FOOD INDUSTRY ASIA

ASIAN TRADE CENTRE

PROCESSED FOOD

Implications of the Trans-Pacific Partnership (TPP)

Contents

About Asian Trade Centre (ATC)

The Asian Trade Centre (ATC) is the premier regional thought leader, advocate and educator for trade in Asia. We work with businesses and governments across Asia Pacific to make better trade policy.

Our activities include:

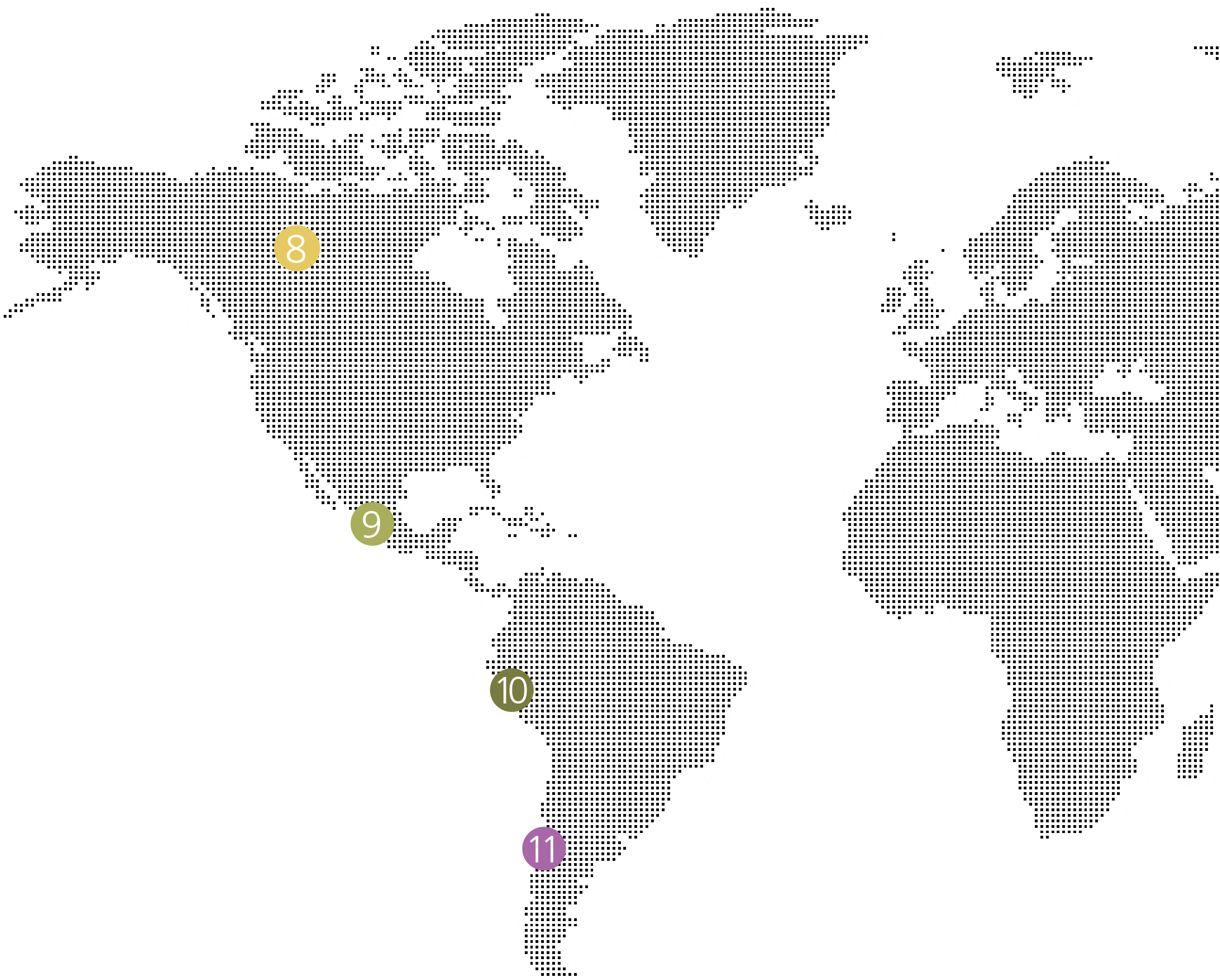
- Increasing capacities and knowledge of government and business leaders through training, workshops and seminars;
- Building bridges between government and business to foster the growth of trade in the region;
- Leading world-class research projects; and
- Conducting outreach to the media, business, NGOs and the interested public on trade issues

About Food Industry Asia (FIA)

Food Industry Asia (FIA) is a non-profit organisation that was formed in 2010 to enable major food manufacturers to speak with one voice on complex issues such as food security, food safety and the harmonisation of standards. The organisation covers the whole of Asia, acting as a policy hub for national industry associations and affiliated groups to engage with public bodies and other stakeholders at a regional level.

Our Mission
To be a trusted partner for businesses and governments – building a vibrant food & beverage industry for a healthy and prosperous Asia.

Our Objectives
To represent the food & beverage industry in Asia – promoting a climate for sustainable growth and serving as a regional knowledge hub for science-based advocacy.



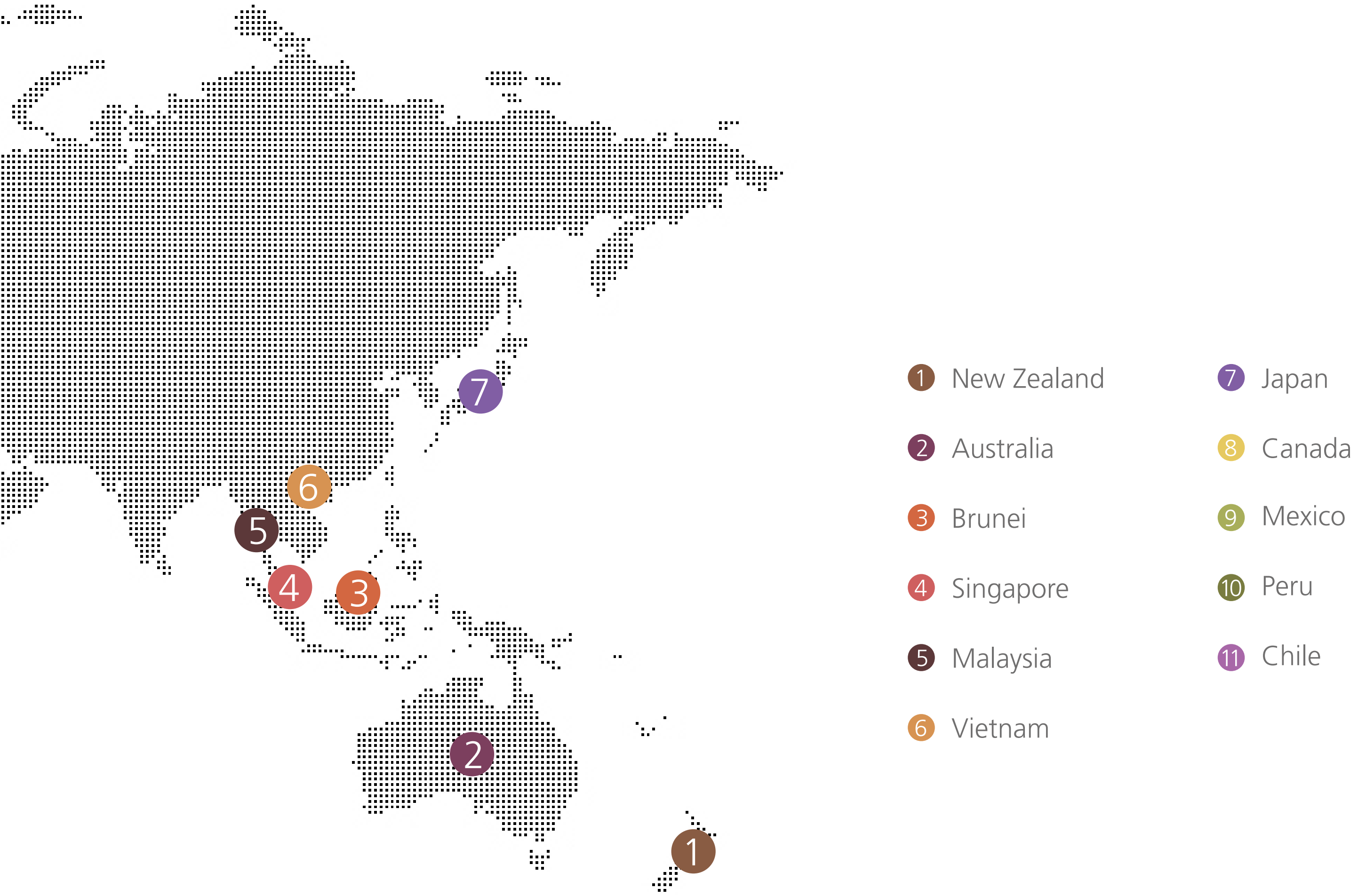
The Important Role of the TPP in Agricultural Trade

The Trans-Pacific Partnership (TPP) trade agreement will be one of the most consequential trade agreements in twenty years, on par with the North American Free Trade Agreement (NAFTA) or China's entry to the World Trade Organization (WTO).

