



A TPP Agreement: An Opportunity for Missouri

Overview

- The United States and 11 other countries are currently negotiating a Trans-Pacific Partnership (TPP) agreement, which will strengthen trade and investment relationships across the Asia-Pacific region.
- The TPP will help expand existing trade between Missouri and six current U.S. free trade agreement (FTA) partners, which will support economic growth and jobs in Missouri. (*Opportunity #1, Page 3*)
- The TPP will also open new markets for Missouri with five Asia-Pacific countries that are not current U.S. FTA partners, benefiting a variety of Missouri businesses, farmers, and workers. (*Opportunity #2, Page 4*)
- In addition, the TPP will help increase investment ties between Missouri and all TPP countries, supporting economic growth and jobs in Missouri. (*Opportunity #3, Page 5*)

What Is the TPP?

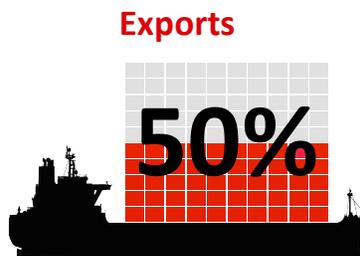
The United States and 11 other countries (Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam) are negotiating a Trans-Pacific Partnership (TPP) agreement that will support economic growth and jobs by removing trade barriers for goods and services, improving intellectual property protection, and creating new 21st century trade rules. The TPP will help increase the United States' trade and investment ties with these countries, which have a combined population of 482 million people and account for about 15 percent of global trade.¹ For additional information on the TPP negotiations, please see <http://businessroundtable.org/studies-and-reports/trans-pacific-partnership-overview/>.

Trade & Investment with TPP Countries Is Good for Missouri

Missouri has important trade and investment ties with TPP countries. In 2011, trade — exports and imports of goods and services — with TPP countries supported an estimated 297,800 jobs in the state.² The TPP will help build on these trade and investment relationships and support the Missouri jobs that depend on them.



Number of Missouri Jobs Supported by Trade with TPP Countries



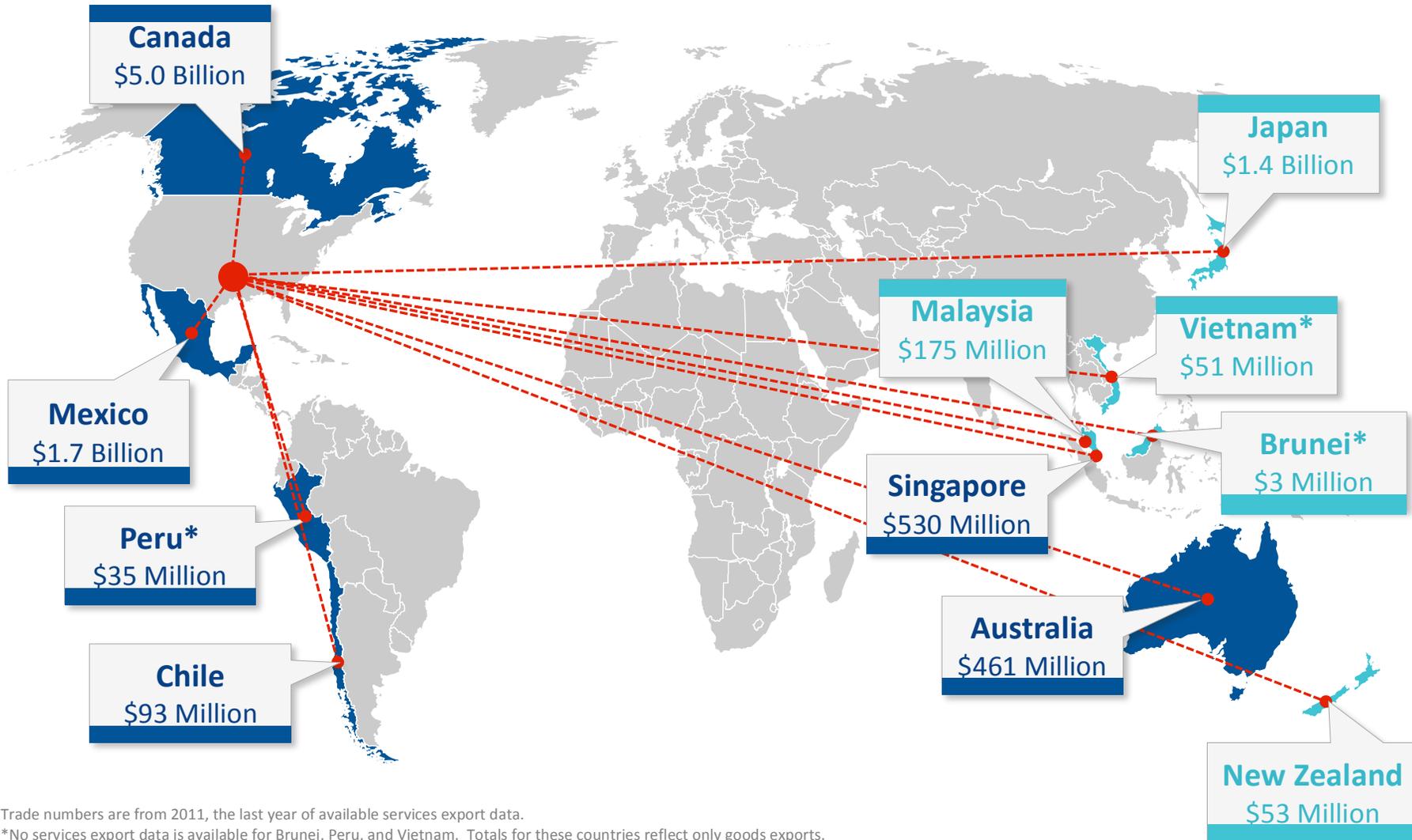
Share of Missouri Goods Exports Bound for TPP Countries



