



The Agricultural Trade Agenda: The TPP and Why it Matters

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jason.hafemeister@fas.usda.gov¹

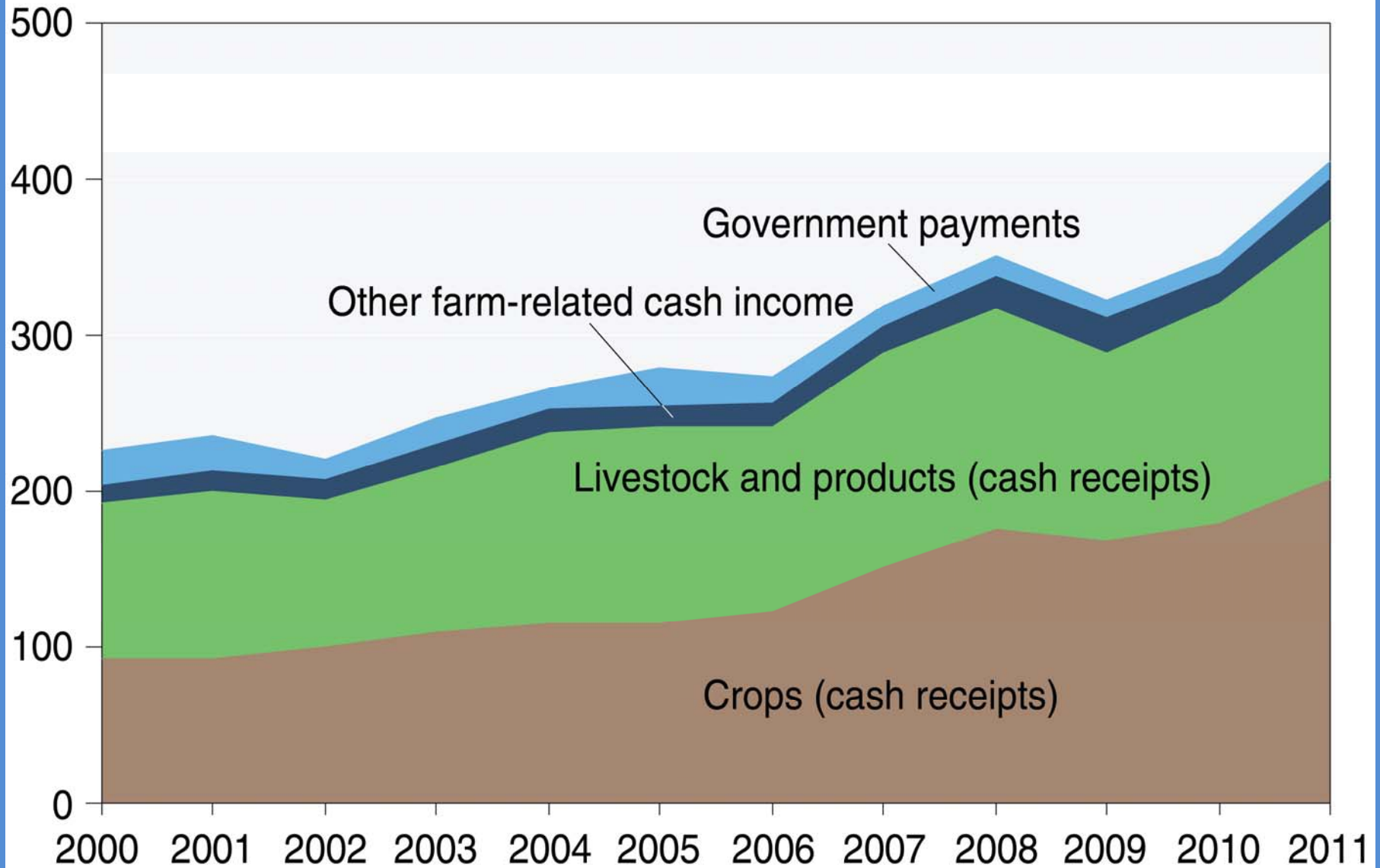
Agenda

- U.S. Agriculture and Trade
- Where are the Markets?
- What are the Barriers?
- Trans Pacific Partnership
- Summary



Gross cash income from farming includes farm cash receipts, government payments, and other farm-related cash income, 2000-11

\$ billion

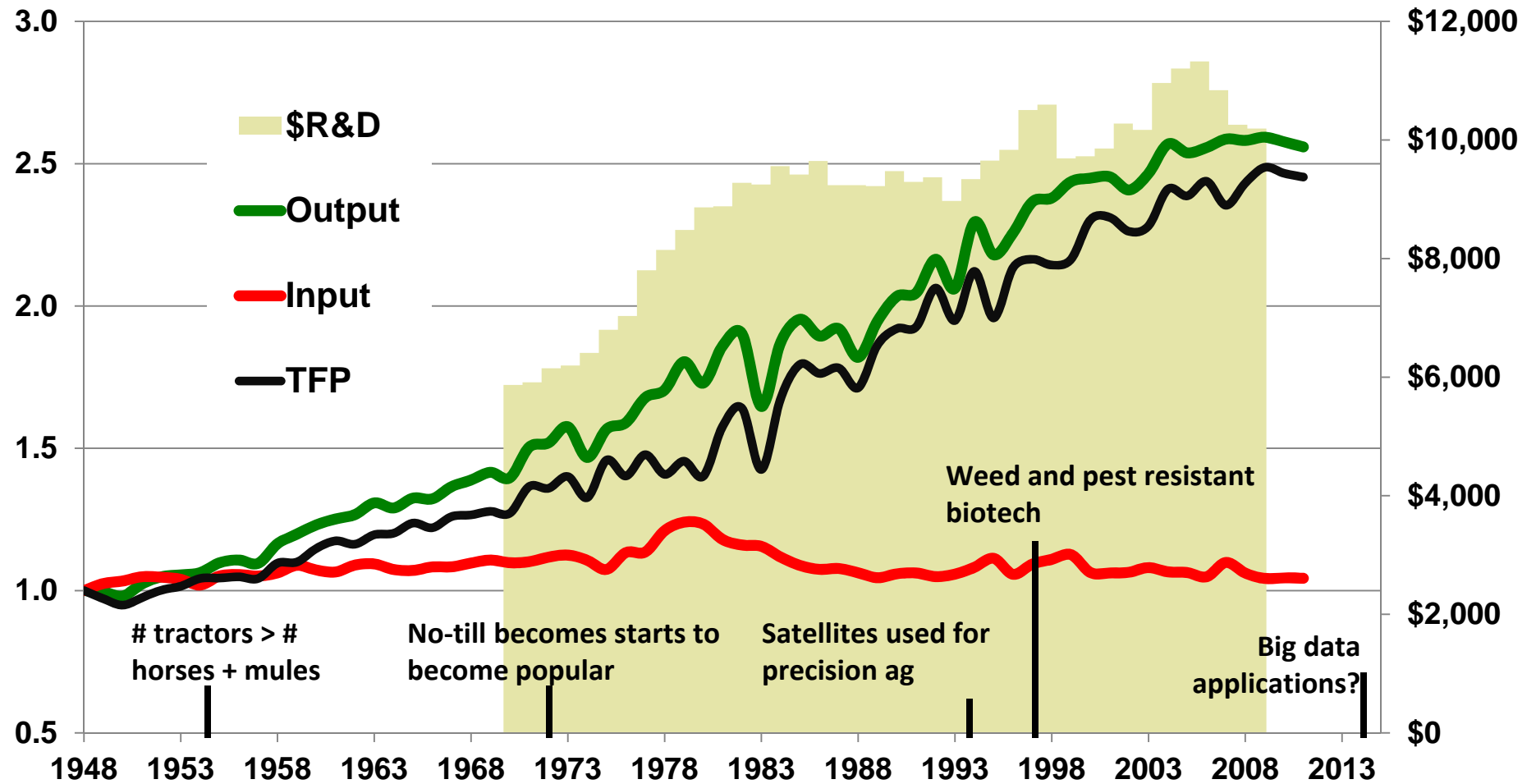


Source: USDA, Economic Research Service.

