

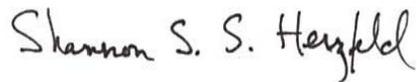
December 1, 2015

The Honorable Michael Froman
United States Trade Representative
600 17th Street, NW
Washington, D.C. 20508

Dear Ambassador Froman,

In accordance with 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 Agriculture Policy Advisory Committee for Trade (APAC) on the Trans-Pacific Partnership Agreement, reflecting the majority opinion and minority opinions on the proposed Agreement.

Sincerely,

A handwritten signature in black ink that reads "Shannon S. S. Herzfeld". The signature is written in a cursive style with some capitalization.

Shannon S.S. Herzfeld
Chairman
Agriculture Policy Advisory Committee

The Trans-Pacific Partnership Trade Agreement

**Report of the
Agricultural Policy Advisory Committee for Trade**

December 1, 2015

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Agricultural Policy Advisory Committee for Trade (APAC)

Agricultural Policy Advisory Committee for Trade Report to the President, the Congress, and the United States Trade Representative on the Trans-Pacific Partnership Agreement (TPP)

I. Purpose of the Committee Report

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 to the President, the Congress, and the United States Trade Representative reports not later than 30 days after President Obama 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 principal negotiating objectives set forth in the Trade Act of 2002.

The report of the appropriate 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 these requirements, the APAC hereby submits the following report.

II. Executive Summary of the Committee Report

It is the clear majority opinion of the APAC that the Trans-Pacific Partnership (TPP) will benefit American farmers, ranchers, and food and feed producers by increasing export opportunities through the reduction of tariff and non-tariff barriers and support of other market-opening mechanisms. The clear majority of the APAC believes these elements will allow American agriculture to compete in a cost effective manner, enhancing food security and consumer choice for both Americans and our TPP trading partners.

The APAC's expression of support of the TPP, while not unanimous, is strong and spans the broad reach of American agriculture.

As with any complex multi-national trade negotiation, not all objectives of the interested parties have been met in the final agreement. For this the APAC wishes to note some areas of disappointment which are detailed in section V, below. Additionally, two APAC

members wish to express a contrary point of view and this view is elaborated upon in the Annex to this Report.

Again, however, the APAC believes by a clear majority that American agriculture is better served through the ratification of the TPP than if this agreement were not to be approved - as the benefits clearly exceed our concerns.

The basis for overall support and expressions of specific areas of disappointment are elaborated upon below.

III. Brief Description of the Mandate of the APAC

The APAC is authorized by federal law and is a mechanism intended to assure that representative elements of the private sector have an opportunity to make known their views to the U.S. Government on pending trade and trade policy matters. The APAC provides a formal mechanism through which the U.S. Government may seek advice and information from experienced individuals drawn from various sectors of American agriculture. The continuance of the APAC is in the public interest in connection with the work of the U.S. Department of Agriculture and the Office of the U.S. Trade Representative. There are no other agencies or existing advisory committees which could supply this private sector input.

Members of the APAC are jointly appointed for fixed terms of service by the Secretary of Agriculture and the United States Trade Representative. Each member must have a federal security clearance in order to serve on the APAC, given the confidential nature of information and advice shared during the process of helping to formulate appropriate negotiating positions to be taken by the U.S. government.

The production and dissemination of this report is done in fulfillment of this mandate.

IV. Negotiating Objectives and Priorities of the APAC

The clear majority of APAC members support fully the negotiating objectives of the Obama Administration to unlock opportunities for American agriculture through the TPP. The TPP is structured to be a comprehensive deal, providing meaningful market access to all signatories.

A high priority of the APAC is to identify and support public policies which lead to improved trade opportunities for American agriculture through the reduction of tariff and non-tariff barriers as well as other market opening mechanisms.

V. APAC Opinion on the TPP

It is the clear majority opinion of the APAC that the Trans-Pacific Partnership (TPP) will benefit American farmers, ranchers, and food and feed producers by increasing export opportunities through the reduction of tariff and non-tariff barriers and the support of other market opening mechanisms which allow American agriculture to compete in a cost effective manner, enhancing food security and consumer choice.

After careful review of the specific TPP provisions and committee discussion, the APAC notes that it holds strongly this view of support. The opportunities for American agriculture are enhanced by the TPP's overarching ambition to achieve a high standard agreement, reinforcing the core values of a rules-based trading system paired with a well-defined dispute settlement mechanism and recognition of strong intellectual property rights.

