA



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

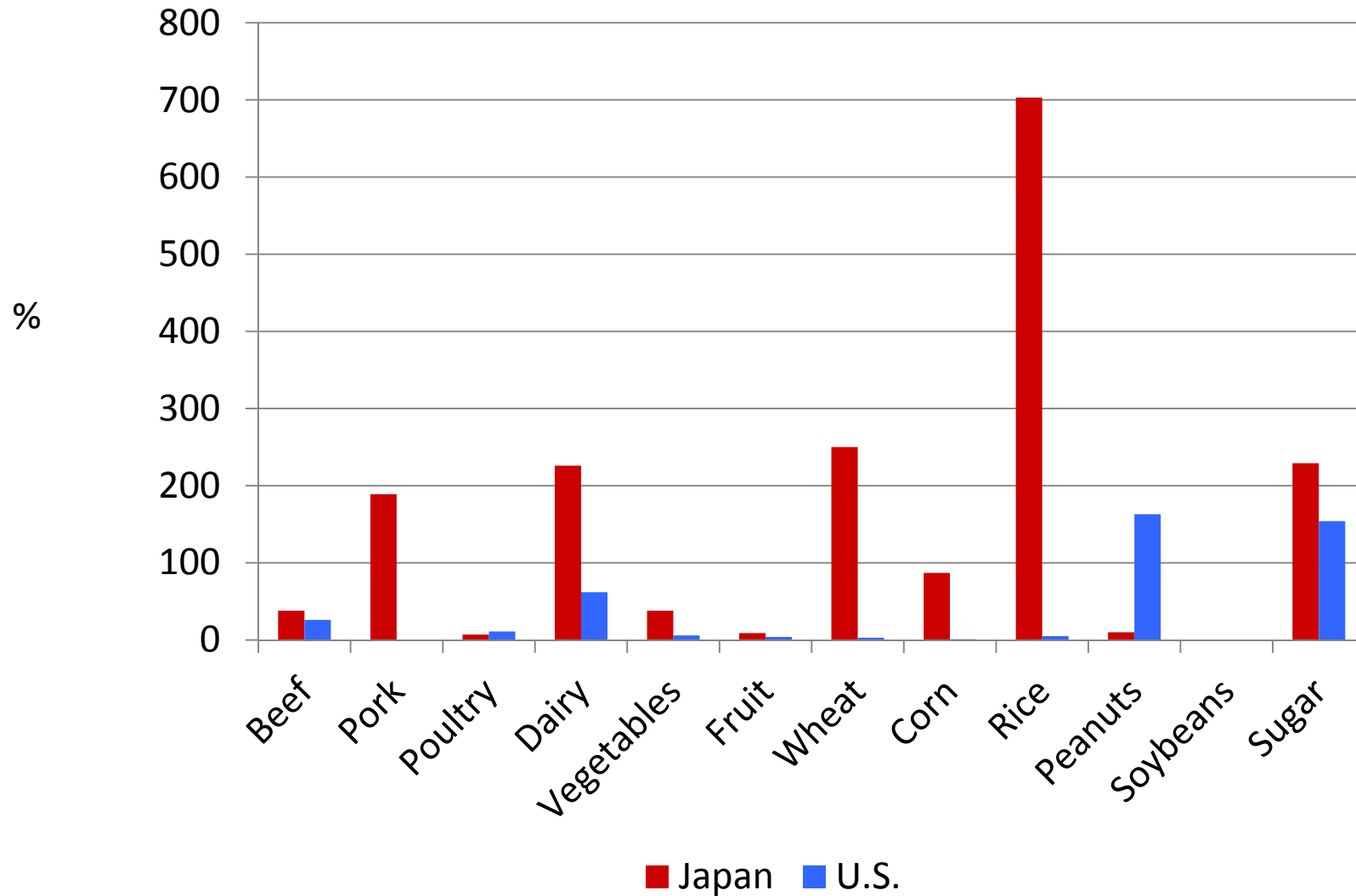
	Population	GDP	GDP/per cap	Agricultural Imports							
				(millions)	(billion US\$)	(US\$)	from World	from US		from TPP	
							(thou US\$)	(thou US\$)	percent	(thou US\$)	percent
Australia	22.7	1,532.0	67,537	11,771.6	1,391.4	12%	5,444.4	46%			
Brunei	0.4	17.0	41,124	464.6	9.5	2%	324.0	70%			
Canada	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