The Big U.S. Ag Story: Productivity Increases

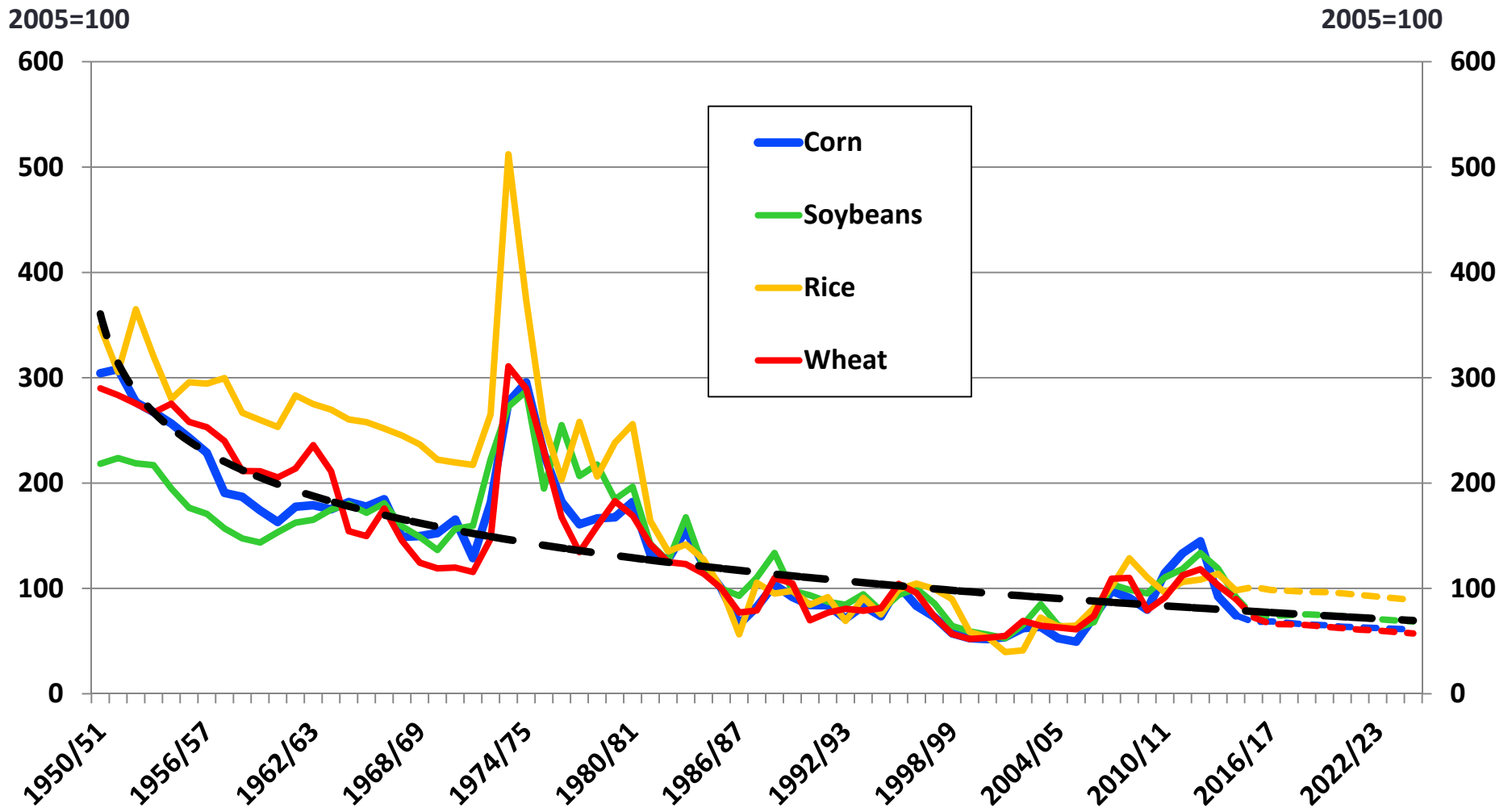
Index: 1948 = 1.0

\$million (2006 dollars)



Source: USDA-ERS.

Real commodity prices have been trending down for the past 60+ years

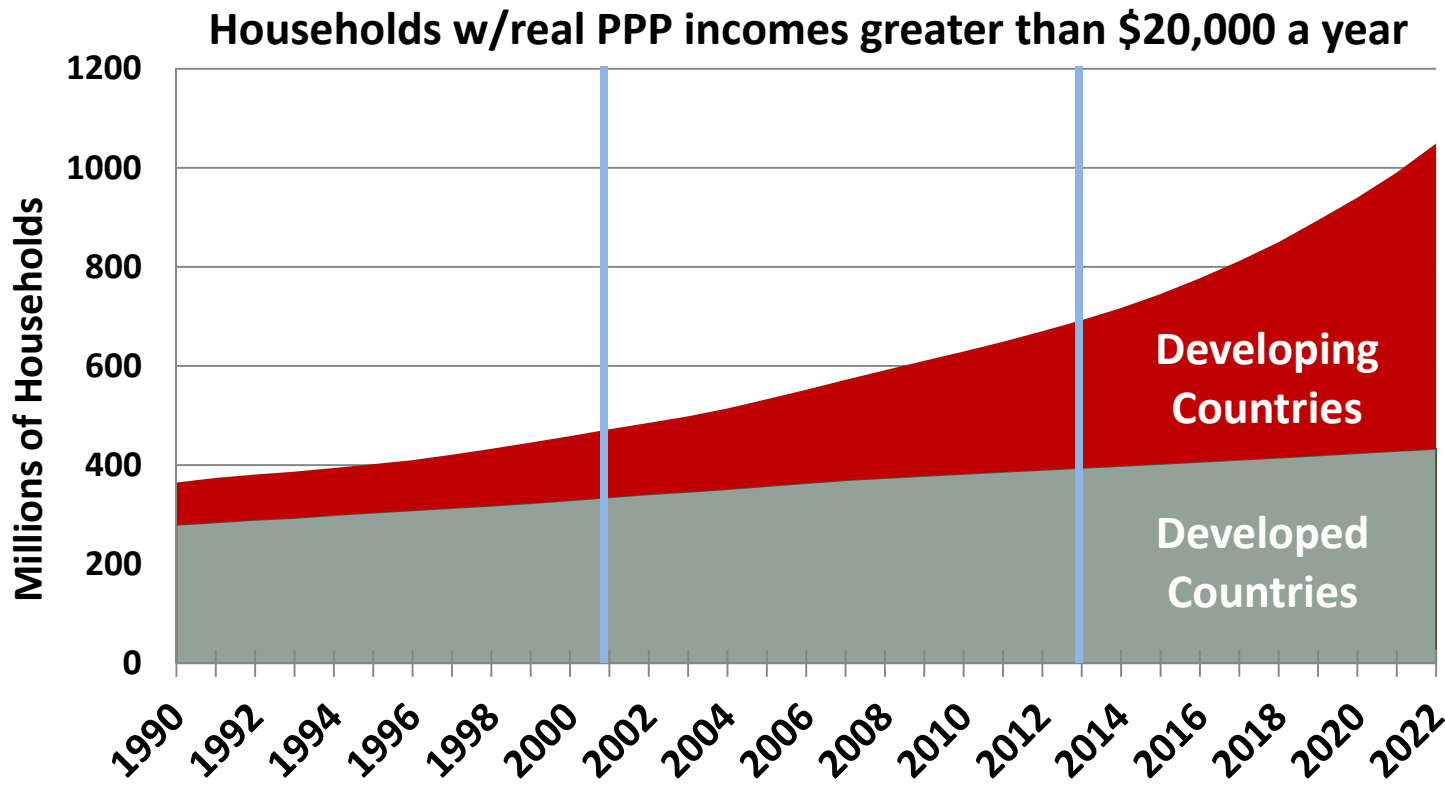


Source: USDA Agricultural Projections to 2024 and OCE, February 2015

Population:

