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Trans-Pacific Partnership (TPP) Countries: Comparative Trade and Economic Analysis

Abstract

The Trans-Pacific Partnership (TPP) is a proposed regional free trade agreement (FTA) currently under negotiation between Australia, Brunei, Canada, Chile, Malaysia, Mexico, New Zealand, Peru, Singapore, the United States, and Vietnam. The negotiating partners have expressed an interest in allowing this proposed “living agreement” to cover new trade topics and to include new members that are willing to adopt the proposed agreement’s high standards. Canada and Mexico are the most recent countries to join the negotiations and Japan has participated in consultations with the partner countries about the possibility of joining.

The TPP negotiations are of significant interest to Congress. Congressional involvement includes consultations with U.S. negotiators on and oversight of the details of the negotiations, and eventual consideration of legislation to implement the final trade agreement. In assessing the TPP negotiations, Members may be interested in understanding the potential economic impact and significance of TPP and the economic characteristics of the other TPP countries as they evaluate the potential impact of the proposed TPP on the U.S. economy and the commercial opportunities for expansion into TPP markets.

This report provides a comparative economic analysis of the TPP countries and their economic relations with the United States. It suggests that the TPP negotiating partners encompass great diversity in population, economic development, and trade and investment patterns with the United States. This economic diversity and inclusion of fast-growing emerging markets presents both opportunities and challenges for the United States in achieving a comprehensive and high standard regional FTA among TPP countries.

Keywords

Trans-Pacific Partnership, TPP, free trade agreement, legislation, Congress, economic relations

Comments

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Trans-Pacific Partnership (TPP) Countries: Comparative Trade and Economic Analysis

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Summary

The Trans-Pacific Partnership (TPP) is a proposed regional free trade agreement (FTA) currently under negotiation between Australia, Brunei, Canada, Chile, Malaysia, Mexico, New Zealand, Peru, Singapore, the United States, and Vietnam. The negotiating partners have expressed an interest in allowing this proposed “living agreement” to cover new trade topics and to include new members that are willing to adopt the proposed agreement’s high standards. Canada and Mexico are the most recent countries to join the negotiations and Japan has participated in consultations with the partner countries about the possibility of joining.

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This report provides a comparative economic analysis of the TPP countries and their economic relations with the United States. It suggests that the TPP negotiating partners encompass great diversity in population, economic development, and trade and investment patterns with the United States. This economic diversity and inclusion of fast-growing emerging markets presents both opportunities and challenges for the United States in achieving a comprehensive and high standard regional FTA among TPP countries.

The proposed TPP and its potential expansion are important due to the economic significance of the Asia-Pacific region for both the United States and the world. The region is home to 40% of the world’s population, produces over 50% of global GDP, and includes some of the fastest-growing economies in the world. With the addition of Canada and Mexico, TPP negotiating partners made up 31% of U.S. goods and services trade in 2011, and the Asia-Pacific economies as a whole made up over 56%. The TPP would be the largest U.S. FTA to date by trade value.

The United States is the largest TPP market in terms of both GDP and population. In 2011, non-U.S. TPP partners collectively had a GDP of \$5.7 trillion, 37% of the U.S. level, and a population of 346 million, slightly larger than the U.S. population. Japan’s entry would increase the economic significance of the agreement on both of these metrics.

Unlike most previous U.S. FTA negotiations, the TPP involves countries with which the United States already has an FTA. The U.S. has FTAs in place with Australia, Canada, Chile, Mexico, Peru, and Singapore, which together account for nearly 85% of U.S. goods trade with TPP countries. Malaysia and Vietnam are the largest U.S. trade partners among TPP members without an existing U.S. FTA.

Other TPP partners also have extensive existing FTA networks. The Association of Southeast Asian Nations (ASEAN), of which Brunei, Malaysia, Singapore, and Vietnam are members, and its collective FTAs with other countries, accounts for the bulk of this interconnectedness. Moreover, ASEAN agreements with larger regional economies (e.g., China, Japan, and Korea) present a second possible avenue for Asia-Pacific economic integration; albeit one that currently excludes the United States.

