December 3, 2015

The Honorable Michael Froman
United States Trade Representative
Executive Office of the President
Washington, D.C. 20508

Dear Ambassador Froman:

Pursuant to section 5(b)(4) of the Bipartisan Trade Priorities and Accountability Act of 2015, and section 135(e) of the Trade Act of 1974, as amended, I am pleased to transmit the report of the Animal and Animal Products Agricultural Technical Advisory Committee on the Trans-Pacific Partnership Agreement which reflects the Committee members' majority and minority opinions on the proposed Agreement.

Sincerely,

William W. Westman

William W. Westman
Chairperson
Animal and Animal Products ATAC

The Trans-Pacific Partnership Trade Agreement

Report of the
Animal and Animal Products Agricultural Technical Advisory Committee (ATAC)

December 2015

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Animal and Animal Products Agricultural Technical Advisory Committee (ATAC)

Animal and Animal Products Advisory Committee Report to the President, the Congress and the United States Trade Representative on the Trans-Pacific Partnership Agreement

I. Purpose of the Committee Report

In accordance with section 5(b)(4) of the Bipartisan Trade Priorities and Accountability Act of 2015, and section 135(e)(1) of the Trade Act of 1974, as amended, requires that advisory committees provide the President, the U.S. Trade Representative, and Congress with reports not later than 30 days after the President notifies Congress of his intent to enter into an agreement.

Under Section 135 (e) of the Trade Act of 1974, as amended the report of the Advisory Committee for Trade Policy and Negotiations and each appropriate policy advisory committee must include an advisory opinion as to whether and to what extent the agreement promotes the economic interests of the United States and achieves the applicable overall and principle negotiating objectives set forth in the Act.

The report of the appropriated sectoral or functional committee must also include an advisory opinion as to whether the agreement provides for equity and reciprocity within the sectoral or functional area.

Pursuant to the requirements, the Animal and Animal Products ATAC hereby submits the following report.

II. Executive Summary of Committee Report

The Animal and Animal Products (AAP) ATAC commends our negotiators for their diligent efforts undertaken to conclude this landmark agreement. The importance of the TPP agreement was evident since six additional Asian nations immediately expressed an interest in joining the TPP after the conclusion of the negotiations in Atlanta on October 5, 2015.

The majority opinion of the ATAC for Animal and Animal Products is clearly in support of the agreement stating that TPP will increase export opportunities for their sectors, while others require additional time to study the economic impacts of the final agreement.

The minority opinion does not agree with the majority viewpoint nor does it agree that the TPP, as negotiated, provides a net benefit to U.S. based food and agriculture workers, farmers and ranchers.

Although the AAP ATAC recognizes the importance of comprehensive market access under TPP that includes all products, some of the AAP ATAC members expressed disappointment of the very limited market access obtained in many animal products.

III. Brief Description of the Mandate of (Committee)

The advisory committee is authorized by Sections 135 (c)(1) and (2) of the Trade Act of 1974 (19 USC 2155) and is intended to assure that representative elements of the private sector have an opportunity to make known their views to the U.S. Government on trade and trade policy matters. The committee provides a formal mechanism through which the U.S. Government may seek advice and information. The continuance of the committee is in the public interest in connection with the work of the U.S. Department of Agriculture (USDA) and the Office of the U.S. Trade Representative. This advisory committee provides valuable private sector input.

IV. Negotiating Objectives and Priorities of (Committee)

A guiding principle for the AAP ATAC in bilateral, regional and multilateral trade negotiations is to improve export opportunities for U.S. dairy, livestock, meat and poultry products through the elimination of unfair tariff and nontariff trade barriers, including veterinary and sanitary restrictions on imports that are not based on science. Related to this is the acceptance of FSIS as the certifying authority for meat and poultry exports.

V. Advisory Committee Opinion on Agreement

The AAP ATAC provides the following comments on the Trans-Pacific Partnership Agreement (TPP).

