



INTERNATIONAL
TRADE
ADMINISTRATION

Trans-Pacific Partnership



The Trans-Pacific Partnership: An Overview

February 2016

Outline

- TPP overview
- Benefits at the industry level
- Cross-cutting benefits
- Opportunities in your state
- Timeline
- About the U.S. Department of Commerce

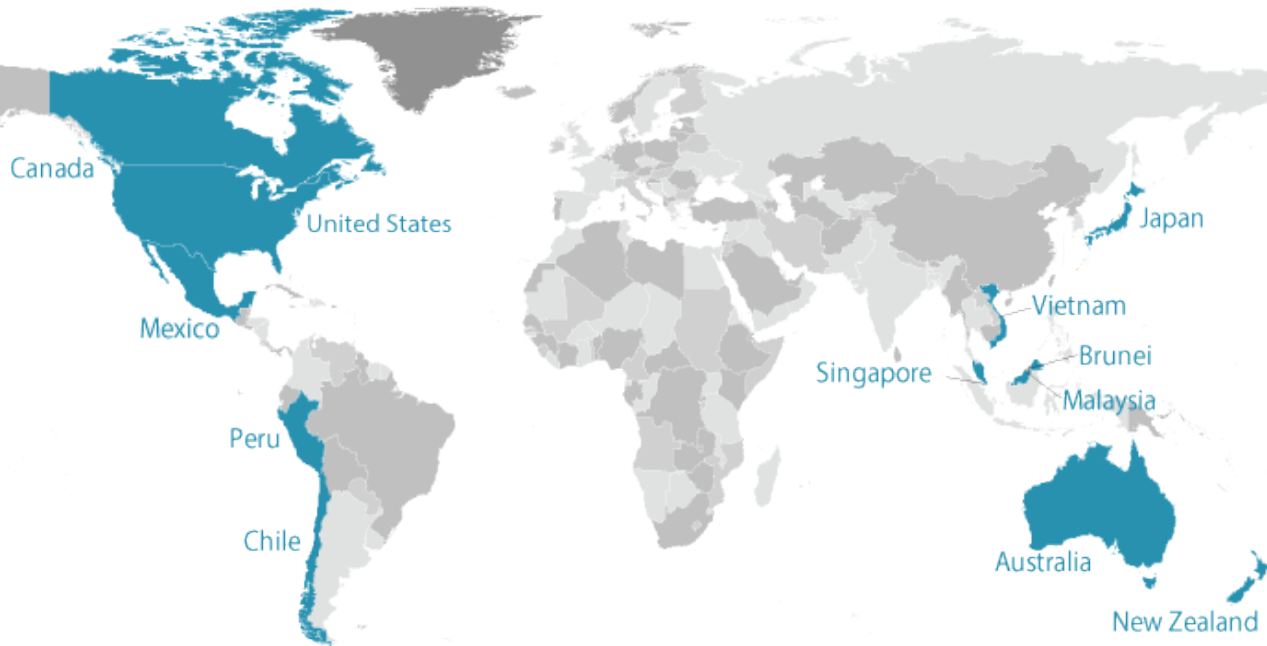


TPP Overview

Overview: TPP Region

THE TRANS-PACIFIC PARTNERSHIP

A fast-growing region, home to 40% of global GDP and 800 million consumers



Projected GDP Growth (2015-2020)

Australia	4.1 %
Brunei Darussalam	10.4 %
Canada	4.5 %
Chile	4.0 %
Japan	2.9 %
Malaysia	11.7 %
Mexico	5.2 %
New Zealand	2.7 %
Peru	5.5 %
Singapore	6.1 %
United States	4.4 %
Vietnam	7.6 %

Population: By 2030, middle class population in the Asia-Pacific is expected to be 10x the size of the United States'

Source: International Monetary Fund, October 2015, Compound Annual Growth Rate figures, current prices (valued in U.S. dollars)

TPP: Important to U.S. Jobs



3.1 Million

U.S. Jobs Supported by
Goods Exports to TPP
Countries in 2014



1.1 Million

U.S. Jobs Supported by
Services Exports to TPP
Countries in 2014*

Jobs supported by goods
exports to TPP partners are

up 20%

since 2009

TPP countries account for

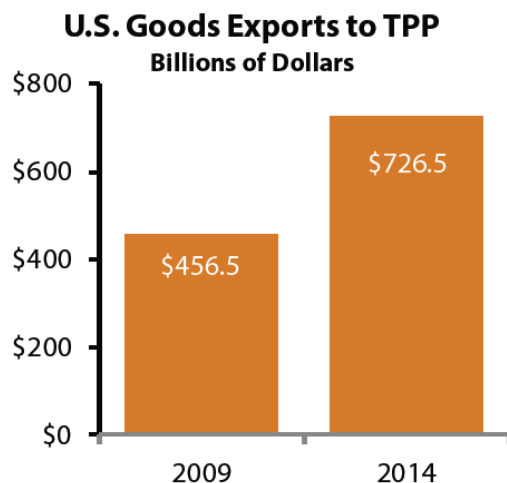
43%

of all jobs supported
by goods exports

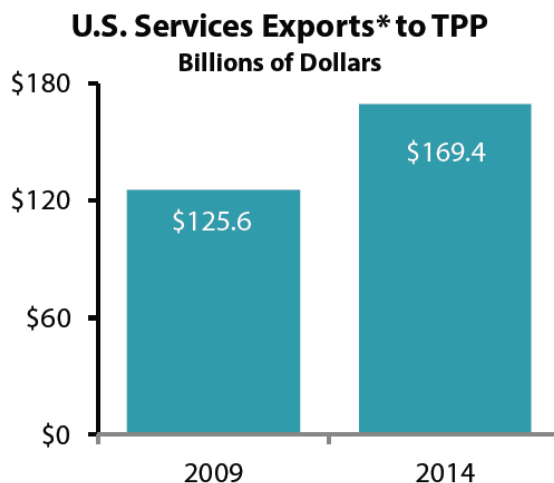
** Services export data are not available for Chile, Peru, Brunei, Malaysia, New Zealand, and Vietnam.
Therefore, U.S. jobs supported by services exports to the TPP as a whole cannot be accurately calculated.*

TPP: Important to U.S. Exports

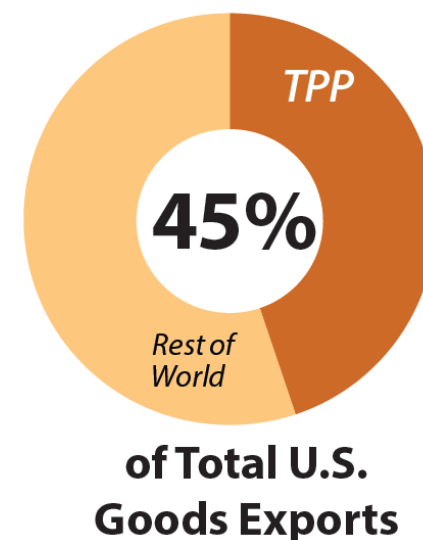
Goods Exports to
TPP Countries are
up 59%
Since 2009



Services Exports* to
TPP Countries are
up 35%
Since 2009



TPP Countries
Account for



177,000 U.S. Companies Exported Goods to TPP Countries in 2012

**2014 services data is unavailable for Brunei, Chile, Malaysia, New Zealand, Peru, and Vietnam.*

TPP: Important to inbound investment

Investment in the U.S. from companies based in TPP countries supports American jobs

\$793 Billion

Total stock of foreign direct investment (FDI) from TPP countries in the United States in 2014*

**FDI position measured by UBO, a preferred indicator of ultimate ownership.*

Source: Bureau of Economic Analysis Direct Investment and Multinational Enterprises Data updated July 31, 2015.



Supporting
U.S. Jobs

In 2012, U.S. subsidiaries of TPP firms employed

1.5 Million
U.S. workers



Expanding U.S.
Exports

In 2012, TPP firms in the United States contributed

\$85.6 Billion
to U.S. goods exports

TPP: New market access



- Australia
- **Brunei**
- Canada
- Chile
- **Japan**
- **Malaysia**
- Mexico
- Peru
- **New Zealand**
- Singapore
- United States
- **Vietnam**

Countries listed in **orange** are new trade agreement partners to the United States under TPP. U.S. businesses exporting to the other 6 countries still will have the option of using previous agreements.

98% of industrial and consumer goods exports to the 5 new trade agreement partner countries will be duty-free immediately when the TPP enters into force

TPP helps U.S. firms compete

- **TPP eliminates 18,000 foreign taxes - in the form of tariffs-** so American farmers, ranchers, manufacturers and small businesses can compete - and win
- U.S. exports become more competitive in TPP partner countries through the elimination or reduction of import tariffs and trade transaction overhead
 - **This reduces the end-user price of the good**



TPP eliminates tariffs on Made-in-America exports...