Number of TPP Companies with Investments in Missouri

Missouri Goods & Services Exports to TPP Countries, 2011

■ Existing FTA Partner ■ New FTA Partner



Trade numbers are from 2011, the last year of available services export data.

*No services export data is available for Brunei, Peru, and Vietnam. Totals for these countries reflect only goods exports.

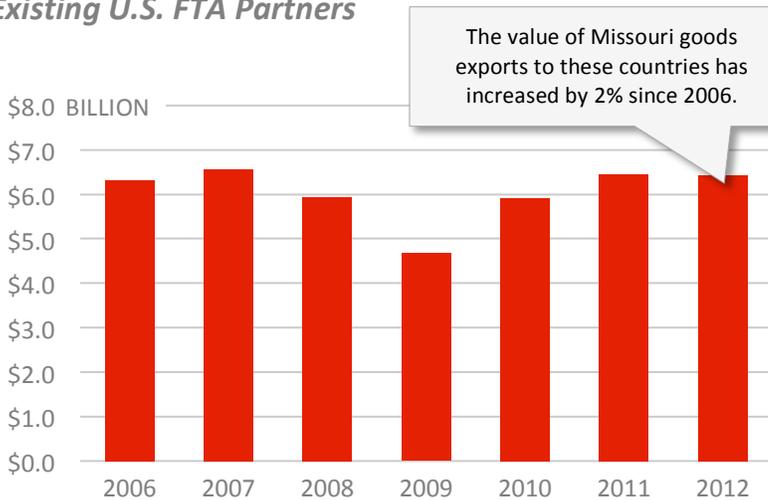
Source: The Trade Partnership

Opportunity #1: Expand Trade between Missouri and Existing FTA Partners

The regional TPP agreement will provide Missouri with an opportunity to increase its goods and services trade with several existing bilateral U.S. FTA partners and ensure that such trade remains rules-based, open, and competitive. Of the 11 TPP countries, six (Australia, Canada, Chile, Mexico, Peru, and Singapore) are current U.S. FTA partners and generate substantial trade in both goods and services:

- Missouri exported about *\$6.4 billion worth of goods* (e.g., motor vehicles; grain and oilseed milling products; and miscellaneous machinery) to these six countries in 2012 — accounting for roughly 43 percent of Missouri's goods exports globally.³
- Missouri exported about *\$1.4 billion worth of services* (e.g., travel services; business, professional and technical services; and passenger fares) to these six countries in 2011 — accounting for roughly 18 percent of Missouri's services exports globally.⁴

