

Fact Sheet: How TPP Opens Markets for Made in America Exports

TPP levels the playing field for American workers, farmers and American businesses by **eliminating over 18,000 taxes that various countries impose on Made in America exports**, providing unprecedented access to vital new markets in the Asia-Pacific region for U.S. workers, businesses, farmers, and ranchers.

- **U.S. agriculture products:** The agreement will help American farmers and ranchers by expanding their exports, which provide roughly 20 percent of all farm income in the United States. Most U.S. farm product exports will receive duty-free treatment immediately. Over 50 percent of U.S. farm products (by value) will enter Japan duty free once the agreement is implemented. These products include grapes, strawberries, walnuts, lactose, certain fruit juices, and most pet foods. Vietnam has committed to eliminate more than 60 percent of agricultural tariffs on current trade within five years. Malaysia and New Zealand have committed to immediately eliminate more than 90 percent of all agricultural tariffs.

- **Poultry:**

- American farmers exported \$2.7 billion to TPP countries in 2014, despite significant barriers.
- These include tariffs of 20 percent on American poultry to Vietnam, whether it's from Arkansas or Delaware. TPP eliminates these tariffs.

- **Beef:**

- Japan places tariffs of 38.5 percent on American beef, whether it's from Texas, Montana, or Nebraska. These tariffs will be reduced to 9 percent.
- With over \$1.6 billion in annual sales in 2014, Japan is our largest export market for beef.
- Under the TPP agreement, Japan will eliminate duties on 74 percent of its beef and beef product tariff lines within 15 years. Tariffs will be cut on the remaining tariff lines.

- **Pork:**

- Japan accounts for almost \$2 billion in pork exports in 2014—about one-third our pork exports—despite tariff barriers.
- Under the TPP agreement, Japan will eliminate 80 percent of its pork tariffs in 11 years, and make steep cuts in those that remain.
- Under TPP, we're going to reduce Japan's tariff on all pork and eliminate the current 20 percent tariff on ground seasoned pork, worth \$435 million annually to U.S. exporters

- **Dairy:**

- Japan has a tariff of 40 percent on cheese from the U.S., which will be eliminated in TPP.
- The U.S. exported \$3.6 billion of dairy to TPP countries in 2014.
- In the case of Canada, passing TPP means renegotiating NAFTA, which didn't provide any direct benefits for dairy. Under TPP, we'll be able to sell more than 4,000 more tons of butter, nearly 14,500 more tons of cheese, and

more than 50,000 more tons of liquid milk to Canada. Plus more to Japan, Malaysia, and Vietnam.

- **Wine/Bourbon:**
 - Currently, we sell \$86.5 million per year in wine to Japan. But wine is taxed at levels up to 58 percent when we send the product to Japan. TPP will reduce those taxes down to zero, allowing us to sell more California wines to Japan.
 - Kentucky distillers will no longer face taxes as high as 55 percent when they sell their world-famous bourbon to TPP countries.
- **Soybeans:**
 - Japan has a 21 percent tariff on American soybean oil, \$288 million of which were exported to TPP countries in 2014. TPP will eliminate Japan's tariff.
- **U.S. information and communication technology products:**
 - American companies exported \$36 billion in information and communication technology products to TPP countries in 2014.
 - TPP eliminates import taxes as high as 35 percent on U.S. information and communication technology exports to TPP countries—which include, for example, devices, including smart phones; and equipment, including routers and computers.
- **U.S. Service Suppliers:** 4 out of 5 American workers are employed by a service business – in retail, communications, logistics, entertainment, software and other industries.
 - TPP eliminates restrictions that have blocked U.S. businesses from providing services overseas, and puts in place rules to ensure that regulations in TPP countries don't discriminate against U.S. service suppliers.
 - TPP will open markets for U.S. service providers, whether it's electronic payment services or engineering, making it possible for American firms to provide services abroad from here in the United States rather than requiring them to move their operations abroad.
- **U.S. manufactured products:** TPP eliminates import taxes on every Made in America manufactured product that the U.S. exports to TPP countries.
 - In 2014, the U.S. exported \$56 billion in machinery products to TPP countries. Foreign taxes as high as 70 percent on U.S. machinery products in TPP countries will be eliminated.
 - Right now, car engines manufactured in Michigan face tariffs up to 55 percent in TPP countries. Thanks to TPP, those taxes will drop to zero.
 - Dump trucks made in Illinois have faced taxes as high as 30 percent. Now, those will be cut to zero.
- **U.S. automotive products:**
 - Despite significant barriers, American companies exported \$89 billion in automotive products to TPP countries in 2014.

- As part of TPP, we've reached agreement with Japan to remove the non-tariff barriers that have kept U.S.-made autos, trucks and parts out of that important market.
- And TPP eliminates the high tariffs that other countries have placed on auto imports that have held back U.S. auto makers, including Vietnam's 70 percent tax and Malaysia's 30 percent tax on foreign autos.

###