Sector	Current Max Import Tax in Sector	Share of U.S. Goods Exports in Sector that will be Duty-Free Immediately in new TPP countries	Sector	Current Max Import Tax in Sector	Share of U.S. Goods Exports in Sector that will be Duty-Free Immediately in new TPP countries
Automotive	75%	98.2%	Health	30%	99.9%
Building Products	60%	92%	High-Tech Instruments	25%	99.8%
Chemicals	35%	97.2%	ICT	35%	99.6%
Consumer Goods	189%	90.9%	Machinery	59%	96.8%
Energy	30%	97%	Metals and Ores	35%	94.8%
Fish & Fish Products	35%	93%	Textiles and Apparel	100%	92.6%
Forest Products	40%	98.2%	Transportation Equipment	25%	99.9%

... and tackles barriers at or behind the border



STRONG DISCIPLINES FOR 21st CENTURY TRADE

- **TPP sets high-standard rules of the road in the world's fastest-growing region**, including in five countries that are new trade agreement partners to the United States
- TPP builds on our existing trade agreements to:
 - Facilitate American exports,
 - Reduce barriers to trade, and
 - Bring foreign labor and environment standards closer to U.S. levels
- **TPP prevents common trade barriers at and behind the border.**

Chapter Summaries and New Features Posted with the Text

• Preamble	17 State-Owned Enterprises
01 Initial Provisions & General Definitions	18 Intellectual Property
02 National Treatment and Market Access for Goods	19 Labor
03 Rules of Origin and Origin Procedures	20 Environment
04 Textiles & Apparel	21 Cooperating And Capacity Building
05 Customs Administration & Trade Facilitation	22 Competition & Business Facilitation
06 Trade Remedies	23 Development
07 Sanitary & Phytosanitary Measures	24 Small & Medium-sized Businesses
08 Technical Barriers to Trade	25 Regulatory Coherence
09 Investment	26 Transparency & Anti-Corruption
10 Cross Border Trade in Services	27 Administrative & Institutional Provisions
11 Financial Services	28 Dispute Settlement
12 Temporary Entry for Business Persons	29 Exceptions
13 Telecommunications	30 Final Provisions
14 Electronic Commerce	• Annexes
15 Government Procurement	• Related Instruments
16 Competition Policy	• Bilateral U.S.-Japan Outcomes



Benefits of TPP at the industry level

[INSERT Industry-specific slide(s) from appendix]

EXAMPLE Building Products



The Building Products Sector includes products such as electrical circuitry equipment and parts, lumber, pumps and compressors, HVAC equipment & fiberglass insulation

Opportunities in the TPP Region

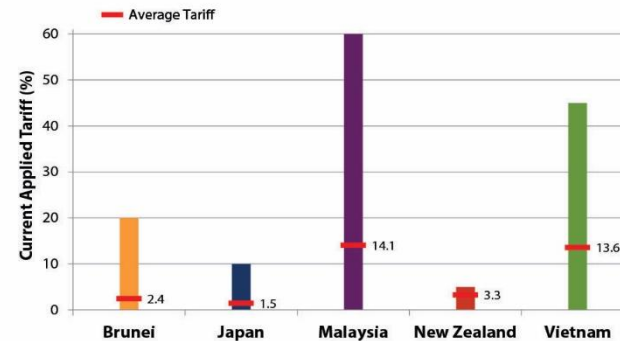
- International sales of U.S. building products are increasing → **exports grew by 52%** ('09 – '14)
 - U.S. building products exports were \$46.4B in 2014 – 62% of those exports went to TPP markets
- U.S. building products exports to **new** TPP markets in 2014: **\$1.5B**

Market Opportunity Spotlight: Japan

The Japanese construction market is large, highly stable, and reflects trends that will continue to drive demand for the advanced building products U.S. exporters offer. Japan's population has high disposable income, a commitment to energy and other resource conservation, and a strong interest in new technologies to achieve greater environmental friendliness in construction. Since 2012, the Japanese Government has embarked on a focused roadmap for a series of building energy efficiency policies. The Japanese market holds solid prospects for innovative U.S. lighting products, in both retrofits and new construction, and U.S.-sourced insulation products make up 21.8% of Japan's import market.

U.S. Building Products Exports Currently Face High Barriers in New TPP Markets

Minimum, Maximum, Average Tariffs Per Country



Each year, **about \$78M in duties** are levied on U.S. exports of building products in the five new TPP markets

Access and Benefits Under TPP

- In addition to benefits that increase fair treatment of U.S. products, **92% of U.S. building products exports to new TPP markets will enjoy duty-free access immediately**

Japan	99.7% of tariffs on U.S. exports eliminated immediately
Malaysia	86.6% of tariffs on U.S. exports eliminated within 4 years
Vietnam	98.2% of tariffs on U.S. exports eliminated within 4 years
New Zealand	92.1% of tariffs on U.S. exports eliminated immediately
Brunei	74.8% of tariffs on U.S. exports eliminated immediately

Calculating tariff benefits



Want to learn about the tariff for your specific product in the TPP? Visit the FTA Tariff Tool at <http://www.export.gov/fta/ftatarifftool/>



Cross-Cutting Benefits of TPP

What TPP means for Small Businesses

In addition to tariff benefits, TPP will help U.S. small businesses:

- ✓ **SAVE TIME**
- ✓ **REDUCE COSTS**
- ✓ **HAVE GREATER CERTAINTY**
- ✓ **RECEIVE FAIR TREATMENT**

- **Cuts through shipping “red tape”** w/ more efficient and transparent customs procedures and streamlines documentation for express delivery shipments
 - Rules must be published online, in English, if possible
 - Goods must be released by Customs w/in 48 hours to extent possible
- **Requires fair regulatory procedures** for product and technical standards, giving businesses the opportunity to comment on, understand, and adapt to changes
 - **Allows products tested in U.S. to be imported into any TPP country** – U.S. businesses will not need to waste money on duplicative testing/certification
- **Includes the strongest standards for transparency and anticorruption** of any trade agreement in history – TPP requires countries criminalize bribery
- **Supports e-commerce & promotes paperless trading, including** allowing electronic authentication and signatures
 - Prevents requirements that data or servers be located locally and addresses barriers to transferring data across borders
- **Safeguards Intellectual Property** through strong rules that promote exports and protect U.S. creativity while promoting the balance that ensures openness and innovation
 - **Makes it easier for businesses to search, register, and protect intellectual property**, with strong enforcement systems for infringement
 - Criminalizes the theft of trade secrets, including in cyberspace
- **Protects from unfair competition by State-owned companies** in other countries & **protects investment** from discriminatory or arbitrary treatment

Rules of Origin & Customs



SAVES TIME AND MONEY FOR U.S. INDUSTRY

- TPP creates **common rules of origin** to ensure that TPP benefits go to the U.S. and other TPP countries
 - Allows for accumulation across the TPP region (to receive preference, inputs from multiple TPP countries can be added up)
 - Includes provisions on remanufactured goods
 - Includes product-specific rules of origin that are based on the tariff-shift approach
 - Allows importers, exporters or producers to claim preference through electronic certification
- TPP establishes a common set of standards for customs procedures and transparency in customs administration
 - Commits to expedited release of goods for express delivery

TPP Benefits for Service Industries



ACCESS FOR SERVICES PROVIDERS

- **TPP lifts complex restrictions and bans** on access for U.S. businesses that export American services like retail, communications, logistics, entertainment, software, and more
 - Key commitments secured market access for ICT services, audiovisual and entertainment services, distribution services, express delivery, energy and mining services, environmental services, and professional services
- **TPP ensures that regulations do not discriminate against U.S. services suppliers**
 - U.S. companies will be treated the same as similar domestic suppliers in that country
- **TPP guarantees equal treatment to services provided in different ways**, whether it is through physical investment or over the Internet (subject to public-interest regulation).
- With limited exceptions, a U.S. company will not be required to incorporate or make any form of local investment in order to supply services in a TPP party



CUTTING-EDGE RULES TO PROMOTE INTERNET-BASED COMMERCE

- TPP maintains free and open Internet by removing government interventions that limit the free flow of information, ideas, and high tech products
 - rules against forced localization of data or servers
 - obligations to ensure the free flow of data - prevents countries from requiring firms to transfer technology or source code as a condition of market access
- TPP has requirements to facilitate e-commerce including accepting electronic signatures
- Protects ideas:
 - Criminalize the theft of trade secrets - even in cyberspace
 - Protects copyrights on digital products

Intellectual Property Rights



PROTECTS AND PROMOTES INNOVATION THROUGH EFFECTIVE IPR

- Promotes high standard for protection for patents, copyrights and trademarks
- Provides fair access to legal systems to enforce rights
- Requires criminal penalties for trade secret theft including cyber theft

Technical Barriers to Trade



ENHANCES TRANSPARENCY IN STANDARD DEVELOPMENTS

- **TPP reduces unnecessary testing and certification costs** - allows products tested in U.S. to be imported into any TPP country
- Establishes sector-specific TBT commitments on medical devices, pharmaceuticals, cosmetics, certain food products and additives, information and communication technologies and distilled spirits that align standards and regulations across the TPP region
- Requires countries to allow U.S. companies to participate on a non-discriminatory basis in developing standards and technical regulations