The TPP is deeper and broader than other agreements, containing 30 chapters that bind 11 member countries (Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam) together in ways typically covered in less depth or are even carved out completely.

Most of the TPP takes effect immediately. The majority of tariffs fall to zero on the first day of the agreement. All of the services and investment provisions kick in immediately. Much of the remainder of the agreement's rulebook becomes active from the first day, with some flexibility for rules in areas like intellectual property rights for a few countries like Vietnam. Once the TPP has been fully implemented, nearly all of the tariffs will be at zero for all of the TPP members.

These benefits apply even to traditionally sensitive items like agriculture. Though some sectors will not receive complete tariff elimination, the TPP will provide new opportunities for processed food. Because the agreement can give substantial competitive advantages to supply chains, firms and farmers based inside TPP countries for export to other TPP members, companies are likely shift production, sales and services into TPP member markets.



The TPP was originally negotiated with 12 members, but the United States has decided not to move ahead with the agreement under U.S. president Donald Trump. Nevertheless, the TPP provides significant advantages in the form of tariff cuts into the other 11 members, as this booklet demonstrates. Access to the American market is still relatively open, even for agricultural products, using most-favoured-nation (MFN) tariff rates. But do note that the portions of the TPP agreement that outline provisions into the U.S. cannot be used until or unless the U.S. ratifies the agreement in the future.

The complete legal text of the TPP agreement, including all annexes and schedules, can be found at: http://www.tpp.mfat.govt.nz/tpp-text.php.

This booklet gives companies, agricultural producers and farmers a brief overview of the benefits contained in the TPP.

New Opportunities for Processed Food

Agriculture has always been one of the most sensitive topics in trade agreement negotiations, leaving in place often high protectionist barriers. Agricultural markets are often especially difficult to penetrate given high tariffs, challenging rules of origin, tariff-rate quotas (TRQs), hard-to-navigate standards and border restrictions on the movement of food.

TPP negotiators were, however, able to liberalise market access to the widest range of agricultural products among existing free trade agreements (FTA). On the day the TPP comes into force, nearly 32% of Japan's tariff lines on agriculture and food products will be eliminated, as well as 31% in Vietnam, 92% in Malaysia, 100% in Australia, and 99% in New Zealand.[1] The TPP also improves access for sensitive goods such as rice, beef and sugar. Over time, access improves across all member countries, eventually reaching near-complete coverage.

The opportunities for agricultural trade to flourish after the TPP comes into force are significant. Food and agricultural products that include more than one ingredient or are processed in any way stand to reap significant export benefits from the TPP. However, producers will need to pay greater attention to the rules of the agreement. Processed foods need to be substantially transformed in a TPP country for shipment into TPP markets, as noted further below. The specific requirements for meeting these rules can be quite complex, but the tariff savings can be substantial. Firms may need to consider alternate sourcing options to take advantage of tariff reductions and other benefits of the TPP. Companies must carefully maintain internal documentation for all products that claim TPP preferences for five years after shipment, in case of audits.

This booklet is intended to help illustrate some of the benefits available to food producers. Companies may need to seek out additional specialist help, especially for products that use highly sensitive items like dairy, sugar and rice to avoid falling afoul of the rules.

Tariff Reduction and Elimination

Tariffs for processed foods are set to fall once the TPP comes into force. Many of the reductions in tariff levels can be substantial, and many of the tariff savings can be enjoyed immediately for food products shipped from one TPP country to another.

The tariff rates for every product and every TPP country can be found in Party-Specific Annexes in Chapter 2D. For information on the codes contained in each country's schedule, please refer to each country's general notes, also in Annex 2D.

Each country's tariff schedule looks slightly different. Some TPP members have granted the same tariff concessions to all parties, i.e., if the schedule says that the tariff rate on tomato sauce is 7%, the tariff rate is 7% for qualifying tomato sauce from all 11 TPP countries. Others have country-specific concessions, i.e., Brunei and Chile may have received duty free entry for tomato sauce, while Vietnam may not receive duty-free treatment until Year 8.

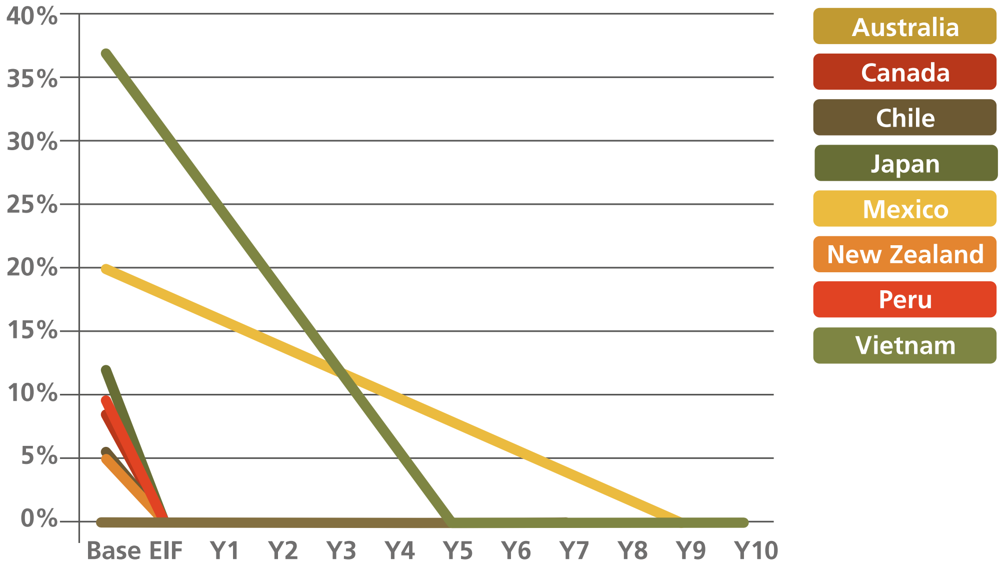
The examples on the next few pages highlight some of the tariff reductions for different types of products.