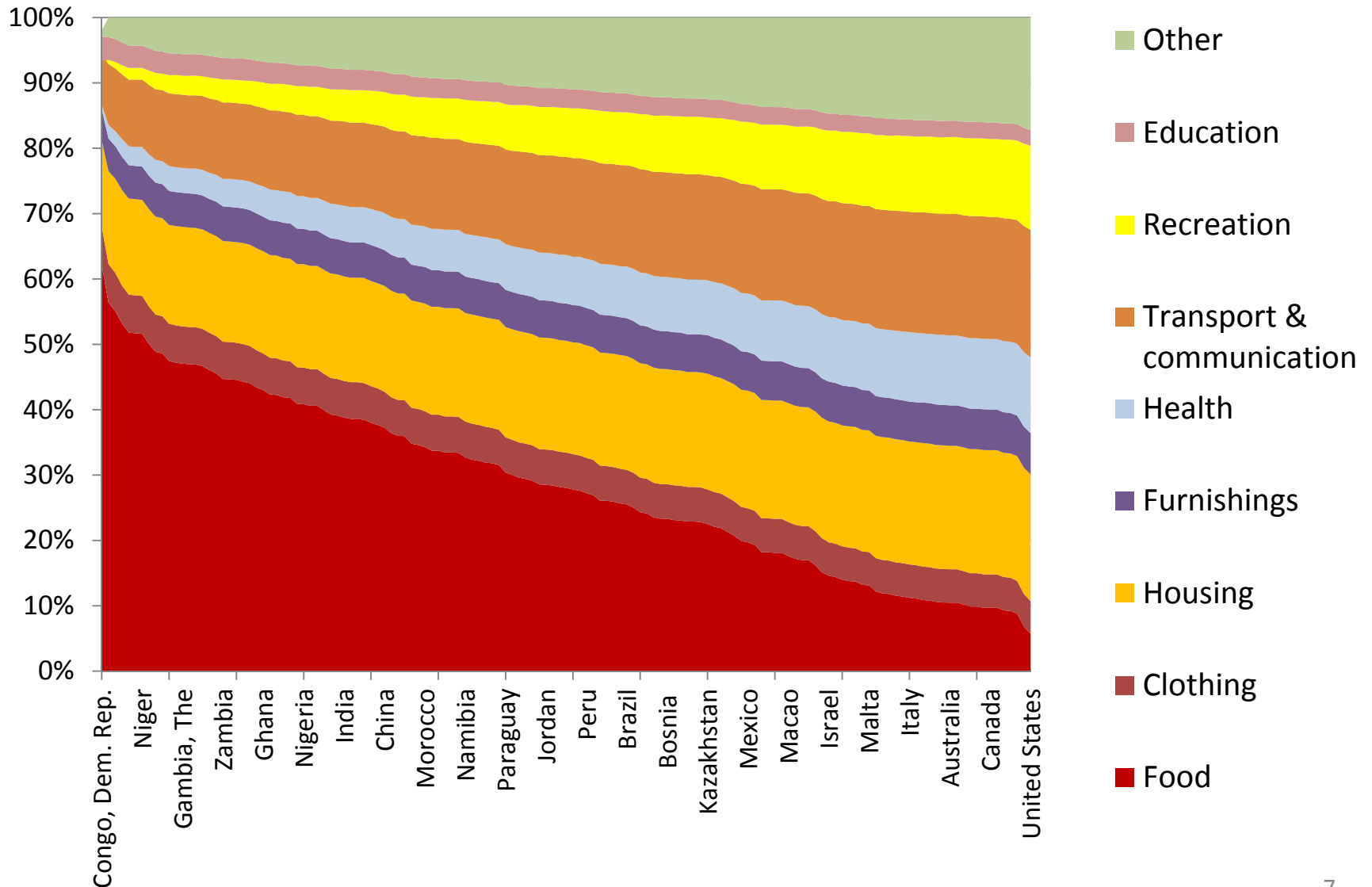
Global “Middle Class” is Expected to Increase to 1 Billion Households by 2022

Middle class in developing countries projected to increase over 120% by 2022 vs. just 11% in developed countries.



Additional Dollar of Income: How Is It Spent?

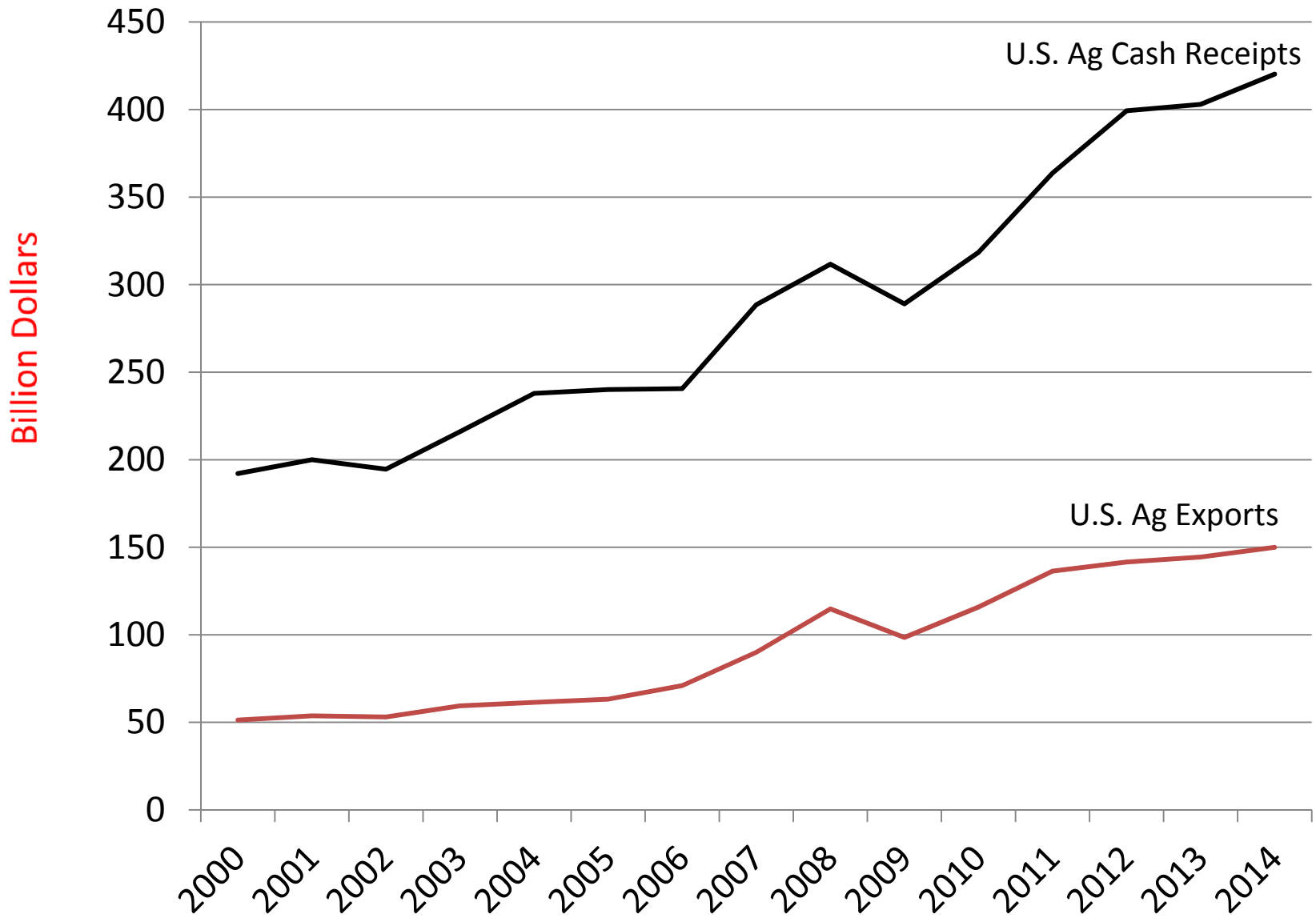
Lower income countries spend much of that additional income on food



Source: USDA, Economic Research Service using International Comparison Program 2005 data.

U.S. Agriculture Relies on Exports.