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Introduction¹

The Trans-Pacific Partnership (TPP) is a proposed regional free trade agreement (FTA) under negotiation between the United States and ten other countries. Current negotiating partners include Australia, Brunei, Canada, Chile, Malaysia, Mexico, New Zealand, Peru, Singapore, the United States, and Vietnam. Several FTAs already exist between the negotiating countries; some of these are bilateral and others, like the TPP, are regional.² Canada, Mexico, and Japan all expressed interest in November 2011 in the possibility of joining the TPP talks, and proceeded with consultations among the existing partners toward that end. Canada and Mexico officially joined in October 2012, while Japan's prospects for joining the agreement remain unknown. The proposed agreement's ability to attract and incorporate new members may impact the ultimate global significance of its regional platform and the new trade rules it may come to embody.

Congress has a major role in the negotiation and implementation of FTAs. Throughout the negotiating process, Congress may conduct oversight hearings and consultations with U.S. trade negotiators, providing Members an opportunity to oversee and influence the development of the final TPP. Any final FTA must also be implemented by Congress before it can enter into force.

The United States has a number of objectives in the proposed TPP agreement.³ These include:

- achieving a comprehensive and high standard regional FTA that eliminates and reduces trade barriers and increases opportunities for U.S. trade and investment;
- allowing the United States to play a role in developing a broader platform for trade liberalization, particularly throughout the Asia-Pacific region;⁴ and
- providing the United States with an opportunity to establish new rules on emerging trade issues, such as regulatory coherence, supply chain management, state-owned enterprises, and increasing trade opportunities for small- and medium-sized businesses.⁵

This report focuses primarily on U.S. economic interests in the TPP agreement. It provides a comparative economic analysis of the countries currently negotiating the TPP and describes the U.S. trade flows with these countries at the bilateral level and in relation to the countries' economic linkages with the rest of the world. It also provides information on the existing trade agreements of TPP countries. As such, this report aims to serve as an introduction to the economic relationship these countries have, both individually and collectively, with the United States.

¹ For more information on the negotiations and subjects of negotiation, see CRS Report R42694, *The Trans-Pacific Partnership Negotiations and Issues for Congress*, coordinated by Ian F. Fergusson.

² For basic information on the various structures of trade agreements, see CRS Report RL31356, *Free Trade Agreements: Impact on U.S. Trade and Implications for U.S. Trade Policy*, by William H. Cooper.

³ This report covers economic aspects of TPP countries and does not address U.S. foreign policy interests.

⁴ Potential TPP membership has not been expressly defined, but some see members of the Asia-Pacific Economic Cooperation (APEC) forum as the most likely candidates. For a complete list of APEC members see **Table 1**.

⁵ Letter from Ambassador Ronald Kirk, USTR, to The Honorable Nancy Pelosi, Speaker of the United States House of Representatives, December 14, 2009.

Economic Overview

Asia-Pacific Region

The Asia-Pacific region, defined for the purposes of this report as the current members of the Asia-Pacific Economic Cooperation (APEC) forum, has substantial global economic significance. Among its 21 member economies, APEC includes all eleven of the current TPP participants (**Table 1**). It is home to 40% of the world's population and more than half of global GDP.⁶ Moreover, the region's economies are growing quickly. In 2011, all but three of the economies in the Asia-Pacific had GDP growth above the 1.8% level reached in the United States, and more than half enjoyed growth above the world average of 3.8%.⁷ Along with increasing economic influence these economies account for a growing share of world trade. For example, Asia's share of world imports grew from 18.5% in 1983 to 30.9% in 2011.⁸ The region is significant not just as a burgeoning market, but also as an integral part of international supply chains. The East Asian members, in particular, are highly connected through intermediate goods trade and involve the United States in complex production networks spanning the Pacific. In 2009, for example, 64% of Asian non-fuel imports were in intermediate goods and over \$600 billion in intermediate goods moved between Asia and North America.⁹

The Asia-Pacific region represents an important source and destination for U.S. trade and investment. Together, these economies represent over 60% of overall U.S. trade and about one-quarter of the stock of foreign direct investment (FDI) into and out of the United States.¹⁰ Yet, there remains great potential for further U.S. economic engagement with the region. Some U.S. policy observers argue that the United States has fallen behind in its focus on market access abroad, particularly in emerging Asia and Latin America.¹¹ The proposed TPP, congressional approval of the U.S. FTAs with Colombia, Panama, and South Korea, and the Administration's National Export Initiative (NEI) goal of doubling exports by 2015, suggest a continued U.S. interest in expanding U.S. economic engagement abroad.¹²

⁶ Analysis by CRS. Data from the World Bank *World Development Indicators* and International Monetary Fund (IMF) *World Economic Outlook*, October 2012.