[1] http://www.international.gc.ca/trade-agreements-accords-commerciaux/agr-acc/tpp-ptp/benefits- avantages/sectors-secteurs/01-AgriSector.aspx?lang=eng

Pickled Onions [2001.90.34]

	Country	Current Tariff Range	Tariffs Eliminated At[2]
Currently receiving zero tariffs	Brunei, Singapore	0%	Entry into force (EIF)[3]
All tariffs eliminated at EIF	New Zealand, Australia Chile Canada Peru Japan	5% 6% 8% 9% 12%	EIF EIF EIF EIF EIF
Tariffs eliminated gradually[3]	Mexico Vietnam	20% 37%	Year 10 Year 6

Chart 1: Pickled Onion



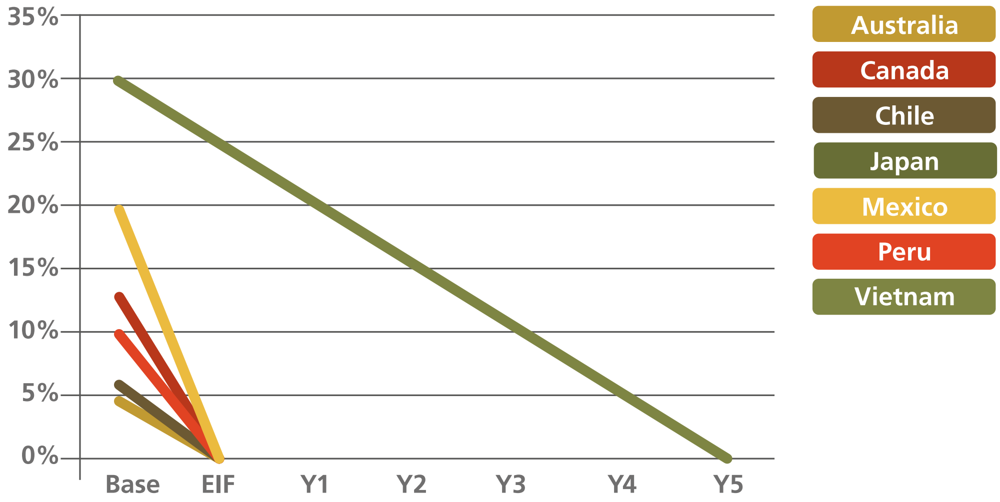
Note: Australia and New Zealand have the same tariff schedule (from 5% to 0% entry into force)

Pickled Tomatoes [2002.10.00]

	Country	Current Tariff Range	Tariffs Eliminated At
Currently receiving zero tariffs	Brunei, Singapore Malaysia, New Zealand	0%	Entry into force (EIF)
All tariffs eliminated at EIF	Australia Chile Japan, Peru Canada Mexico	5% 6% 9% 11.5% 20%	EIF EIF EIF EIF EIF
Tariffs eliminated gradually	Vietnam	30%	Year 6

[2] First year when tariffs will be 0
[3] Tariffs will be reduced gradually by an identical % every year

Chart 2: Pickled Tomatoes



Note: Japan and Peru have the same tariff schedule (from 9% to 0% entry into force)

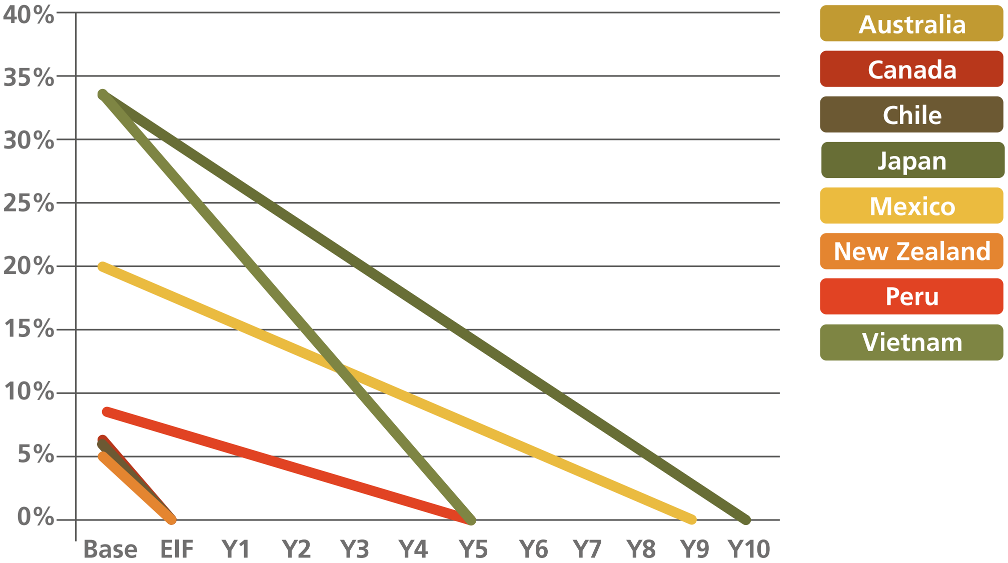
In the case of pickled onions and tomatoes, most tariffs will be eliminated upon EIF. Mexico and Vietnam have the highest tariffs in this category and have a longer runway to eliminate these tariffs completely (except in the case of Mexico and pickled tomatoes).

Pineapple Jam (with Sugar) [2007.99.40]

	Country	Current Tariff Range	Tariffs Eliminated At
Currently receiving zero tariffs	Brunei, Singapore, Malaysia	0%	Entry into force (EIF)
All tariffs eliminated at EIF	Australia, New Zealand Chile Canada	5% 6% 6.5%	EIF EIF EIF
Tariffs eliminated gradually	Peru Mexico[5] Japan Vietnam	9% 20% 34% 34%	Year 6 Year 10 Year 11 Year 6

[5] Additional sugar tax of US$0.36 per kg of sugar content. This will also be eliminated gradually by Year 6.

Chart 3: Pineapple Jam

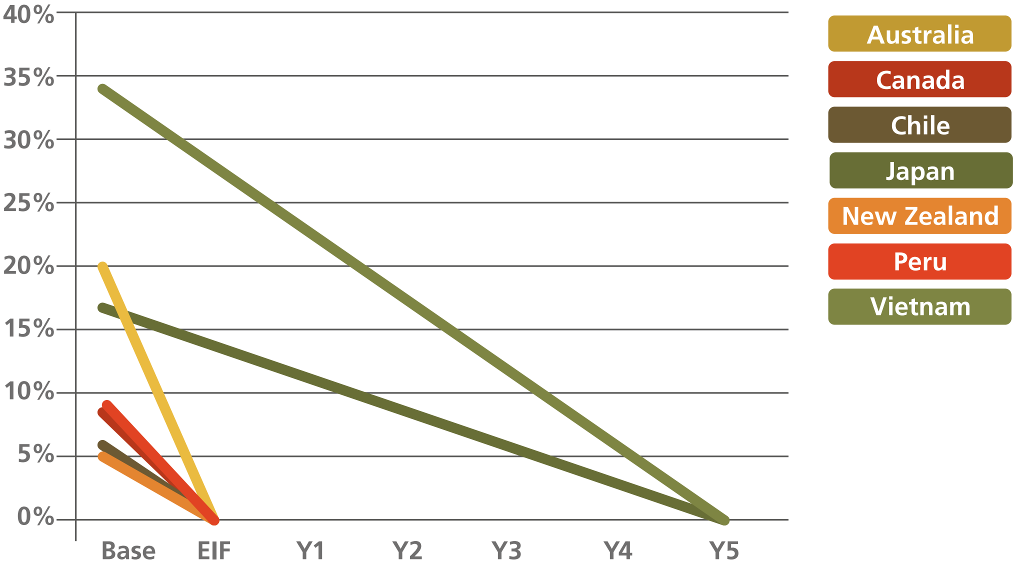


Note: Australia and New Zealand have the same tariff schedule (from 5% to 0% entry into force)

Non-Orange Citrus Jam (with Sugar) [2007.91.90]

	Country	Current Tariff Range	Tariffs Eliminated At
Currently receiving zero tariffs	Brunei, Singapore Malaysia	0%	Entry into force (EIF)
All tariffs eliminated at EIF	Australia, New Zealand Chile Canada Peru	5% 6% 8.5% 9%	EIF EIF EIF EIF
Tariffs eliminated gradually	Japan Mexico Vietnam	16.8% 20% 34%	Year 11 Year 6 Year 6

Chart 4: Citrus Jam



Note: Australia and New Zealand have the same tariff schedule (from 5% to 0% entry into force)

In the case of jams, most tariffs are again eliminated upon EIF, particularly in the case of citrus jam. Japan, Mexico and Vietnam, with their high tariff burdens, receive a longer runway. Mexico currently imposes a $0.36 per kilogram of sugar tax for both pineapple and citrus jams. This is eliminated completely upon EIF in citrus jam; in pineapple jam, it reduces gradually over the ten-year runway.

There is a significant degree of complexity in the current system for both jams and pickles with highly variable tariffs for slight variations in preparation methods, uses of sugar, types of fruit, etc. This complexity is significantly reduced upon EIF and almost completely eliminated by Year 11.

