



Opportunities for the U.S. Chemical Sector



U.S. Chemical Exporters Currently Face Barriers in New TPP Markets**

\$8.2 Billion in U.S. Chemical Exports to New TPP Markets in 2015

Chemical Exports Face Tariffs in New TPP Markets Up to **35%**

An Estimated **\$236 Million** in Duties are Levied on U.S. Exports of Chemicals in New TPP Markets Every Year

The Chemical Sector includes products such as cosmetics, paints, rubber products, plastics, fertilizers, and organic/inorganic chemicals

Key Market Access Benefits

Japan will eliminate import taxes on **100%** of U.S. chemical exports **immediately**

Malaysia will eliminate import taxes on **88.7%** of U.S. chemical exports **immediately** and **92.8%** within **4** years

Vietnam will eliminate import taxes on **87.5%** of U.S. chemical exports **immediately** and **99.7%** within **4** years

New Zealand will eliminate import taxes on **83.2%** of U.S. chemical exports **immediately** and **89.5%** within **4** years

97.2% of U.S. Chemicals Exports to New TPP Markets will Enjoy Duty-Free Access Immediately

Share of Exports by Tariff Elimination Basket



* **TPP Countries:** Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the United States, and Vietnam

** **New TPP Countries:** Countries with which the United States currently does not have preferential market access – Brunei, Japan, Malaysia, New Zealand, and Vietnam

Importance of the U.S. Chemical Sector

1.2 Million U.S. Chemical Workers in 2015

Accounted for **13%** of Total U.S. Manufacturing Production in 2014

\$148 Billion in U.S. Chemical Exports to the World in 2015

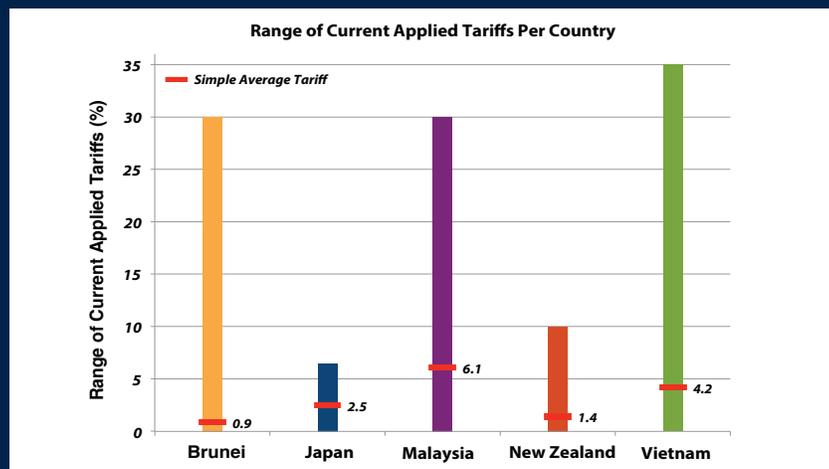
U.S. Chemical Exports to the World Grew by **33%** between 2009-2015

48% of Total U.S. Chemical Exports to the World in 2015 Went to the TPP Region

New TPP Partners are Significant Markets for U.S. Chemical Exports

Japan	\$6.5 Billion
Malaysia	\$918 Million
Vietnam	\$530 Million
New Zealand	\$312 Million
Brunei	\$3 Million

U.S. Chemical Exports Currently Face High Barriers in New TPP Markets . . .



. . . Which Will be Eliminated Under TPP

Opportunities for Selected Chemical Products



Personal Care Products and Cosmetics

Vietnam currently applies tariffs as high as 27% on U.S.-made cosmetics, such as make-up, skin soap, shampoo, and deodorant. Under TPP, those tariffs will be eliminated entirely within four years.



Fertilizer and Agro-Chem

The new TPP countries represent large (Japan) and growing (Malaysia and Vietnam) markets for U.S. fertilizer and agro-chemical exports. U.S. fertilizers and agro-chemicals in these markets face tariffs up to 30%. However, under TPP, nearly all U.S. exports of those products will see immediate tariff elimination.



Plastics

TPP countries represent a significant market for the highly competitive U.S. plastics industry. Under TPP, tariffs as high as 25% will be eliminated and U.S. plastics producers will enjoy reciprocal market access in the new TPP countries: Japan will immediately eliminate all tariffs on U.S. plastics and Vietnam will eliminate nearly all of its tariffs on plastics within four years.