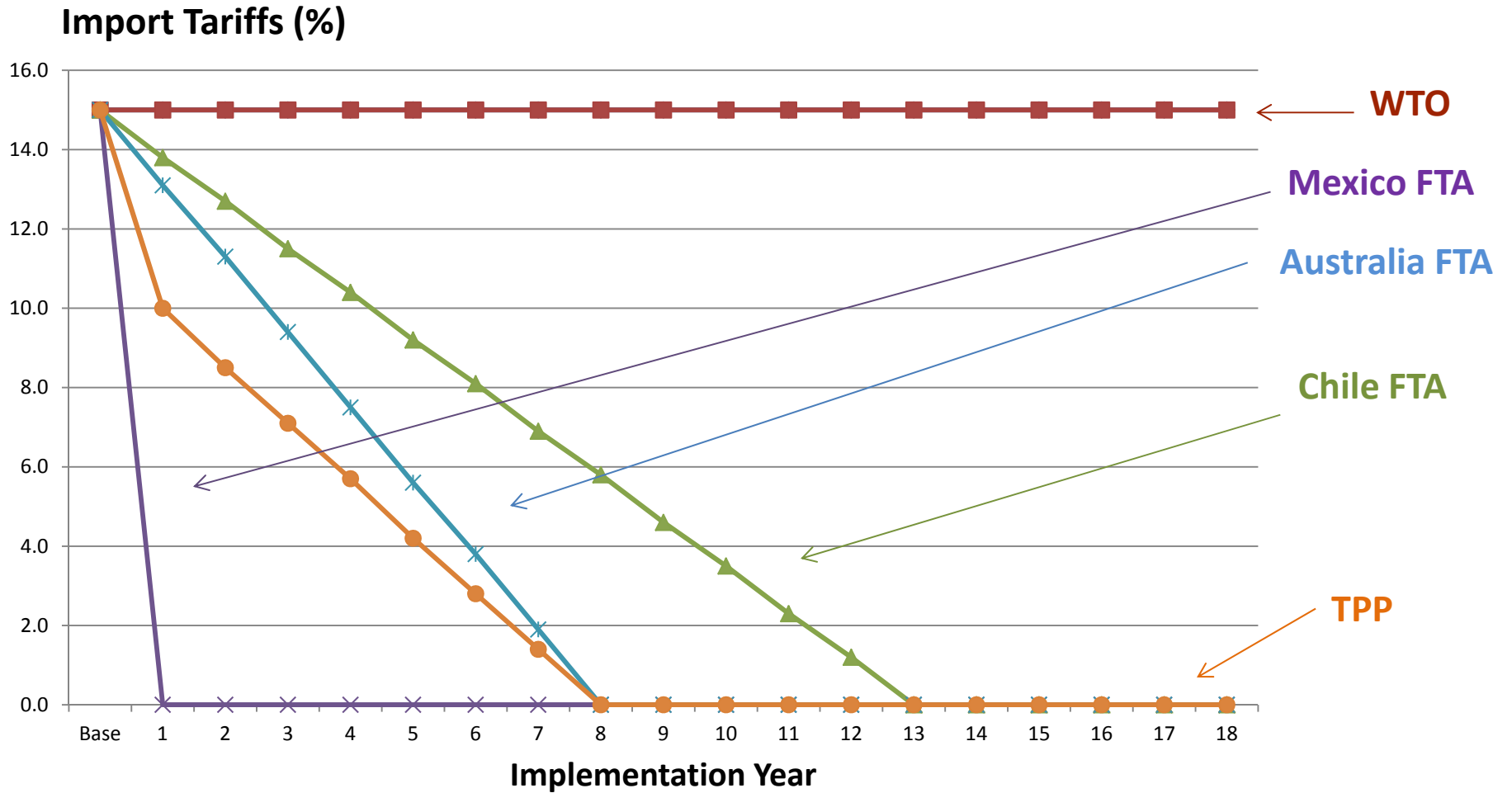
## Japan's Approach to Sensitive Products in Prior FTAs