The APAC wishes to call particular attention to the Sanitary and Phytosanitary provisions of the TPP where WTO standards have been built upon and exceeded. The APAC also notes positively those elements of the TPP dealing with biotechnology which respect each TPP signatory's right to define appropriate laws and regulations concerning biotechnology while acknowledging the challenge to global trade from lack of uniformity in global approval timelines. The APAC also wishes to call attention to provisions concerning Geographic Indications which reflect enhanced due process and transparency disciplines. Collectively these will benefit American agriculture greatly.

We observe and embrace the goals of the Labor and Environment chapters of the TPP and note that those engaged in American agriculture have long been stewards of the environment as that is key for productive farming and ranching which spans generations.

We observe that the negative effect of currency manipulation has been recognized by the signatories and note that these negative effects impact not just agricultural trade but all trade. We are pleased to see specific and detailed discussion of this complex issue from the macroeconomic policy authorities of countries which are party to the TPP, led by the U.S. Treasury.

We applaud the scope of the TPP, noting that no commodity has been exempted or excluded. The inclusion of even so-called sensitive products which have burdened past negotiations is noteworthy although we note with some disappointment that full market access for some products may prove to be more aspirational than achievable in the near term. We encourage careful review of the Reports from specific product Agricultural Technical Advisory Committees (ATACs).

We encourage vigilance to ensure that adoption of standards by the TPP signatories does not become a way to circumvent the expected positive outcome of trade liberalization and become a non-tariff barrier. Standards perform legitimate functions such as ensuring product uniformity and transparency in production and marketing. Non-tariff barriers arise when the mechanism by which they are set and fulfilled creates

requirements which are overly burdensome or complex which result in trade limiting outcomes.

We further encourage vigilance concerning adoption of new measures, requirements and subsidies by the TPP signatories which are at odds with the objectives of the TPP and which thwart the achievement of the goals of rapid and timely compliance and full market access.

Despite these notes of caution, the clear majority of the APAC believes that the TPP's high level of commitment to robust agricultural trade, combined with the enhanced trading rules and dispute settlement, will benefit American agriculture. It is a significant step forward. Ratification of the TPP will likely foster improved prosperity and security, both in the region and globally.

We are encouraged that other countries in the Pacific region may ask to join the TPP once this trade agreement, with its original members, goes into effect. Adding more members to the TPP will further enhance the value of this particular trade agreement provided new TPP signatories are held to the most ambitious of market access schedules. Such an expansion, if it unfolds, will increase access to even more foreign markets for U.S. agricultural goods. The TPP will be a sound and rules-based platform on which to build for the future.

As noted above, two APAC members wish to express a contrary point of view from the majority opinion expressed in this Report. This view is captured in the Annex to this Report. In addition, two APAC members have voted "Present" to signify an inability to yet stand with the majority or with the minority, as further analysis is pending.

VI. Closing Comments

It is the clear majority opinion of the APAC that the Trans-Pacific Partnership Agreement (TPP) will benefit American farmers, ranchers, and food and feed producers by increasing export opportunities through the reduction of tariff and non-tariff barriers and support of other market opening mechanisms. The clear majority of the APAC believes this will allow American agriculture to compete in a cost effective manner, enhancing food security and consumer choice for both Americans and consumers in our TPP trading partners. Reflecting this, the clear majority of APAC members encourage the Administration and Congress to undertake the necessary steps expeditiously, leading to the review and approval of the TPP in a timely manner.

While the focus of the current effort is to launch the TPP fully, embracing all 12 signatories, the APAC, reflecting its strong support, encourages the U.S. government to welcome expressions of interest from other countries in the Pacific region.

The APAC observes that there would be significant negative effects should the TPP not be approved. American agriculture would lose out on favorable access to markets representing \$63 billion in agricultural exports. Moreover, as other countries reach

their own agreements, American agriculture's access to this vibrant region could be further diminished and this historic opportunity to establish a high-standard agreement would be lost.

The APAC wishes to commend the leadership and staffs of both USDA and USTR who have worked tirelessly to bring the TPP to a successful and beneficial conclusion for our country and U.S. agriculture.