⁷ Analysis by CRS. Data from the IMF *World Economic Outlook*, October 2012.

⁸ World Trade Organization, *International Trade Statistics 2012*, 2012, p. 35. APEC does not include India, which is included in the WTO's definition of Asia, but does include some Latin American countries not included in this statistic.

⁹ World Trade Organization and Institute of Developing Economies, *Trade Patterns and Global Value Chains in East Asia: From Trade in Goods to Trade in Tasks*, 2011, p. 83.

¹⁰ Analysis by CRS. Data from the U.S. International Trade Commission (ITC) and the Bureau of Economic Analysis (BEA).

¹¹ Council on Foreign Relations, *U.S. Trade and Investment Policy*, Independent Task Force Report No. 67, 2011, p. 3.

¹² Executive Order 13534, "National Export Initiative," March 11, 2010.

Table I. APEC Members and Economic Statistics, 2011

	Member	GDP (in billions of U.S. dollars)	Population (in millions)	GDP/Capita (in U.S. dollars at PPP)	Real GDP Growth (in %)
TPP Countries	Australia	\$1,487	22.4	\$40,847	2.14
	Brunei	\$16	0.4	\$49,536	2.21
	Canada	\$1,739	34.4	\$40,519	2.41
	Chile	\$248	17.2	\$17,361	5.92
	Malaysia	\$288	28.6	\$16,240	5.08
	Mexico	\$1,154	113.7	\$14,653	3.94
	New Zealand	\$159	4.4	\$28,012	1.35
	Peru	\$177	30.0	\$10,062	6.91
	Singapore	\$260	5.3	\$59,710	4.89
	Vietnam	\$123	89.3	\$3,359	5.89
		<i>Non-U.S. TPP Total</i>	\$5,651	345.8	
	United States	\$15,076	311.9	\$48,328	1.81
	<i>Total</i>	\$20,727	657.8		
Near-Term Potential TPP Countries	Japan	\$5,867	127.9	\$34,748	-0.76
Other APEC	China	\$7,298	1,347.4	\$8,387	9.24
	Hong Kong	\$244	7.1	\$49,417	5.03
	Indonesia	\$846	241.0	\$4,666	6.46
	South Korea	\$13	6.7	\$2,532	8.91
	Papua New Guinea	\$225	95.9	\$4,080	3.91
	Philippines	\$1,850	142.4	\$16,736	4.30
	Russia	\$1,116	49.8	\$31,220	3.63
	Taiwan	\$466	23.2	\$37,716	4.03
	Thailand	\$346	64.1	\$9,398	0.05
	<i>Total</i>	\$12,404	1,977.5		
APEC Total		\$38,998	2,763.2		

Source: International Monetary Fund *World Economic Outlook*, October 2012.

Notes: GDP/Capita figures are in terms of purchasing power parity (PPP). This adjusts international GDP figures to reflect differences in cost of living among countries. Hence, GDP figures for developing countries are typically higher in PPP terms (see footnote 13).

TPP Countries

The 11 countries that constitute the current group of TPP participants are economically and demographically diverse. As shown in **Figure 1**, the United States is much larger than the other members in terms of its economy and population. Compared to the next closest TPP member in each category, the United States has nearly three times as many people as Mexico and more than eight times the GDP of Canada. GDP per capita at purchasing power parity (PPP), a rough measure of a country's level of economic development, ranges from just over \$3,000 in Vietnam to nearly \$60,000 in Singapore, more than \$10,000 higher than that of the United States.¹³ These countries vary greatly in their geography as well. They range from Australia, a large and resource-rich continent, to Singapore, a small, trade-dependent city-state. As discussed in the final section of this report, some of this economic and demographic diversity is reflected in both the type and intensity of trade and investment flows between the United States and TPP countries.