Pork Industry Comments

Trade in Agriculture – The ATAC contends that the U.S. agricultural sector may be among the biggest beneficiaries of expanded market-access opportunities resulting from the TPP. The benefits will be principally in the countries with which the U.S. does not already have trade agreements (mainly Japan, Malaysia, and Vietnam) and where high tariffs and other import restrictions in the sector are widespread. Under the TPP, 70 percent of agricultural tariff lines in these countries will go to zero immediately upon implementation, representing 83 percent of U.S. food and farm exports. Examples of commodities that will gain significantly from the agreement include beef, pork, horticultural products and processed foods.

These benefits will only accrue to U.S. producers and exporters, however, if the concessions agreed upon are not nullified by the introduction of domestic policies that offset the intended market effects of the agreement. Subsequent to the conclusion of the agreement, the U.S. pork industry has learned that this may be the case in Japan with respect to pork and it may also extend to other agricultural products.

Expanded trade in the sector will be largely one-way in favor of U.S. exports, due to the fact that the U.S. is a highly competitive net exporter and, with much lower average tariffs, our market is already largely open to imports of agricultural products. All agricultural products, including the most sensitive products, were covered under the agreement. This as an important achievement and one which should form the basis for future agreements, as additional countries join the TPP.

Still, the Committee must note its disappointment that market-access gains for sensitive products in Japan (rice and dairy, in particular) and Canada (for dairy and poultry products) fall short of U.S. expectations for those sectors.

Hides and Skins Industry Comments

The hides and skins industry is in support of the agreement. While many of these products already receive 0 percent applied tariff treatment in key TPP markets, the agreement will lock in those applied rates and provide certainty for the industry in the future. Furthermore, tariffs on value-added products in the sector, such as semi-processed "wet blue" hides and skins, will be eliminated immediately or phased out over commercially-meaningful time periods in important global leather manufacturing markets, such as Vietnam.

The hides and skins industry applauds the efforts of U.S. negotiators to deliver a meaningful agreement that will serve to enhance the competitiveness of U.S. products in key leather and footwear manufacturing markets. Specifically, the tariff elimination and reduction packages in the TPP for Japan and Vietnam stand to benefit many U.S. hide, skin and leather products, especially with regard to value added products. While many of these products already enjoy low applied tariffs in these countries, the TPP will serve to eliminate the remaining hurdles to U.S. competitiveness.

This is especially the case for further processed "wet blue" hide and leather products. Over the last several years, the U.S. industry has increased its production capacity for these products, which fetch greater value and returns for U.S. businesses, but also tend to face higher import tariffs. The increased market access for these products in the TPP, primarily in Vietnam, will be a boon to the U.S. industry's efforts to enhance the overall value of its exports. Vietnam tends to limit its domestic production of wet blue products, providing an excellent opportunity for U.S. exporters to service the void in the market.

The hides and skins industry would have preferred a quicker phase-out period than the 11 years identified in the TPP text for many of Japan's tariffs on hides, skins and leather products. However, the industry understands this sector can be sensitive in Japan, and is appreciative of the effort and final result to eventually lower these tariffs to 0 percent.

Pet Food Industry Comments

The pet food industry supports the aims of the Trans-Pacific Partnership (TPP) and thanks the U.S. government officials for their dedication during the numerous negotiating rounds and consultations with stakeholders. While we fully support the TPP agreement, we would like to share the following observations.

The makers of US pet food appreciate the efforts by US negotiators to secure tariff reduction or elimination for pet food in key developed and emerging markets, including Japan, New Zealand and Vietnam.

Rules of Origin and Origin Procedures

Article 3.27: Verification of Origin, states "1. For the purpose of determining whether a good imported into its territory is originating, the importing Party may conduct a verification of any claim for preferential tariff treatment by one or more of the following:
(a) a written request for information from the importer of the good;
(b) a written request for information from the exporter or producer of the good;
(c) a verification visit to the premises of the exporter or producer of the good;"

The observation here is that the importing Party should be encouraged to use the least intrusive or disruptive method to determine whether a good imported into its territory is originating for purposes of verifying a claim of preferential tariff treatment. Specifically, a verification visit should be discouraged. We understand that these options were likely listed in the order of most to least preferable, but we must note that verification visits by Party officials should only be used as a last resort and should not be used without first (and unsuccessfully) seeking to obtain information through the written requests to the importer and exporter (in that order).

