

TRANS-PACIFIC PARTNERSHIP AGREEMENT

The Trans-Pacific Partnership agreement is integral to the future economic growth of the U.S. meat and poultry industry. In 2015, approximately 13% of U.S. beef production, 24% of pork production and 17% of poultry production were exported to foreign markets, and exports will drive future growth in the industry. The TPP will increase market access to the Pacific region, the world's largest market for food and agriculture products. For the U.S. to remain competitive in this dynamic market, and to set the standard for future trade agreements, Congress should approve the TPP agreement this year.

The Trans-Pacific Partnership agreement (TPP or the agreement) will reduce or eliminate import tariffs on U.S. meat and poultry products in important markets throughout the Pacific region, making U.S. products more competitive and providing an opportunity for industry growth. Lower tariffs and increased market access will expand export opportunities in key markets such as Japan and Vietnam.

Japan

- Japan was the top export market for U.S. beef products in 2015, at nearly \$1.3 billion, but the U.S. faces increasingly stiff competition from other suppliers, notably Australia.
- Under TPP, Japan will reduce import tariffs on fresh and frozen beef to 27.5% at entry-into-force (EIF) and will drop to nine percent in year 15 of the agreement.
- The immediate reduction at EIF is significant because the duty applied to U.S. beef will be on par with Australian beef exports to Japan, the primary U.S. competitor there. Under an existing free trade agreement between Japan and Australia, Australia enjoys a fresh beef duty rate of 30.5% and a frozen beef duty rate of 27.5%. Without TPP, the U.S. beef industry will remain at a competitive disadvantage relative to Australia.
- In 2015, Japan was the largest market for U.S. pork exports at nearly \$1.6 billion, despite import tariffs as high as 20% and the onerous Japanese "Gate Price" system.
- Under TPP, tariffs decline and the Gate Price system revised to allow U.S. pork products to become more competitive providing the U.S. industry with new opportunities in a mature, flourishing market.

Vietnam

- Vietnam is a growing, vibrant market offering strong future growth potential for the U.S. meat industry.
- Under TPP, Vietnam will eliminate tariffs as high as 34% on U.S. beef products in three to eight years.
- For pork, a staple food in Vietnam, tariffs currently as high as 30% will be eliminated in five to ten years.

Increasingly, non-scientific and unduly burdensome sanitary and phytosanitary (SPS) measures are used by foreign governments to limit imports of meat and poultry products for economic protectionist reasons, at times nullifying the benefits of free trade agreements. The SPS chapter of the TPP agreement, however, addresses the issue in a number of ways:

- TPP reconfirms and elaborates upon the World Trade Organization's SPS Agreement, including provisions recognizing regional conditions for animal diseases, equivalence, science and risk analysis, systems-based audits, and transparency.
- TPP subjects the SPS chapter to dispute settlement, providing an avenue of relief for the impacted industry, and the agreement establishes a technical consultations mechanism that goes beyond the consultation provisions of most trade agreements.

Together, these measures, if effectively implemented, will economically benefit the U.S. meat and poultry industry by reducing market risks associated with sudden border closures due to unfounded or non-scientific SPS barriers.

We urge Congress to approve the Trans-Pacific Partnership agreement to increase market access and expand U.S. beef, pork and poultry exports to the critical Pacific Rim.