- 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

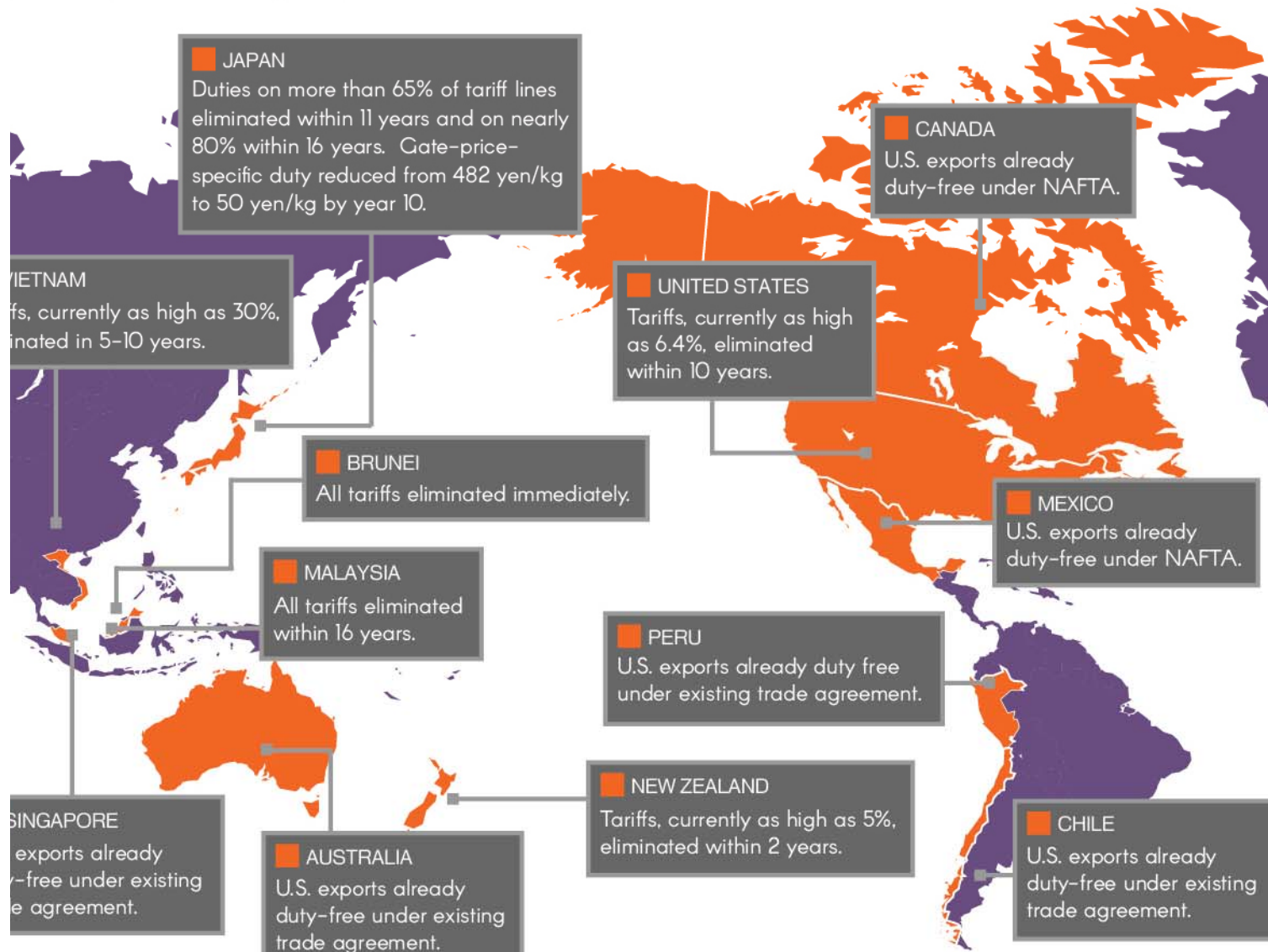
# TPP Illustration

## (Japan Wine Tariff)

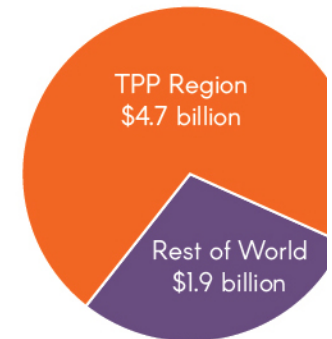


# Trans-Pacific Partnership (TPP) PORK AND PORK PRODUCTS

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.