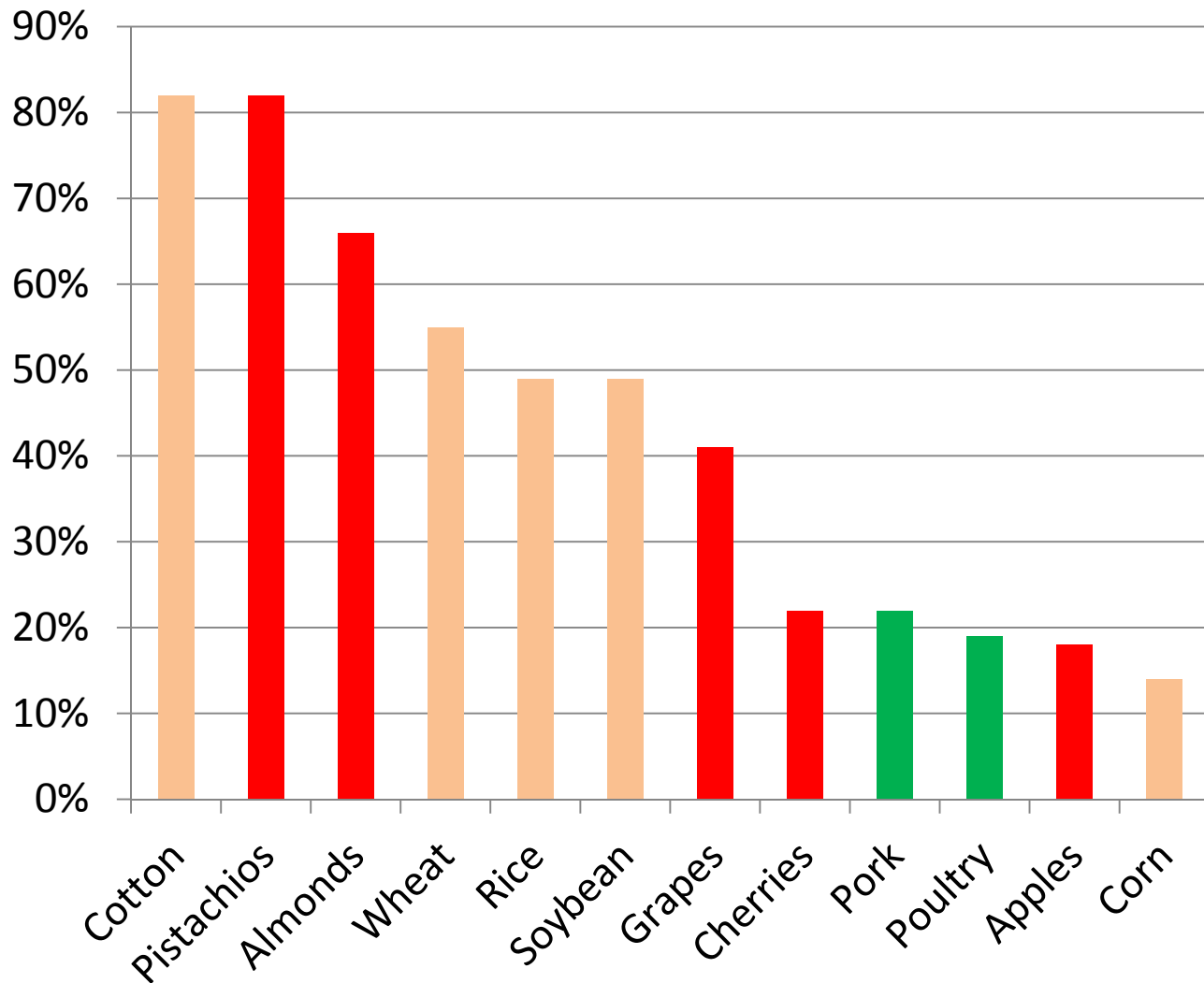
Exports support higher prices and expanding production.



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

U.S. Ag Exports as a Share of Production.

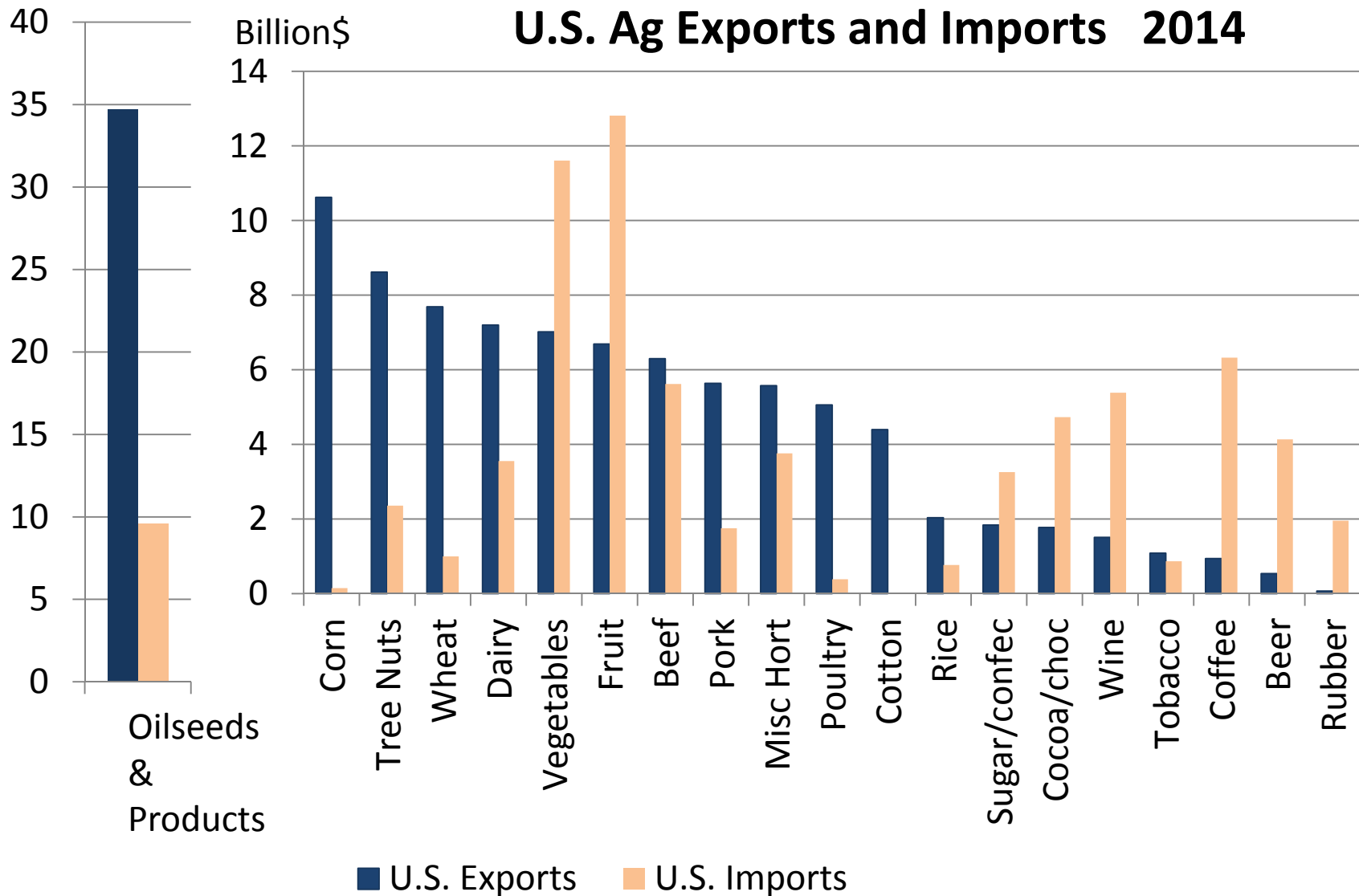
Exports are a critical source of income for a wide range of ag products (2013/14).



Source: USDA/FAS/GATS PSD database. Crop year data.

Agriculture Trade is Important in the United States

The United States is an export powerhouse. All sectors export, most have a trade surplus. While we are big importers, most imports are complementary.

