



THE TRANS-PACIFIC PARTNERSHIP

Working for

CALIFORNIA

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 California by **\$1.1 billion and \$924 million** per year respectively. It is estimated that the increased marketing opportunities for California's farmers and ranchers will add nearly **7,000** jobs to the California economy. Eliminating tariffs and other trade barriers on California's agricultural exports to TPP-partner countries will increase trade for a range of California agricultural products, including **fruits and nuts, vegetables, beef, rice, dairy and processed food products**. Export sales make an important contribution to California's farm economy, which had total cash receipts of **\$54 billion in 2014**.

| GAINS FROM FULL TPP IMPLEMENTATION | | |
|------------------------------------|--------------------|------------------|
| CALIFORNIA | | |
| Agricultural Product | Cash Receipts | Net Exports |
| Corn | 4,245.0 | -568.5 |
| Soybeans and Products | 0.0 | 0.0 |
| Wheat | 803.3 | -361.1 |
| Cotton | 2,237.7 | 2,684.6 |
| Rice | 12,473.6 | 24,350.4 |
| Fruits and Nuts | 562,980.9 | 501,053.0 |
| Vegetables | 176,978.7 | 157,511.1 |
| Beef | 48,504.5 | 44,733.7 |
| Pork | 2,501.2 | 2,152.4 |
| Poultry | 24,442.6 | 6,577.8 |
| Dairy | 53,845.3 | 25,649.6 |
| Other Ag | 279,419.3 | 161,045.0 |
| TOTAL | 1,168,432.1 | 924,828.0 |

Thousand \$USD

CALIFORNIA 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: California's dairy industry leads all other agricultural industries in the state with \$9.4 billion in cash receipts in 2014. TPP passage is expected to increase dairy cash receipts by \$53.8 million per year, which is driven by a \$25.6 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.
- 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.

Fruits and Nuts: California's almond industry produced \$5.9 billion and grape industry produced \$5.2 billion in cash receipts in 2014. TPP passage is expected to increase fruits and nuts cash receipts by \$563 million per year, which is driven by a \$501.1 million per year increase in direct exports to TPP countries.

- Japan's nut tariffs from 2.4-10 percent will be eliminated immediately.
- Malaysia's nut tariffs as high as 20 percent will be eliminated immediately.
- Vietnam's nut tariffs as high as 35 percent will be eliminated immediately.
- Japan's tariffs of 8.5 percent on fresh cherries will be immediately reduced to 4.25 percent and then

completely eliminated in 6 years. Fresh apple tariffs of 17 percent will be immediately reduced to 12.75 percent and completely eliminated in 11 years. Fresh pear tariffs of 4.8 percent will be eliminated immediately.

- Japan's grapes, avocados, strawberries, raspberries, blueberries, kiwifruit, and watermelon tariffs as high as 17 percent will be eliminated immediately. Orange tariffs from 16-32 percent will be eliminated in 6-8 years. Japan's remaining fresh fruit tariffs as high as 17 percent will be eliminated within 11 years.
- Malaysia's tariffs as high as 5 percent on fresh cherries, apples, and pears will be eliminated immediately. Grapes, raisins, melons, dates, figs, peaches, plums, and strawberry tariffs as high as 30 percent will be eliminated immediately. Grapefruit and lemon tariffs of 5 percent will be eliminated immediately.

Processed Food and Fish: In 2014, California exported \$5.3 billion of processed foods to TPP countries. As of 2012, there were 153,927 employees in California's food manufacturing sector, with the largest subsector being dairy product manufacturing at 21% of food manufacturing.

- 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.