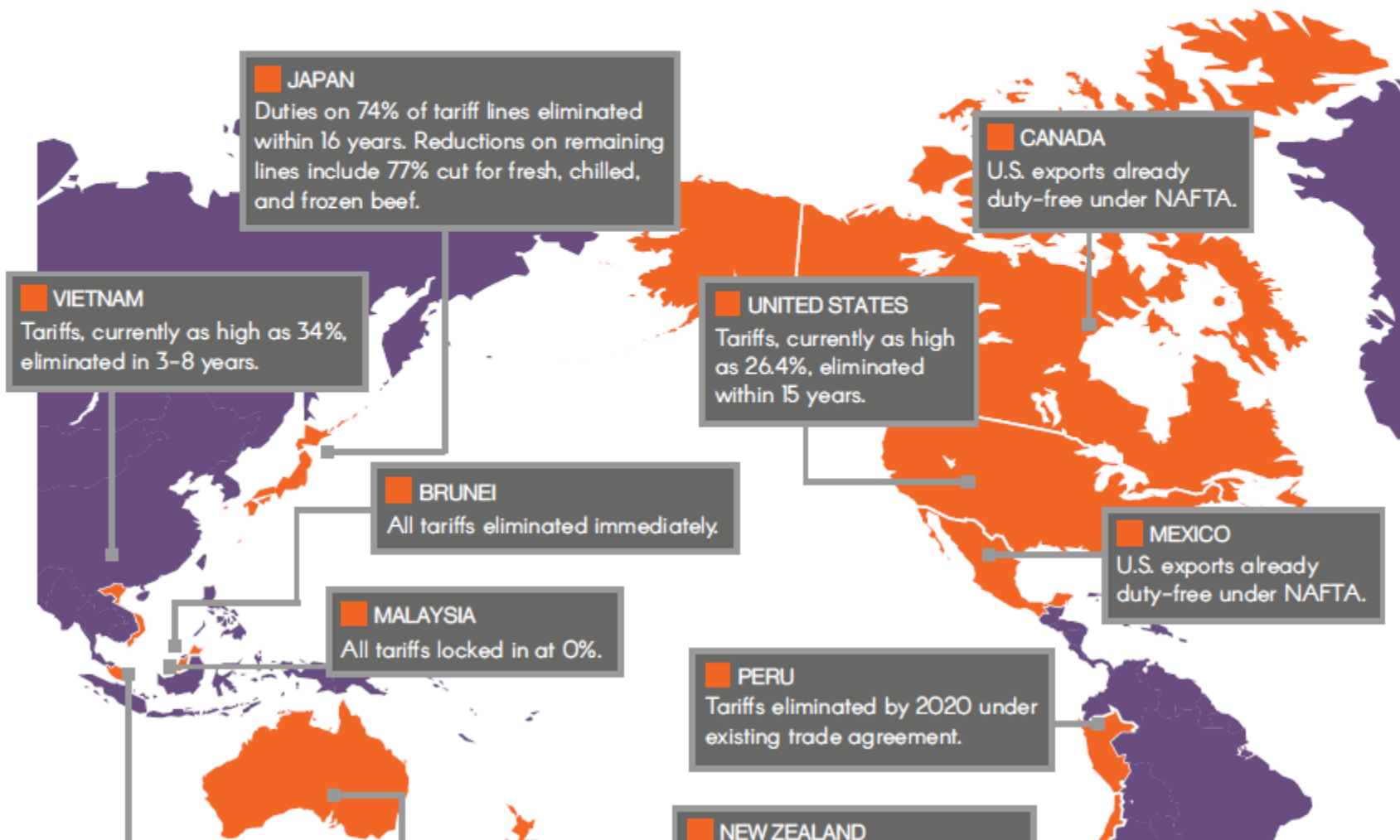
## Top Hog-Producing States

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

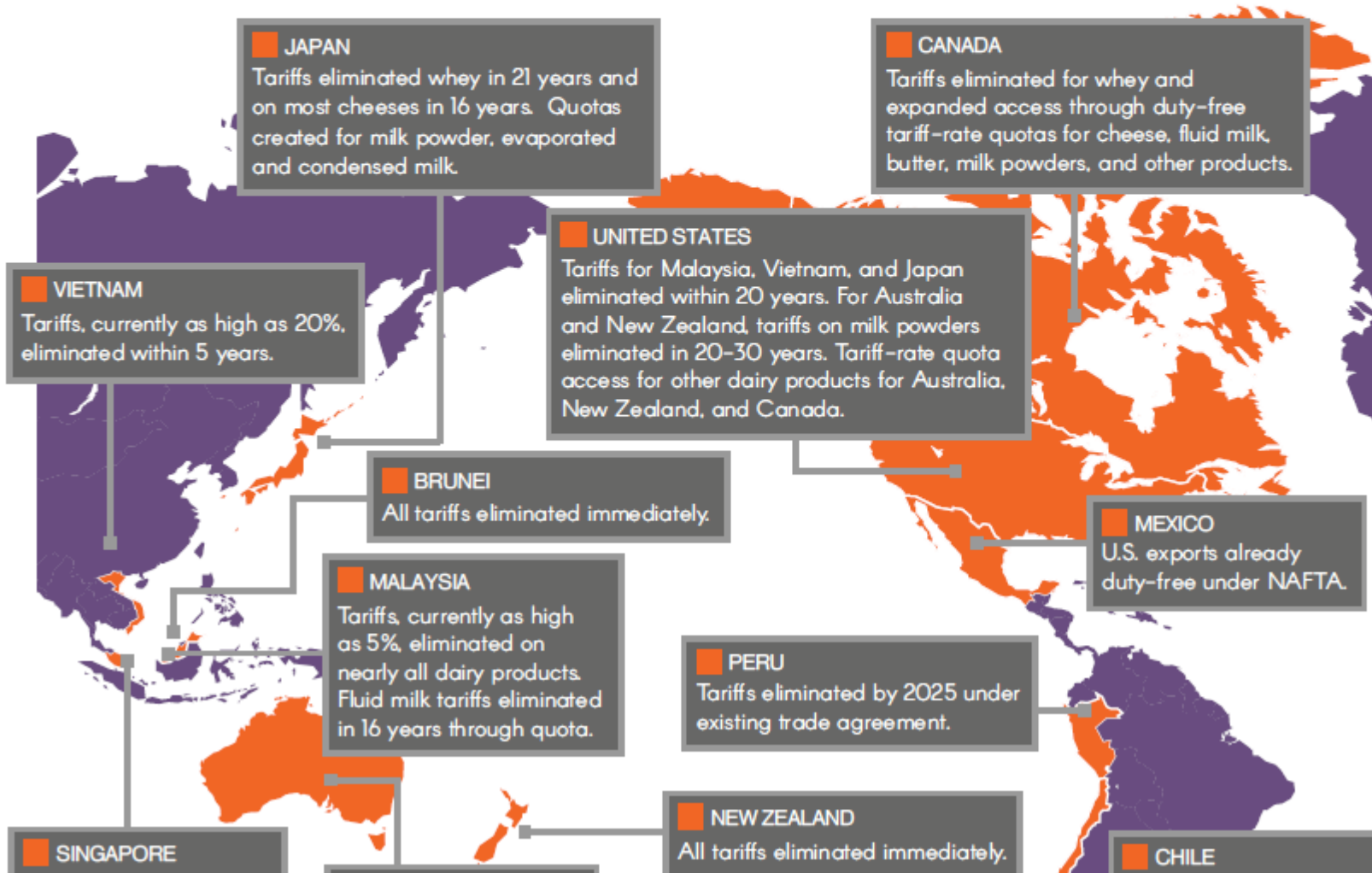
The TPP s  
and provid  
for U.S. a  
Japan,  
New Z