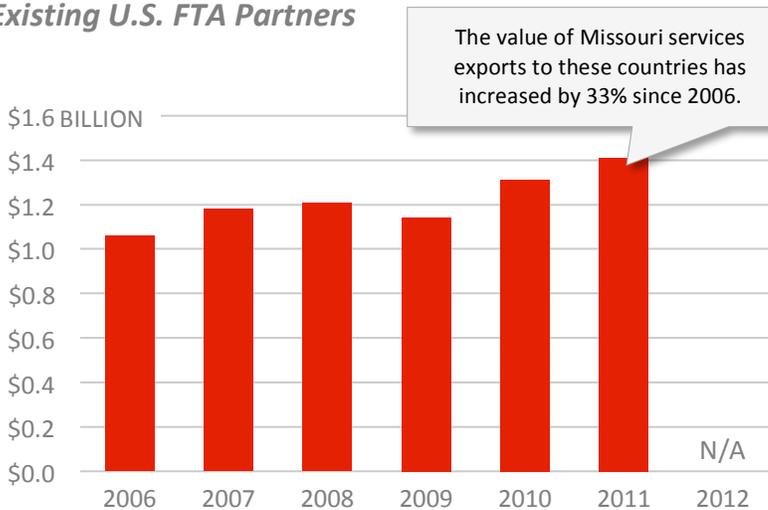
Missouri Goods Exports to TPP Countries that Are Existing U.S. FTA Partners



Source: The Trade Partnership

Completing the TPP agreement will help support this trade and ensure that it is subject to 21st century trade rules. Specifically, the TPP negotiations provide an opportunity to grow these goods and services exports over time and to address a range of important tariff and non-tariff barriers that currently impede exports to these countries.

Missouri Services Exports to TPP Countries that Are Existing U.S. FTA Partners



Source: The Trade Partnership

The TPP will also help Missouri companies buy the inputs they need to produce competitive products. Currently, roughly 64 percent of all U.S. imports from TPP countries consist of raw materials, components, machinery, and other goods used to grow crops or make products in the United States.⁵ For example, Canada and Mexico serve key roles in global supply chains. A significant share of the value of U.S. imports from Canada and Mexico (71 percent and 61 percent, respectively) is used as intermediate inputs for making finished U.S. products.⁶ A TPP agreement will help to support these global supply chains and facilitate further trade with current bilateral FTA partners.

Opportunity #2: Open New Markets in Countries that Are Not Current FTA Partners

The TPP will also provide Missouri with an opportunity to open new markets for its goods and services in countries that are not current U.S. FTA partners. Of the 11 TPP countries, five (Brunei, Japan, Malaysia, New Zealand, and Vietnam) are not current U.S. FTA partners. With a combined population of 249 million people and a combined economy of \$6.4 trillion dollars, these “new FTA” TPP countries have the potential to be vibrant new markets for Missouri exports.⁷

Missouri has good trade ties with several of these countries. Missouri exported \$963 million in goods in 2012 and \$647 million in services in 2011 to the “new FTA” TPP countries.⁸ However, Missouri producers currently face steep tariffs and other barriers on certain exports to these countries. The TPP negotiations will provide an avenue for removing these barriers and increasing Missouri exports.