AMERICAN WORKERS COMPETE ON A LEVEL PLAYING FIELD

- TPP establishes the highest labor standards of any trade agreement in history
- **TPP member countries must meet enforceable labor standards:**
 - 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, & safe working conditions
 - Protections against employment discrimination



NO WEAKENING OF ENVIRONMENTAL PROTECTIONS TO GAIN COMPETITIVE ADVANTAGE

- TPP puts strong, fully-enforceable labor and environmental provisions at the core of the agreement
- **TPP member countries must:**
 - Combat wildlife trafficking, and illegal logging and fishing
 - Promote marine and wildlife conservation, including ending the most harmful fishery subsidies
 - Crack down on ozone-depleting substances as well as ship pollution of the oceans, all while promoting cooperative efforts to address energy efficiency

New features



IMPROVEMENTS OVER PAST TRADE AGREEMENTS

- TPP puts strong, fully-enforceable **labor and environmental** provisions at the core of the agreement. They will be the strongest labor and environment provisions ever included in a trade agreement
- Setting standards to protect **digital freedom**, including by preserving the free flow of information across borders
- Including the first-ever measures to ensure that **state-owned enterprises** compete on a commercial basis



Benefits of TPP at the state level

[Insert STATE] Depends on Global Markets

- [Topline points about your state's trade AND top exports to TPP]
 - <http://www.trade.gov/tpp>
 - Sections on how the state depends on world markets, how TPP will benefit a state overall and its top 5 export sectors, as well as additional new market access

[EXAMPLE] Maryland Depends on Global Markets

State Exports

- \$3.8 Billion in goods exports from Maryland to TPP countries in 2014, including \$440 Million in goods exports to Japan, \$49 Million to Malaysia, and \$16 Million to Vietnam
- 31% of Maryland's goods exports went to TPP countries in 2014
- 2,039 companies from Maryland exported goods to TPP countries in 2013 - 81% were small and medium sized companies

Sector Benefits for Maryland

▪ Health Products

Currently: \$116 million in state exports to new TPP countries - max. tariff 30% - after TPP 99% duty free

▪ Chemicals

Currently: \$109 million in state exports to new TPP countries - max tariff 35% -after 97.2% duty free.

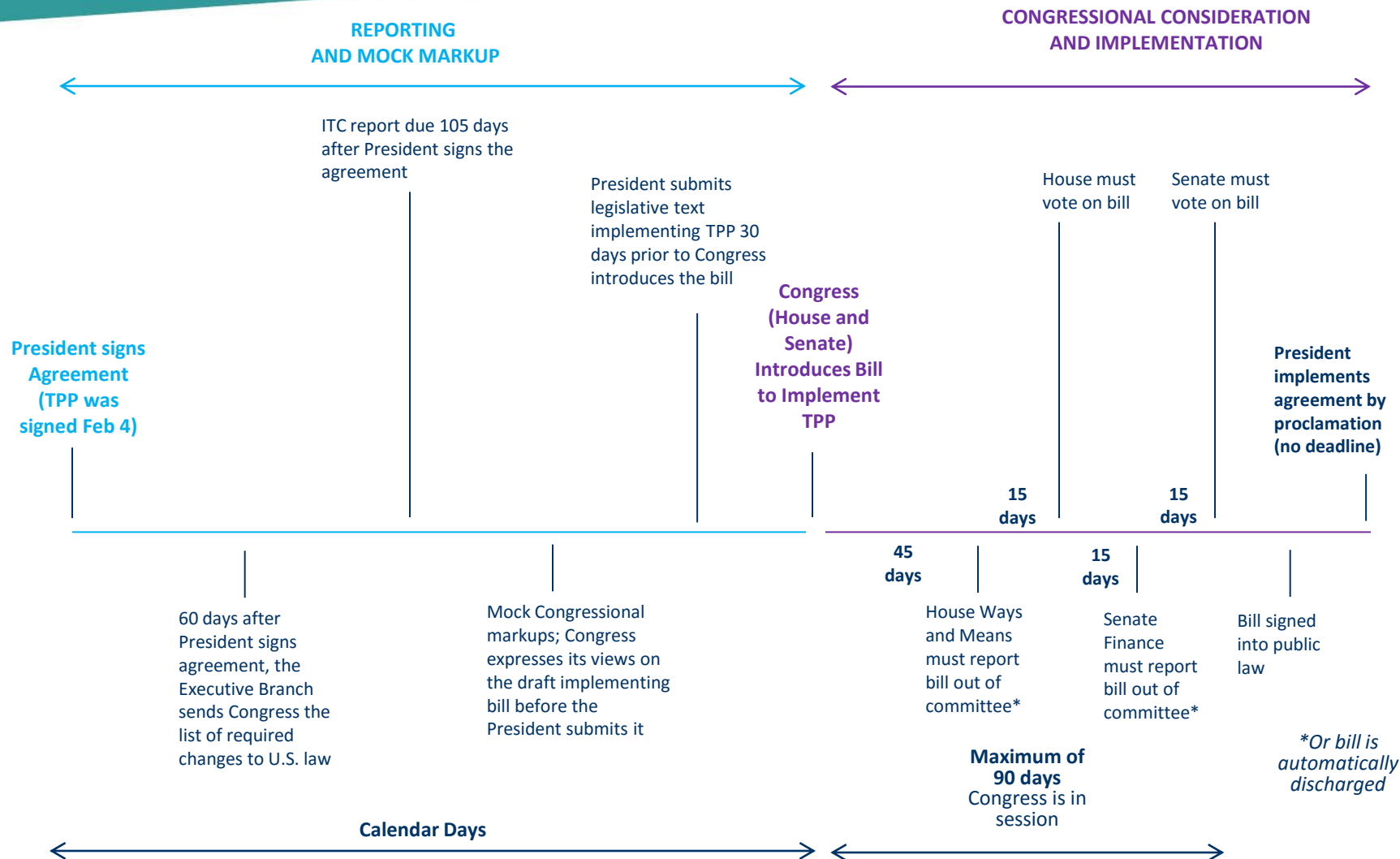
▪ Information and Communications Technology

Currently: \$69 million in state exports to new TPP countries - max tariff 35% - after 99.6 duty free



Timeline

TPP Congressional Timeline





Resources

About the U.S. Commerce Department

1. **INDUSTRY AND ISSUE EXPERTS** at the negotiating table for TPP and other agreements, advocating for strong rules/disciplines to ensure that U.S. firms and workers compete in the global marketplace
2. **CRITICAL DATA** to help businesses make smart decisions
3. **100+ U.S. EXPORT ASSISTANCE CENTERS** across the country. Their purpose is to help American businesses with every step of the export process.

The Department now has more than 175 foreign commercial service professionals located in the eleven TPP partner countries. They provide American companies with on-the-ground assistance as they seek to successfully navigate exporting into new markets.

4. A high priority on foreign government **IMPLEMENTATION OF AND COMPLIANCE WITH TRADE AGREEMENTS**, as well as vigorous **ENFORCEMENT OF U.S. TRADE REMEDY LAWS** which apply to all countries irrespective of trade agreements.



INTERNATIONAL
T R A D E
ADMINISTRATION

Watch here for more TPP Resources

Industry fact sheets on benefits of TPP (Commerce and USDA):

<http://trade.gov/TPP> and <http://www.fas.usda.gov/tpp>

State fact sheets on benefits of TPP (Commerce):

<http://Trade.gov/TPP>

TPP agreement, FAQs and issue-specific fact sheets (USTR):

<https://ustr.gov/tpp/> and go.wh.gov/TPPText



FOR PRESENTERS

TPP 201 Presentation Appendix

- Resources
- Industry-specific slides
- **Country overview slides being developed - please visit <http://itacentral/teams/clsb/TransPacificPartnershipOutreach/Pages/Home.aspx> for internal cheat sheets from which to craft TPs**

+ ITA Staff TPP Resources

Fact sheets, talking points, country cheat sheets and more on ITA Central:

<http://itacentral/teams/clsb/TransPacificPartnership Outreach/Pages/Home.aspx>

Some industry-specific blogs (Health IT, Transportation, Automotive, & energy): <http://blog.trade.gov/tag/tpp/>

Validators “What They’re Saying”:

<https://www.whitehouse.gov/issues/economy/trade>

Automotive Products



The Automotive Sector includes products such as motor vehicles, motorcycles, auto parts such as vehicle engines, transmissions, and tires

Opportunities in the TPP Region

- International sales of U.S. automotive products are increasing → **exports grew by 87%** ('09 – '14)
 - U.S. automotive products exports were \$142B in 2014 – 63% of those exports went to TPP markets
- U.S. automotive products exports to ***new*** TPP markets in 2014: **\$2.4B**