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

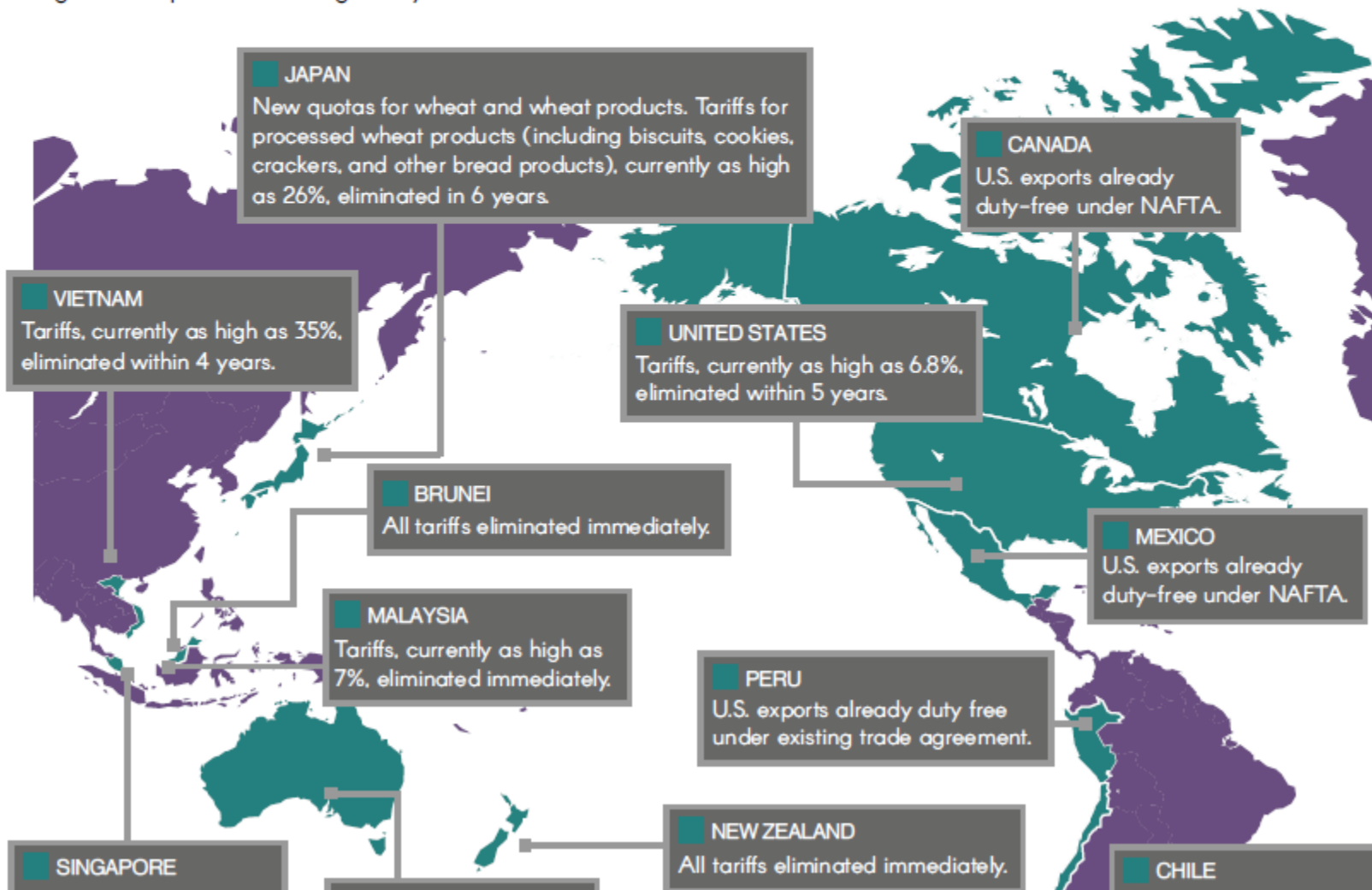
The TPP strengthens and provides new opportunities for U.S. agricultural exports to Japan, Malaysia, and New Zealand.

