



Opportunities for the U.S. Machinery Sector



The Machinery Sector includes products such as forklifts, motors, bulldozers, pumps, water filtration and purification machinery

Key Market Access Benefits

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

Malaysia will eliminate import taxes on **94.4%** of U.S. machinery exports **immediately**

Vietnam will eliminate import taxes on **82.9%** of U.S. machinery exports immediately and **99.5%** within **4** years

New Zealand will eliminate import taxes on **93.4%** of U.S. machinery exports **immediately**

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

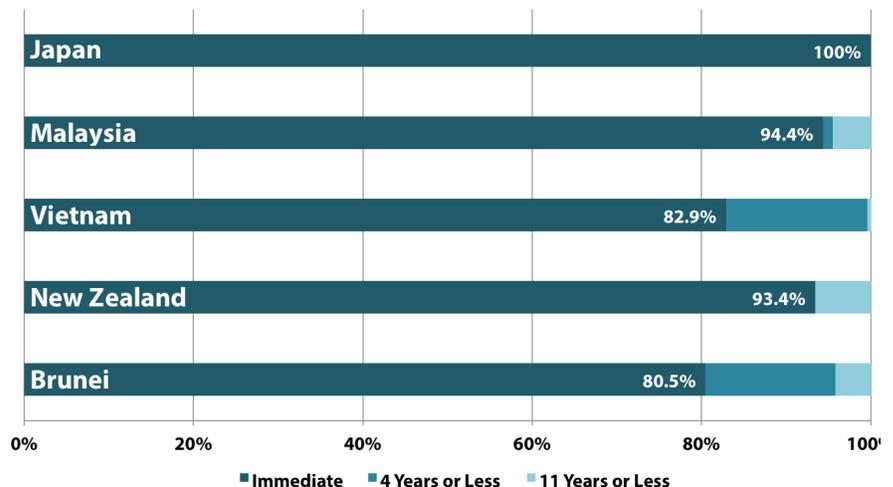
\$4.4 Billion in U.S. Machinery Exports to New TPP Markets in 2015

Machinery Equipment Exports Face Tariffs in New TPP Markets Up to **59%**

An Estimated **\$75 Million** in Duties are Levied on U.S. Exports of Machinery in New TPP Markets Every Year

96.8% of U.S. Machinery 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. Machinery Sector

1.4 Million U.S. Machinery Workers in 2015

Accounted for **6%** of Total U.S. Manufacturing Production in 2014

\$111.4 Billion in U.S. Machinery Exports to the World in 2015

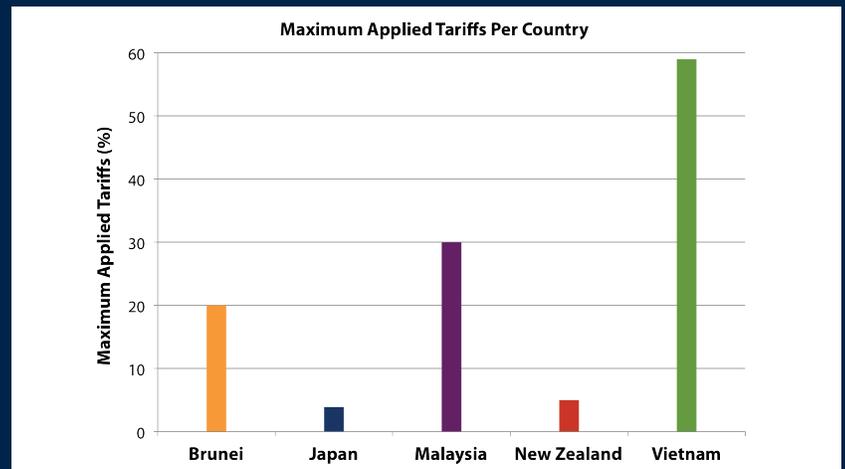
U.S. Machinery Exports to the World Grew by **24%** between 2009-2015

46% of Total U.S. Machinery Exports to the World in 2015 Went to the TPP Region

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

Japan	\$2.8 Billion
Malaysia	\$694 Million
Vietnam	\$452 Million
New Zealand	\$382 Million
Brunei	\$21 Million

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



. . . Which Will be Eliminated Under TPP

Opportunities for Selected Machinery Subsectors



Agriculture Equipment

Vietnam applies tariffs as high as 45% on U.S. agricultural equipment, while competing products from China and Korea face significantly reduced—or zero—tariffs. Under TPP, Vietnam will eliminate tariffs on 99.9% of U.S. agriculture equipment exports within four years—leveling the playing field for U.S. producers. Likewise, New Zealand will eliminate tariffs, which range as high as 5%, immediately on 100% of U.S. exports of agriculture equipment.



Construction Equipment

America's high-quality construction equipment exports face tariffs as high as 59% in Vietnam and 30% in Malaysia. At the same time, Chinese-made construction equipment faces much lower tariffs in those markets. TPP will level the playing field for U.S. producers by immediately eliminating Vietnamese tariffs on 97.4% of U.S. exports. Similarly, Malaysia will eliminate tariffs on 95.1% of U.S. construction equipment exports within four years.



Remanufacturing

The United States is the world's largest remanufacturer, and TPP contains additional benefits for America's competitive remanufacturing industry. TPP specifies that remanufactured goods should be afforded the same treatment as new goods. Additionally, TPP promotes remanufacturing by ensuring that recovered materials derived in the region and used in remanufactured goods count as TPP materials, allowing more goods to count as TPP originating and enjoy the Agreement's benefits.

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. This includes strong, industry-specific rules for certain sensitive sectors and 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.

► 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. TPP also guarantees that U.S. SOEs providing public services continue to operate without interference.
- **Enforcement:** TPP establishes a fair and transparent dispute settlement mechanism that applies to all chapters and procedures, which will enable disputes to be settled 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.
- **Labor:** TPP establishes strong and enforceable obligations, including adherence to fundamental labor rights as recognized by the International Labor Organization. TPP will require countries to protect the freedom to form unions and bargain collectively, eliminate exploitative child labor and forced labor, and set acceptable conditions of work.



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

New Zealand – Agricultural Equipment

New Zealand ranks as the 10th most important market for U.S. agricultural equipment. Combine harvesters, large-engine tractors (100 horsepower and up), center-pivot irrigation systems, and agricultural implements are the largest categories of U.S. agricultural exports to New Zealand. In addition to these products, machinery for cultivating fresh produce and other high-value crops and for raising livestock are major components of U.S. agricultural equipment exports to New Zealand. Post-TPP prospects for U.S. agricultural equipment exports to New Zealand remain very strong, driven by growing demand for the country’s dairy and meat exports to China and elsewhere in Asia and the Middle East.



Market Opportunity Spotlight

Vietnam – Construction Equipment

Although Vietnam is currently a small market for U.S. construction equipment exports (by volume), it is a very attractive market for U.S. construction equipment manufacturers because of its growth potential and strong demand. The United States exported \$37.1 million in construction machinery to Vietnam in 2014, a 52.7 percent increase from 2012. In Vietnam, U.S. machinery competes with lower cost (but less efficient and less reliable) Chinese products. The high tariffs U.S. construction equipment manufacturers face in Vietnam (up to 59 percent) have been prohibitive while their Chinese competitors face significantly lower tariffs, thanks to existing trade agreements between Vietnam and China. The elimination of those tariffs through TPP will level the playing field and further strengthen U.S. manufacturers’ competitive position.



Machinery Companies Across the United States Export to the TPP Region