TPP Cost Savings for Baby Food

The baby food industry has seen steady growth rates over the last decade, and is forecast to keep growing in the coming years. From 2006-2011, the global baby food and formula industry grew at a compound annual growth rate (CAGR) of 4.17%, with an anticipated 5.30% CAGR between 2011-2016.[6] Asia is an emerging market, particularly for organic baby food.[7]

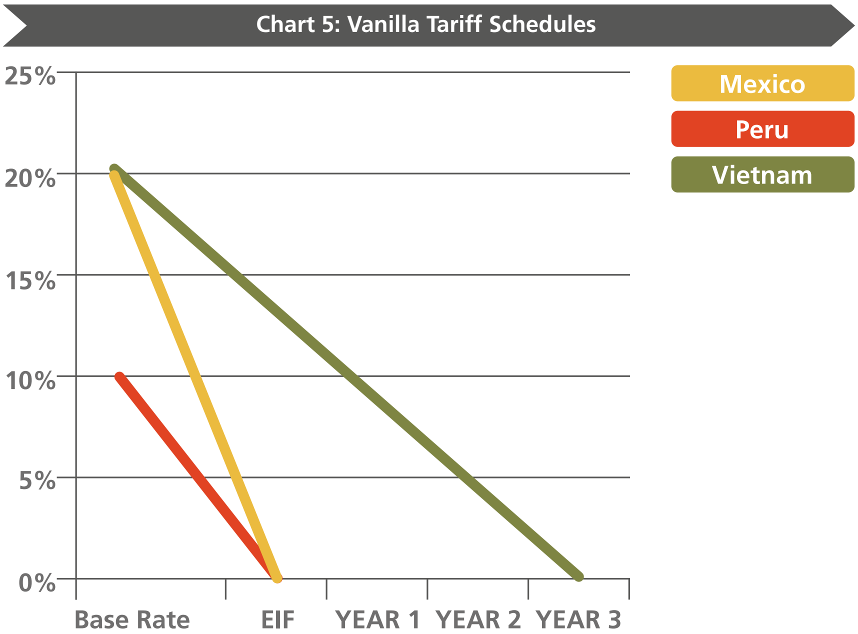
To see what the TPP might do for food producers, consider Food Company A, which produces a puree from mangoes, bananas and apples, along with vanilla flavouring.

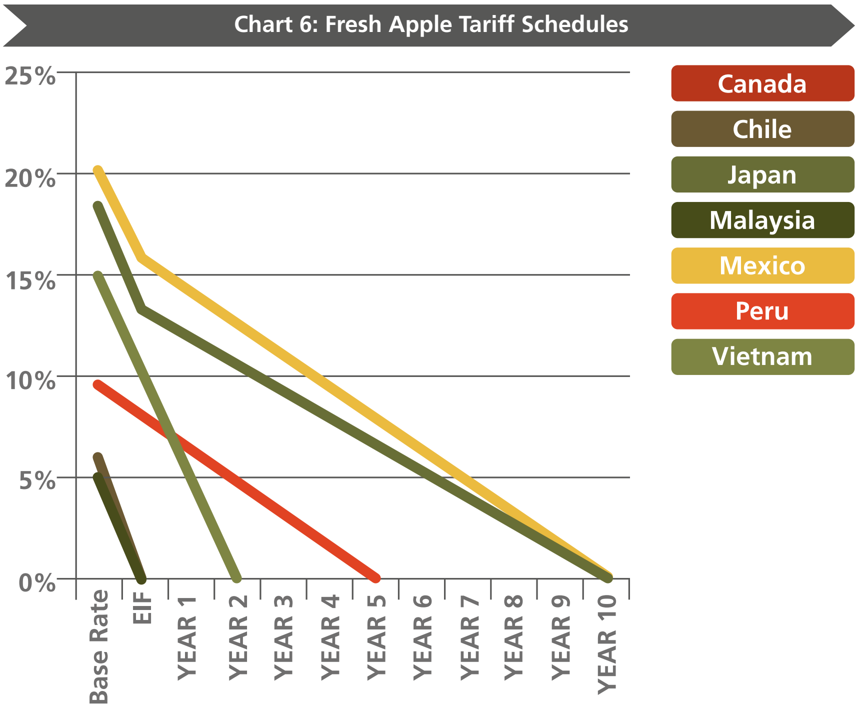
Under the TPP, there are two benefits Company A could enjoy. First, tariffs on these ingredients will be eliminated in many TPP countries. This can mean significant savings on input costs for producing this puree in TPP facilities. The graphs below show in more detail when the tariffs on mangoes, bananas, apples and vanilla will be eliminated once the TPP enters into force. Second, the graph also shows how the cost of exporting this baby food puree will also fall as the tariff on puree is cut to zero.

Company A has a production facility in Vietnam that uses imported Mexican mangoes, Chilean apples, Canadian vanilla and domestic bananas for its production. Under the TPP, this Vietnam-based facility will see significant reductions in both input costs and export costs (Diagram 1). This is the advantage that no other non-TPP production facilities will receive.

Table 1 (page 12) shows a hypothetical example of how the input costs for 113g of this puree could fall for this Vietnam-based facility after TPP has come into effect. Beside these input costs saved, this puree could also enjoy lower or zero tariffs when being exported to eight TPP countries on the first day of the TPP (Table 2, page 12).

[6] http://www.prnewswire.com/news-releases/global-baby-food-and-formula-industry-forecast-to-2016---asia-an-emerging-market-for-organic-baby-food-166386666.html
[7] http://www.prnewswire.com/news-releases/global-baby-food-and-formula-industry-forecast-to-2016---asia-an-emerging-market-for-organic-baby-food-166386666.html





Note: Canada and Chile have the same tariff schedule (from 6% to 0% entry into force)