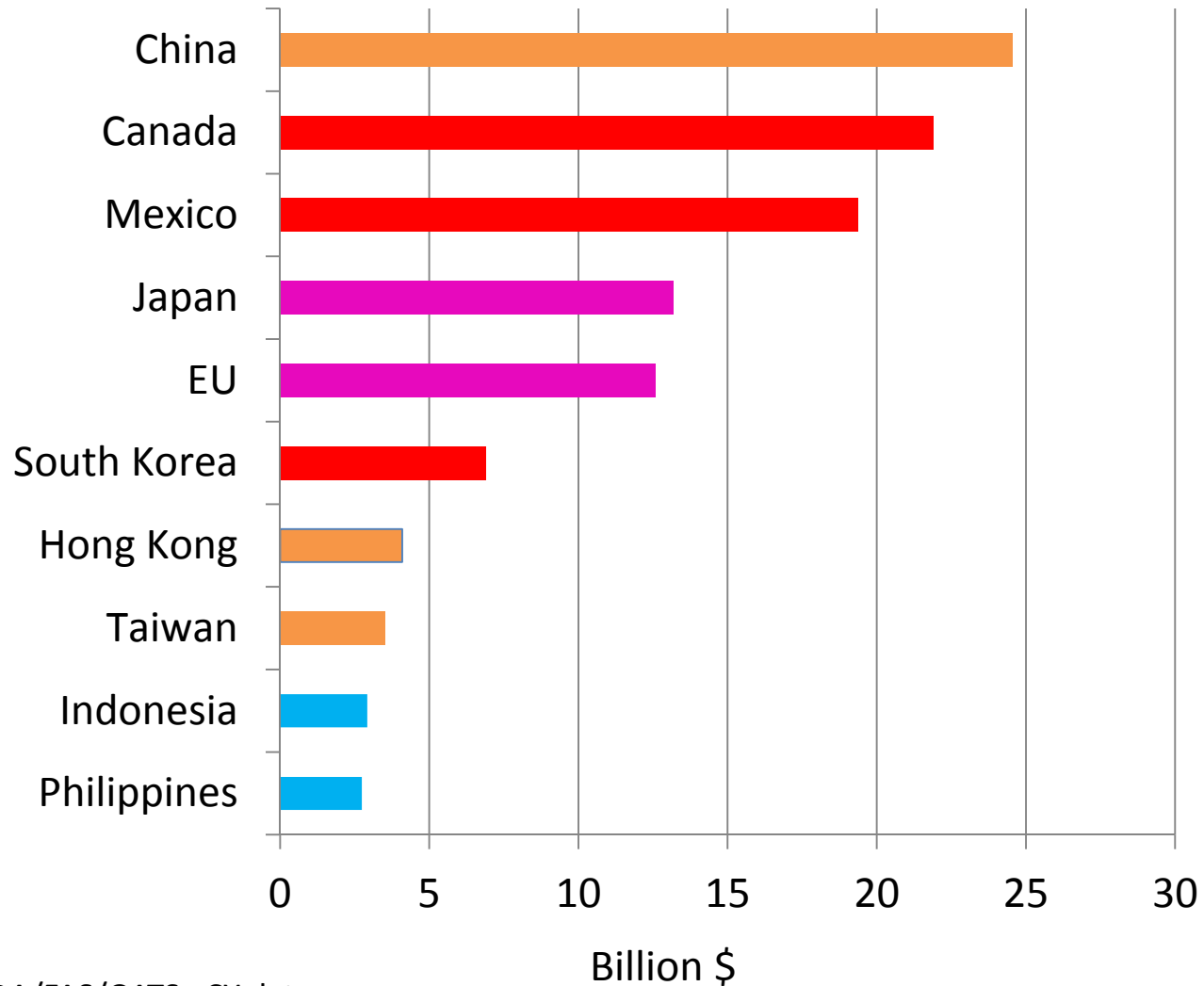


USDA/FAS/GATS FATUS categories. CY data.

Top 10 Ag Markets 2014

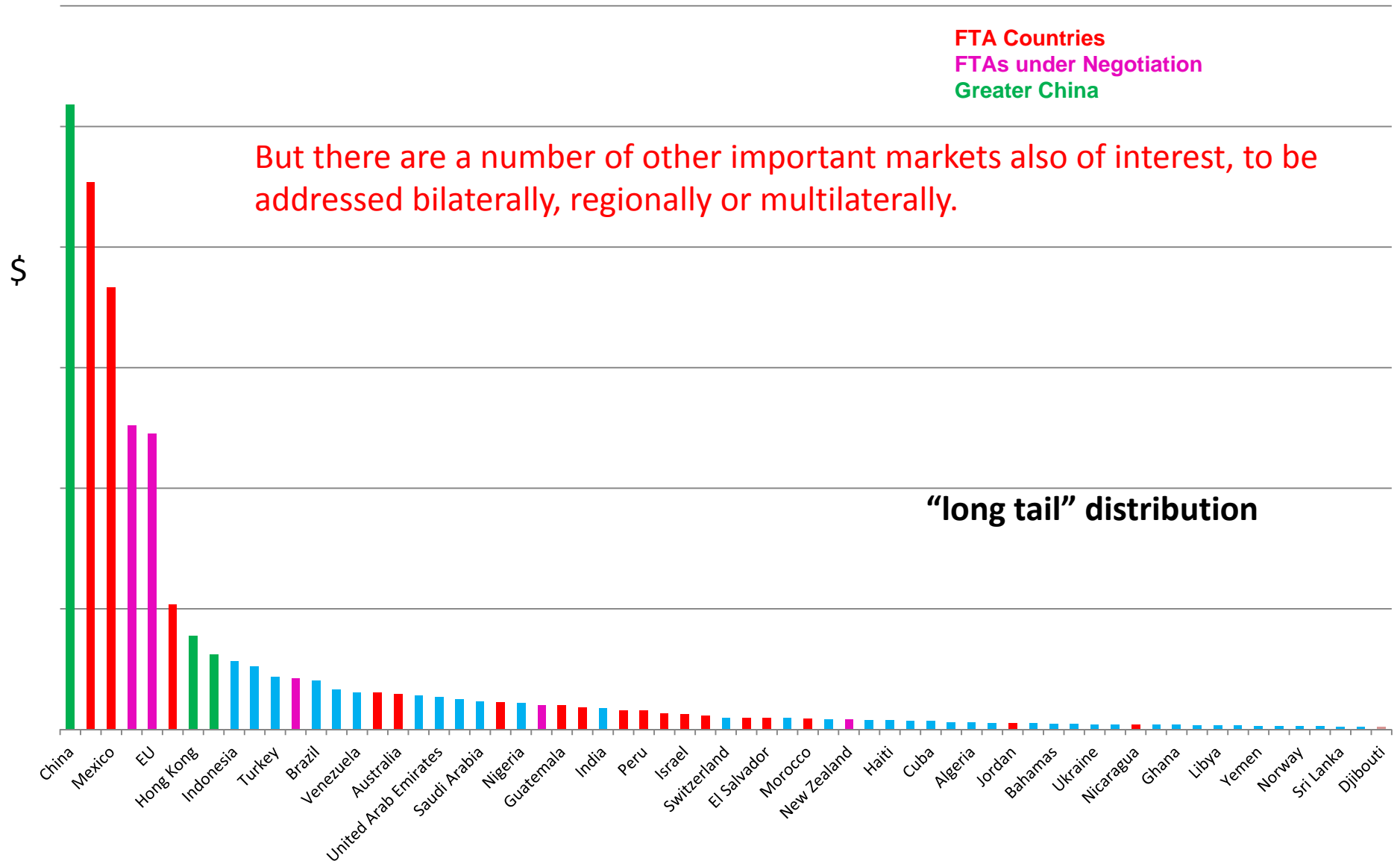
Our top 10 markets account for over 70% of exports. Successful negotiations with the EU and Japan will ensure low tariff access in most of these markets for most of our products

FTA Countries
FTAs under Negotiation
China/HK/Taiwan



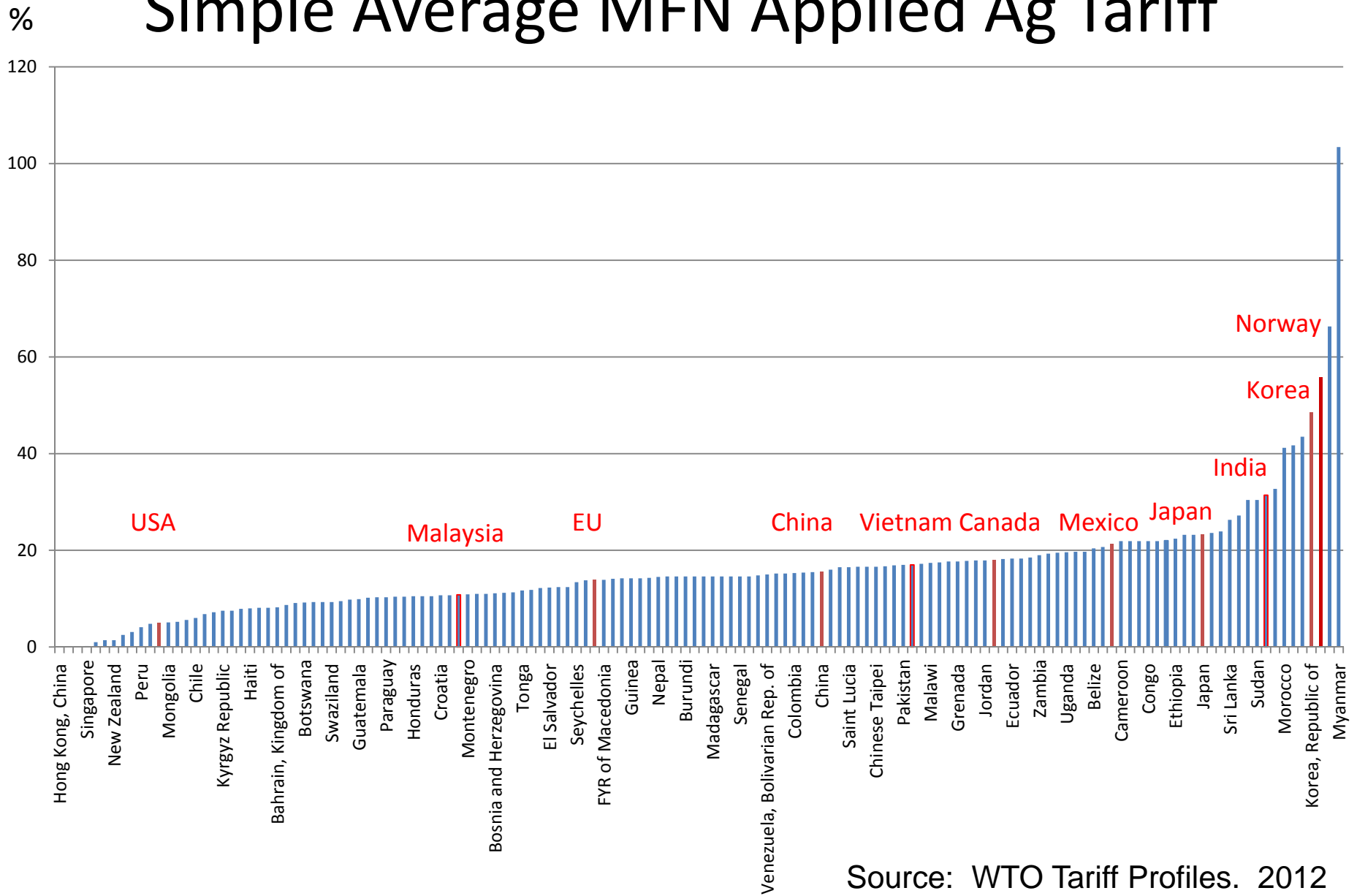
USDA/FAS/GATS. CY data.

