

## Overview

- The Trans-Pacific Partnership (TPP) agreement will strengthen trade and investment relationships between the United States and 11 other countries in the Asia-Pacific region.
- The TPP will help expand existing trade between Maryland and six current U.S. free trade agreement (FTA) partners, which will support economic growth and jobs in Maryland. (*Opportunity #1, Page 3*)
- The TPP will also open new markets for Maryland with five Asia-Pacific countries that are not current U.S. FTA partners, benefiting a variety of Maryland businesses, farmers, and workers. (*Opportunity #2, Page 4*)
- In addition, the TPP will help increase investment ties between Maryland and all TPP countries, supporting economic growth and jobs in Maryland. (*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) have completed the Trans-Pacific Partnership (TPP) agreement, which will support economic growth and jobs by removing trade barriers for goods and services, improving intellectual property protection, and creating new 21<sup>st</sup> century trade rules. The TPP will help increase U.S. trade and investment ties with these countries, which have a combined population of 490 million people and account for about 14 percent of global trade.<sup>1</sup> For additional information on the TPP negotiations, please see <http://businessroundtable.org/resources/trans-pacific-partnership-overview>.

## Trade & Investment with TPP Countries Is Good for Maryland

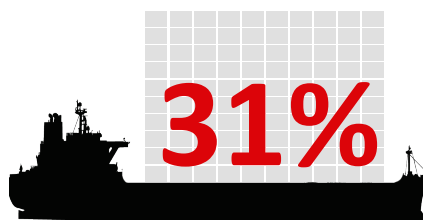
Maryland has important trade and investment ties with TPP countries. In 2014, U.S. trade — exports and imports of goods and services — with TPP countries supported an estimated 307,100 jobs in the state.<sup>2</sup> Maryland exported \$3.7 billion worth of goods to TPP countries in 2014. The TPP will help build on these trade and investment relationships and support the Maryland jobs that depend on them.