Chart 7: Fresh Mango Tariff Schedules

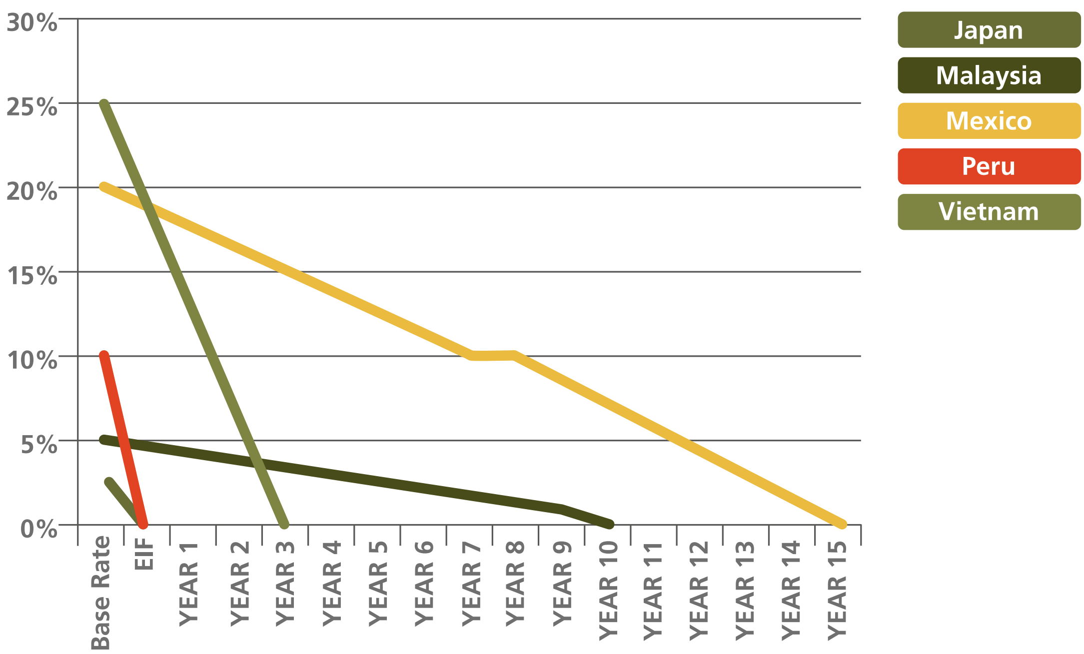
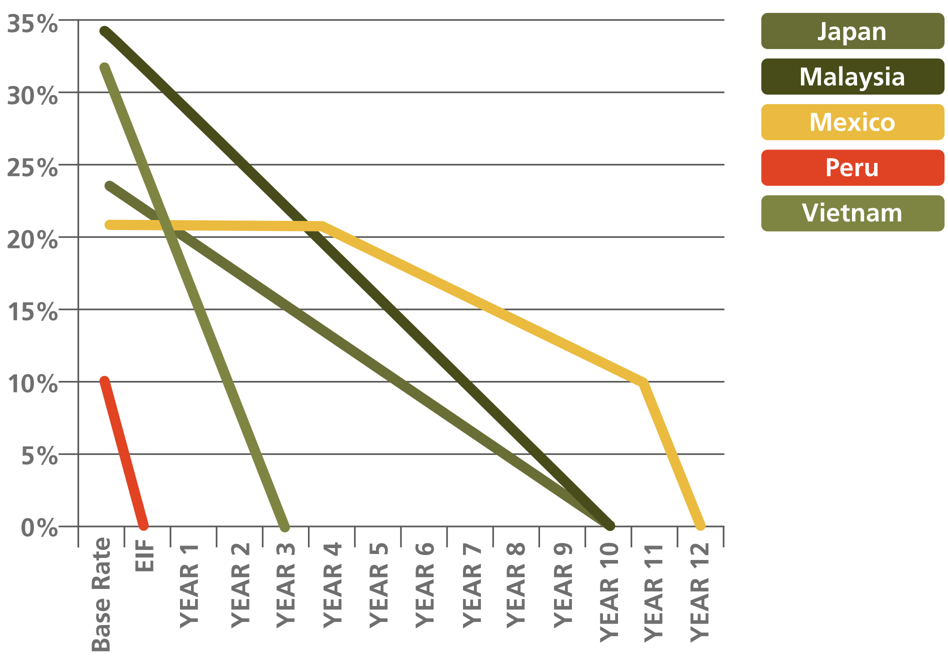
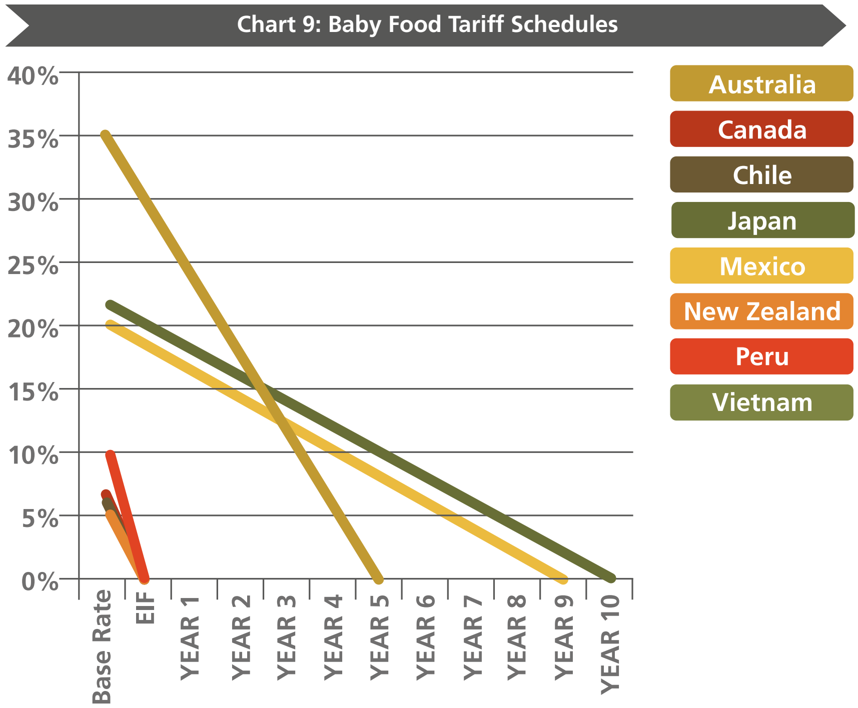


Chart 8: Fresh Banana Tariff Schedules





Note: Australia and New Zealand have the same tariff schedule (from 5% to 0% entry into force)

Notes:
1. Tariff rates for some countries are converted from other forms to percentage form for simplicity.
2. Japan uses different tariff rates for bananas imported to the country in different period of the year. The tariff rates used in the chart are average.
3. Tariff Code used in the chart: 2007.10 Homogenized cooked preparations of fruit put up for retail sale as infant food or for dietetic purposes, in cont. not over 250 grams, net; No sugar content.

Diagram 1: Baby food – Pre- and Post-TPP

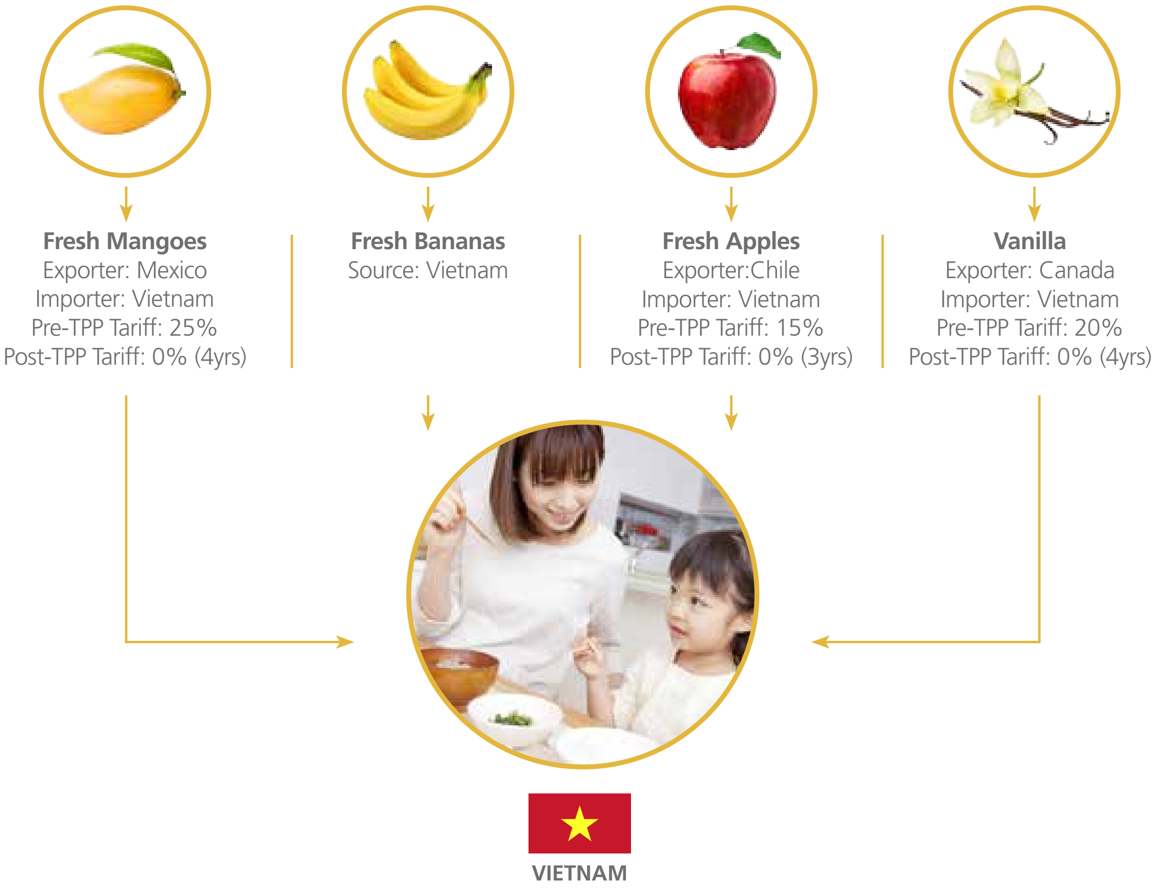


Table 1: Input costs saved as a result of TPP tariff schedules

113g baby food's input costs	Cost pre-TPP	Cost under TPP
Organic Apple	$0.60	$0.52
Organic Mango	$0.68	$0.54
Organic Banana	$0.15	$0.15
Vanilla Flavor	$0.12	$0.10
Total	$1.42	$1.32
Savings		7.4%

Table 2: Changes in tariffs for Company A's puree exported to other TPP member states as a result of TPP tariff schedules

	Australia	Canada	Chile	Japan
Pre-TPP Tariff	5%	6.5%	6%	21.3%
Post-TPP Tariff	0% (EIF)	0% (EIF)	0% (EIF)	0% (11yrs)
Other Tariff	0% (AANZFTA)	0%		
	Mexico	**New Zealand**	**Peru**	
Pre-TPP Tariff	20%	5%	9%	
Post-TPP Tariff	0% (10yrs)	0% (AANZFTA)	0% (EIF)	
Other Tariff				

The Example of Tomato Ketchup: Supply Chain Transformation

Ketchup or tomato sauce is most associated with Western fast food, but is consumed in all countries. Mexico, Japan, Canada and Australia are big markets for this product.

