



An overview of the bilateral, plurilateral and multilateral trade negotiations

Charles Akande, Editor

## TPP to Generate Small Gains in U.S. Economy

**The much anticipated report of the U.S. International Trade Commission (USITC) on the likely impact of the Trans-Pacific Partnership (TPP) agreement on the U.S. economy mandated by the U.S. Congress was released on May 18th. Some say the report could help the House and Senate committees setting up hearings on the Obama administration's trade policy agenda, and particularly the TPP.**

The USITC's projections show changes over the 15-year period to 2032 – or 30-year period to 2047 – measured against a baseline projection that does not include TPP. Overall, the analysis showed that the TPP would have “positive effects, albeit small as a percentage of the overall size of the U.S. economy.” By 2032, the study forecasted a 0.15% increase in GDP (\$42.7 billion) and 0.07% increase in employment (128,000 full-time equivalents, 174,000 jobs by 2047). The estimated gain in exports would be \$27.2 billion (1%) whereas imports will increase by 1.1% (\$48.9 billion relative to baseline projections).

The U.S. agricultural industry is expected to be the biggest winner of the TPP, with exports predicted to rise by \$7.2 billion, or 2.6%, over the 15-year period while imports would rise by only \$2.7 billion (1.5%). With projected annual increases of U.S. exports of \$1.8 billion, the U.S. dairy sector would be the biggest winner of the agricultural sector. Other notable annual increases are beef (\$ 876 million); poultry (\$174 million); fruits and nuts (\$575 million), pork (\$219 million), and processed foods (\$1.5 billion).

The agricultural export gains will come primarily from Japan and Vietnam. The U.S. dairy sector

would benefit from increased access to both Canadian and Japanese markets.

In contrast, U.S. exports of corn, wheat, and rice will decline by 2032. The rice production would drop by \$17.7 million. The gains in overall exports to Japan are seen as being more than offset by the increase in Vietnamese exports into the Mexican and U.S. markets. The drop in export of feed grains is being attributed to increased domestic demand, which will be in part to supply increased meat exports.

In the manufacturing sector, increases in imports are predicted to far exceed exports and, worse, output is projected to fall by \$11.2 billion. Chemicals, textiles, and auto parts are also amongst the biggest losers. Increases in imports of footwear and apparel far exceed increased exports but output does not decline. Autos output is expected to increase by \$1.6 billion.

Historically, USITC estimates of FTAs' impact on the U.S. economy “have proven to be quite conservative,” the U.S. Chamber of Commerce said in a communiqué, citing examples from past agreements reached with Australia, Central America and the Dominican Republic, Chile, Mexico, and Morocco, where in practice the results have significantly exceeded the high end of the USITC estimates.

### **APEC Trade Ministers Back WTO for More Deliverables**

At a meeting of APEC trade ministers in Arequipa, Peru (17-18 May), ministers said they would like to see the organization continuing delivering results at the next World Trade Organization (WTO) Ministerial Conference (MC11), which will be held in 2017.

“Ministers agree to play a constructive role in revitalizing and strengthening the WTO's negotiating

function. They call on all WTO Members to actively participate, with a sense of urgency, in discussions to advance negotiations on remaining Doha Development Agenda issues, bearing in mind the centrality of development in the WTO's work," the Chair of the meeting Minister for Foreign Trade and Tourism of Peru, Magali Silva said, adding that the group encourages Members to table concrete proposals to resolve important negotiating issues.

"There is a strong support to encourage all WTO Members to set the direction for future work together, in a spirit of solidarity and mutual trust, with a view to producing tangible outcomes in support of the multilateral trading system, including at MC11," Silva added.

**Geneva Watch is published by Dairy Farmers of Canada, Chicken Farmers of Canada, Egg Farmers of Canada, Turkey Farmers of Canada and Canadian Hatching Egg Producers to report on the various events occurring in Geneva, particularly on the WTO negotiations on agriculture.**

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