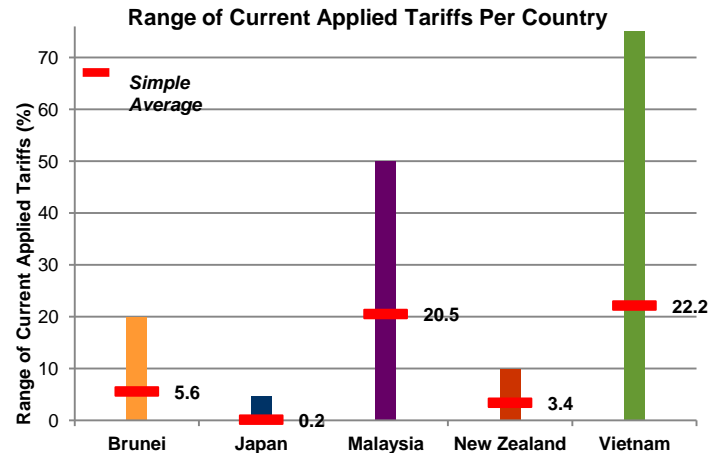
Subsector Spotlight: Auto Parts

The United States exports nearly \$1.3 billion in auto parts to new TPP markets each year. These exports face tariffs as high as 40% in Malaysia and 32% in Vietnam. At the same time, competing auto parts made in China face lower—or even zero—tariffs in Malaysia and Vietnam as a result of trade agreements China has with those countries. Under TPP, 98.1% of U.S. auto parts exports will be eligible for immediate duty-free treatment into the new TPP markets, and all remaining tariffs will be eliminated over time.

OTHER TPP COMMITMENTS TO KNOW:

- Bilateral agreement with **Japan** on Non-Tariff Measures (NTMs) and additional commitments from **Malaysia**
- U.S. tariffs on light cars & trucks from Japan will be phased-out over 25 and 30 years

U.S. Automotive Products Exports Currently Face High Barriers in New TPP Markets



Each year, **about \$22M** in duties are levied on U.S. exports of automotive products in the five new TPP markets

Access and Benefits Under TPP

- 98.2% of U.S. automotive products exports to new TPP markets will enjoy duty-free access immediately**

Japan	Tariffs on 100% of U.S. exports eliminated immediately
Malaysia	Tariffs on 75.8% of U.S. exports eliminated within 4 years
Vietnam	Tariffs on 70.4% of U.S. exports eliminated within 4 years
New Zealand	Tariffs on 99.3% of U.S. exports eliminated immediately
Brunei	Tariffs on 74.8% of U.S. exports eliminated immediately

Commitments from Japan on Autos & Auto Parts

TPP creates substantive, enforceable reforms covering topics such as:

TRANSPARENCY:

The TPP will ensure Japan's opaque auto regulation committees are administered in a transparent and open manner, with timely and public notice of their formation and of meetings, provide an opportunity for interested persons to participate in those meetings, and publicly available information on proposals. TPP also requires a 12-month period before regulations requiring a substantial change to motor vehicle design or technology come into effect.

STANDARDS AND NEW TECHNOLOGIES:

The lower the costs that Japan's unique standards impose on U.S. automakers, Japan will accept certain U.S. motor vehicle standards. Additionally, TPP requires that the introduction of vehicles that include new technologies not be unduly delayed for release in the Japanese market.

PREFERENTIAL HANDLING PROCEDURES (PHP):

Japan's PHP allows U.S. producers to sell cars in Japan using faster, less costly certification procedures. Under TPP, Japan agreed it will not make the PHP program more costly or complex, and that motor vehicles certified using the PHP program will continue to be eligible for financial incentives available to Japanese vehicles. As part of its entry to the TPP negotiations, Japan agreed to double the size of the PHP program.

SAFEGUARDS:

TPP includes a special automotive "safeguard measure" to address the possible surge of imports after tariffs are eliminated to protect U.S. producers from serious injury. If invoked, the safeguard would allow the United States to temporarily restore its tariffs on automobiles.

ENFORCEMENT:

The TPP includes special, accelerated dispute settlement procedures to address agreement violations affecting motor vehicles, with stiff penalties including delaying U.S. tariff cuts and a duty snapback.

Commitments from Malaysia on Autos

Under TPP, the United States secured additional commitments from Malaysia to:

- Consult and engage on the APEC Auto Dialog work program related to standards with a view to increase its understanding of U.S. safety and fuel emission standards
- Undertake any adjustments to its excise duty structure for autos in a transparent and open manner that provides the opportunities for interested parties to share their views, and review draft proposals prior to the issuing of final regulations.
 - Additionally, Malaysia also committed to eliminate (effective in 2012) its excise tax credits based on based on export performance, the use of local content, or local value added.
- Eliminate - starting from the date of entry into force of the TPP - its quota on new motor vehicles from the United States, including any limit applicable to vehicles that are subject an import licensing requirement; or impose any new or additional charge applicable to the importation of originating motor vehicles from the United States.
 - Additionally, starting in 2021, Malaysia committed to end its Gazette pricing structure for autos and will begin accepting transaction values submitted by importers for their merchandise at the time of importation.

The United States will facilitate technical cooperation and capacity building activities with Malaysia in areas of mutual interest in the automotive sector.

Building Products



The Building Products Sector includes products such as electrical circuitry equipment and parts, lumber, pumps and compressors, HVAC equipment & fiberglass insulation

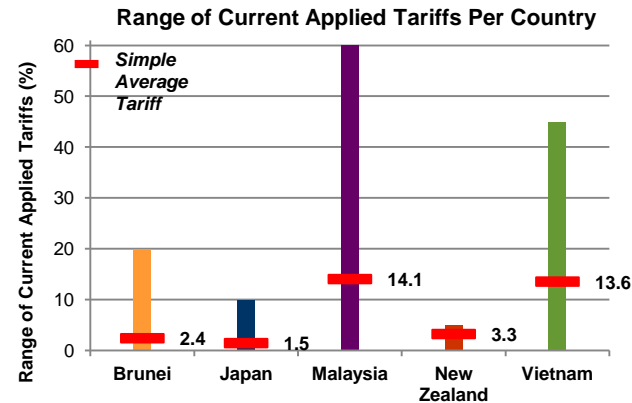
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- International sales of U.S. building products are increasing → **exports grew by 52%** ('09 – '14)
 - U.S. building products exports were \$46.4B in 2014 – 62% of those exports went to TPP markets
- U.S. building products exports to ***new*** TPP markets in 2014: **\$1.5B**

Market Opportunity Spotlight: Japan

The Japanese construction market is large, highly stable, and reflects trends that will continue to drive demand for the advanced building products U.S. exporters offer. Japan's population has high disposable income, a commitment to energy and other resource conservation, and a strong interest in new technologies to achieve greater environmental friendliness in construction. Since 2012, the Japanese Government has embarked on a focused roadmap for a series of building energy efficiency policies. The Japanese market holds solid prospects for innovative U.S. lighting products, in both retrofits and new construction, and U.S.-sourced insulation products make up 21.8% of Japan's import market.

U.S. Building Products Exports Currently Face High Barriers in New TPP Markets



Each year, **about \$78M in duties** are levied on U.S. exports of building products in the five new TPP markets

Access and Benefits Under TPP

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Japan	Tariffs on 99.7% of U.S. exports eliminated immediately
Malaysia	Tariffs on 86.6% of U.S. exports eliminated within 4 years
Vietnam	Tariffs on 98.2% of U.S. exports eliminated within 4 years
New Zealand	Tariffs on 92.1% of U.S. exports eliminated immediately
Brunei	Tariffs on 74.8% of U.S. exports eliminated immediately

Chemicals



The Chemical Sector includes products such as cosmetics, paints, rubber products, plastics, fertilizers, and organic/inorganic chemicals

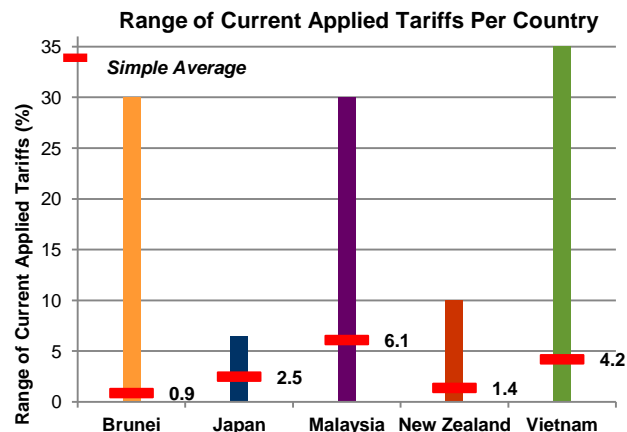
Opportunities in the TPP Region

- International sales of U.S. chemicals are increasing → **exports grew by 44%** ('09 – '14)
 - U.S. chemical exports were \$160B in 2014 – 48% of those exports went to TPP markets
- U.S. chemical exports to **new** TPP markets in 2014: **\$8.7B**

Market Opportunity Spotlight: Vietnam

Within Vietnam, there is a large and growing demand for fertilizers and chemical plant-protection products, particularly in Southern Vietnam which accounts for 70%-80% of the market. Although the United States accounts for only a small percentage of Vietnam's estimated \$1.6 billion annual imports of fertilizers and other agro-chemicals, U.S. fertilizers and agro-chemicals are favored by Vietnamese farmers for their quality and consistency in supply. TPP will eliminate tariffs and help minimize other barriers to trade, thereby increasing the competitiveness of U.S. exporters in the Vietnamese market.