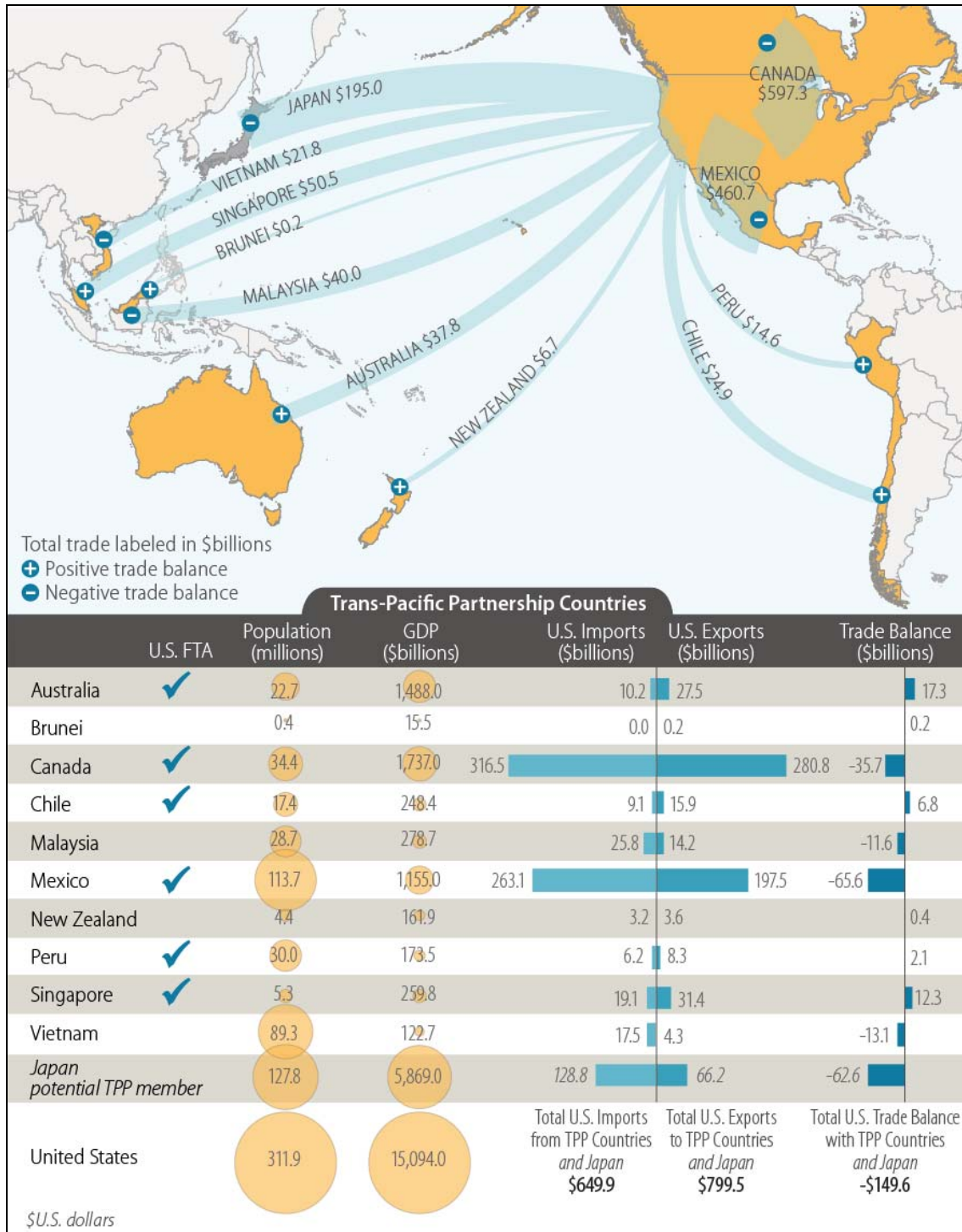
A potential TPP FTA may present an opportunity for the United States to expand its trade and investment with a large and fast-growing regional market. U.S. TPP partners collectively represent a potential market with a population slightly larger than the United States and they have been growing rapidly relative to the United States over the past 10 years (**Figure 2**). In 2010, as the United States was emerging from recession, the TPP countries' average GDP growth was more than 2 percentage points higher than the U.S. rate. Over the past decade, U.S. trade and FDI flows with these countries have increased significantly. U.S. exports to TPP countries nearly doubled during this period, exceeding \$115 billion in services and \$580 billion in goods in 2011.¹⁴ U.S. imports from TPP countries increased by more than 50% since 2001 with services imports of nearly \$57 billion and goods imports of \$670 billion in 2011. The annual flow of both inbound and outward foreign direct investment (FDI) between the United States and TPP countries was much higher in 2011 than 2001, although it has fluctuated throughout the decade. The flow of U.S. FDI abroad to TPP countries was \$78 billion in 2011 with inward FDI just above \$42 billion. The stock of both U.S. FDI in TPP countries and inward FDI from TPP countries has doubled since 2001 (\$299 to \$727 billion and \$120 to \$307 billion).