### Top Milk-Producing States

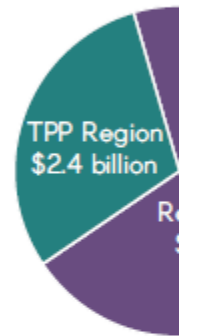
1. California
2. Wisconsin
3. New York
4. Idaho
5. Pennsylvania
6. Texas
7. Minnesota

# 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

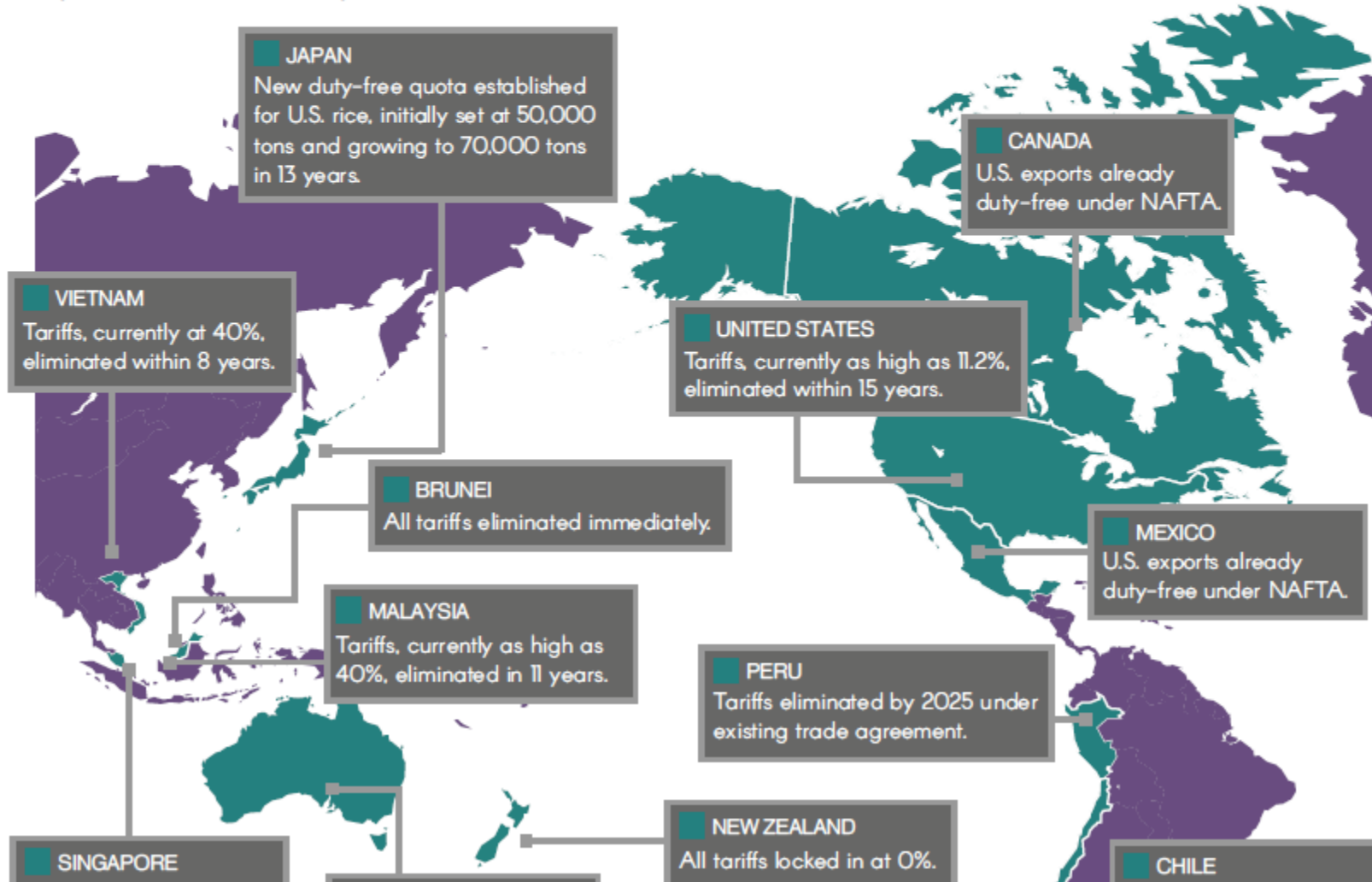
The TPP strengthens U.S. trade relationships and provides new market opportunities for U.S. agricultural products in Japan, Malaysia, New Zealand, and other TPP member countries.