### Jobs



Number of Maryland Jobs Supported by Trade with TPP Countries

### Exports



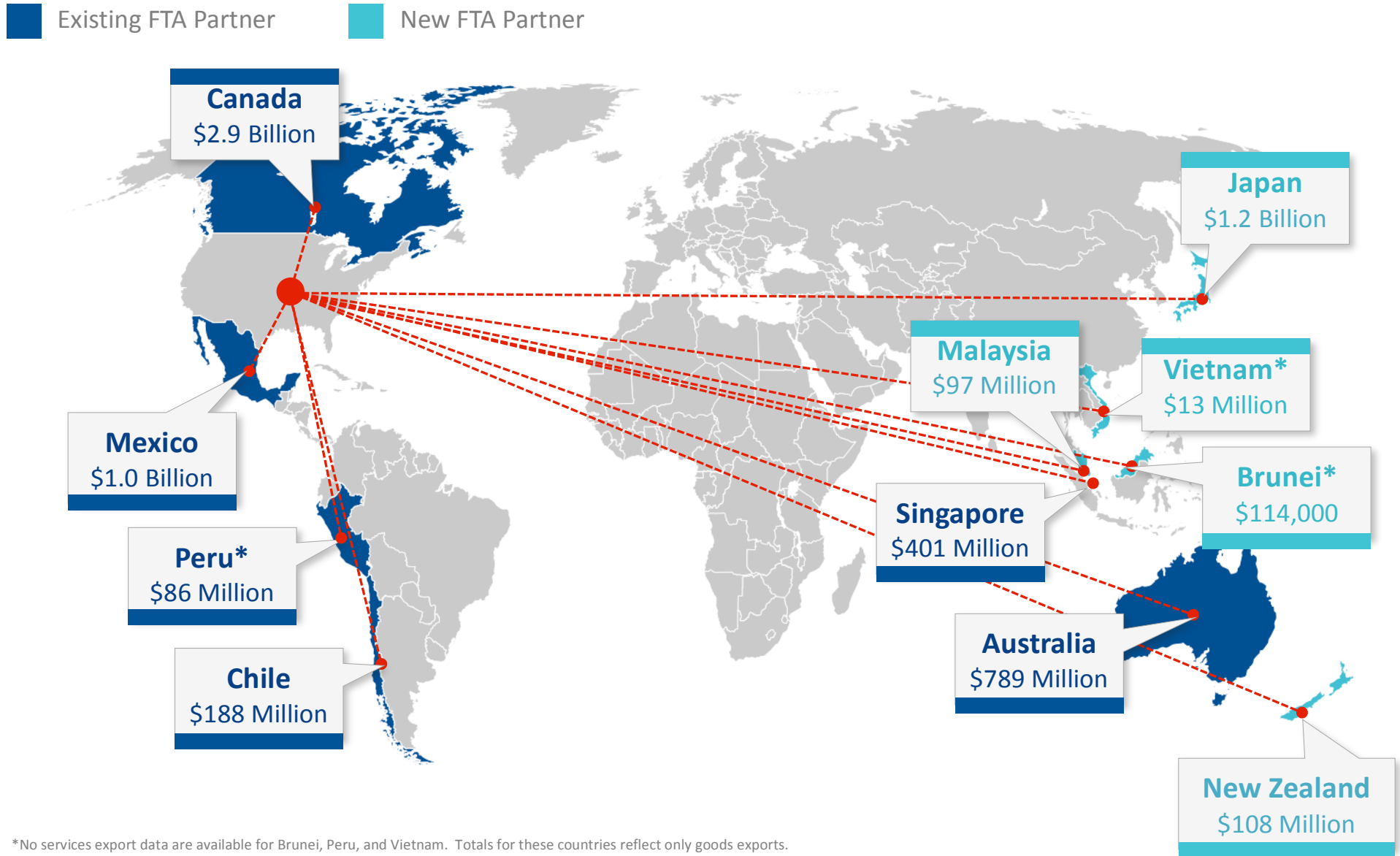
Share of Maryland Goods Exports Bound for TPP Countries

### Investment



Number of TPP Companies with Investments in Maryland

*Maryland Goods & Services Exports to TPP Countries, 2014*



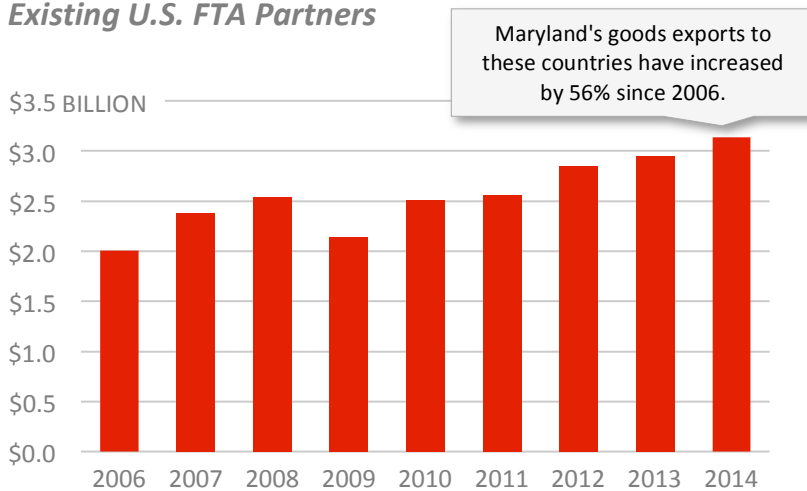
\*No services export data are available for Brunei, Peru, and Vietnam. Totals for these countries reflect only goods exports.