U.S. Ag Markets over \$100 million 2013



Source: USDA/FAS/GATS. CY data.

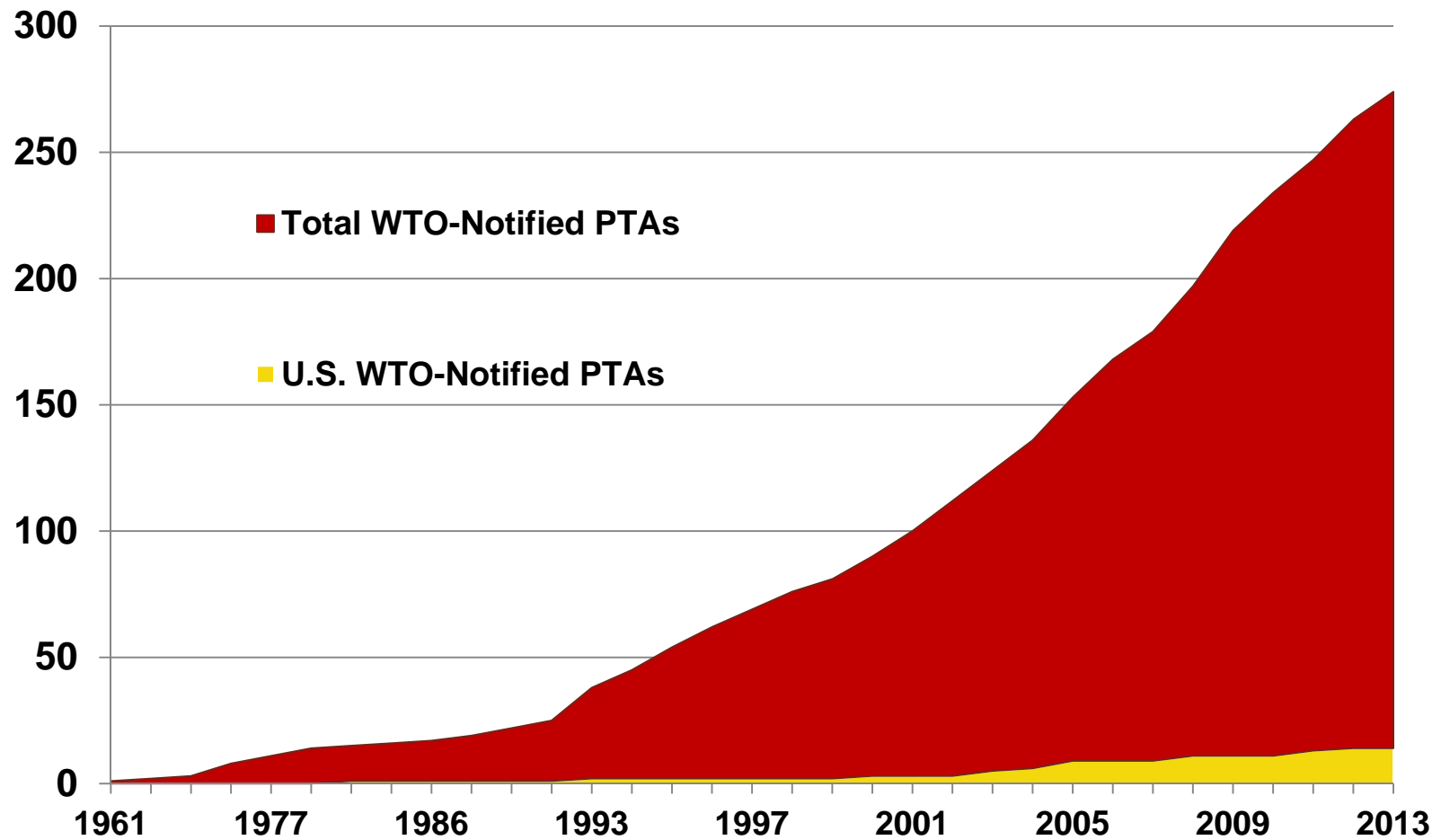
Simple Average MFN Applied Ag Tariff



Source: WTO Tariff Profiles. 2012

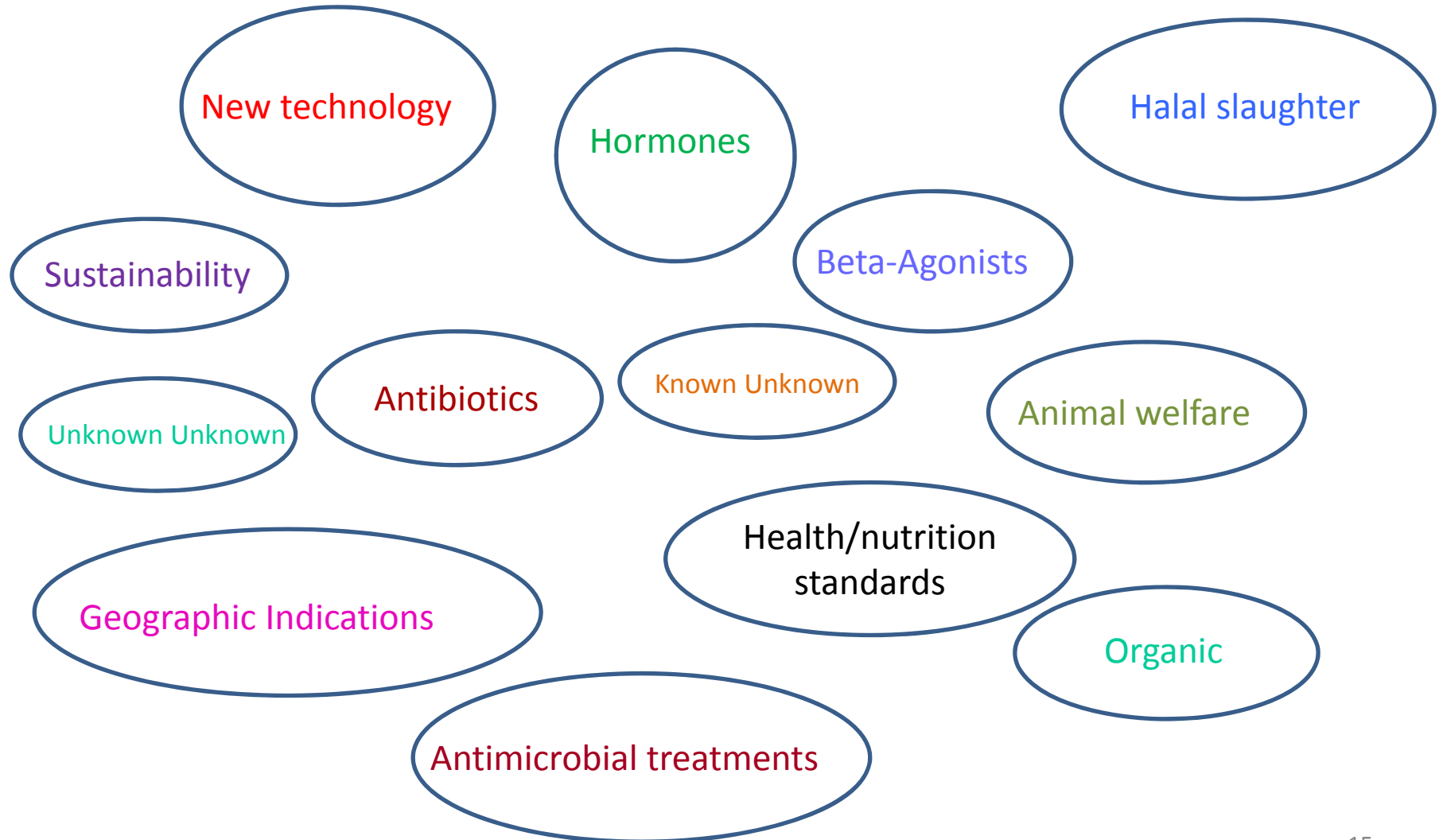
As WTO Stalls, Countries Turn to FTAs for Market Access. U.S. Falling Behind.