## 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>

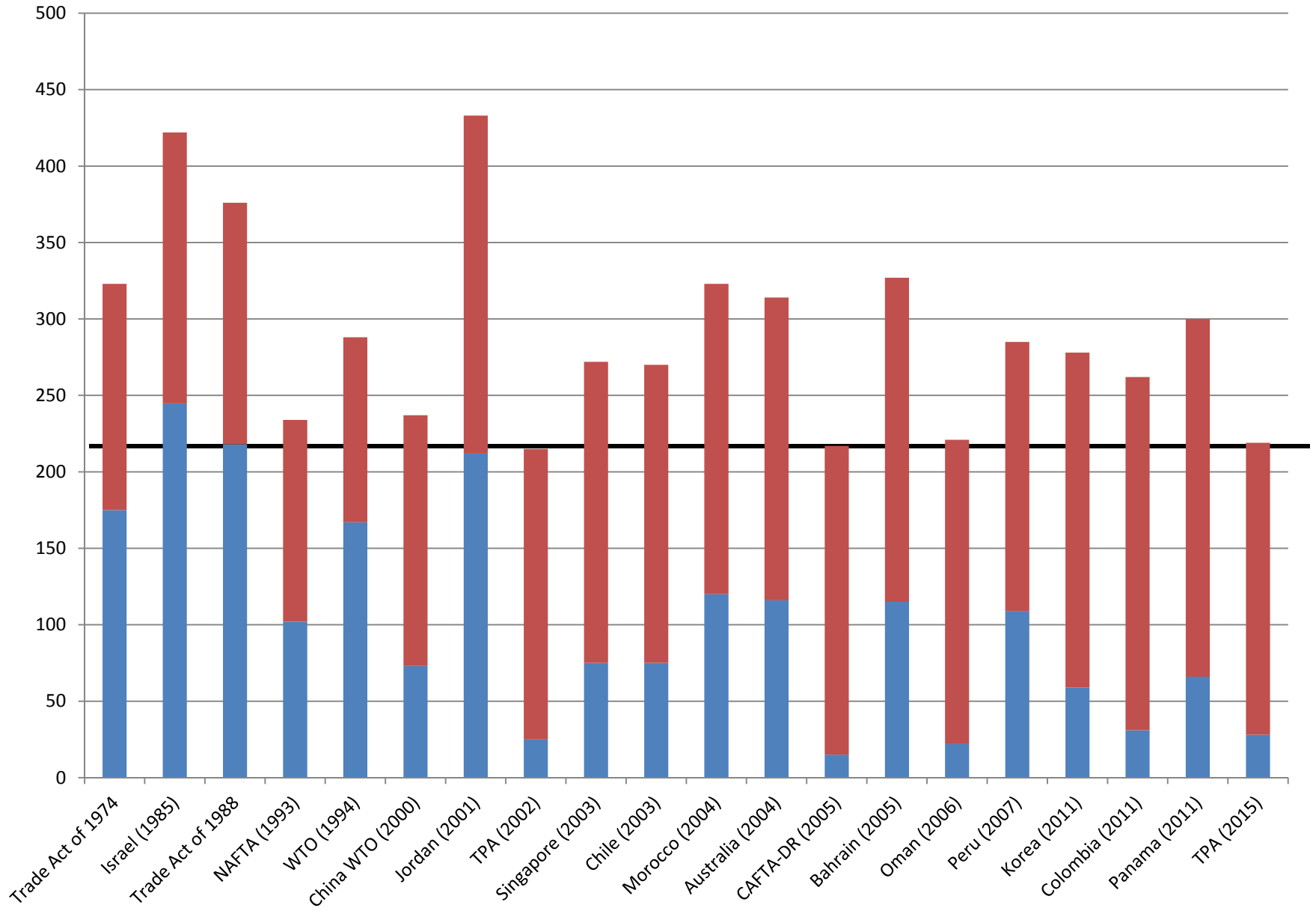
Summary of Agreement  
Key points for Agriculture  
Commodity Highlights  
State Information

