The TPP Is Similar to the 20 Free Trade Agreements the U.S. has Already Entered
As Such, It Too will Harm the U.S. Cattle and Sheep Industries

Position Paper by R-CALF USA (October 19, 2015)

Neither the Trans-Pacific Partnership Free Trade Agreement (TPP) nor the 20 preexisting free trade agreements (FTAs) incorporate the strategic principles necessary to ensure that the U.S. and its domestic industries can begin to prosper in today's global environment.

Specifically, the TPP is not intended to strategically assist the U.S. in achieving more balanced trade over time. This is evidenced by the TPP's failure to:[1]

- Optimize Domestic Supply Chains
- Achieve Full Reciprocity
- Address Trade Distorting State Owned Enterprises
- Address Ongoing Currency Manipulation
- Adopt Adequate Rules of Origin to Prevent Third Parties from Exploiting the Agreement
- Provide Domestic Industries with Expedited Enforcement Procedures
- Neutralize Border Adjustment Taxes
- Provide Meaningful Safeguards for Perishable and Cyclical Products
- Maintain the Highest Possible Food Safety Standards
- Ensure U.S.-Based Companies Receive Preference for Domestic Procurement
- Provide a Sunset for the Agreement
- Provide Enforceable Labor Provisions

Whatever the benefits that may be ascribed to FTAs, reciprocal trade in cattle and beef and lamb and mutton is not among them.

Regardless of the gains in exports achieved by FTAs, increased imports continue to harm the U.S. cattle and sheep industries.

Whatever benefits that may arise from FTAs are being captured by the beef commodity industry: They are not being proportionately allocated to the upstream cattle and sheep industries, *i.e.*, to the farmers and ranchers that raise and sell cattle and sheep.

Eliminating tariffs and tariff-rate quotas exacerbate boom and bust cycles for the cattle and sheep industries.

[1] R-CALF USA, a board member of the Coalition for a Prosperous America (CPA), assisted the CPA in formulating the 13 principles that any 21st century trade agreement must embrace. The CPA's 21st Century Trade Agreement Principles document can be accessed here.

The United States' export-led strategy ignores disparities in purchasing power in many FTA countries that severely limits U.S. export opportunities. For example, the 2014 per capita income for Chile, Peru and Vietnam was $4,419, $1,870, and $392, respectively.

The TPP will likely cause the U.S. to continue lowering its food safety standards and its livestock health standards for the purpose of facilitating more imports into the U.S. from developing countries. To accommodate preexisting FTAs, the U.S. already has stopped requiring foreign countries to have food safety inspections that are at least equal to U.S. inspections; the U.S. no longer performs monthly inspections of foreign packing plants; the U.S. no longer requires countries to eradicate dangerous diseases within their borders prior to allowing exports of disease-susceptible products; and, the U.S. has lifted long-standing import restrictions against certain countries that continue to detect pernicious diseases in their livestock herds.

The lower food safety standards and livestock health standards caused by FTAs now require the U.S. to accept higher rates of disease introduction, disease incidence, food contamination, and human illnesses and deaths.

As shown by the chart below, the U.S. has not fared well in the trade of cattle, beef, beef variety meats and processed beef with the 20 countries that already have free trade agreements with the United States. During the past 25 years, the cumulative trade deficit with these 20 countries has drained Rural America of over $40 billion.