In 2011, the U.S. had a goods trade deficit with TPP countries and a services trade surplus resulting in an overall trade deficit of \$28 billion (**Figure 3**). The U.S. services trade surplus with TPP countries has steadily increased over the past decade while the U.S. goods trade deficit fell (became less negative) sharply during the recession and has yet to reach its pre-recession levels. Crude oil, a major U.S. import from both Canada and Mexico, is a large and growing contributor to the overall trade deficit with TPP countries. In 2011, the trade deficit in crude oil exceeded the overall U.S. trade deficit, and hence the U.S. actually had a surplus in non-oil goods trade with TPP countries. In services, the U.S. trade surplus has increased from \$19 billion in 2001 to \$59 billion in 2011. In goods, the U.S. trade deficit in 2011 of \$87 billion was slightly less than the deficit in 2001 of \$91 billion, and significantly less than the deficit in 2006 of \$159 billion.

¹³ GDP data at purchasing power parity (PPP) attempts to reflect differences in the cost of living among countries. This requires comparison of the prices of goods and services in each of the countries concerned. For example, consider Vietnam and the United States. In less developed countries, goods and services typically cost less than they do in more highly developed countries (i.e., one U.S. dollar converted to local Vietnamese currency would buy more goods and services there than it would in the United States). Nominal GDP figures converted into U.S. dollars do not take account of these price differences across countries. Hence, Vietnam's GDP/capita at purchasing power parity (\$3,359) is more than twice its nominal GDP/capita in U.S. dollars (\$1,374), according to the October 2012 edition of the IMF's *World Economic Outlook*

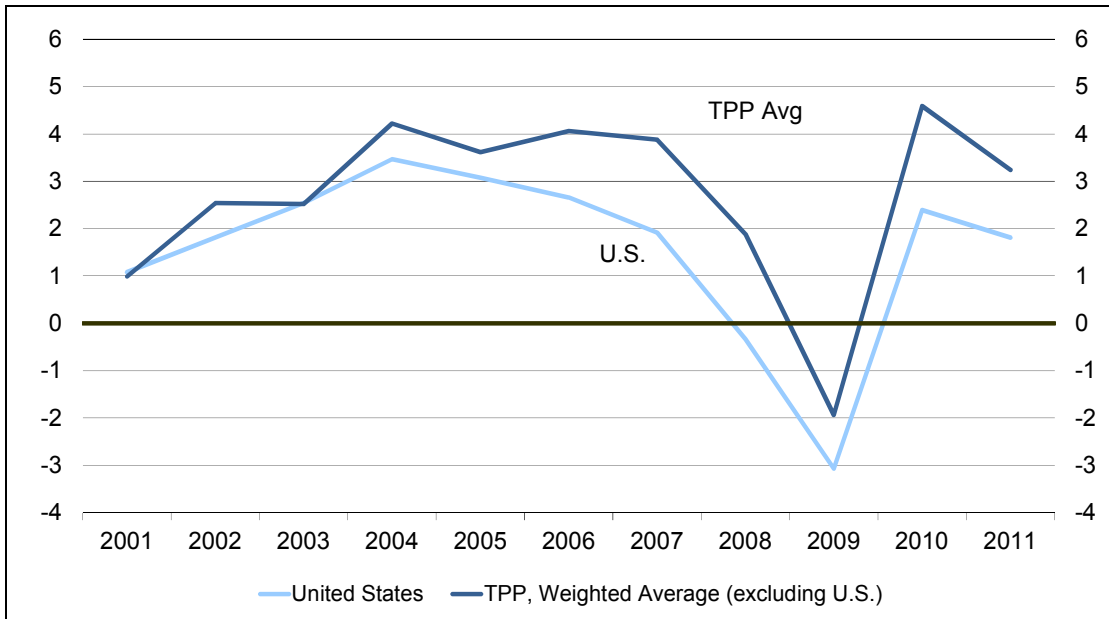
¹⁴ Services trade data only available for Australia, Chile, Malaysia, New Zealand, and Singapore.

Figure I. Trans-Pacific Partnership Countries
(2011)



Source: Analysis by CRS. FTA data from the United States Trade Representative (USTR). Population and GDP data from IMF, World Economic Outlook, April 2012. Trade data from the U.S. International Trade Commission (ITC).