Sanitary and Phytosanitary Measures

The pet food industry and other ATAC members are encouraged by the language in the SPS Chapter related to requiring a scientific basis for SPS measures implemented by any Party. We trust that these requirements, when implemented, will serve to remove barriers to US food and agriculture exports that have no basis in science. Specifically, SPS Chapter provisions regarding transparency, import checks, emergency measures, and certification and food safety audits will be critical to removing or reducing the likelihood of barriers to US food and agriculture exports including pet food.

We are particularly interested in seeing that Article 7.9 of this chapter of the agreement is fully implemented by all Parties, with special attention paid to ensuring all Parties' SPS measures "either conform to the relevant international standards, guidelines or recommendations or, if its sanitary and phytosanitary measures do not conform to international standards, guidelines or recommendations, that they are based on documented and objective scientific evidence that is rationally related to the measures, while recognizing the Parties' obligations regarding assessment of risk under Article 5 of the SPS Agreement." Only if this provision is implemented by all Parties will US food and agriculture exporters fully benefit from the Agreement.

Dairy Opinions from Members of the Committee

The dairy industry at this stage is reserving final judgment as it continues to review carefully the agreement. TPP dairy provisions represent hundreds of tariff lines not only in countries that we export to today, but also those for countries that may export to the United States and other markets currently under FTAs with the United States. Given the particular complexity of the TPP dairy package, the dairy industry requires additional time to properly evaluate this agreement. Although this agreement enjoys already the support by several sectors represented by this ATAC on the basis that it answers the basic question "are we better off under TPP?".

In fact, Dairy may ultimately end up in the same position as others in this committee once we complete our analysis. However, it is our responsibility to accurately describe this agreement. Specifically, unlike numerous past U.S. FTAs, tariffs have not been fully eliminated on all U.S. exports in particular animal products nor have all the significant nontariff agricultural impediments to U.S. exports in the FTA partner's markets been removed, thus we very much believe this agreement should not be the model for future agreements regarding tariff elimination. Despite major accomplishments on issues related to SPS and protection of common names, we must ensure that elimination of trade barriers including tariffs on U.S. exports remains the future goal of U.S. trade agreements.

As noted above, this committee acknowledges the great work and milestones achieved in TPP through the creation of two new chapters that expand the protection for common food names and enhance the functioning of SPS commitments among the parties. The dairy industry in particular has noted these accomplishments and its appreciation for the opportunity to have worked closely with the U.S. government in helping develop these two chapters.

One member of the committee indicated that current import duties for Japan for cheese are at 29.8 percent and only falling equally over 16 years, which is not significant. Ice cream is in a similar situation— this level of access will not help US dairy processors/exports to expand exports of value added cheese and ice cream into Japan in the near future. The same member doesn't expect exports of cheese and ice cream to grow significantly until 5+ years into the agreement. Because of the lack of any significant immediate access for cheese and ice cream and continued weakness of the Yen, this member will not be spending money on marketing dairy products in Japan despite Japan being its second largest market.

Beef Industry Comments

The representatives of the beef packing, processing and exporting industry appreciate the opportunity to submit the following comments for inclusion in the report of the Animal and Animal Products Agricultural Technical Advisory Committee on the Trans-Pacific Partnership (TPP) Agreement.

Market Access for U.S. Beef

The beef industry supports the bilateral agreements the negotiators secured with the TPP partner countries. Of note, the agreement with Japan includes a reduction of the import tariffs on the major cuts to 9 percent down from 38.5 percent and, on the entry-into-force (EIF) date, the duty applied to U.S. beef will be on par with Australia, the major competitor in Japan to the U.S. This will allow the U.S. beef industry to remain competitive in its most important export market.

Because the United States already had free trade agreements (FTAs) with six of the TPP member countries (Canada, Mexico, Peru, Chile, Singapore, and Australia) at the time the TPP negotiations were launched, the greatest potential for improvements in market access for U.S. beef exports from this agreement lay with the terms that would be negotiated with the other five TPP member countries. Of these, Japan and Vietnam are the countries where significant export gains for beef were possible through the elimination or reduction of existing tariffs and related import restrictions.

