



## Opportunities for the U.S. Transportation Equipment Sector



**U.S. Transportation Equipment Exporters Currently Face Barriers in New TPP Markets\*\***

**\$9.7 Billion** in U.S. Transportation Equipment Exports to New TPP Markets in 2015

Transportation Equipment Exports Face Tariffs in New TPP Markets Up to **25%**

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

The Transportation Equipment Sector includes products such as commercial aircraft, turbojets and turboprops, aircraft engines, parts of railway rolling stock, and miscellaneous aircraft parts

### Key Market Access Benefits

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

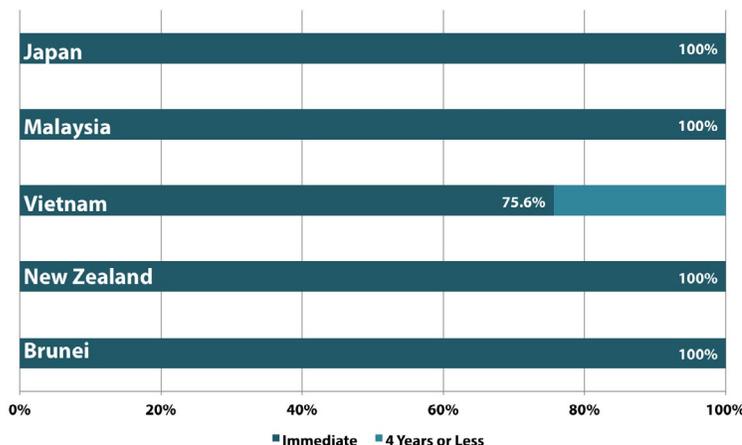
**Malaysia** will eliminate import taxes on **100%** of U.S. transportation equipment exports **immediately**

**New Zealand** will eliminate import taxes on **100%** of U.S. transportation equipment exports **immediately**

**Vietnam** will eliminate import taxes on **75.6%** of U.S. transportation equipment exports **immediately** and **100%** within **4** years

99.9% of U.S. Transportation Equipment 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. Transportation Equipment Sector

**682,000** U.S. Transportation Equipment Workers in 2015

Accounted for **4%** of Total U.S. Manufacturing Production 2014

**\$129.9 Billion** in U.S. Transportation Equipment Exports to the World in 2015

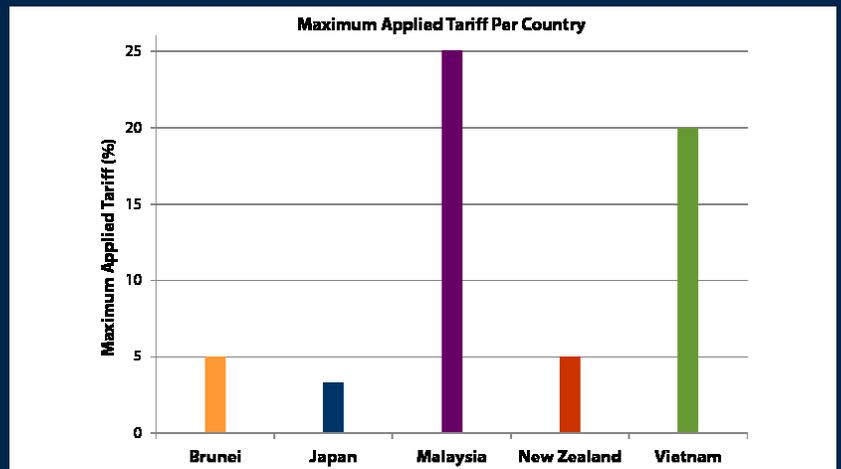
U.S. Transportation Equipment Exports to the World Grew by **57%** between 2009 – 2015

**28%** of Total U.S. Transportation Equipment Exports to the World in 2015 Went to the TPP Region

## New TPP Partners are Significant Markets for U.S. Transportation Equipment Exports

Japan	\$6.9 Billion
Malaysia	\$836 Million
Vietnam	\$953 Million
New Zealand	\$920 Million
Brunei	\$37 Million

## U.S. Transportation Equipment Exports Currently Face High Barriers in New TPP Markets . . .



. . . Which Will be Eliminated Under TPP

## Opportunities for Selected Transportation Equipment Subsectors



### Aerospace

**TPP will provide** new opportunities in the region for U.S. exporters of aircraft and aerospace equipment. Under TPP, the elimination of tariffs on components and inputs will help to reduce costs for U.S. aerospace exports. Likewise, TPP's streamlined customs provisions will cut red tape and facilitate trade throughout the region, further enhancing the U.S. industry's competitiveness.



### Railway Equipment

**The United States** is a competitive producer of railway equipment including railway rolling stock, switching equipment, and signaling and safety equipment. However, U.S. exports of railway equipment face tariffs of 5% in Malaysia and New Zealand, making those products less competitive compared to Chinese goods which face low or zero tariffs in those markets. Under TPP, both those countries will eliminate tariffs on all U.S. exports of railway equipment 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 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.

## Reduces Cost



- **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.
- **Remanufactured Goods:** TPP ensures that remanufactured products receive the same treatment as new goods. Inclusion of provisions on remanufactured products is a new discipline for many TPP countries.

## 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.
- **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

### Singapore – Aerospace

The growing middle class in Asia has increased the market for air travel in Asia-Pacific countries, creating opportunities across the region for aerospace manufacturers. Leading civil aircraft manufacturers project that more than a third of worldwide aircraft deliveries will go to Asia in the next two decades. Singapore is particularly well-equipped to capture the demand for aviation-related services from this market. Backed by a large pool of more than 100 aerospace companies, Singapore has garnered a quarter of the Asian Maintenance, Repair and Overhaul (MRO) market. Leading aerospace companies carry out comprehensive nose-to-tail MRO services from airframe to engine overhaul to aircraft modifications and conversion, all of which demand U.S. components. TPP's strong protections for patents, trademarks, copyrights, and trade secrets, including safeguards against cyber theft of trade secrets, will drive further development of Singapore's MRO sector and subsequent demand for more U.S. components.

## Transportation Equipment Companies Across the United States Export to the TPP Region