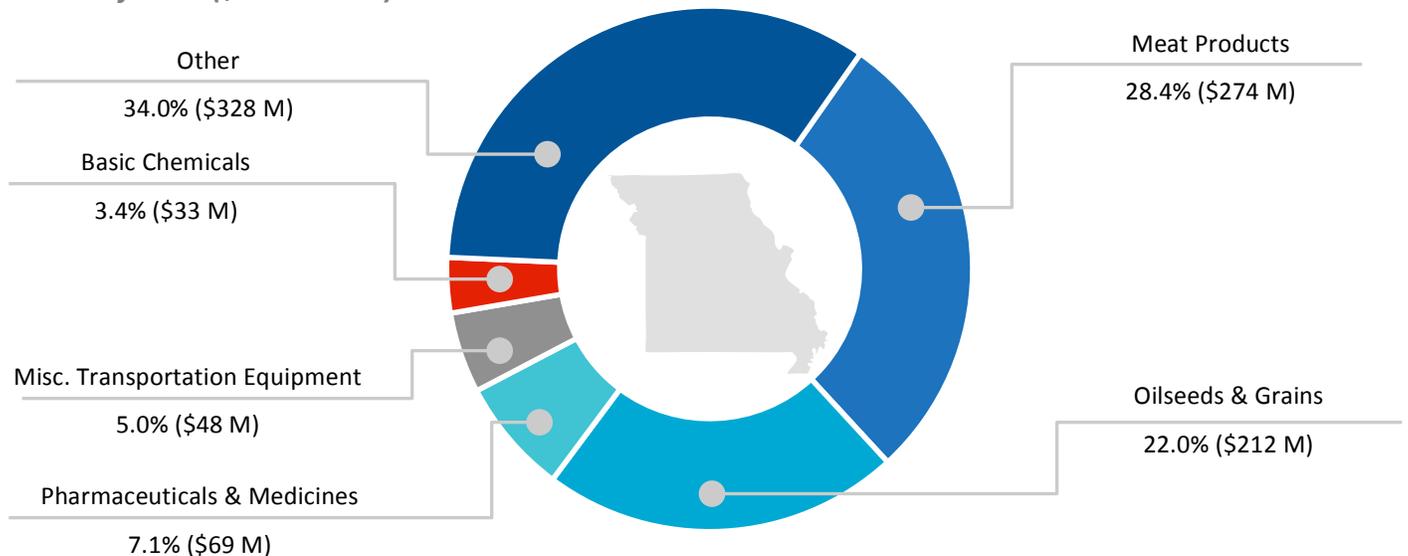
Current Tariffs on Selected Top Missouri Exports to “New FTA” TPP Countries

Export Market	Product	Tariff Rate
Vietnam	Prepared chicken products	Up to 31.0%
Malaysia	Expanded mineral materials	25.0%
Japan	Animal feeds	Up to 12.8%
New Zealand	Chilled or frozen pork products	5.0%
Japan	Chilled or frozen pork products	Up to 4.3%

Source: UNCTAD’s TRAINS database

In addition, the TPP could potentially expand the number of Missouri producers who benefit from trade because the “new FTA” TPP countries tend to buy a diverse mix of products.

Missouri Goods Exports to “New FTA” TPP Countries by Industry, 2012
Percent of Total (\$963 million)