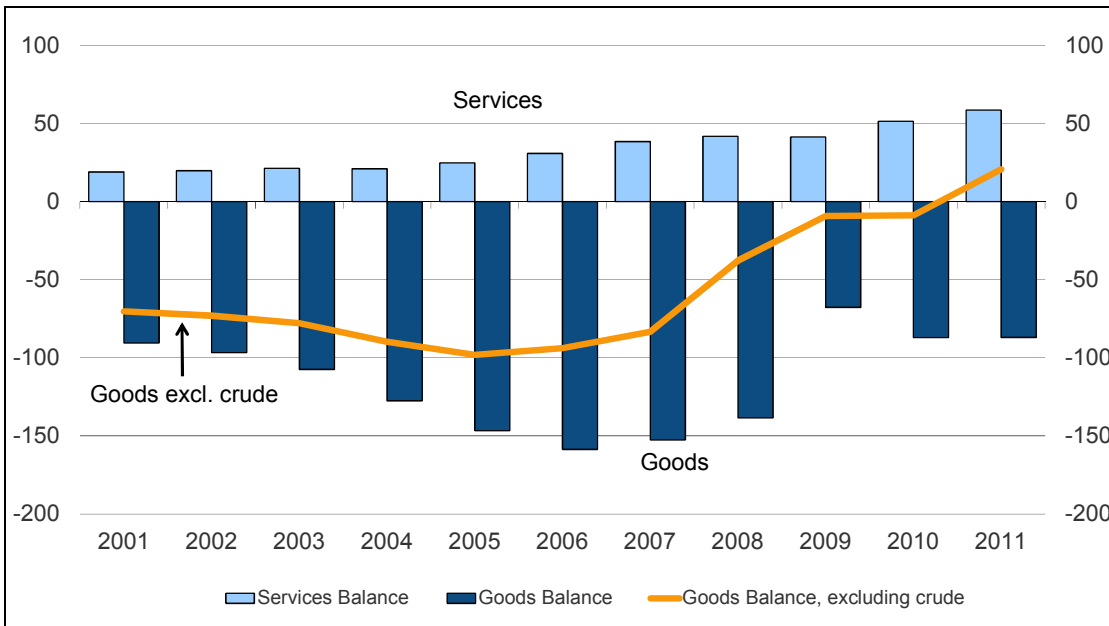
Figure 2. U.S. and TPP Average GDP Growth Rates
(in percent)



Source: Analysis by CRS. Data from IMF, *World Economic Outlook*, October 2012.

Notes: The value for non-U.S. TPP countries was computed by taking the weighted average of non-U.S. TPP GDP growth rates, using nominal GDP values as the weights.

Figure 3. U.S. Goods and Services Trade Balance with TPP Countries
(in billions of U.S. dollars)



Source: Analysis by CRS. Data from the ITC and the Bureau of Economic Analysis (BEA).

Notes: Services trade data is only available through 2010, and only for Australia, Chile, Malaysia, New Zealand, and Singapore.

Potential New TPP Participants

One of the United States' expressed interests in the proposed TPP FTA is its potential expansion to include other Asia-Pacific economies. In May 2011, the TPP trade ministers agreed "to consider the membership of any APEC members if and when they are ready to meet the high standards of the agreement."¹⁵ In November 2011, Canada, Japan, and Mexico announced their intent to seek consultations with existing participants on the possibility of joining the negotiations. Canada and Mexico have since become official negotiating partners, but it is unclear if or when Japan may join the negotiations. A consensus among the then-nine negotiating partners was required for Canada and Mexico's entry.¹⁶ Thailand has also reportedly expressed interest in joining the negotiations, as have non-APEC countries such as Costa Rica and Colombia.¹⁷

Canada and Mexico have greatly expanded the size of the TPP in terms of U.S. trade and Japan would make the agreement even more significant for the United States. Using trade figures from 2011, the share of U.S. goods and services trade encompassed by TPP partners increased from 5% to 31% with the addition of Canada and Mexico (**Figure 4**). Adding Japan to the TPP would increase its share of U.S. trade further to 36%, and though unlikely in the near future, expansion of the potential agreement to all of APEC would increase its share of U.S. trade to 56%.