Japan

- Japan is the U.S. beef industry's largest export market, valued at $1.6 billion in 2014. Currently, Japan maintains the highest tariffs on imports of chilled and frozen beef from the United States of any of our major export markets. Under the terms of the TPP, Japan agreed to reduce its tariff on imports of chilled and frozen beef from the United States from 38.5 percent today to 9 percent over a period of 15 years. Although the TPP did not accomplish the complete elimination of Japan's beef tariffs, we expect the more than three-fold reduction in the tariff over the implementation period to result in increased per capita beef consumption by Japanese consumers and associated commercially significant opportunities for increased U.S. beef exports to Japan. After years of declining numbers, the U.S. cattle herd has entered a period of expansion. Increased exports to Japan, one of the highest value beef markets in the world, will result in increased profitability throughout the production chain and stimulate further expansion of the herd.

- In addition to the reduction in the tariff on chilled and frozen beef, Japan also agreed to phase out its tariffs on imports from the United States of other commercially important beef products, including variety meats (notably tongues and skirt meat, two high-volume export items to Japan from the United States) as well as processed beef products.

- In judging the value of the TPP agreement to the U.S. beef industry it is important to bear in mind that Japan signed an Economic Partnership Agreement (similar to a FTA) with Australia, our principal competitor in the Japanese market, before concluding the TPP negotiations. Under the Japan-Australia EPA, Japan agreed to a front-loaded formula for reducing its tariffs on imports of Australian chilled and frozen beef with the result that Australia gained a significant tariff advantage over the United States when the EPA went into effect on January 1, 2015. Currently, Japan's tariff on frozen beef imports from Australia is 10 percentage points less than the tariff charged to imports of U.S. beef, and Australian chilled beef enjoys a 7 percentage point advantage over U.S. beef. This tariff advantage will continue to widen, putting U.S. beef exports to Japan at a significant commercial disadvantage, until the TPP is implemented and Japan implements a common tariff on beef imports from all TPP countries. Thus, to minimize the long-term loss in U.S. import market share that could result from this tariff disadvantage and fully realize the potential commercial benefits of the TPP, it is critically important to the U.S. beef industry for the TPP Agreement to be implemented as soon as possible. Looked at another way, if Congress does not approve the Agreement and it never goes into effect, the U.S. beef industry will face a permanent tariff disadvantaged in its most important export market. This would have serious consequences for the long-term profitability and health of the industry.

- In parallel with the tariff reductions agreed to by Japan in the TPP, the United States agreed that Japan would maintain a safeguard mechanism to protect its industry against surges of beef imports from TPP countries during the implementation period. Japan's TPP safeguard on chilled and frozen beef imports will replace the current separate quarterly safeguard mechanisms for chilled and frozen beef. Importantly, the TPP safeguard trigger was set at levels that are unlikely to be reached unless Japan experiences a surge in beef imports, and the snapback duty will be cut initially from 50 percent to 38.5 percent and then phased down over the implementation period. If the safeguard is not triggered in four consecutive years after year 15 of the implementation period, it will be eliminated (after 20 years).

Vietnam

- Vietnam is a relatively small export market for U.S. beef, valued at $22 million in 2014, but there is potential for solid growth in Vietnam's future beef imports, making it the other market where the U.S. beef industry stands to gain commercially from the TPP agreement. Vietnam has agreed to phase out its relative high tariffs on chilled and frozen beef imports from United States (currently 15 percent for boneless and 20 percent for bone-in) over three years and eliminate its tariffs on variety meats (currently 10%) over five years. Tariffs on processed beef products (currently 15 percent and 4 percent, depending on the tariff line) will be eliminated over 8 years.

- As is the case in Japan under the Japan-Australia EPA, the United States currently faces a tariff disadvantage to Australia and New Zealand in Vietnam under the Australia-New Zealand-ASEAN FTA (now 13 percentage points on cuts and 5 percentage points on offals), but under the TPP this differential will be eliminated in 2018 (for cuts) and 2019 (for offals).

Market Access for Beef from Other TPP Countries in Traditional Markets for U.S. Beef

Currently, the U.S. beef industry enjoys preferential (zero tariff) access to Mexico and Canada under the North American Free Trade Agreement (NAFTA). In 2014, Mexico was our largest export market by volume and Canada was our fourth largest market by value.

