



## *the* **TRANS-PACIFIC PARTNERSHIP**

The Trans-Pacific Partnership (TPP) is a new, high-standard trade agreement that levels the playing field for American workers and American businesses, supporting more Made-in-America exports and higher-paying American jobs. By eliminating over 18,000 taxes—in the form of tariffs—that various countries put on Made-in-America products, TPP makes sure our farmers, ranchers, manufacturers, and small businesses can compete—and win—in some of the fastest-growing markets in the world. With more than 95 percent of the world’s consumers living outside our borders, TPP will significantly expand the export of Made-in-America goods and services and support American jobs.



### **Overall U.S. Benefits**

#### **TPP ELIMINATES OVER 18,000 DIFFERENT TAXES ON 'MADE-IN-AMERICA' EXPORTS**

TPP levels the playing field for American workers 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. For example, TPP will eliminate and reduce import taxes—or tariffs—on the following Made-in-America exports to TPP countries:

- **U.S. manufactured products:** TPP eliminates import taxes on every Made-in-America manufactured product that the U.S. exports to TPP countries. For example, TPP eliminates import taxes as high as 59 percent on U.S. machinery products exports to TPP countries. In 2014, the U.S. exported \$56 billion in machinery products to TPP countries.
- **U.S. automotive products:** TPP eliminates import taxes as high as 70 percent on U.S. automotive products exports to TPP countries. In 2014, the U.S. exported \$89 billion in automotive products to TPP countries. 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. As part of TPP, we have also 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.

- **U.S. information and communication technology products:** TPP eliminates import taxes as high as 35 percent on U.S. information and communication technology exports to TPP countries. In 2014, the U.S. exported \$36 billion in information and communication technology products to TPP countries – which include, for example, devices, including smart phones; and equipment, including routers and computers.
- **U.S. agriculture products:** TPP cuts import taxes on Made-in-America agricultural exports to TPP countries. Key tax cuts in 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. For example, TPP will eliminate import taxes as high as 40 percent on U.S. poultry products, 35 percent on soybeans, and 40 percent on fruit exports. 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.
  - **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 those 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 United States, which will be eliminated in TPP. The United States 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 additional tons of butter, nearly 14,500 additional tons of cheese, and more than 50,000 additional 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 wine 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.
- Additionally, TPP will help American farmers and ranchers compete by tackling a range of barriers they face abroad, including ensuring that foreign regulations and agricultural inspections are based on science, eliminating agricultural export subsidies, and minimizing unpredictable export bans.

### **TPP INCLUDES THE STRONGEST WORKER PROTECTIONS OF ANY TRADE AGREEMENT IN HISTORY**

TPP puts American workers first by establishing the highest **labor standards of any trade agreement in history**, requiring all countries to meet core, enforceable labor standards as stated in the International Labor Organization's (ILO) Declaration on Fundamental Principles and Rights at Work.

The fully-enforceable labor standards we have won in TPP include the freedom to form unions and bargain collectively; prohibitions against child labor and forced labor; requirements for acceptable conditions of work such as minimum wage, hours of work, and safe workplace conditions; and protections against employment discrimination. These enforceable requirements will help our workers compete fairly and reverse a status quo that disadvantages our workers through a race to the bottom on international labor standards.

In fact, TPP will result in the **largest expansion of fully-enforceable labor rights in history**, including renegotiating NAFTA and bringing hundreds of millions of additional people under ILO standards—leveling the playing field for American workers so that they can win in the global economy.

### **TPP INCLUDES THE STRONGEST ENVIRONMENTAL PROTECTIONS OF ANY TRADE AGREEMENT IN HISTORY**

TPP includes the **highest environmental standards of any trade agreement in history**. **The agreement upgrades NAFTA, putting environmental protections at the core of the agreement, and making those obligations fully enforceable** through the same type of dispute settlement as other obligations.

TPP requires all members to combat wildlife trafficking, illegal logging, and illegal fishing, as well as prohibit some of the most harmful fishery subsidies and promote sustainable fisheries management practices. TPP also requires that the 12 countries promote long-term conservation of whales, dolphins, sharks, sea turtles, and other marine species, as well as to protect and conserve iconic species like rhinos and elephants. And TPP cracks down on ozone-depleting substances as well as ship pollution of the oceans, all while promoting cooperative efforts to address energy efficiency.