The main ingredients are tomatoes, vinegar and sugar. Other flavourings such as onion, garlic, celery, salt and pepper may be included, though these items make up a small proportion of the product.

The diagrams below show, dramatically, how a simple supply chain currently based in ASEAN is likely to be transformed by the TPP. Sourcing could change, with sugar currently supplied from the Philippines changing to fructose from Mexico. The entire production process may shift to Singapore, from Thailand. This change is true even through Singapore is already a duty-free port and already has existing preferential tariff rates for a wide range of countries, given an extensive set of FTA partners.

Diagram 2: Ketchup Global Value Chain (GVC) Pre-TTP

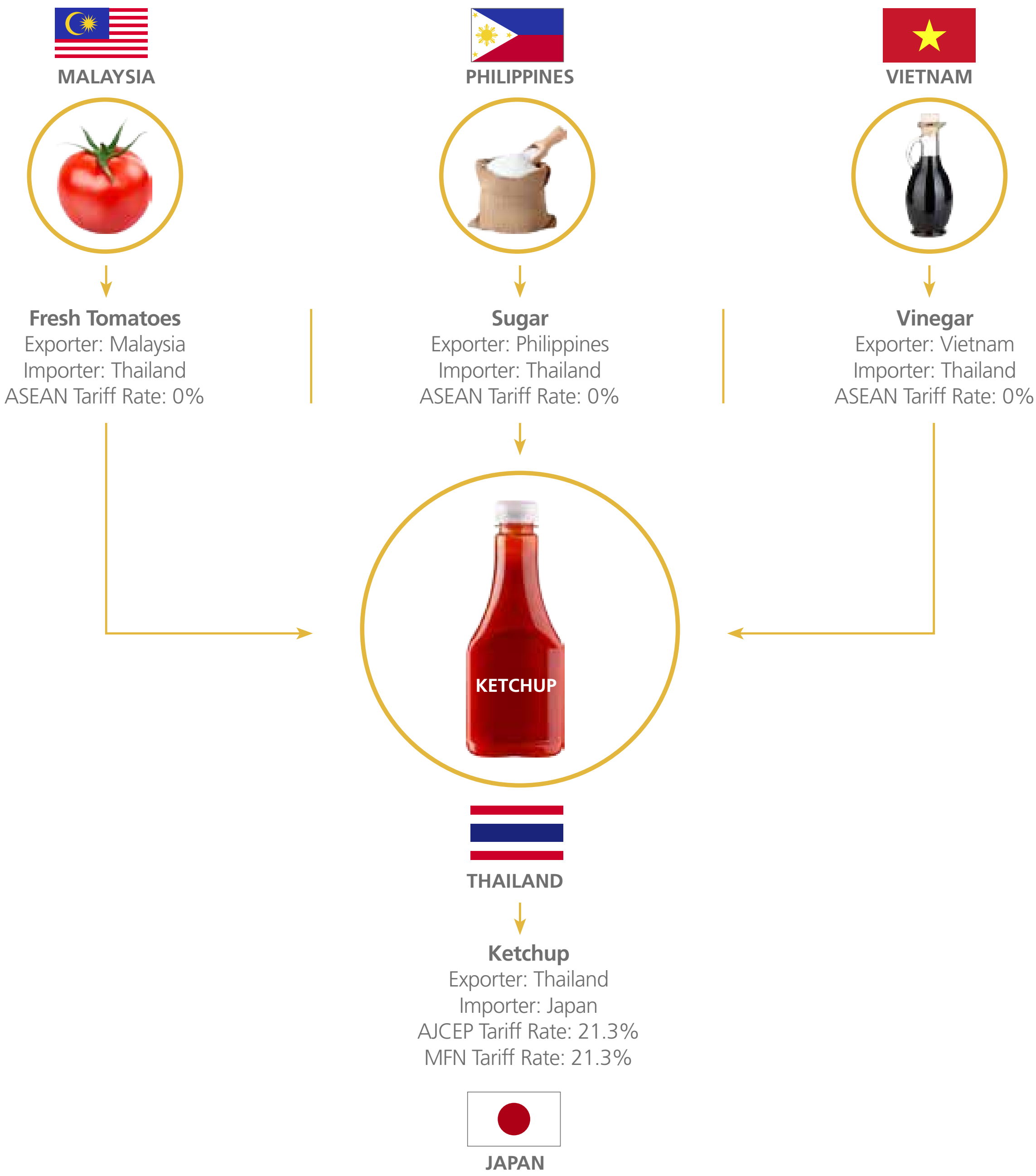
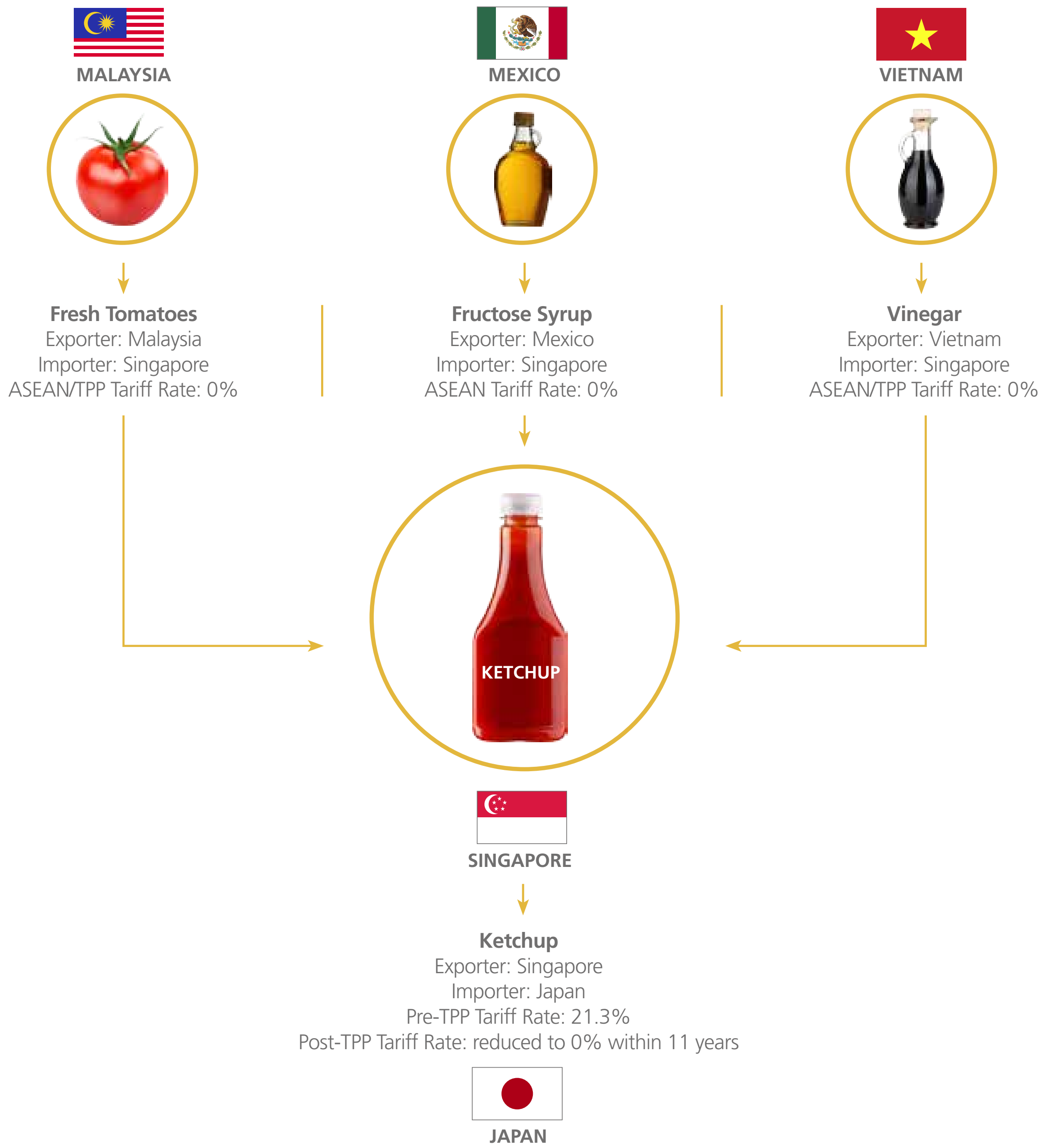
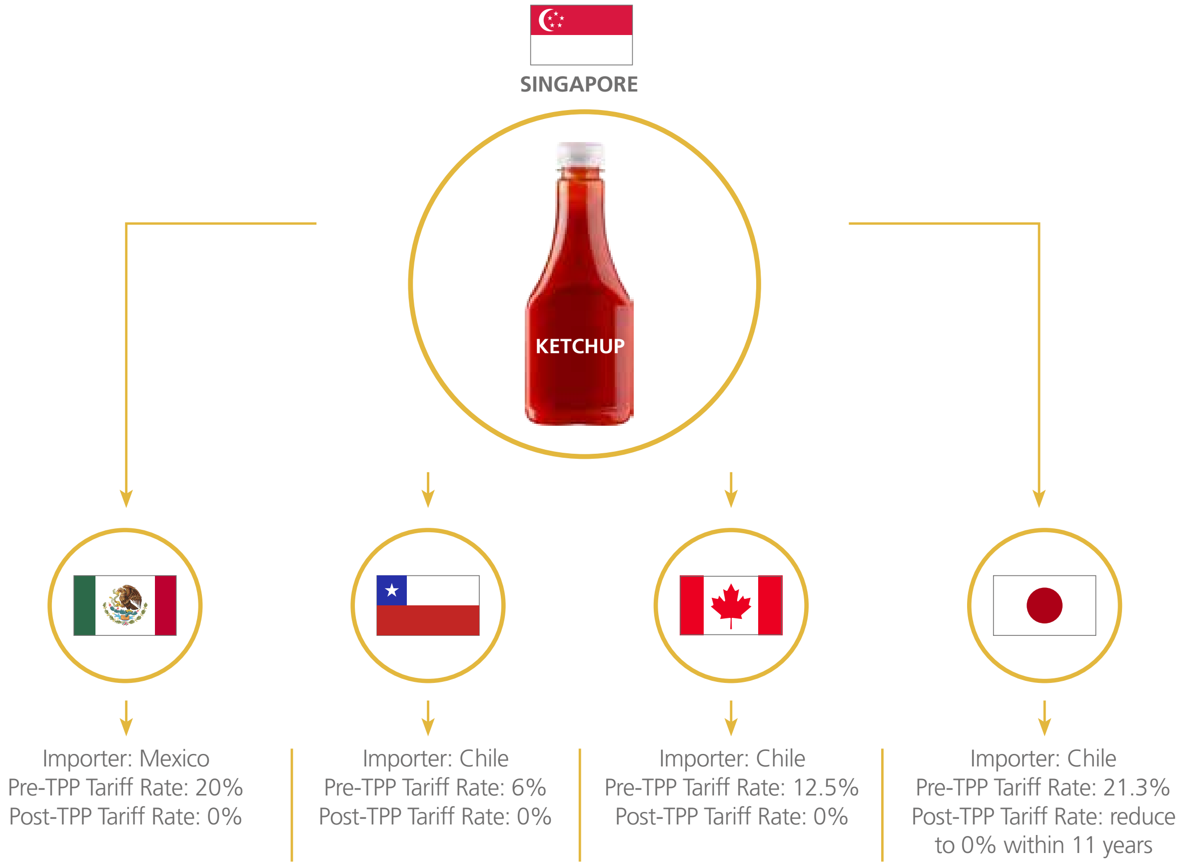