[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

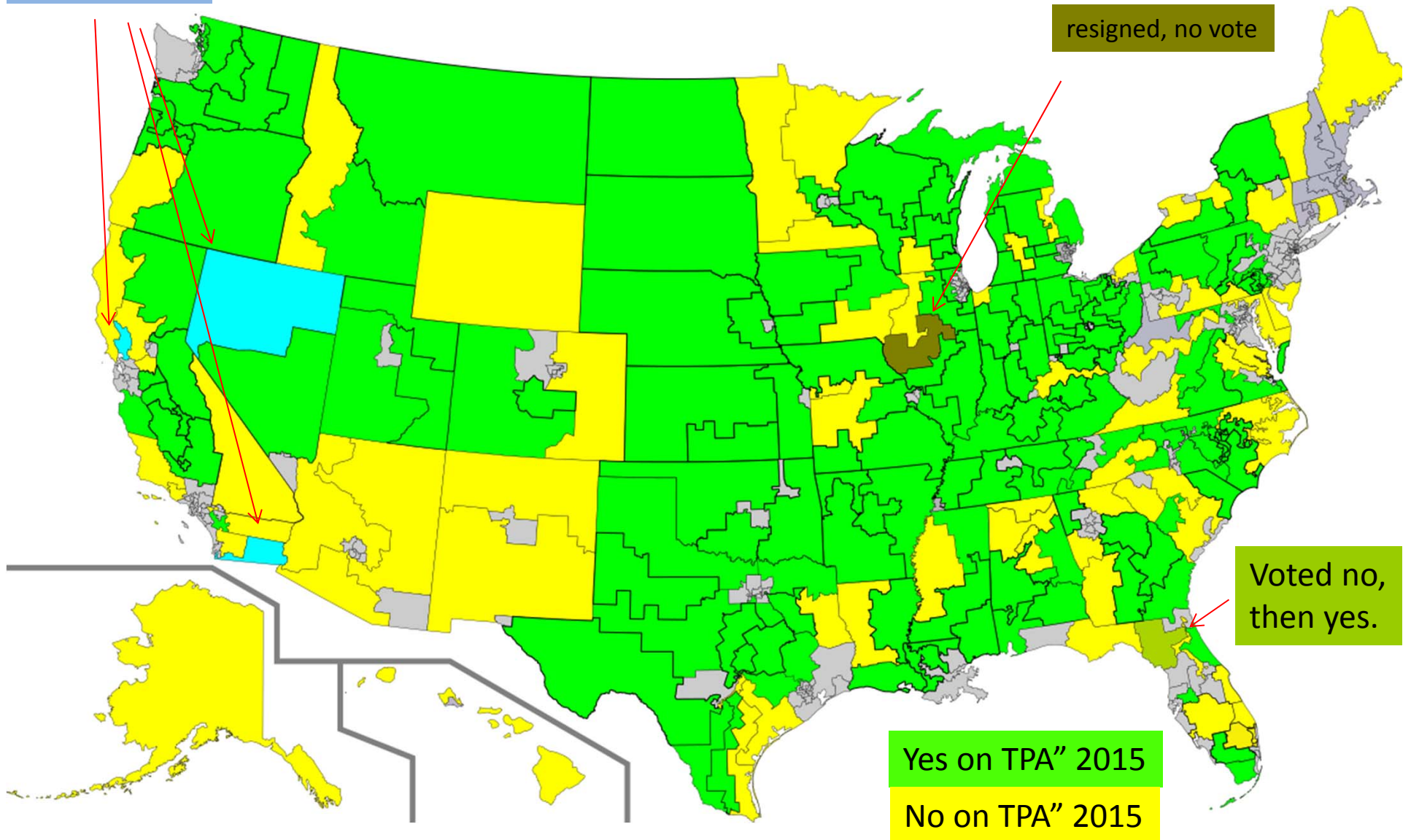
# House Trade Votes



# 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.**