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TRANS PACIFIC PARTNERSHIP (TPP) AGREEMENT

Issue:

The Trans Pacific Partnership Agreement was concluded on Oct. 5, 2015. The goal of the negotiations was to reach a comprehensive, high-standard agreement that will improve the conditions of trade in the region and boost economic activity in all participating countries.

Background:

The TPP Agreement includes 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. For these countries U.S. agricultural exports already have mostly tariff-free access, with the exception of dairy and poultry products going into Canada. The others, including Japan, represent 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 $11.7 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 2.2 percent; 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.

Access to Canada for U.S. dairy producers, amounting to 3.25 percent of the Canadian market, will 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 includes 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 determines that the TPP will add $5.3 billion to net U.S. agricultural exports. Total increase in cash receipts is $8.5 billion.

Status:

Negotiations on the TPP Agreement are concluded. All participating nations will now need to pass implementing legislation in order to bring the agreement into force. The TPP Agreement is expected to be considered by the U.S. Congress in 2016.

AFBF Policy:

Farm Bureau supports the TPP Agreement.

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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