Diagram 3: Shift in Ketchup GVC Post-TPP



Note:
The cost structure in this example is hypothetical for illustration purpose only. The point of this example is to show how tariff reductions affect production costs of a chocolate bar.

Diagram 4: Greater Market Access Outside the Region for Singapore-made Ketchup



If Singapore can suddenly capture the value chain for ketchup production as a result of the TPP, it is clear to see how many non-TPP countries are at risk. This simple example highlights only the tariff benefits of the agreement. It does not really emphasise the additional gains from improved access to services, new investment openings and protections, access to government procurement markets (if, for example, the defense department wanted to order up packets of ketchup), intellectual property protections of the trade secrets guarding our hypothetical ketchup formulas and so forth.

TPP Changes Sometimes Modest: Chocolate Example

Chocolate can be a complicated product for the TPP because it includes several of the most sensitive items all at once: sugar, dairy and cocoa. Not all TPP member states have the same level of concerns around each component, so manufacturing and distributing a chocolate bar in some members will be easier in some markets than others. The example here is a hypothetical one intended to show how the cost of imported ingredients used in the manufacture of a chocolate bar may change in several TPP markets. What may be striking is how little the TPP may impact several important items contained in chocolate for some TPP member markets.

Despite generally high levels of market liberalisation for agricultural products, chocolate bars throw into high relief some of the continued protection maintained in the agreement for some member markets. Bottom line—while the TPP might make it slightly easier to move chocolate than in the pre-TPP period, tariffs remain high, and TRQs are small with high out-of-quota rates. Thankfully, for other TPP countries, even chocolate bars remain considerably less complicated.

Rules of Origin

The reduction in tariffs is important, but not every product crossing the border into a TPP member country will automatically qualify for these reduced duty rates. The TPP has a single set of rules of origin (ROOs), found in Annex 3-D, that applies to all members. The ROOs are all product-specific Each tariff line has a specific, matching ROO that must be met in order to qualify for the tariff reduction as indicated in the TPP tariff schedules. Once a product qualifies under TPP ROOs, it can be shipped into any of the 11 TPP member markets without any further change.

The primary difference between fresh/frozen foods and all other agricultural products can be found in the ROOs. Fresh and (most) frozen foods are considered "wholly obtained". This means that they are entirely from TPP countries, since the products were basically 100% grown or raised in a TPP member country, for shipment into another one. For more details, please see our booklet "Fresh and Frozen Food - Benefits of the Trans-Pacific Partnership (TPP)".

All other agricultural products are not 100% originating. This means that in order to use the agreement, products must be substantially transformed in a TPP market for shipment under TPP tariff rates. The TPP is extremely specific about what has to happen to each and every product in order to qualify, but in brief, there are two broad categories that determine substantial transformation: change in tariff classification (CTC or CTH) and regional value content (RVC).

Change in Tariff Heading (CTC or CTH)

Under change in tariff heading or change in tariff classification rules, the product must undergo enough transformation in a TPP country from the inputs to the final product that the tariff codes shift. This shift has to take place at the level indicated in the agreement.

This sounds complicated. Sometimes, meeting CTC or CTH rules can be complex. But for many companies, these ROOs are quite beneficial because, provided the ROO is met, it may not matter where the raw materials come from in the final product, as long as the transformation takes place in a TPP country.

To provide a simple illustration of the concept, consider fruit jam (HS 20.07). Squishing fruit in a TPP member country can be sufficient to transform the final good. The actual ROO for jam reads, "A change to a good of subheading 2007.10 through 2007.91 from any other chapter." Since fruit has a different chapter heading (HS Chapter 8), the process of creating jam transforms the product from one tariff heading to another. In this example, it does not matter where the fruit originates, as long as it is squished inside the TPP for shipment into a TPP member country.

Note, however, that there is a small set of products where the rules are written in such a way that they can only be satisfied by using TPP content or ingredients. Companies will need to examine the ROOs carefully to ensure that the final products meet the originating criteria. Firms are given some, although limited, flexibility as well, with up to 10% of the total content under CTC or CTH allowed to be non-originating under the De Minimis Rule.