### **TPP HELPS SMALL BUSINESSES BENEFIT FROM GLOBAL TRADE**

For the first time in any trade agreement, TPP includes a **chapter specifically dedicated to helping small- and medium-sized businesses benefit from trade**. Small businesses are one of the primary drivers of job growth in the U.S., but too often trade barriers lock small businesses out of important foreign markets when they try to export their made-in-America goods. While 98 percent of the American companies that export are small and medium-sized businesses, less than 5 percent of all American small businesses export. That means there's huge untapped potential for small businesses to expand their businesses by exporting more to the 95 percent of global consumers who live outside our borders.

TPP addresses trade barriers that pose disproportionate challenges to small businesses, such as high taxes, overly complex trade paperwork, corruption, customs "red tape," restrictions on Internet data flows, weak logistics services that raise costs, and slow delivery of small shipments. TPP makes it cheaper, easier, and faster for American small businesses to get their products to market by creating efficient and transparent procedures that move goods quickly across borders.

### **TPP PROMOTES E-COMMERCE, PROTECTS DIGITAL FREEDOM, AND PRESERVES AN OPEN INTERNET**

TPP includes **cutting-edge rules to promote Internet-based commerce—a central area of American leadership**, and one of the world's great opportunities for growth. The agreement also includes strong rules that make sure the best innovation, not trade barriers and censorship laws, shapes how digital markets grow. TPP helps preserve the single, global, digital marketplace.

TPP does this by preserving free international movement of data, ensuring that individuals, small businesses, and families in all TPP countries can take advantage of online shopping, communicate efficiently at low cost, and access, move, and store data freely. TPP also bans "forced localization" - the discriminatory requirement that certain governments impose on U.S. businesses that they place their data, servers, research facilities, and other necessities overseas in order to access those markets.

TPP includes standards to protect digital freedom, including the free flow of information across borders - ensuring that Internet users can store, access, and move their data freely, subject to public-interest regulation, for example to fight spamming and cyber-crime.

## **TPP LEVELS THE PLAYING FIELD FOR U.S. WORKERS BY DISCIPLINING STATE-OWNED ENTERPRISES (SOES)**

TPP **protects American workers and businesses from unfair competition by State-owned companies in other countries**, who are often given preferential treatment that allows them to undercut U.S. competitors. This includes the first-ever disciplines to ensure that SOEs compete on a commercial basis and that the advantages SOEs receive from their governments, such as unfair subsidies, do not have an adverse impact on American workers and businesses.

## **TPP PRIORITIZES GOOD GOVERNANCE AND FIGHTING CORRUPTION**

TPP includes the **strongest standards for transparency and anticorruption of any trade agreement in history**. As such, TPP strengthens good governance in TPP countries by requiring them to ratify or accede to the U.N. Convention Against Corruption (UNCAC), commit to adopt or maintain laws that criminalize bribing public officials, adopt measures to decrease conflicts of interest, commit to effectively enforce anticorruption laws and regulations, and give citizens the opportunity to provide input on any proposed measures relating to issues covered by the TPP agreement. TPP also requires regulatory transparency policies based on standard U.S. practice.

## **TPP INCLUDES FIRST EVER DEVELOPMENT CHAPTER**

For the first time in any U.S. trade agreement, TPP includes **stand-alone chapters dedicated to development and capacity-building**, as well as a wide range of commitments to promote sustainable development and inclusive economic growth, reduce poverty, promote food security, and combat child and forced labor.

## **TPP CAPITALIZES ON AMERICA'S POSITION AS THE WORLD LEADER IN SERVICES EXPORTS**

TPP lifts complex restrictions and bans on access for U.S. businesses—including many small businesses—that export American services like retail, communications, logistics, entertainment, software and more. **This improved access will unlock new economic opportunities for the U.S. services industry, which currently employs about 4 out of every 5 American workers.**

- 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.

## **What's in the Trans-Pacific Partnership?**

Learn everything you need to know about what's in the deal and who it helps.

**[WWW.USTR.GOV/TPP](http://WWW.USTR.GOV/TPP)**