Under the TPP, Mexico will phase out its import tariffs on chilled and frozen beef imports (currently 20 and 25 percent, respectively) from other TPP countries over ten years. It also will eliminate its tariffs on most variety meats (currently 20 percent) and processed beef products (currently 10-15 percent) when the TPP enters into force. For Canada, chilled and frozen beef imports currently pay zero in-quota tariffs, but through TPP, the out-of-quota rate of 26.5 percent will also be phased to zero by year 11 for Australia and by year six for the other TPP members. Tariffs on variety meats and most processed products currently are zero, and are otherwise eliminated when the TPP enters into force (currently 9.5 percent to 12.5 percent on certain products).

The loss under TPP of our preferential trading position in these two very import export markets for the U.S. beef industry is a source of considerable concern to the industry and must be factored into our overall assessment of the commercial value of the Agreement.

Sanitary and Phytosanitary Provisions of the TPP

Experience has shown that countries can use sanitary and phytosanitary (SPS) measures to offset the market opening effects of reducing or eliminating tariffs, quotas, or other market access barriers. Thus, to accomplish meaningful trade liberalization, any trade agreement must include strong, enforceable SPS provisions that bolster the other trade liberalizing components of the agreement.

The SPS chapter of the TPP Agreement appears to meet this standard. First, it reconfirms and elaborates on key provisions of the WTO SPS Agreement, including those on recognizing regional conditions (for diseases, etc.); equivalence; science and risk analysis; audits, notably including a requirement that these are conducted on a systems basis; and transparency and accountability. Of considerable importance to the beef industry, the Agreement also makes all of these provisions of the SPS chapter subject to dispute settlement. Further, the SPS chapter introduces a detailed cooperative technical consultations mechanism that goes beyond the consultation provisions of most trade agreements and has the potential to become an effective means of resolving many SPS disputes between TPP countries without resorting to formal dispute settlement.

The beef industry continues to face trade restrictive and unjustified SPS barriers in some TPP member countries, including notably Australia, Vietnam, and Japan. For our industry the test of whether the SPS provisions of the TPP Agreement are sufficiently robust will be whether the U.S. government is able to draw on the obligations and commitments created by the SPS chapter to accomplish the elimination of these barriers in a timely manner after the Agreement is implemented.

Beef Industry Conclusions

In many respects the TPP Agreement is a significant accomplishment, and we congratulate and express our gratitude to Ambassador Froman, Secretary Vilsack, and their negotiating teams for bringing the negotiations to a successful conclusion. For the beef industry, the greatest benefits of the Agreement over the long term are likely to stem from improved access to the Japanese market where lower tariffs are expected to translate into lower prices for U.S. beef in the market and increased consumption by Japanese consumers. As noted above, however, we currently face a significant tariff disadvantage to imports from Australia that will continue until the TPP is implemented, making quick passage and implementation of the Agreement extremely important to the beef industry. The provisions of the SPS chapter of the Agreement also hold the potential to produce significant benefits for our industry, both in their application to our trading relationships with existing TPP countries and in our future relationships with other countries in the Asia-Pacific region that have expressed an interest in joining the TPP Agreement.

As noted above, the TPP Agreement imposes a high price on the beef industry in the form of the loss of our preferential access to Mexico and Canada. We recognize that any agreement, and especially one as complicated as the TPP, involves trade-offs for every affected sector of the economy. Estimating the impacts of changes in market access conditions that will not be completely realized for another 10-12 years is at best an imperfect exercise, but our analysis indicates that the benefits of the TPP Agreement for the beef industry are likely to outweigh the costs. These benefits will take the form of increased exports to Japan, one of the highest value markets in the world, improved industry profitability, and sustained expansion of the U.S. cattle herd. Moreover, without the TPP Agreement U.S. exports to Japan will be at a permanent disadvantage to exports from our largest competitor, Australia, which enjoys a significant preferential tariff today under its FTA with Japan. Beyond these specific benefits, we also have good reason to believe that the broader value of the Agreement in setting a new, higher standard for future trade agreements will bring future benefits to our industry.