U.S. Chemical Exports Currently Face High Barriers in New TPP Markets



Each year, about **\$236M** in duties are levied on U.S. chemical exports in the five new TPP markets

Access and Benefits Under TPP

- In addition to benefits that increase fair treatment of U.S. products, **97.2% of U.S. chemicals exports to new TPP markets will enjoy duty-free access immediately**

Japan	Tariffs on 100% of U.S. exports eliminated immediately
Malaysia	Tariffs on 92.8% of U.S. exports eliminated within 4 years
Vietnam	Tariffs on 99.7% of U.S. exports eliminated within 4 years
New Zealand	Tariffs on 89.5% of U.S. exports eliminated within 4 years
Brunei	Tariffs on 95.8% of U.S. exports eliminated immediately

Consumer Goods



The Consumer Goods Sector includes products such as jewelry, contact lenses, recreational transportation (boats & RVs), footwear, sporting equipment, and musical instruments

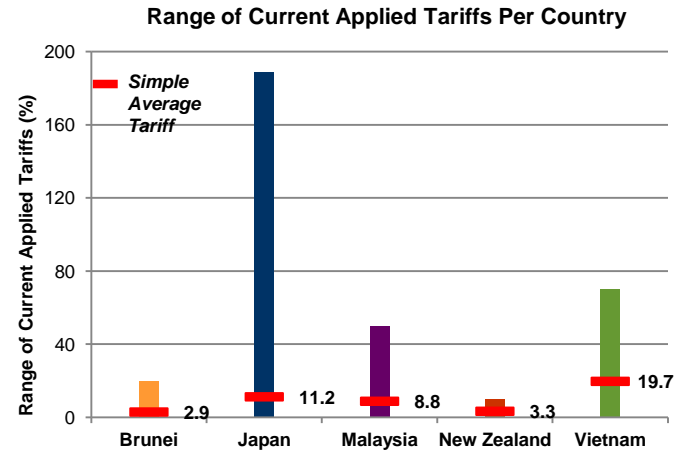
Opportunities in the TPP Region

- International sales of U.S. consumer goods are increasing → **exports grew by 21%** ('09 – '14)
 - U.S. consumer goods exports were \$43B in 2014 – 47% of those exports went to TPP markets
- U.S. consumer goods exports to *new* TPP markets in 2014: \$2.5B**

Market Opportunity Spotlight: Japan

As the world's largest producer of recreational vehicles (RVs), the United States is uniquely poised to benefit from Japan's rapidly growing demand for RV campers. In 2014, more than 73 percent of U.S. RV exports to Japan were comprised of towable travel trailers and the U.S. Commercial Service (CS) is working with U.S. industry to increase these exports to Japan.

U.S. Consumer Goods Exports Currently Face High Barriers in New TPP Markets



Each year, **about \$80M in duties** are levied on U.S. exports of consumer goods in the five new TPP markets

Access and Benefits Under TPP

- In addition to benefits that increase fair treatment of U.S. products, **90.9% of U.S. consumer goods exports to new TPP markets will enjoy duty-free access immediately**

Japan	Tariffs on 93.5% of U.S. exports eliminated immediately
Malaysia	Tariffs on 80.3% of U.S. exports eliminated immediately
Vietnam	Tariffs on 92.9% of U.S. exports eliminated within 4 years
New Zealand	Tariffs on 93.1% of U.S. exports eliminated within 4 years
Brunei	Tariffs on 94.3% of U.S. exports eliminated immediately

Energy Products



The Energy Products Sector includes products such as turbines, solar cells, static converters, civil nuclear equipment, and high-voltage electric conductors

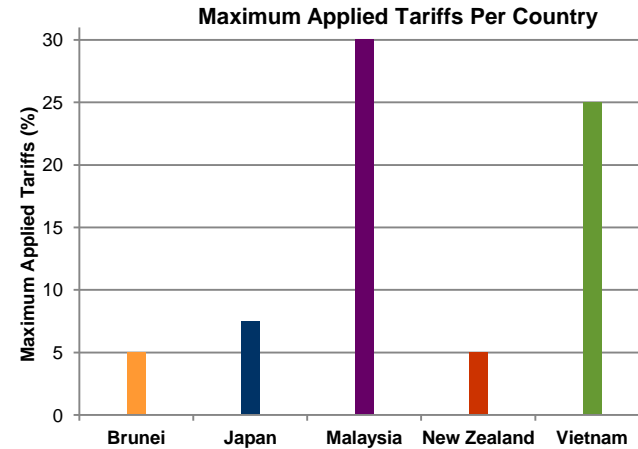
Opportunities in the TPP Region

- International sales of U.S. energy products are increasing → **exports grew by 7%** ('09 – '14)
 - U.S. energy products exports were \$22.6B in 2014 – 36% of those exports went to TPP markets
- U.S. energy products exports to *new* TPP markets in 2014: \$1B**

Market Opportunity Spotlight: Japan

Japan's efforts to diversify its energy sources is expected to generate significant growth in the renewable energy sector, including solar power, wind power, geothermal, and biomass. Projections indicate that Japan will install more renewable energy capacity over the next two years than any country but China. While the Japanese renewable energy market has always been important to U.S. companies, Japan's decision to use policy incentives to adjust its energy mix has increased the demand for renewable energy technologies over the last three years, providing additional opportunities for U.S. exporters.

U.S. Energy Products Exports Currently Face High Barriers in New TPP Markets



Each year, **about \$24M in duties** are levied on U.S. exports of energy products in the five new TPP markets

Access and Benefits Under TPP

- In addition to benefits that increase fair treatment of U.S. products, **97% of U.S. energy products exports to new TPP markets will enjoy duty-free access immediately**

Japan	Tariffs on 100% of U.S. exports eliminated immediately
Malaysia	Tariffs on 86.2% of U.S. exports eliminated immediately
Vietnam	Tariffs on 98.1% of U.S. exports eliminated within 4 years
New Zealand	Tariffs on 99.6% of U.S. exports eliminated immediately
Brunei	Tariffs on 97.3% of U.S. exports eliminated immediately

Fish and Fish Products



The Fish & Fish Products Sector includes products such as frozen fish fillets, fish roe, crabs, pollock, cod, clams, and salmon

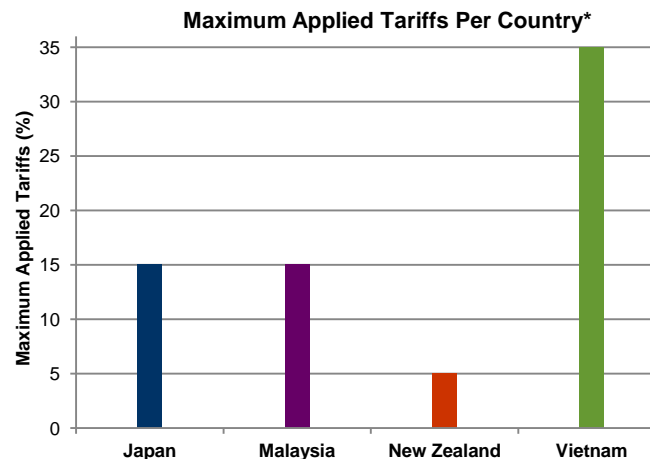
Opportunities in the TPP Region

- International sales of U.S. fish and fish products are increasing → **exports grew by 48%** ('09 – '14)
 - U.S. fish and fish products exports were \$5.8B in 2014 – 37% of those exports went to TPP markets
- U.S. fish and fish products exports to *new* TPP markets in 2014: \$909M**

Sub-Sector Spotlight: Cod

The United States accounts for almost 40% of Japan's global imports of cod, with average annual duties of \$6.2 million levied on U.S. exports. Under TPP, the 4.2% tariff Japan levies on cod will be eliminated immediately, helping to make U.S. exports more competitive.