Global Preferential Trade Agreements



Source: WTO

Production Process Methods and Labeling Requirements Become Trade Issues



Trans Pacific Partnership

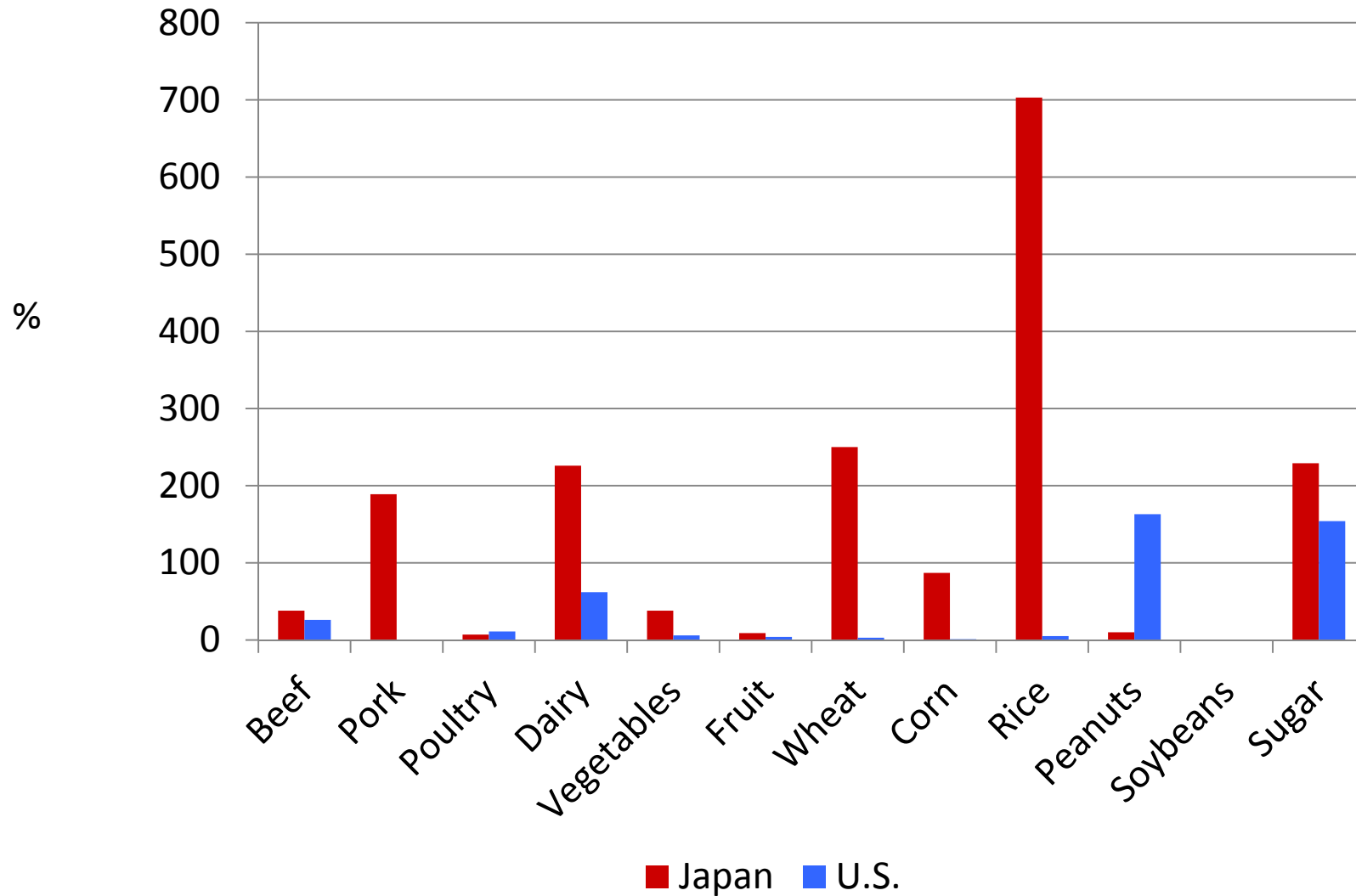
BLUE: new U.S. FTA partners

	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	127.6	5,960.0	46,723	66,251.6	16,874.8	25%	32,060.2	48%			
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	88.8	155.8	1,755	10,087.8	1,253.3	12%	3,527.3	35%			
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



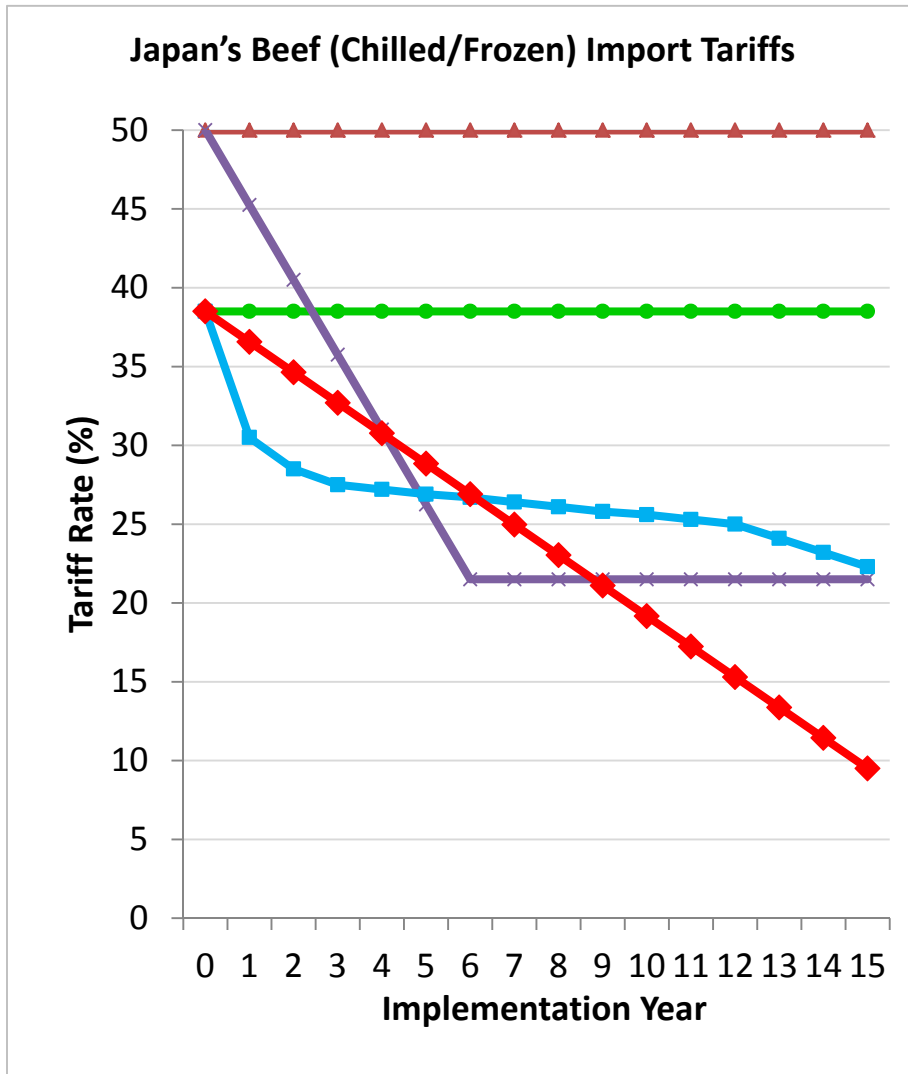
Simple average, using DDA ad valorem equivalents

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

	Brunei	Chile	India	Indones	Malays	Mexico	Peru	Philippines	Singapore	Switzerl	Thailand	Vietnam	ASEAN
Beef	X	TRQ	X	X	X	TRQ	X	X	X	X	X	X	X
Pork	X	TRQ	X	X	X	TRQ	X	X	Immediate Zero	X	X	X	X
Dairy	X	X	X	X	X	X	X	X	X	X	X	X	Lots of Exclusions
Wheat	X	X	X	X	X	X	X	X	X	X	X	X	X
Rice	X	X	X	X	X	X	X	X	X	X	X	X	X
Sugar	X	X	X	X	X	X	X	TRQ	Immediate Zero	X	X	X	X

