



THE TRANS-PACIFIC PARTNERSHIP

Working for

VERMONT

American Farm Bureau Federation estimates that annual net farm income will increase by \$4.4 billion, driven by an increase of direct U.S. agricultural exports of \$5.3 billion per year upon full implementation of the TPP agreement as compared to a scenario in which the U.S. fails to pass the agreement while the remaining member countries proceed apace.

The TPP agreement is expected to increase cash receipts and net exports from Vermont by **\$14.7 million and \$8.5 million** per year respectively. It is estimated that the increased marketing opportunities for Vermont's farmers and ranchers will add more than **60 jobs** to the Vermont economy. Eliminating tariffs and other trade barriers on Vermont's agricultural exports to TPP-partner countries will increase trade for a range of Vermont agricultural products, including **dairy, beef, vegetables and processed food products**. Export sales make an important contribution to Vermont's farm economy, which had total cash receipts of **\$992 million in 2014**.

GAINS FROM FULL TPP IMPLEMENTATION		
VERMONT		
Agricultural Product	Cash Receipts	Net Exports
Corn	237.6	-31.8
Soybeans and Products	34.0	19.1
Wheat	0.4	-0.2
Cotton	0.0	0.0
Rice	0.0	0.0
Fruits and Nuts	430.7	383.3
Vegetables	595.0	529.5
Beef	921.3	849.6
Pork	65.3	56.2
Poultry	193.0	51.9
Dairy	3,914.4	1,864.6
Other Ag	8,264.0	4,763.0
TOTAL	14,655.5	8,485.3

Thousand \$USD

VERMONT AGRICULTURE

Failure to Lead: It is critical to remember that the TPP is a multi-lateral agreement intended to create high quality rules and market access across its 12 members. However, outside of TPP, other member countries would – and indeed are – already negotiating and implementing bilateral agreements without waiting for the United States to complete action. While legally TPP would only go into full effect if the United States ratifies the agreement, other countries will move forward with their trade capabilities regardless of whether or not the United States decides to ratify the agreement. U.S. failure to enact TPP will not see our trade situation stay the same, but will lead to declining net exports and market share in important markets.

Dairy: Vermont's dairy industry leads all other agricultural industries in the state with more than \$676 million in cash receipts in 2014. TPP passage is expected to increase dairy cash receipts by \$3.9 million per year, which is driven by a \$1.9 million per year increase in direct exports to TPP countries.

- Japan's cheese tariffs as high as 40 percent, will be eliminated in 16 years.
- Japan's tariffs on whey will be eliminated, while establishing safeguards for whey powder which will be terminated within 18 years. Whey protein concentrate will be terminated within 24 years. Whey for food tariffs, which currently face tariffs as high as 29.8 percent, will be eliminated in 21 years.
- Malaysia's dairy product tariffs as high as 5 percent, will be eliminated immediately.
- Vietnam's tariffs of 20 percent on cheese, milk powder, and whey will be eliminated immediately.
- New Zealand's tariffs on dairy products will be eliminated immediately.
- Brunei's tariffs on dairy products will be eliminated immediately.

Beef: Vermont's cattle industry produced \$83.5 million in cash receipts in 2014. TPP passage is expected to increase beef cash receipts by \$921.3 thousand per year, which is driven by a \$849.5 thousand per year increase in direct exports to TPP countries.

- Japan will eliminate 74 percent of duties on beef imports within 16 years. This includes reducing a tariff of 38.5 percent to 9 percent within 16 years on fresh, chilled, and frozen beef cut. The World Trade

Organization safeguard will also be replaced by the TPP-wide safeguard, which is predicted to be less trade-limiting.

- Japan's beef offal tariffs as high as 21.3 percent will be eliminated in 6-16 years.
- Malaysia's tariffs on imports of beef will be eliminated.
- Vietnam's tariffs as high as 34 percent on beef, will be eliminated in 3-8 years.
- New Zealand's tariffs as high as 5 percent on beef, will be eliminated immediately.

Processed Food and Fish: In 2014, Vermont exported \$149.2 million of processed foods to TPP countries. As of 2012, there were 5,424 employees in Vermont's food manufacturing sector, with the largest subsector being dairy product manufacturing at 60% of food manufacturing.

- Japan's tariffs on lactose and lactose syrup, which are as high as 8.5 percent, will be eliminated immediately.
- Whipped cream, frozen yogurt, and various dairy- and cocoa-containing food, which currently face tariffs in Japan as high as 29.8 percent, will be 0 percent in 6-11 years.
- Ice cream, yogurt, blue cheese, and whole milk powder, which currently face tariffs in Japan as high as 35 percent, will be reduced 50 to 90 percent.
- Vietnam's tariffs on dairy products other than cheese, milk powder, and whey, which currently are as high as 20 percent, will be eliminated within 5 years.