Bison Industry Opinion

Representatives of the bison industry also commend the work conducted by the United States negotiators, and stand in support of this agreement. Export markets represent a growing opportunity for America's bison producers. Because this agreement uses the word "bovine" rather than "beef," in the tariff elimination schedule with Japan and the other participating countries, bison will be included in this important development.

Additionally, the sanitary and phytosanitary provisions within this agreement will help address current restrictions that have created an unjustified obstacle to trade for the U.S. bison sector. We fully agree that the SPS provisions will protect human, animal or plant life or health in the territories of the Parties while facilitating and expanding trade.

Poultry and Egg Industry Comments

The poultry and egg industry recognizes the tremendous accomplishments of US Trade Representative Michael Froman and his team for successful completion of the Trans-Pacific Partnership after years of negotiation.

Overall, we strongly support the TPP agreement as a meaningful and high standard agreement that will benefit the poultry industry in terms of job growth and increase in market growth and access. In 2014 the US exported approximately 20 percent of its chicken meat, 14 percent of its turkey meat and product, and 3.9 percent egg and egg products. The poultry industry will benefit economically from TPP as the agreement will enhance growth in export markets for each of the segments of the poultry industry.

Canada, Vietnam and Japan are currently important markets for all poultry segments. The TPP will provide an opportunity to expand these markets and may open new markets such as New Zealand.

Turkey Industry Comments

While supportive of the free trade principals represented by TPP, the turkey industry too is still fully reviewing the extensive text. We do note our disappointment in that the agreement only allows a very limited amount of U.S. turkey into Canada, especially in comparison to other commodities.

We believe the agreements achieved in the SPS section of the treaty will positively impact both trade and food safety. The provisions requiring decisions to be based on science, and for that science to be provided to explain such decisions, will not only improve trade, but will also facilitate the sharing of emerging science among the member countries. The turkey industry is particularly supportive of Article 7.7 that outlines adaptation for regional conditions, and promotes the regionalization of areas experiencing animal disease. It is our hope that the Committee on Sanitary and Phytosanitary Measures can improve member reactions to detections of Highly Pathogenic Avian Influenza (HPAI). HPAI is a worldwide problem that needs to be managed as a worldwide community with the understanding that trade agreements need to reflect that almost all countries with a domestic poultry industry have been impacted by this disease. Given the intensive HPAI surveillance program the US has in place, this issue is one we will continue to deal with in the future.

Dissenting Opinion Opposing The Trans-Pacific Partnership Agreement

Representatives of the united food and commercial workers (the Union), must strongly disagree with the overarching assumption of the ATAC that supports the TPP. From the perspective of American workers in the U.S.-based food and agricultural sector, the passage of TPP would inevitably have a negative impact on the number of jobs in the US food processing sector, and also would exert downward pressure on US labor standards. In short, while the TPP will clearly benefit global food corporations—including those with US-based production—the agreement nonetheless poses a threat of both a net loss of US-based jobs in the food processing sector; and a lowering of labor standards within the US and globally.

The Union believes the TPP as negotiated fails to take fully into account the likely negative impacts on U.S. food processing *workers*, and thereby does not adequately address TPP impacts on by far the largest number of Americans dependent on the US agriculture and food sector. While the primary beneficiaries of TPP will clearly be global food processing companies—some based in the US, and some not—workers have been mostly left out of the equation.

Additionally, the USTR has failed to achieve any tangible provisions in the TPP that would allow for effective enforcement against currency manipulation by major trading partners included in the agreement, e.g., Japan. The failure to provide any meaningful enforcement mechanism against currency manipulation undermines virtually all the USTR's claims of benefits accruing to the U.S. agriculture and food sector resulting from increased exports—especially for American food processing workers and the plants where they work in the United States. The continued abuses of currency manipulation by our trading partners will likely nullify most, if not all, of the alleged benefits of tariff reductions and will continue to contribute to the downsizing of U.S.-based food processing.

Although there are marginal improvements over past trade agreements, the labor and environmental provisions of TPP still lack the degree of privileged enforcement afforded to global corporations in the agreement. Therefore, these minor improvements will not offset the low labor standards that currently exist in several of the TPP countries, and would inevitably result in a net loss of food processing jobs in the United States.