VII. Membership of the Committee

Agricultural Policy Advisory Committee for Trade

NAME	ORGANIZATION
Gary Adams	National Cotton Council of America
Cynthia Allen	Allen Farms
Dale Artho	Dale and Kathy Artho Farms
Carlos Ayala	Perdue Foods, LLC
Steve Baccus	Baccus Farms, Inc.
Laura Batcha	Organic Trade Association
Chad Blindauer	National Corn Growers Association
Devry Boughner	Cargill, Inc.
Dow Brantley	Brantley Farming Co.
Jon Caspers	National Pork Producers Council
Steve Censky	American Soybean Association
Annie W. Durbin	U.S. Agricultural Export Development Council

Dr. Marsha Echols	World Food Law Institute
Dr. Jerry Flint	DuPont Pioneer
Hezekiah Gibson	United Farmers USA / Gibson Farm
Earnest Chandler Goule	National Farmers Union
Thomas A. Hammer	National Oilseed Processors Association
Shannon S.S.Herzfeld	Archer Daniels Midland Company
Robert P. Koch	Wine Institute
Dr. Won Koo	North Dakota State University
Mark Lauritsen	United Food and Commercial Workers International Union
Dr. Elmira Mangum	Florida Agricultural and Mechanical University
Brenda N. Morris	Morris Farms, LLC
Daniel D. Moss	Moss Ag, LLC and Arrowhead Potato Company
Thomas A. Nassif	Western Growers
Christian E. Schlect	Northwest Horticultural Council
Philip M. Seng	U.S. Meat Export Federation
Joseph E. Steinkamp	Steinkamp Farms, Inc.
Renee Toussaint-Strickland	Strickland Ranch & Exports, Inc.

Michael Stuart	Florida Fruit & Vegetable Association
Thomas M. Suber	U.S. Dairy Export Council
James H. Sumner	USA Poultry & Egg Export Council
Rayne Thompson	Sunkist Growers
Alan T. Tracy	U.S. Wheat Associates, Inc.
Robert J. Underbrink	King Ranch, Inc.
Larry Wooten	North Carolina Farm Bureau

Annex

The Trans-Pacific Partnership Trade Agreement

**Minority Report of the
Agricultural Policy Advisory Committee for Trade**

December 1, 2015

In the Report of the ATAC, supported by the majority of APAC members, it clearly states that this support rests on the underlying full support of the negotiating objectives of the Obama Administration. Specifically, in Section IV of the Report it states,

“The APAC supports fully the negotiating objectives of the Obama Administration to unlock opportunities of American agriculture through the TPP. The TPP is structured to be a comprehensive deal providing meaningful market access to all signatories.”

Regrettable we, the undersigned, cannot agree with this view nor do we agree that the TPP, as negotiated, provides a net benefit to U.S. based food and agriculture workers and family farmers, ranchers and fishermen.

Key concerns regarding the Obama Administration negotiating objectives:

We believe that certain objectives are not in the interest of American agriculture including: expansion of the secret, undemocratic ISDS mechanism; absence of a concrete mechanism to combat currency manipulation; failure to place labor and environmental standards on equal footing with economic rights and elimination of sustainability preferences; allowance of potential weakening of government procurement rules.

Key concerns regarding the TPP

We believe that the TPP does not serve well the interests of American food processing workers and family farmers, ranchers and fishermen overall. We believe that passage will reduce American food processing jobs, labor standards and farm gate prices and result in increased imports and decreased exports of American agricultural products.

This negative outcome reflects, among other things, currency manipulation, which remains unaddressed in the TPP. Currency manipulation has resulted in the U.S. running an overall trade deficit since 1971. This deficit damages the entire economy and has impeded job growth and income gains. Since this is unaddressed, it could nullify

the tariff reductions, harming the export potential of many American sectors including and especially beef.

Regrettably the labor chapter reflects only incremental improvements over past agreements like NAFTA and will not offset the low labor standards currently existing in many TPP signatories. Driven by the attraction of low wages, the U.S. is vulnerable to loss of food processing jobs.

We have strong concerns about future discussions envisioned under the TPP which will revisit current government procurement rules. Weakening current provisions covering government procurement are not likely to serve the interests of American agriculture workers and family farmers, ranchers and fishermen.

Lastly, we do not agree that the SPS chapter reflects significant achievement. Indeed, we view the vague language in the TPP concerning science and risk analysis and regulatory equivalence as creating plenty of loopholes which will lead to further restrictions on market access for American agriculture.

For these reasons, we do not endorse the positions taken in the majority report to which this is annexed as we view it as overly optimistic and not representative of the organized food processing workers and family farmers, ranchers and fishermen.

Mark Lauritsen
United Food & Commercial Workers International Union, CLC

Chandler Goule
National Farmers Union