

WHY TRADE PROMOTION AUTHORITY IS ESSENTIAL FOR U.S. AGRICULTURE AND THE TRANS-PACIFIC PARTNERSHIP

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A Trans-Pacific Partnership (TPP) agreement will break down market barriers for U.S. exporters in countries representing 39 percent of the world's gross domestic product.

FARMERS AND RANCHERS DEPEND ON EXPORTS

U.S. agricultural producers depend on exports, which generate approximately 20 percent of their farm income. America's farmers and ranchers are the most productive in the world, but foreign market expansion is critical to their continued success.

ASIA-PACIFIC REGION CRITICAL FOR U.S. AGRICULTURAL EXPORTS

The large and growing markets of the Asia-Pacific region are key destinations for U.S. agricultural products. Growth in purchasing power in the region is fueling demand for high-quality U.S. agricultural exports. A Trans-Pacific Partnership (TPP) agreement will reduce existing tariff and non-tariff obstacles, clearing a path for expanded U.S. agricultural exports.

U.S. agricultural exports to TPP countries totaled \$62.6 billion in 2014 – up 43 percent from 2009 – and accounted for 42 percent of total U.S. agricultural exports in 2014.

Over the last few years, we have seen significant increases in U.S. exports of key agricultural products – including meats, fruits and vegetables, grains and various processed products – to TPP countries.

In addition to reaping benefits from an agreement with the current TPP countries, the United States will continue to benefit through the addition of new Asia-Pacific partners in the future.

TPP WILL HELP LEVEL THE INTERNATIONAL PLAYING FIELD

The United States has few preferential trade agreements in the Asia-Pacific region compared to competitor nations.

The 10 member countries of the Association of Southeast Asian Nations (ASEAN) already have preferential trade agreements among themselves, and with Australia, China, Korea, India, Japan and New Zealand. All 16 of these nations are also working towards a regional economic

partnership that would further liberalize trade. It is critical that the TPP Agreement is completed in advance of this rival agreement, which is slated to be concluded in 2015.

The European Union (EU) has or is working on several trade agreements with TPP and APEC members. We must not fall behind and let competitors gain better access and shape agricultural policy to the disadvantage of U.S. agriculture.

In light of increased international competition, it is critical that the TPP agreement is completed and quickly implemented to level the playing field for U.S. agricultural producers.

HIGH TARIFFS PUT U.S. EXPORTS AT A DISADVANTAGE

Commodities including rice, meat, dairy and processed foods currently face high and often confusingly complex duties in Japan. Japan's average agricultural tariff is 40 percent, while the U.S. average agricultural tariff is less than half that—only 12 percent.

U.S. exporters also face high tariffs on agricultural products in Vietnam, a country of 90 million people experiencing high per-capita income growth. Reducing these tariffs would help Vietnamese consumers afford high-quality U.S. agricultural products such as pork, dairy, fruits and vegetables, and a variety of processed foods.

NON-TARIFF BARRIERS UNFAIRLY HINDER U.S. AG EXPORTS TO TPP COUNTRIES

Based on consultations with Congress and the U.S. agricultural industry, the U.S. government is advocating for regulatory reforms that improve transparency, promote science-based decision-making and provide improved access for U.S. commodities – including meat, fresh fruits and vegetables, and processed foods – currently facing restrictive sanitary and phytosanitary (SPS) barriers in Australia, Chile, Peru and other TPP countries.

TPA STRENGTHENS OUR NEGOTIATORS

Trade Promotion Authority signals to our TPP trading partners that Congress and the Administration stand together on the high standards our negotiators are seeking at trade talks. Trade Promotion Authority will help U.S. negotiators get the best deal possible.

For more information about Trade Promotion Authority and its importance to U.S. agriculture, please contact FAS Legislative Affairs at (202) 720-7115 or LPA@fas.usda.gov.