**Opportunity #1: Expand Trade between Maryland and Existing FTA Partners**

The TPP agreement will provide Maryland with an opportunity to increase its goods and services trade with several current 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:

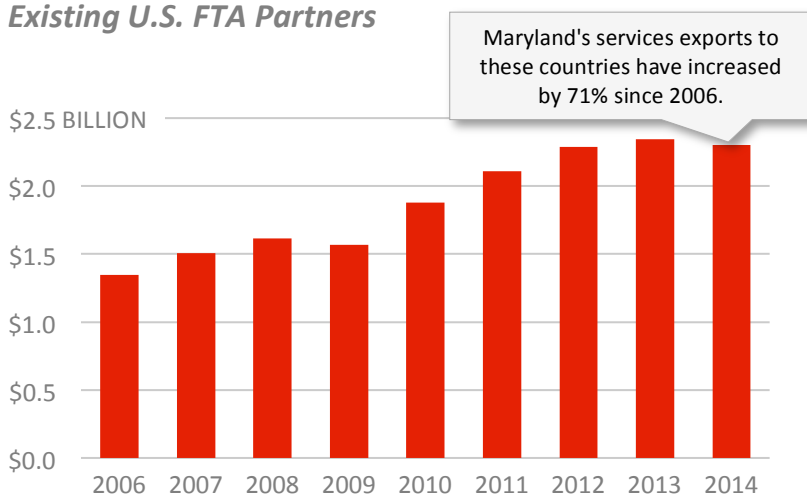
- Maryland exported *\$3.1 billion worth of goods* (e.g., communications equipment, motor vehicles, and agricultural and construction machinery) to these six countries in 2014 — accounting for roughly 27 percent of Maryland's goods exports globally.<sup>3</sup>
- Maryland exported *\$2.3 billion worth of services* (e.g., travel services, management and consulting services, and computer and data processing services) to these six countries in 2014 — accounting for roughly 18 percent of Maryland's services exports globally.<sup>4</sup>

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



Source: The Trade Partnership

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



Source: The Trade Partnership

The TPP agreement will help support this trade and ensure that it is subject to 21<sup>st</sup> century trade rules. Specifically, the TPP provides an opportunity to grow these goods and services exports still further and to address a range of important barriers that continue to impede exports to these countries.

The TPP agreement also will help Maryland manufacturers 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.<sup>5</sup> For example, Canada and Mexico play key roles in global supply chains. A significant share of the value of U.S. imports from Canada and Mexico (74 percent and 59 percent, respectively) is used as intermediate inputs for making finished U.S. products.<sup>6</sup> The TPP 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 Maryland 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 253 million people and a combined economy of \$5.3 trillion,<sup>7</sup> these “new FTA” TPP countries have the potential to be vibrant new markets for Maryland exports.

Maryland has good trade ties with several of these countries. Maryland exported \$550 million in goods and \$869 million in services in 2014 to the “new FTA” TPP countries.<sup>8</sup> However, Maryland producers currently face steep tariffs and other barriers to certain exports to these countries. The TPP provides an avenue for removing these barriers and increasing Maryland exports.