On the other hand, the primary beneficiaries of this agreement, i.e., global food processing companies, would be further empowered to move more of their U.S. jobs overseas. This means that claims of increased benefits for U.S. food and agricultural production ring hollow, because much of the increasing foreign demand for food will be met by food processing plants being built in other countries—including plants built overseas by U.S.-based companies—not necessarily from U.S. plants. The average hourly wage in Vietnam is 60 cents an hour. In a small margin industry such as food processing, the appeal of less regulation and lower labor cost is undeniable. Another flaw in the TPP is that even the claims of increased market access for U.S. exports varies unevenly and unfairly from country to country, and are not reciprocal in all cases. For example, the protectionist language regarding Japan's lowering of its tariffs for protein exports is confounding. While the US reduces its tariff rate to zero over 15 years, Japan phases it in from 20-30 years. Japan also has an additional safeguard measure, being referred to as a "snapback." If the tonnage of imported meat exceeds a certain threshold, Japan can reinstate the current tariff rate of 38.5 percent. This snapback rate will be slowly reduced over 15-20 years. Clearly, the USTR was out-negotiated in this case.

The further trade deregulation embodied in the TPP will inevitably add to the significant threat to rebuilding the US cattle herd. The series of NAFTA-style free trade agreement passed over the past two decades has led to increasing live cattle imports that have directly depressed U.S. cattle prices, and impeded herd rebuilding. Increasing beef imports allowed by ongoing trade regulation suppresses U.S. beef prices, and further delays herd rebuilding. The resulting trend of shrinking U.S. beef production continues to eliminate good paying union jobs in the U.S. beef sector, which are in effect being displaced by lower paying poultry jobs with fewer benefits. This in turn erodes U.S. labor standards across the board in meat processing. Following are some statistics from an October 5, 2015 Beef.com article to support the argument that the expansion of trade deregulation allowed by TPP would pose an additional substantial obstacles to rebuilding the US cattle herd, which is already in dire straits in large part because of previous trade agreements going back to NAFTA:

-- On January 1, 2014, beef cow numbers fell to their lowest level since 1941,
-- Nine processing plants have closed since the start of 2013, representing a daily slaughter capacity of 14,850, or 3.7 million annually.
-- The statistics reveal the impact of shrinking cattle numbers from 2007, a decline exacerbated by widespread drought from 2010 to 2012....Since then numbers fell by 8.843 million until 2014. This forced Cargill in February 2013 to close its Plainview, Texas plant costing 2000 high paying union jobs with good benefits, and taking out 4,650 in daily kill capacity. This was the largest plant to close. Four other fed beef plants have since closed causing the loss of an additional 2500 high paying beef production jobs.
-- Since 1995, after the passage of NAFTA, 50 plants have closed since taking out 52,695 in daily kill capacity.
-- Total commercial cattle slaughter in 2015 will fall below 30 million for the first time since 1963, when it totaled 27.232 million. This year's total is expected to be down 4 percent to 5 percent from 2014.
-- Several other plants might thus struggle to remain open. For fed beef packers, 2015 fed steer and heifer slaughter is expected to decline about 3.5 percent, or 850,000, from last year.
-- Weekly steer and heifer slaughter this year might be as low as 442,000. That's against 525,000 in 2010.

The flooding of the U.S. domestic live cattle market, and the U.S. domestic beef market, with imports has broken the historical cattle cycle that existed prior to NAFTA, and continues to be a major obstacle to rebuilding the U.S. cattle herd. The evidence of the detrimental impacts of trade deregulation of the past two decades on beef production, and especially the degree to which such impacts adversely impede the rebuilding of the U.S. cattle herd, point to the unique challenges posed by the biology of cattle that requires 39 month from conception to slaughter. This unique challenge argues for cattle and beef to be designated as a sensitive product that requires exceptions to trade deregulation such as re-imposing border controls on both live cattle and beef imports when necessary to facilitate herd rebuilding.