TPP Illustration (Japan Beef Tariff)



WTO Bound

MFN Applied

Australia EPA for frozen beef

Failed WTO result

TPP

Other Issues

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

<https://ustr.gov/>

Text of Agreement
General Information
Non-Ag Information

Trade Promotion Authority

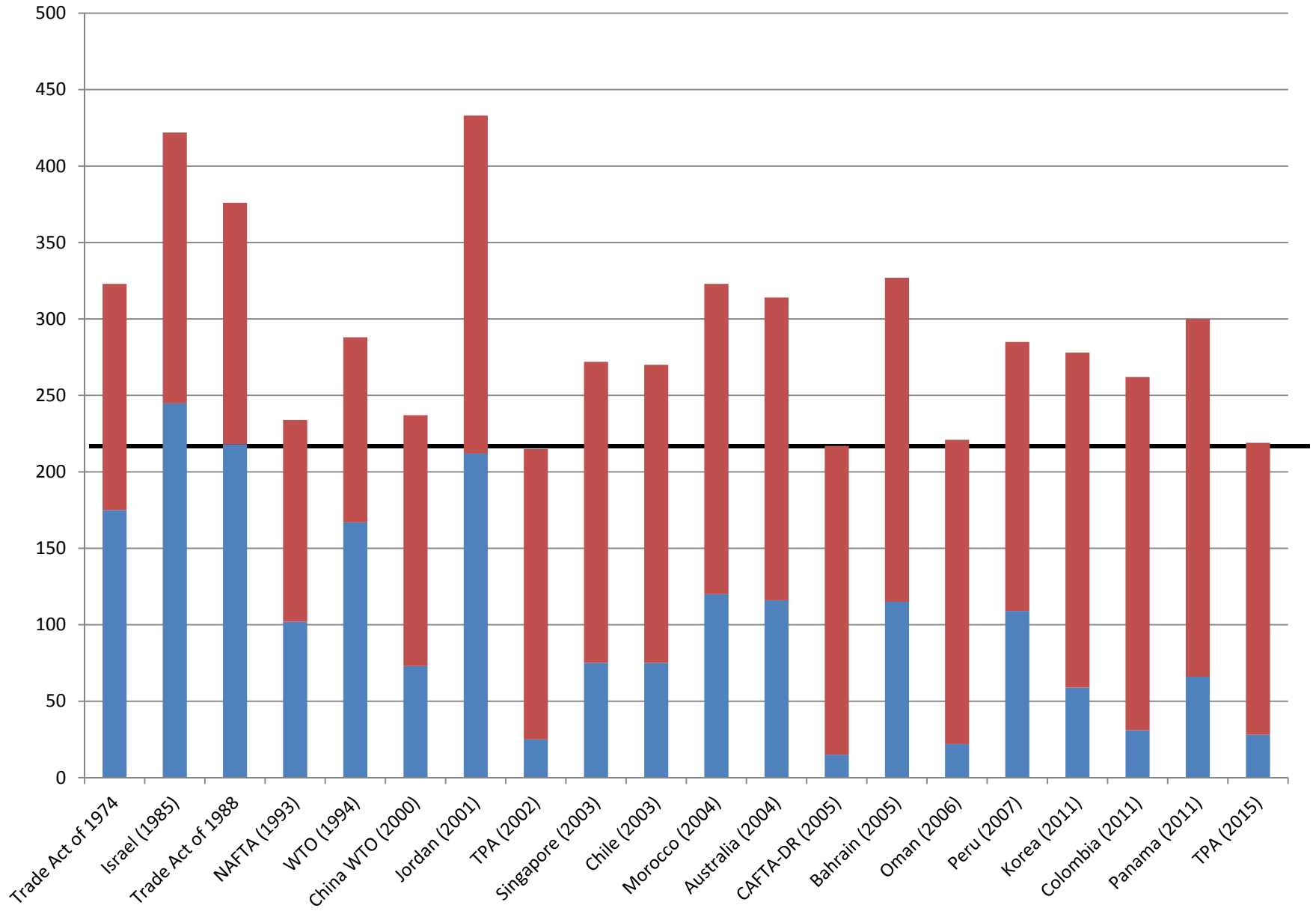
Congress and the Executive Branch each have roles with regard to trade agreements: The Administration is in charge of negotiating with other countries; and then Congress must enact new laws or make any necessary changes to statutes resulting from negotiations, including changes to tariffs or enacting new rules.

After Congress re-opened the Kennedy Round agreement and made changes to the final deal, the United States resorted to “Fast Track” authority to clarify negotiating objectives for the Executive branch and handling of proposed deals by Congress.

Key elements:

- Congress identifies trade objectives and scope of negotiations
- Procedures established for Administration to consult and share information
- Congress agrees to an up-or-down vote -- no amendments or delays

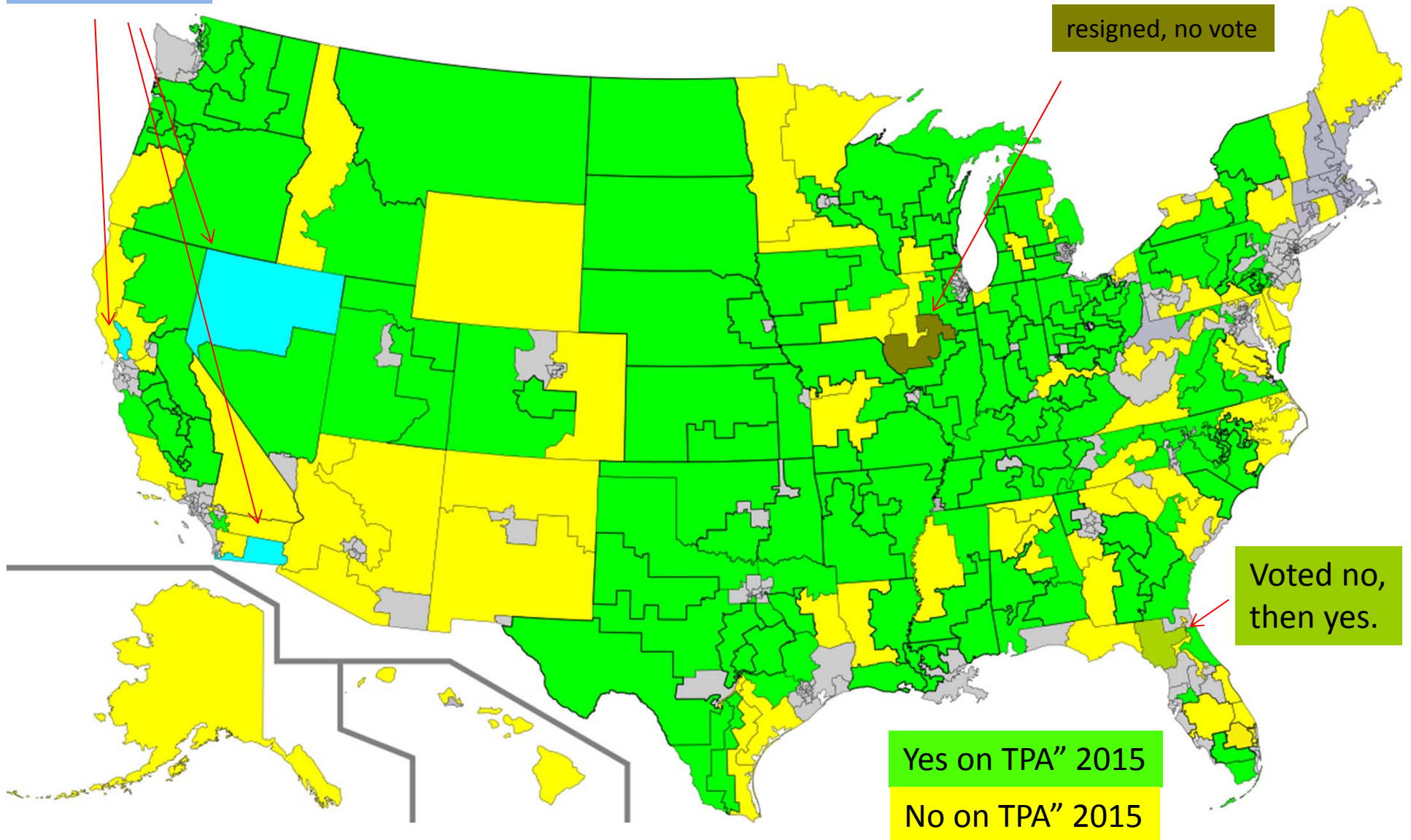
House Trade Votes



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**
- **Trade policy focus is currently on bilateral negotiations, particularly tariff reductions**
- **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.**