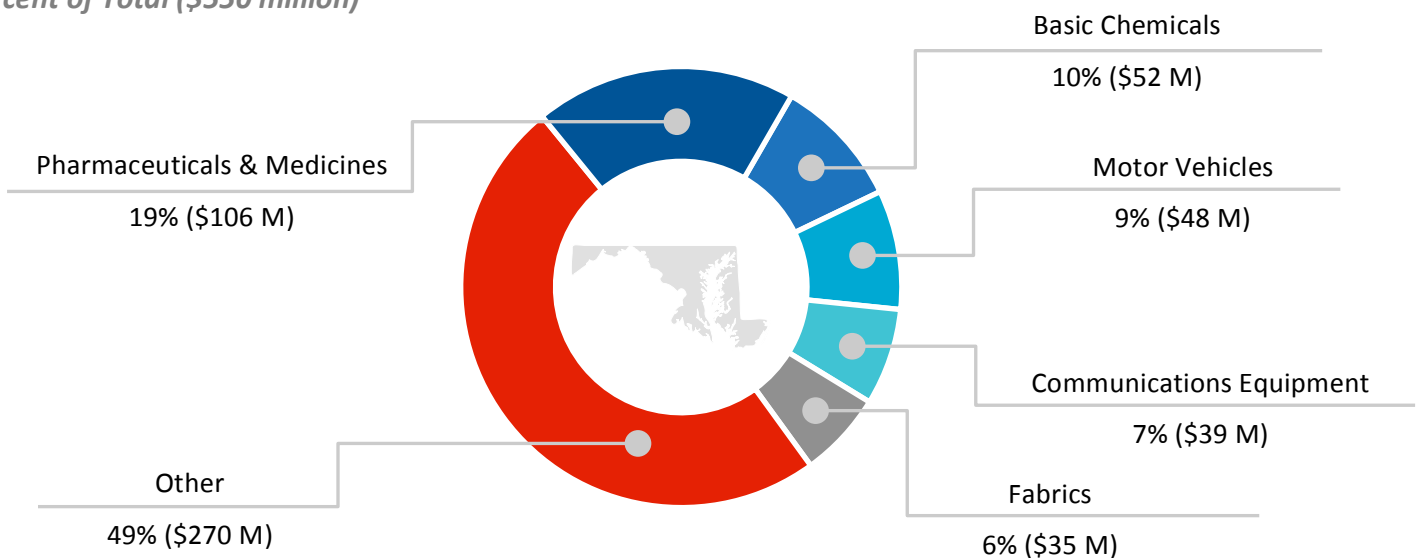
*Current Tariffs on Selected Top Maryland Exports to “New FTA” TPP Countries*

Export Market	Product	Tariff Rate	Tariff Elimination
Vietnam	Textiles and apparel parts	20.0%	Immediately
Malaysia	Plastic sheets and films	Up to 20.0%	Immediately
Vietnam	Chemicals with nitrogen functions	Up to 7.0%	Immediately
Japan	Fluoro-polymers	Up to 5.6%	Immediately
New Zealand	Paints and varnishes	Up to 5.0%	Immediately

Source: TPP Full Text, accessed through USTR.gov

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

*Maryland Goods Exports to “New FTA” TPP Countries by Industry, 2014*  
*Percent of Total (\$550 million)*