U.S. Fish and Fish Products Exports Currently Face High Barriers in New TPP Markets



Each year, **about \$52M in duties** are levied on U.S. exports of fish and fish products in the five new TPP markets

Access and Benefits Under TPP

Japan	Tariffs on 92.6% of U.S. exports eliminated immediately
Malaysia	Tariffs on 100% of U.S. exports eliminated immediately
Vietnam	Tariffs on 100% of U.S. exports eliminated immediately
New Zealand	Tariffs on 100% of U.S. exports eliminated immediately
Brunei	Tariffs on 100% of U.S. exports eliminated immediately

+ TPP includes groundbreaking commitments to promote sustainable fisheries management, eliminate some of the most harmful fisheries subsidies, and combat illegal fishing

* Brunei does not currently apply tariffs on fish and fish products

Forest Products



The Forest Products Sector includes products such as rough timber, wood pulp, paperboard, kraft paper, books, and other printed materials

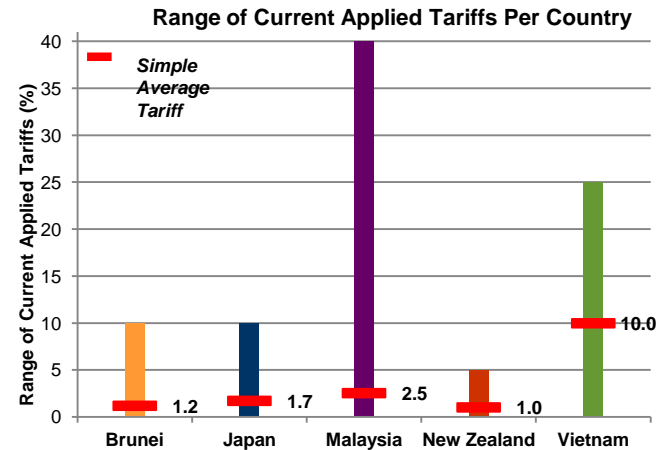
Opportunities in the TPP Region

- International sales of U.S. forest products are increasing → **exports grew by 28%** ('09 – '14)
 - U.S. forest products exports were \$36.4B in 2014 – 48% of those exports went to TPP markets
- U.S. forest products exports to *new* TPP markets in 2014: \$2.5B**

Sub-Sector Spotlight: Paper Products

The TPP region is a significant market for U.S. paper products, such as kraft paper and paperboard. A number of U.S. paper products currently face very high tariffs in new TPP markets, with tariffs as high as 25% in Vietnam and 20% in Malaysia. Under TPP, tariffs on 97.4% of U.S. paper products exports will be eliminated immediately, with all remaining tariffs eliminated over time.

U.S. Forest Products Exports Currently Face High Barriers in New TPP Markets



Forest products exports face tariffs in new TPP markets up to 40%. Border delays, red tape, and other customs inefficiencies increase costs

Access and Benefits Under TPP

- Japan** | Tariffs on **100%** of U.S. exports eliminated immediately
- Malaysia** | Tariffs on **97%** of U.S. exports eliminated within 4 years
- Vietnam** | Tariffs on **100%** of U.S. exports eliminated within 4 years
- New Zealand** | Tariffs on **99%** of U.S. exports eliminated immediately
- Brunei** | Tariffs on **100%** of U.S. exports eliminated immediately

+ TPP is a unique opportunity for key timber consuming and exporting countries to work together to reduce deforestation, protect endangered species, promote sustainable forestry, and combat illegal logging

Health Products



The Health Products Sector includes products such as pharmaceuticals, medical supplies, and medical devices

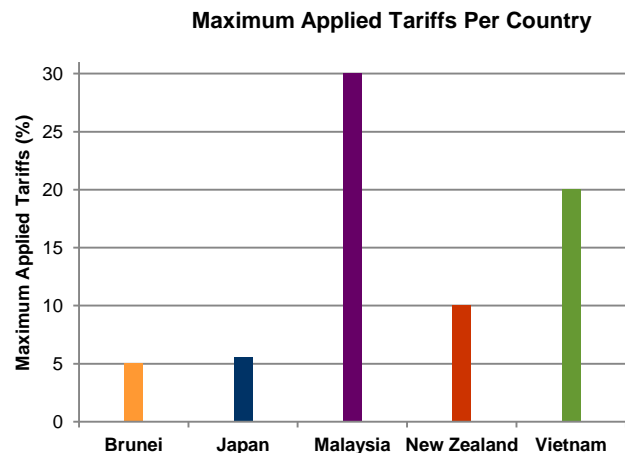
Opportunities in the TPP Region

- U.S. health products exports were **\$91B** in 2014 – 26% of those exports went to TPP markets
 - International sales of U.S. health products are increasing → **exports grew by 14%** ('09 – '14)
- U.S. health products exports to ***new*** TPP markets in 2014: **\$8.9B**

Market Opportunity Spotlight: Malaysia

One of the major needs in Malaysia is one-stop dental trauma centers, as most dental clinics only provide basic dental care. The Malaysian public dental health division has recognized this need and has made it a priority over the next 5 years. At the same time, many of Malaysia's older dental schools are expanding, upgrading, and refurbishing facilities. As a result, there will be increased demand for new equipment, such as dental chairs, X-ray and 3D imaging equipment, dental compressors and generators, dental laboratory equipment, clinical computer systems, and simulators. The United States is a leading supplier of orthodontics products in Malaysia and stands to benefit from this increased demand, especially as tariffs and other market access barriers are eliminated under TPP.

U.S. Health Product Exports Currently Face High Barriers in New TPP Markets



Health products exports face tariffs in new TPP markets up to 30%. Red tape, border barriers, and other customs issues increase costs.

Access and Benefits Under TPP

- In addition to benefits that increase fair treatment of U.S. products, **99.9% of U.S. health products exports to new TPP markets will enjoy duty-free access immediately**

Japan	Tariffs on 100% of U.S. exports eliminated immediately
Malaysia	Tariffs on 100% of U.S. exports eliminated immediately
Vietnam	Tariffs on 99.8% of U.S. exports eliminated within 4 years
New Zealand	Tariffs on 99.5% of U.S. exports eliminated immediately
Brunei	Tariffs on 71.6% of U.S. exports eliminated immediately

High-Tech Instruments



The High-Tech Instruments Sector includes products such as environmental monitoring equipment, equipment for testing and analyzing materials, meters and other precision measuring equipment, electrical gauges, lenses and prisms, and other optical instruments

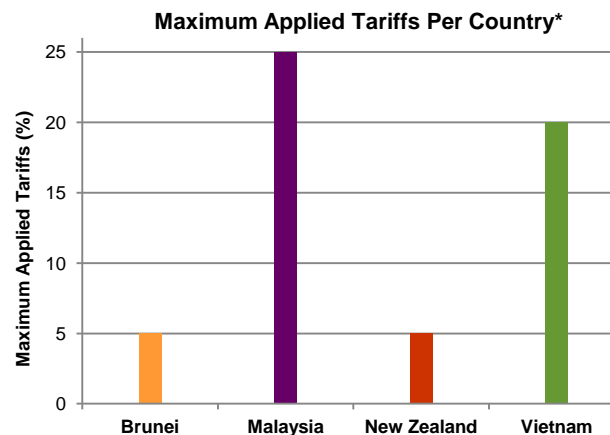
Opportunities in the TPP Region

- International sales of U.S. high-tech instruments are increasing → **exports grew by 32%** ('09 – '14)
 - U.S. high-tech instruments exports were \$32.2B** in 2014 – 32% of those exports went to TPP markets
- U.S. high-tech instruments exports to *new* TPP markets in 2014: \$2.6B**

Market Opportunity Spotlight: Japan

Imported high-tech instruments account for over 40% of Japan's market for those products. These instruments play a vital role in a wide range of applications in Japan's manufacturing and services industries. U.S. high-tech instruments manufacturers have steadily increased their share of Japan's market up to 13% in 2014. As TPP eliminates barriers to trade in goods and services, demand for these U.S. high-tech instruments will likely rise. The best prospects for U.S. manufacturers include analytical instruments for diagnostics, such as genetic analysis, protein marker searching, as well as environmental and food safety monitoring instruments and equipment.

U.S. High-Tech Instruments Exports Currently Face High Barriers in New TPP Markets



High-tech instruments exports face tariffs in new TPP markets up to 25%. Red tape, border barriers, and other customs issues increase costs.

Access and Benefits Under TPP

- In addition to benefits that increase fair treatment of U.S. products, **99.8% of U.S. high-tech instruments exports to new TPP markets will enjoy duty-free access immediately**

Japan	Tariffs on 100% of U.S. exports eliminated immediately
Malaysia	Tariffs on 100% of U.S. exports eliminated immediately
Vietnam	Tariffs on 99.8% of U.S. exports eliminated immediately
New Zealand	Tariffs on 100% of U.S. exports eliminated immediately
Brunei	Tariffs on 57.7% of U.S. exports eliminated immediately

* Japan does not currently apply tariffs on high-tech instruments

Information Communications Technology (ICT) Goods



ICT Goods include products covered by the World Trade Organization's Information Technology Agreement (ITA), as well as other products such as optical fibers, audio-video equipment, television reception apparatus, coaxial cable, and batteries

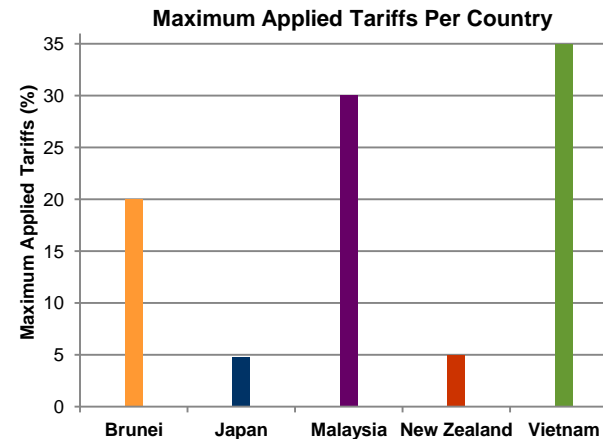
Opportunities in the TPP Region

- International sales of U.S. ICT goods are increasing → **exports grew by 17%** ('09 – '14)
 - U.S. ICT goods exports were \$94B** in 2014 – 38% of those exports went to TPP markets
- U.S. ICT goods exports to *new* TPP markets in 2014: \$9.7B**

Market Opportunity Spotlight: Brunei

Driven both by government intervention and consumer demand, Brunei's ICT industry continues to grow. Brunei's market is very dependent on imports and U.S. products are traditionally well-received. There are more mobile telephones in Brunei than residents and over 70% of the population has access to the Internet. The ICT sector has been identified as a potential area for economic diversification and the government of Brunei is seeking to increase the ICT sector's contribution to the GDP of Brunei by 6% in 2015. The best prospects within the ICT sector are government projects including software development and data centers.