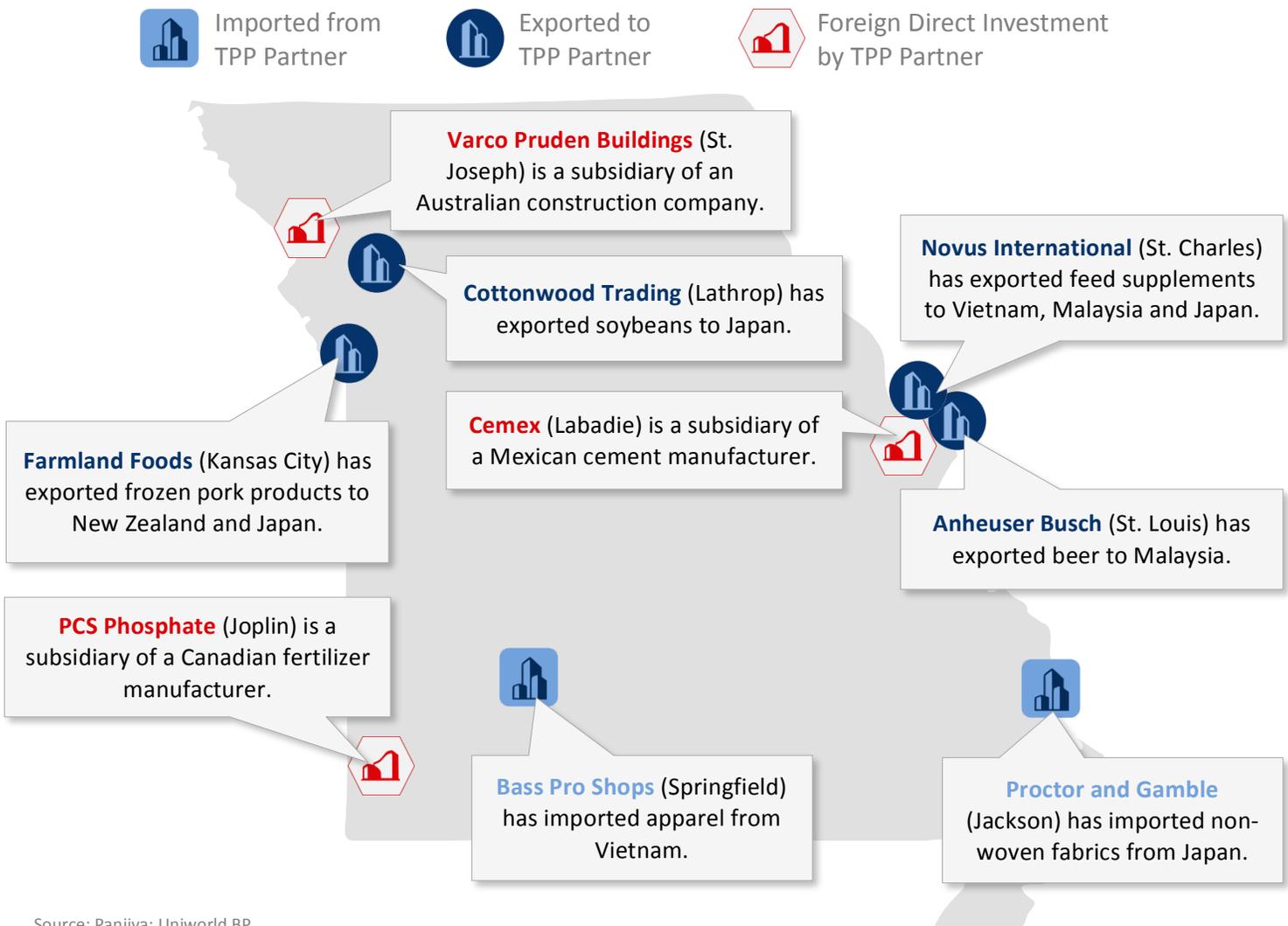
Source: The Trade Partnership

Opportunity #3: Strengthen Investment Ties between Missouri & All TPP Countries

The TPP will help strengthen investment ties between Missouri and all 11 TPP countries. Companies headquartered in TPP countries have already invested nearly \$600 billion in the United States and employ more than 1.5 million Americans.⁹ An estimated 187 Missouri businesses are subsidiaries of companies based in TPP countries — serving as an important source of business investment and job creation in the state.¹⁰ For instance, Canadian and Japanese companies alone employed approximately 14,800 employees in Missouri in 2010.¹¹

By removing barriers and strengthening partnerships, the TPP will encourage companies based in TPP countries to increase their business investment in Missouri, supporting economic growth and jobs throughout the state.

Selected Missouri Companies with Existing Trade & Investment Ties to TPP Countries



Source: Panjiva; Uniworld BP

Endnotes

¹ World Bank; World Trade Organization's 2012 Trade Profiles.

² The Trade Partnership using the Global Trade Analysis Project model. Note: 2011 is the most recent year available for services export data; services export data are not available for all TPP countries. "Goods" refers to all goods, including agricultural goods, manufactured products, and raw materials.

³ The Trade Partnership derived from U.S. government and private industry data.

⁴ The Trade Partnership derived from U.S. government and private industry data. Note: 2011 is the most recent year available for services export data; services export data are not available for all TPP countries.

⁵ The Trade Partnership derived from U.S. Department of Commerce, U.S. Census Bureau data.

⁶ The Trade Partnership derived from U.S. Department of Commerce, U.S. Census Bureau data.

⁷ World Trade Organization's 2012 Trade Profiles.

⁸ The Trade Partnership derived from U.S. government data.

⁹ U.S. Department of Commerce, U.S. Bureau of Economic Analysis.

¹⁰ Uniworld BP, Directory of Foreign Investment in the United States.

¹¹ U.S. Department of Commerce, U.S. Bureau of Economic Analysis.