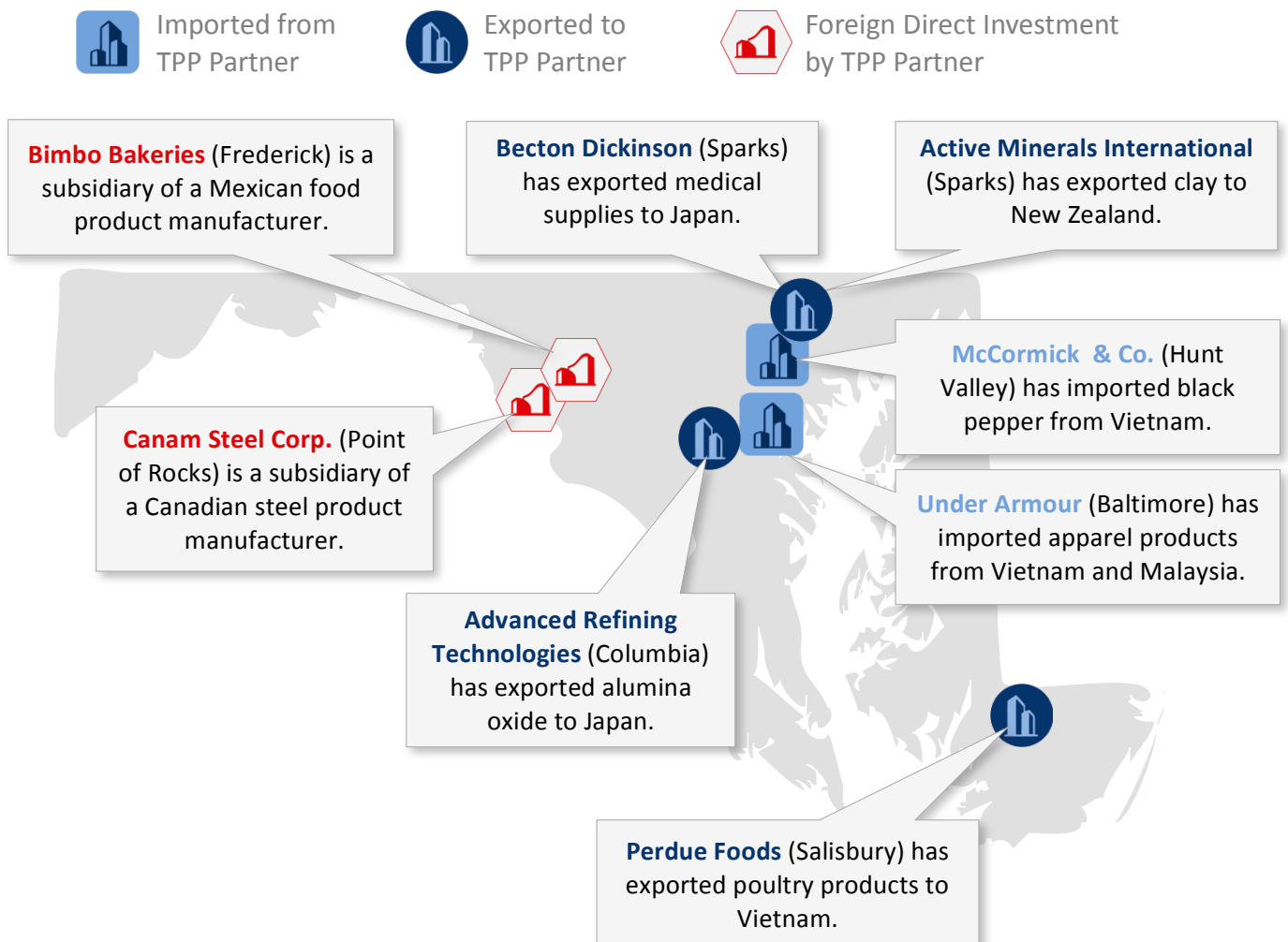
Source: The Trade Partnership

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

The TPP agreement will help strengthen investment ties between Maryland and all 11 TPP countries. Companies headquartered in TPP countries have already invested more than \$720 billion in the United States and employ nearly 1.6 million Americans.<sup>9</sup> About 235 Maryland businesses are subsidiaries of companies based in TPP countries — serving as an important source of business investment and job creation in the state.<sup>10</sup> For instance, Canadian and Japanese companies alone employed approximately 14,700 employees in Maryland in 2013.<sup>11</sup>

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

*Selected Maryland Companies with Existing Trade & Investment Ties to TPP Countries*



Source: Panjiva; Uniworld BP

## Endnotes

<sup>1</sup> World Trade Organization's 2015 Trade Profiles.

<sup>2</sup> Trade Partnership Worldwide, LLC, "Trade and American Jobs, The Impact of Trade on U.S. and State-Level Employment: 2016 Update."

<sup>3</sup> The Trade Partnership derived from U.S. government and private industry data.

<sup>4</sup> The Trade Partnership derived from U.S. government and private industry data. Note: services export data are not available for all TPP countries.

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

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

<sup>7</sup> World Trade Organization's 2015 Trade Profiles.

<sup>8</sup> The Trade Partnership derived from U.S. government and private industry data. Note: services export data are not available for all TPP countries.

<sup>9</sup> U.S. Department of Commerce, U.S. Bureau of Economic Analysis.

<sup>10</sup> Uniworld BP, Directory of Foreign Investment in the United States.

<sup>11</sup> U.S. Department of Commerce, U.S. Bureau of Economic Analysis.