U.S. ICT Exports Currently Face High Barriers in New TPP Markets



ICT goods exports face tariffs in new TPP markets up to 35%. Red tape, border delays, and other customs issues increase costs.

Access and Benefits Under TPP

- In addition to benefits that increase fair treatment of U.S. products, **99.6% of U.S. ICT goods exports to new TPP markets will enjoy duty-free access immediately**

Japan	Tariffs on 100% of U.S. exports eliminated immediately
Malaysia	Tariffs on 99.5% of U.S. exports eliminated immediately
Vietnam	Tariffs on 96.9% of U.S. exports eliminated immediately
New Zealand	Tariffs on 98.8% of U.S. exports eliminated immediately
Brunei	Tariffs on 84.3% of U.S. exports eliminated immediately

Machinery



The Machinery Sector includes products such as forklifts, motors, bulldozers, pumps, water filtration and purification machinery

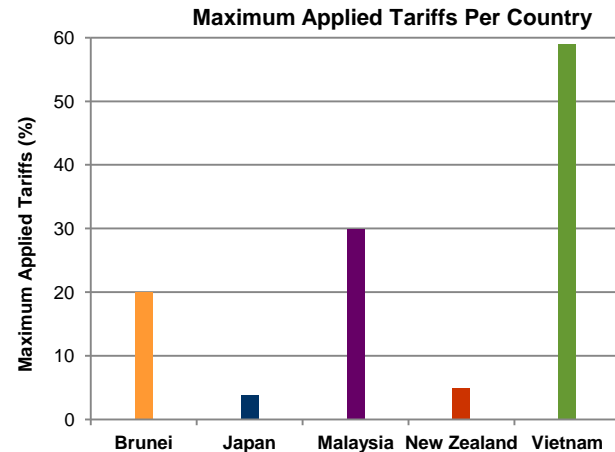
Opportunities in the TPP Region

- International sales of U.S. machinery are increasing → **exports grew by 38%** ('09 – '14)
 - U.S. machinery exports were \$123.5B** in 2014 – 45% of those exports went to TPP markets
- U.S. machinery exports to *new* TPP markets in 2014: **\$4.4B**

Market Opportunity Spotlight: New Zealand

New Zealand ranks as the 10th most important market for U.S. agricultural equipment. Combine harvesters, large-engine tractors (100 horsepower and up), center-pivot irrigation systems, and agricultural implements are the largest categories of U.S. agricultural exports to New Zealand. In addition to these products, machinery for cultivating fresh produce and other high-value crops and for raising livestock are major components of U.S. agricultural equipment exports to New Zealand. Post-TPP prospects for U.S. agricultural equipment exports to New Zealand remain very strong, driven by growing demand for the country's dairy and meat exports to China and elsewhere in Asia and the Middle East.

U.S. Machinery Exports Currently Face High Barriers in New TPP Markets



Each year, **about \$75M in duties** are levied on U.S. exports of machinery in the five new TPP markets

Access and Benefits Under TPP

- In addition to benefits that increase fair treatment of U.S. products, **96.8% of U.S. machinery exports to new TPP markets will enjoy duty-free access immediately**

Japan	Tariffs on 100% of U.S. exports eliminated immediately
Malaysia	Tariffs on 94.4% of U.S. exports eliminated immediately
Vietnam	Tariffs on 99.5% of U.S. exports eliminated within 4 years
New Zealand	Tariffs on 93.4% of U.S. exports eliminated immediately
Brunei	Tariffs on 80.5% of U.S. exports eliminated immediately

Metals & Ores



The Metals & Ores Sector includes products such as iron and steel, aluminum alloys, titanium products, and ores of molybdenum, copper, and zinc

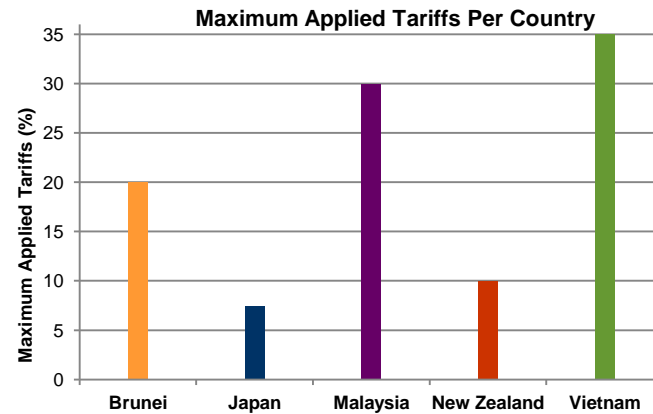
Opportunities in the TPP Region

- International sales of U.S. metals and ores are increasing → **exports grew by 48%** ('09 – '14)
 - U.S. metals and ores exports were \$94.1B** in 2014 – 45% of those exports went to TPP markets
- U.S. metals and ores exports to *new* TPP markets in 2014: \$3.1B**

Subsector Spotlight: Non-Ferrous Metals

America's high-quality non-ferrous metals and products face tariffs as high as 30% in Malaysia and 20% in Vietnam. Under TPP, Malaysia will eliminate tariffs on 83.1% of U.S. non-ferrous metals exports within four years and Vietnam will eliminate tariffs on 100% of U.S. non-ferrous metal exports within four years. All remaining tariffs will be eliminated over time, helping to enhance the competitiveness of U.S. exports in the region.

U.S. Machinery Exports Currently Face High Barriers in New TPP Markets



Each year, **about \$64M in duties** are levied on U.S. exports of metals and ores in the five new TPP markets

Access and Benefits Under TPP

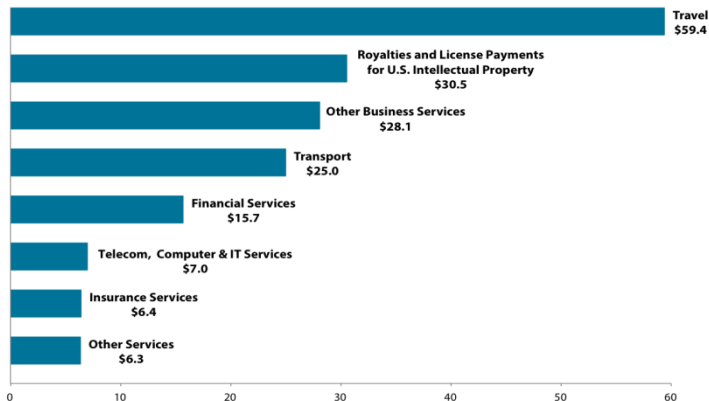
- In addition to benefits that increase fair treatment of U.S. products, **94.8% of U.S. metals and ores exports to new TPP markets will enjoy duty-free access immediately**
 - Japan** Tariffs on **99.7%** of U.S. exports **eliminated immediately**
 - Malaysia** Tariffs on **80.4%** of U.S. exports **eliminated immediately**
 - Vietnam** Tariffs on **95.4%** of U.S. exports **eliminated within 4 years**
 - New Zealand** Tariffs on **74.2%** of U.S. exports **eliminated immediately**
 - Brunei** Tariffs on **99.3%** of U.S. exports **eliminated immediately**



Opportunities in the TPP Region

- TPP strengthens the United States' standing as the **world's #1 services exporter**
- The United States ran a services trade surplus of \$233.1B in 2014
- U.S. service exports to TPP countries in 2013 were \$178B***
 - The TPP region, excluding the U.S., imported \$597B in services in 2012 – huge market potential for U.S. firms

2013 U.S. Services Exports to TPP Markets by Category
(Billions of Dollars)



Note: Data not available for Brunei, Peru, or Vietnam.

*Data not available for Brunei, Peru or Vietnam

Access and Benefits Under TPP

- TPP will expand market access and investment opportunities in a number of services sectors, including **entertainment, telecommunications, software licensing, Internet industry, retailing, and logistics and express delivery.**

Retailers will be able to export more American goods and services and establish stores in new markets like Vietnam, since many trade-distorting and unnecessary barriers that reduce the efficiency of global supply chain networks will be removed.