Additional provisions that cast doubt on the achievement of market access goals in the TPP are included in the SPS chapter. Vague language regarding science and risk analysis and regulatory equivalence would give TPP trading partner countries plenty of wiggle room to restrict market access. For instance, the controversial pig and cattle feed additive, Ractopamine, is authorized in the United States, but is banned outright in Europe, Russia, and China, and discouraged in UN guidelines. Since the risk assessment studies and their interpretations differ, each country takes its own stance on the safety of the drug, and no definitive trade violation can be determined. This sets a bad precedent for the upcoming Transatlantic Trade and Investment Partnership as well. The Union opposes the TPP provisions for a dispute settlement mechanism because it lacks transparency; allows for corporate domination of the mechanism; and usurps the constitutional authorities of Americas legislative and judicial branches at the federal, state and local levels.

The TPP will lead to less transparency and fewer consumer choices by usurping the constitutional authority of the legislative branches at the federal and state level to require traceability and labeling, as evidenced in the recent decision of the WTO to strike down US Country of Original Labeling that was passed by the US Congress and upheld by US Courts.

Finally, although the procurement language in the TPP for the most part appears to leave out federal procurement, the text nevertheless leaves open the possibility of putting state and local procurement back on the table for negotiation in the future. The text directs that "No later than three years after the date of entry into force of this Agreement, the Parties shall commence negotiations with a view to achieving expanded coverage, including sub-central coverage." It is unclear how that would be decided or who would be consulted, but it indicates the clear intention to include programs by states, counties and perhaps even public universities or hospitals, at some point in the future. In that case, we find a clue from the TTIP negotiations, where leaked meeting reports indicate that the EU is seeking such commitments from the U.S. for all goods and all sectors. We would therefore request further clarification on the USTR's intentions for future US negotiating objectives for food procurement both in the TPP, and in the TTIP.
For all these reasons, The Union declines to endorse the current TPP negotiated text. There are millions of workers in the US food industry who will suffer from a net loss of jobs, and a lowering of labor standards if the TPP is passed. Food worker opposition to TPP *argues that there is not a clear majority of the U.S.-based food and agricultural sector that agree with the assumption that all food and agricultural sectors would benefit from TPP.*

Conclusion - The Trans-Pacific Partnership Will Benefit America's Farmers, Ranchers and Food Processors

It is the majority opinion of the ATAC Animal and Animal Products Committee that the Trans-Pacific Partnership Agreement (TPP) will benefit American farmers and ranchers by increasing export opportunities through the reduction of tariff and non-tariff barriers and support of other market opening mechanisms. Some on the committee continue to study the agreement so their view is not yet of support or opposition. However, there is a dissenting opinion on this conclusion. The majority of the ATAC believes that both the SPS and IP chapters on protection of Common names are critical to the success of the Transpacific Partnership and possible future trade agreements.

The ATAC for Animal and Animal products wishes to commend the leadership and staffs of both USDA and USTR and other agencies in the U.S. government who have worked tirelessly to bring the TPP to a conclusion. The clear majority of the committee congratulate and express our gratitude to Ambassador Froman and Secretary Vilsack and their respective teams.

VI. **Membership of Committee (list of members)**

ADVISOR FIRST NAME	ADVISOR LAST NAME	ORGANIZATION
David	Carter	National Bison Association
Jaime	Castaneda	National Milk Producers Federation
Anthony	Clayton	Clayton Agri-Marketing, Inc.
Steven	Foglesong	Black Gold Ranch and Feedlot
Thad	Lively	U.S. Meat Export Federation
Robert	McCan	McFadden Enterprises
Shelly	McKee	U.S. Poultry and Egg Export Council
Hal	Shenson	Nature's SunGrown Foods. Inc.
Stephen	Sothmann	U.S. Hide, Skin and Leather Association
John	Wilson	Dairy Farmers of America
Doug	Wolf	National Pork Producers Council
William	Westman	North American Meat Institute
Kurt	Brandt	United Food & Commercial Workers
Tracy	Brunner	Cow Camp, Inc.
Todd	Menotti	Tyson Foods, Inc.
Lisa	Picard	National Turkey Federation
Don	Shawcroft	John B. Shawcroft Ranches, LLLP
Dennis	Stiffler	Mountain States Rosen
Peter	Tabor	Pet Food Institute