Finally, there are some products (Annex 3-C), particularly some dairy products, orange juice, some edible oils, and some preparations of peaches, pears and apricots (mostly dried fruits), that cannot use the 10% De Minimis Rule, but must include only TPP content.

Regional Value Content (RVC)

Not all ROO rules use CTC or CTH. Some use Regional Value Content (RVC) rules like most Asian and ASEAN trade agreements. Under RVC, what matters is the percentage of total TPP value in the final product for shipment into TPP member markets.

As long as the final product contains sufficient content drawn from ingredients and raw materials, as well as the value added inside a TPP country for shipment to another one (usually 40-45%), the item also qualifies as TPP-originating and can be shipped without further changes into all 11 TPP member markets. The specific methods for calculating RVCs can be found in Article 3.5. The TPP allows for cumulation, or the "adding up" of content drawn from across TPP countries to count toward calculating total content.

As an example, the ROOs for some types of vegetable oils (HS15.10) are RVCs. Olive residue oil and blends of olive residue oil has the following ROO: "No change in tariff classification required for a good of heading 15.10, provided there is a regional value content of not less than 40 percent under the build-down method."

For a full description of ROO calculation approaches, see TPP Chapter 3. Since most of the RVC rules for food use the "build-down" method of calculation, the specific rule is reproduced here:

$$\text{RVC} = \frac{\text{Value of the Good} - \text{Value of Non-Originating Materials}}{\text{Value of the Good}} \times 100$$

Packaging

If the ROO used for a specific product is CTC or CTH, then packaging materials needed for retail sale need not be included in the overall determination of whether a product meets the necessary criteria. However, if the ROO for a product is RVC, then packaging for retail sale can be included in the calculation for content.

Note that all packaging materials and containers used for shipment are never included in ROO calculations.

Transit and Transshipment

Goods retain their originating status if they are shipped through a non-TPP member, as long as products are only: loaded; unloaded; separated from a bulk shipment; stored; labelled or marked as necessary by the importing Party; or given whatever operation may be necessary to preserve the product in good condition, or to transport the good into the territory of the importing Party; and stay under the control of the customs administration in the non-TPP country.

Tariff Rate Quotas (TRQS)

Agricultural products are often highly sensitive items. Many markets have historically been protected from foreign competition using a variety of different mechanisms. Under the TPP, some members have continued to provide additional protection to some sectors, especially dairy, sugar and rice. Companies that use these products may need to pay careful attention.

Some TPP members have scheduled Tariff Rate Quotas (TRQs) for some sensitive products. Brunei, Chile, New Zealand, Peru and Singapore did not. Annexe 2D of the agreement outlines the TRQs used by the remaining TPP members.

A TRQ works by limiting the quantity of a good that may be imported at a given tariff. For example, the first 50 tonnes per year of wheat may incur a 10% tariff, but any amount beyond that receives a much higher tariff, such as 50%, making the export not commercially competitive.

This 50-tonne quota may be divided among different TPP countries—for example, by granting Australia access to 10 tonnes, Mexico at 5 tonnes, and so forth. Dividing a small quota can mean that the allotment of a good for any exporting country may be used up well before the end of the calendar year.

Many of the tariff lines that contain TRQs do not result in new market access for all TPP partners. In some circumstances, TPP parties simply shifted quota allocations from one party to another.

Tariff Rate Quotas (TRQS) in the TPP

Canada	Japan	Malaysia	Mexico	Vietnam
Dairy, eggs, poultry	Wheat, barley, dairy, cocoas, chocolates, oils, coffee, teas, candies, sugars, rice	Live poultry, some pork products, milk, eggs	Dairy, palm oil, sugar	Sugar, salt, non-agricultural products

Protection Mechanisms

While the TPP generally opens up markets, there are a few mechanisms or tools that protect agricultural products that are worth noting.

For some seafood products coming into Japan, companies may have to comply with an additional set of rules—called tariff differentials—as well. Companies in these sectors should review the annexes in 2D.

Also note that many TPP members signed "side letters" that contain specific bilateral commitments. These bilateral exchanges are available on individual TPP country websites. New Zealand and Canada, for example, have a side letter on wine and spirits. New Zealand and Peru have one on geographical indications.

All TPP members can also use the safeguard mechanisms outlined in the trade remedy chapter in the agreement. But the TPP also contains some specific agricultural safeguard mechanisms for Japan, including commitments to protect beef, pork, milk powders and fresh oranges from import surges.

Trade Facilitation

For agricultural traders and other goods companies, however, the rules for tariff reductions and ROOs are not the only things that matter. The processes and procedures for getting goods in and out of TPP member countries are also important. Fortunately, TPP rules for trade facilitation are likely to prove extremely helpful for companies. For more information on customs rules, please see the Asian Trade Centre's TPP Logistics and Trade Facilitation Booklet.

The TPP generally promotes efficient and transparent customs procedures:

- Simpler certificate of origin requirements, not that there is no required "TPP certificate of origin" paperwork that applies for all 11 member markets. Annex 3-B highlights the information that must be provided to customs officials.
- Self-certification by manufacturer, exporter or importer, provided certain standards are met
- Only requires one certificate of origin over multiple consignments, greatly reducing paperwork
- Expedited and consistent customs treatment at all domestic entry points, including the use of automated systems
- Advance rulings to allow companies to obtain a ruling from customs officials about tariff classification and ROO determinations that will remain in effect for a full calendar year
- Specific rules for express shipments and expedited delivery processes to include six-hour guidelines
- Pre-arrival processing and guaranteed release within specific time periods
- Note that penalties and fines for non-compliance can be substantial—firms must keep all paperwork for five years after a shipment, in the case of audit by customs

SPS and TBT

While tariffs matter to farmers and agricultural producers, some of the greatest barriers to trade can be loosely lumped together under the heading of non-tariff barriers. These include both sanitary and phyotosanitary (SPS) measures and technical barriers to trade (TBT). Such barriers run the gamut from inconsistent testing methodologies to non-harmonised pesticide regulations, to different rules for labelling products.

Early on in negotiations for the TPP, officials often spoke with enthusiasm about a desire to achieve regulatory coherence. While TPP Chapter 25 has this title, most of the content of these discussions was ultimately removed and put into the SPS and TBT chapters instead. What remains in Chapter 25 are mostly descriptions of how TPP parties intend to foster future regulatory cooperation, increase transparency in procedures and encourage contact points across TPP members.

The TPP parties attempted to address many of the non-tariff and other regulatory barriers, but in most instances, the gaps between the 11 member states were simply too large to overcome in the negotiations. Hence, the rules put in place in the agreement might be best regarded as a basic framework, rather than any true achievement of deeper regulatory integration.

For SPS, Chapter 7 requires that all health-based restrictions on goods are based on science, as are risk assessment systems put into place to screen products. The agreement refers to specific international standards, including the Codex Alimentarius and the World Trade Organization (WTO) SPS agreement. Any shipments that are stopped for SPS reasons have to be reported under tight timelines, with a special consultation system put in place between members for addressing SPS issues and a special dispute resolution system just for such concerns. Over time, the consultation mechanisms, transparency procedures and recommendations on equivalence may evolve into something more meaningful, or may not.

The TBT chapter is notable for agriculture, chiefly for three specific annexes. Annex 8-A covers wine and distilled spirits rules in detail, including such matters as information that can and cannot be required on labels and allowable certification procedures. Annex 8-F covers proprietary formulae for pre-packaged foods and food additives. The annex says that member governments must collect only information related to legitimate objectives and keep such information confidential. Annex 8-G on organic products encourages TPP parties to be transparent and consistent in regulations regarding organic products, and to work toward equivalence recognition.

Conclusion

The TPP provides new opportunities for agriculture. After the TPP enters into force, it will significantly reduce tariffs in a number of areas – in some cases straight away, and in others, more slowly. This will lead to greater competition, better value products and newly viable export markets. Producers, importers and investors will need to look at new agriculture opportunities and consider the interaction of this new trade regime with changing diets across the region, climate change and the shortage of farmland in parts of Asia.

The TPP provides benefits worth looking into for producers of processed food products.

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