



## Opportunities for the U.S. Forest Products Sector



The Forest Products Sector includes products such as rough timber, wood pulp, paperboard, kraft paper, books, and other printed materials

### Key Market Access Benefits

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

**Malaysia** will eliminate import taxes on **85.0%** of U.S. forest products exports immediately and **97.0%** within **4** years

**New Zealand** will eliminate import taxes on **99.0%** of U.S. forest products exports **immediately**

**Vietnam** will eliminate import taxes on **95.4%** of U.S. forest products exports immediately and **100%** within **4** years

**U.S. Forest Products Exporters Currently Face Barriers in New TPP Markets\*\***

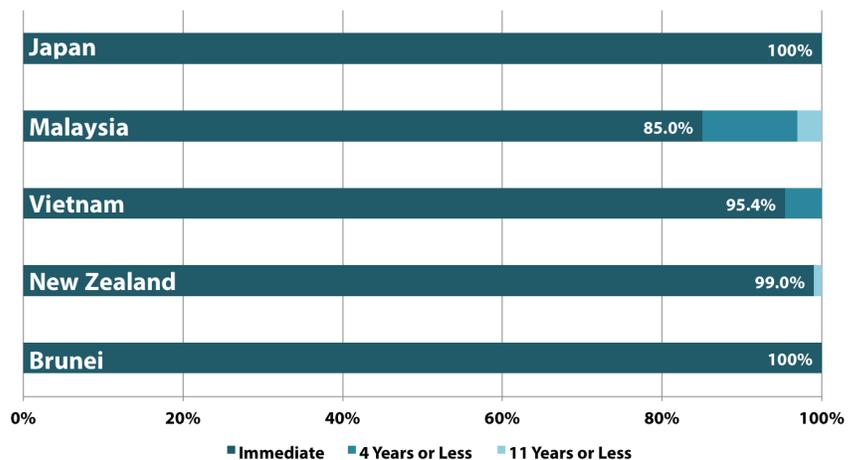
**\$2.3 Billion** in U.S. Forest Products Exports to New TPP Markets in 2015

Forest Products Exports Face Tariffs in New TPP Markets Up to **40%**

Border Delays, Red Tape, and Other Customs Inefficiencies **Increase Costs** and Impede the Flow of U.S. Exports Throughout the Region

### 98.2% of U.S. Forest Products 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 (Japan and New Zealand are duty free on chapters 47 and 48 from the Uruguay round)

## Importance of the U.S. Forest Products Sector

**1.2 Million** U.S. Forest Products Workers in 2015

Accounted for **5%** of Total U.S. Manufacturing Production in 2014

**\$34.6 Billion** in U.S. Forest Products Exports to the World in 2015

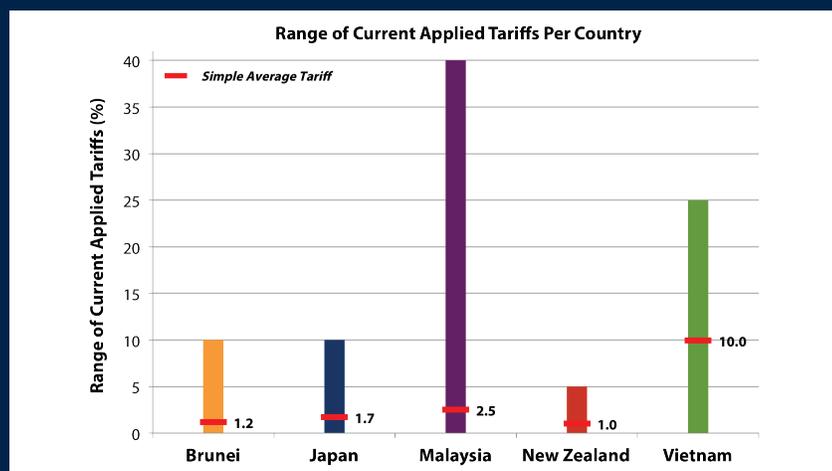
U.S. Forest Products Exports to the World Grew by **22%** Between 2009-2015

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

## New TPP Partners are Significant Markets for U.S. Forest Products Exports

Japan	\$1.8 Billion
Malaysia	\$153 Million
Vietnam	\$308 Million
New Zealand	\$58 Million
Brunei	\$170,761

## U.S. Forest Products Exports Currently Face High Barriers in New TPP Markets . . .



. . . Which Will be Eliminated Under TPP

## Opportunities for Selected Forest Products



### Paper Products

The TPP region is a significant market for U.S. paper products, such as kraft paper and paperboard. A number of U.S. paper products currently face very high tariffs in new TPP markets, with tariffs as high as 25% in Vietnam and 20% in Malaysia. Under TPP, tariffs on 97.4% of U.S. paper products exports will be eliminated immediately, with all remaining tariffs eliminated over time.



### Wood Products

TPP countries represent a significant market for U.S. wood products. Under TPP, tariffs as high as 40% in Malaysia and 31% in Vietnam will be eliminated. U.S. wood products producers will enjoy market access into new TPP countries. Malaysia and Vietnam will eliminate nearly all tariffs on U.S. wood products immediately.

# 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 promotes 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.

## ▶ 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.
- **Sanitary and Phytosanitary (SPS):** TPP ensures that science-based SPS measures are developed and implemented in a transparent, predictable, and non-discriminatory manner, while at the same time preserving the ability of U.S. and other TPP regulatory agencies to do what they deem necessary to protect food safety and plant and animal health.

## ▶ 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 that SOEs and designated monopolies do not discriminate against U.S. enterprises, goods, and services, while at the same time ensuring that U.S. SOEs providing public services continue to operate without interference.
- **Enforcement:** TPP establishes fair and transparent dispute settlement mechanism that applies to all chapters and procedures to settle disputes in a timely manner.
- **Environment:** TPP creates strong and enforceable environment obligations and includes new provisions on wildlife trafficking, illegal logging, and illegal fishing practices.



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/>

# Protecting Our Forests Through TPP

## Combating Illegal Logging Through TPP

TPP provides a unique opportunity for key timber consuming and exporting countries to work together to reduce deforestation, protect endangered species, promote sustainable forestry, and combat illegal logging and associated trade. Illegal logging is a significant environmental challenge in many parts of the world as the demand for paper, furniture, and other wood and agriculture products grows.

TPP is an important element of the Obama Administration's response to illegal logging. TPP can help protect one of the most ecologically and economically significant regions of the world. TPP parties account for about a quarter of global timber and wood products exports by value: Peru is home to 13% of the world's tropical forests, with over 170 million acres of rainforest; Malaysia is one of the largest exporter of tropical timber products in the world; and Brunei's forested areas account for over 70% of its total land area.

## New Environmental Commitments in TPP

TPP requires each TPP partner country to implement its obligations under the Convention on International Trade in Endangered Species of Wild Fauna and Flora, which regulates trade in many timber species, including Big-leaf Mahogany, Spanish Cedar, and Ramin, which grow primarily in Southeast Asia.

TPP includes commitments to combat trade in illegally harvested timber, including species protected under CITES, as well as any other species taken or harvested illegally, regardless of its source country.

TPP enforces environmental and conservation laws, including with respect to timber harvesting. Illegal logging is, by definition, harvesting that occurs in violation of a nation's laws and, as such, stepped-up enforcement is necessary to address illegal logging.

TPP implements strong anti-corruption protections. Bribery and corruption are often key factors in the failure of countries' forest governance schemes.

All of these commitments are fully enforceable and subject to dispute settlement.

## Forest Products Companies Across the United States Export to the TPP Region