Franchisors will enjoy new and strengthened protections and commitments for their concept's trademarks.

Direct marketers will be more competitive as new commitments provide non-discriminatory network access for telecommunications suppliers, allow for the cross-border transfer of data while ensuring data protection and protecting privacy, and eliminate localization requirements that force businesses to place computer infrastructure in-country.

Express Delivery Service providers will benefit from having clear and specific commitments with substantive legal provisions to protect their investment, and from more predictable customs procedures that will expedite and facilitate trade and help link companies of all sizes operating in the TPP area into regional production and supply chains.

Professional Services suppliers will benefit from higher standards and increased transparency in licensing and qualification regulations and procedures.

Services - Digital Economy



Opportunities in the TPP Region

- **The TPP region is home to about 600 million Internet users**, or 1 in 5 of global Internet users
- U.S. digitally-enabled service exports were \$400B in 2011 (latest available), up from \$273B in 2007
- The TPP region includes countries with some of **the world's fastest-growing rates of telecom use**
- In 2014, the telecommunications and e-commerce sectors **employed 2.5 million people** in the United States and contributed \$808 billion to U.S. GDP

Market Opportunity Spotlight: Japan

Japan's E-Commerce market is over \$60 billion and is its fastest growing sector, with growth of around 8% per year. In 2013, the Japanese public cloud computing market size reached about \$1.4 billion, a 39.4% increase from the previous year according to IDC Japan, an American market research firm. IDC predicts that the size of the Japanese public cloud computing market will more than triple by 2017. U.S. firms are highly competitive in this sector, and TPP will provide additional opportunities in the Japanese market.

Access and Benefits Under TPP

TPP addresses barriers to data flowing across borders and concerns over requirements that data be stored locally. TPP makes commitments to address these issues for the first time in a trade agreement, guaranteeing that key inputs to digital trade are not arbitrarily impeded by governments

TPP prohibits the imposition of customs duties on digital products and prevents countries from favoring national producers or suppliers. In addition, countries cannot require companies to submit source code in order to have access to their market.

TPP encourages paperless trading such as electronic customs forms and the use of e-signatures

TPP includes commitments to adopt and maintain consumer privacy and protection laws related to fraudulent and deceptive commercial activities online

TPP supports strong telecom networks across the region by addressing barriers to market entry and policy challenges. These include prohibitions on investment, or constraints on access to key resources such as spectrum, numbers, or rights of way; or anti-competitive conduct pursued by incumbent players, who can use control over key bottlenecks such as interconnection, roaming arrangements, and access to specific facilities to disadvantage competitors.

Services - Insurance

[If need to produce for future presentation, detail is on page 4 of Services report: trade.gov/tpp]

Textiles and Apparel



The Textiles and Apparel Sector includes products such as man-made fibers, yarn, knit and woven fabric, non-wovens, industrial and advanced textile materials, knit and woven apparel, carpets and rugs, and home furnishing products

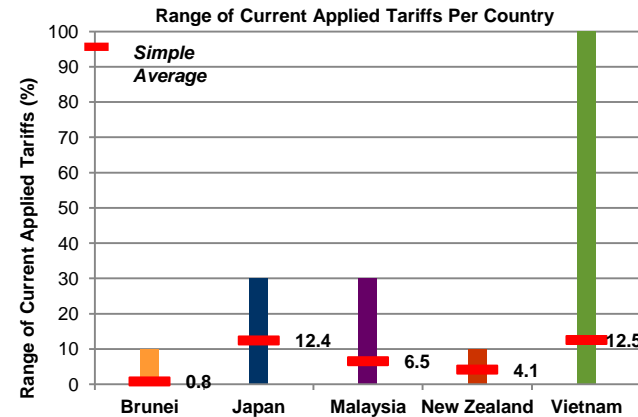
Opportunities in the TPP Region

- The United States is the **4th largest** single country exporter of textiles in the world
 - 54 % of U.S. textile exports went to TPP markets in 2014
- U.S. textile exports to ***new*** TPP markets in 2014: **\$835M**

Market Opportunity Spotlight: Vietnam

Vietnam has a vibrant and rapidly expanding textile industry. The Vietnamese market represents a tremendous opportunity for all types of U.S. textile businesses and workers, including producers of non-woven fabrics used, for example, in filtration, surgical gowns, and protective apparel. Exports of non-woven fabric to Vietnam are an especially promising opportunity for U.S. manufacturers. U.S. exports of non-woven fabric to Vietnam grew an impressive 951% from 2009 to 2014 to \$23 million. The United States will continue to see export growth in this sector. Under TPP, Vietnam will eliminate its tariffs on non-wovens, which average 12%, immediately.

U.S. Textiles and Apparel Exports Currently Face High Barriers in New TPP Markets



Each year, about **\$48M** in duties are levied on U.S. textile exports in the five new TPP markets

Access and Benefits Under TPP

- **92.6%** of U.S. textile exports to new TPP markets will enjoy duty-free access immediately

Japan	Tariffs on 99.2% of U.S. exports eliminated immediately
Malaysia	Tariffs on 79.2% of U.S. exports eliminated immediately
Vietnam	Tariffs on 98.4% of U.S. exports eliminated within 4 years
New Zealand	Tariffs on 50% of U.S. exports eliminated immediately
Brunei	Tariffs on 86.2% of U.S. exports eliminated immediately
- TPP benefits for U.S. manufacturers: long U.S. tariff phase-outs; the “yarn-forward” rule to promote the use of fibers, yarns and fabrics made in the U.S. and other TPP countries; and a special safeguard mechanism

Transportation Equipment



The Transportation Equipment Sector includes products such as commercial aircraft, turbojets and turboprops, aircraft engines, parts of railway rolling stock, and miscellaneous aircraft parts

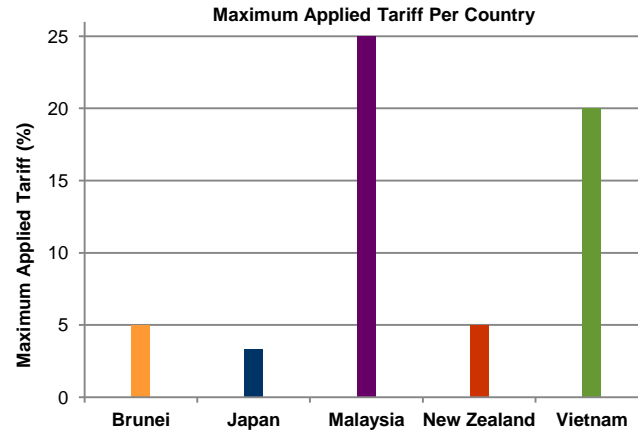
Opportunities in the TPP Region

- International sales of U.S. transportation equipment are increasing → **exports grew by 49%** ('09 – '14)
 - U.S. transportation equipment exports were \$123.8B** in 2014 – 26% of those exports went to TPP markets
- U.S. transportation equipment exports to *new* TPP markets in 2014: \$10.1B**

Market Opportunity Spotlight: Singapore

The growing middle class in Asia has increased the market for air travel in Asia-Pacific countries, creating opportunities across the region for aerospace manufacturers. Leading civil aircraft manufacturers project that more than a third of worldwide aircraft deliveries will go to Asia in the next two decades. Singapore is well-equipped to capture the demand for aviation-related services from this market. Backed by a large pool of more than 100 aerospace companies, Singapore has garnered a quarter of the Asian Maintenance, Repair and Overhaul (MRO) market. Leading aerospace companies carry out comprehensive nose-to-tail MRO services from airframe to engine overhaul to aircraft modifications and conversion, all of which demand U.S. products. TPP's strong protections for patents, trademarks, copyrights, and trade secrets, including safeguards against cyber theft of trade secrets, will drive further development of Singapore's MRO sector and subsequent demand for U.S. components

U.S. Transportation Equipment Exports Currently Face High Barriers in New TPP Markets



Transportation equipment exports face tariffs in new TPP markets up to **25%**. Red tape, border delays, and other customs issues increase costs.

Access and Benefits Under TPP

- In addition to benefits that increase fair treatment of U.S. products, **99.9% of U.S. transportation equipment exports to new TPP markets will enjoy duty-free access immediately**

Japan	Tariffs on 100% of U.S. exports eliminated immediately
Malaysia	Tariffs on 100% of U.S. exports eliminated immediately
Vietnam	Tariffs on 100% of U.S. exports eliminated within 4 years
New Zealand	Tariffs on 100% of U.S. exports eliminated immediately
Brunei	Tariffs on 100% of U.S. exports eliminated immediately

Agriculture

You can pull content from the following sources to talk about agriculture

USDA has state and sector fact sheets you can use here:

<http://www.fas.usda.gov/tpp>

And USTR has an overview fact sheet on Ag:
<https://ustr.gov/tpp/#benefits-for-us-agriculture>