TPP Commitments Will Make it Easier to Sell More Made-in-America Products

▶ Saves Time



- **Customs Procedures:** TPP provides for transparent and predictable customs regulations to facilitate the quick release of goods and promote regional supply chains. This includes special features to support small business exporters, including extra facilitations to speed express delivery.
- **Rules of Origin:** TPP provides common rules of origin to ensure that TPP benefits go to the United States and other TPP countries, not China or other non-members. TPP also uses chemical reaction rules to confer origin for most chemical products.
- **Digital Economy:** TPP features the most ambitious and advanced digital trade provisions of any trade agreement the United States has ever concluded. TPP establishes requirements that support a single, global Internet, including ensuring a free flow of data across borders. TPP also provides for non-discriminatory treatment of digital products transmitted electronically, and commits TPP countries not to impose customs duties on digital products.

▶ Reduces Costs



- **Investment:** TPP ensures that U.S. investors have the same kinds of protections in TPP markets that the United States already provides investors here at home, such as due process, non-discrimination, and just compensation in the event of expropriation.
- **Technical Barriers to Trade (TBT):** TPP enhances transparency, reduces unnecessary testing and certification costs, and promotes greater openness as standards are developed. This will enable U.S. exporters to ship more specialized, high-value manufactured goods to the region. TPP includes special TBT annexes on cosmetics and proprietary formulas, which provide specific guidelines that regulatory bodies in each partner country should undertake in the development of technical regulations and conformity assessment procedures.

▶ Promotes Fairness



- **State-Owned Enterprises (SOEs):** TPP develops rules to ensure that U.S. private sector businesses and workers are able to compete on fair terms with SOEs engaged in commercial activity. These include ensuring that SOE commercial purchases and sales take place on the basis of commercial considerations and those SOEs and designated monopolies do not discriminate against U.S. enterprises, goods, and services. TPP also guarantees that U.S. SOEs providing public services continue to operate without interference.
- **Intellectual Property Rights:** TPP establishes strong and balanced protections for patents, trademarks, copyrights, and trade secrets, including safeguards against cyber theft of trade secrets, as well as robust enforcement that will protect innovation and the 40 million American jobs that are directly or indirectly tied to innovation. TPP goes beyond past trade agreements to require partner countries to criminalize the theft, including cyber theft, of trade secrets. Similarly, enhanced protection and enforcement tools for chemical patents and trademarks will give exporters greater assurances that their innovations and brands are secure in TPP markets.
- **Regulatory Coherence:** TPP establishes principles to guide government processes for planning, implementing, and reviewing regulations. Partner countries have also agreed to a set of good regulatory practices, including the use of regulatory impact assessments and regulators' assessments of the economic costs and benefits of the regulation.



Want to learn about the tariff for your specific product in the TPP? Visit the FTA Tariff Tool at <http://www.export.gov/fta/ftatarifftool/>

TPP Implementation Offers New Opportunities for U.S. Exporters

Market Opportunity Spotlight

Japan – Cosmetics

Japan is the world's second largest market for personal care and cosmetics products and accounts for over 30% of the aggregate Asia-Pacific market. As the second largest exporter of cosmetics to Japan, the United States is well poised to benefit from the TPP. Additionally, U.S. businesses often find that expanding to Japan creates heightened visibility for their products and brands, which in turn leads to regional market demand. In this way, the Japanese market offers U.S. exporters a stepping stone to the greater Asia-Pacific region. Best prospects for U.S. companies include dual-use products that offer beauty and skin care benefits, natural or certified-organic products, men's skincare and personal care products, as well as personalized skin cleansers and niche fragrances.



Market Opportunity Spotlight

Vietnam – Fertilizer

Within Vietnam, there is a large and growing demand for fertilizers and chemical plant-protection products, particularly in Southern Vietnam which accounts for 70%-80% of the market. Although the United States accounts for only a small percentage of Vietnam's estimated \$1.6 billion annual imports of fertilizers and other agro-chemicals, U.S. fertilizers and agro-chemicals are favored by Vietnamese farmers for their quality and consistency in supply. TPP will eliminate tariffs and help minimize other barriers to trade, thereby increasing the competitiveness of U.S. exporters in the Vietnamese market.



Chemical Companies Across the United States Export to the TPP Region