Japan¹⁸

As the third-largest economy in the world and the fourth-largest trading partner of the United States, Japan's entry into the TPP negotiations would considerably increase the economic significance of the proposed agreement. It would be the second-largest country participating in the negotiations behind the United States, both in terms of population (128 million) and GDP (\$5.9 trillion). Japan's entry would double the collective GDP of non-U.S. TPP partners and increase their population by more than 35%. Some analysts argue that a TPP agreement that included Japan could attract other potential Asia-Pacific countries and achieve the goal of membership expansion. Others contend that Japan's entry could complicate the negotiation process, adding a significant economic counterweight to the United States and perhaps slowing the overall speed of the negotiations. Japanese interest in the agreement may stem from a desire to remain competitive with South Korea in the U.S. market following the passage of the U.S.-South Korea FTA (KORUS). Nearly 70% of U.S. imports from the two East-Asian nations come from the same three commodity categories: vehicles, machinery, and electrical machinery.¹⁹ In addition to the country's expressed interest in joining the ongoing TPP negotiations, Japan has also announced plans to begin FTA talks with South Korea and China in the near future, though the current political environment in Japan may delay that process.²⁰

¹⁵ USTR, "Joint Statement from Trans-Pacific Partnership Ministers Meeting on Margins of APEC in Big Sky, Montana," press release, May 2011, <http://www.ustr.gov/about-us/press-office/press-releases/2011/may/joint-statement-trans-pacific-partnership-ministers-me>.

¹⁶ Ibid.

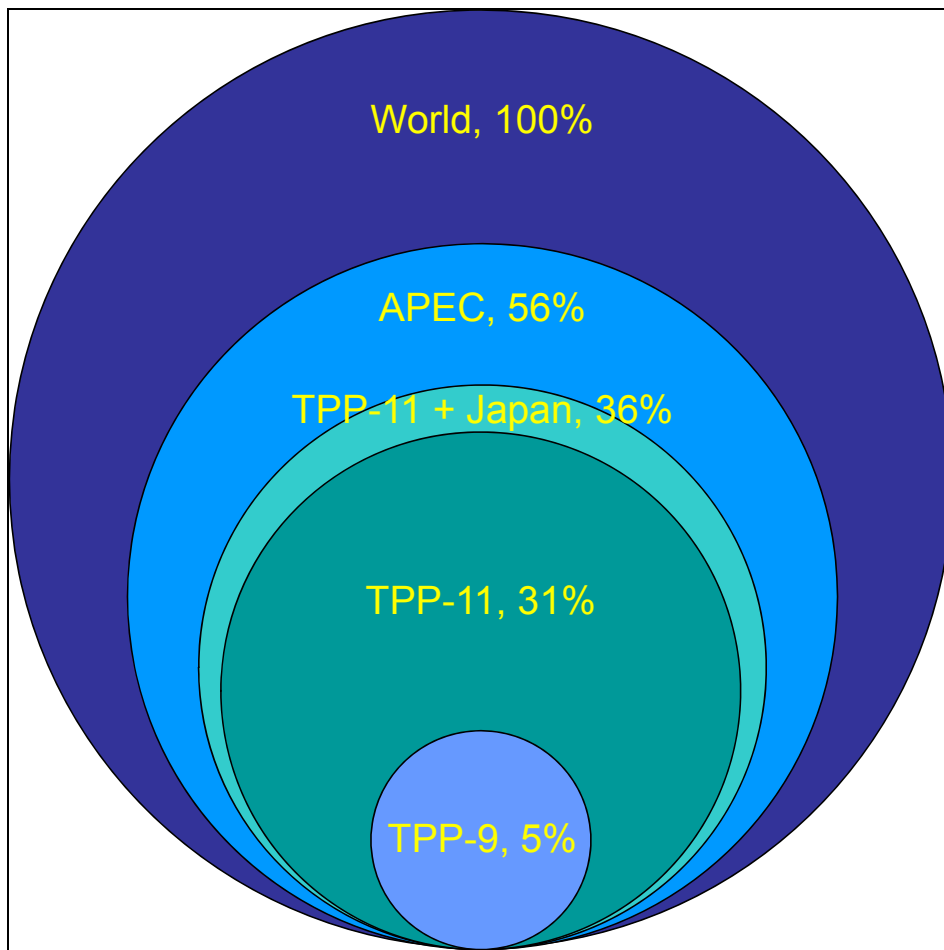
¹⁷ White House, "Joint Press Statement between President Barack Obama and Prime Minister Yingluck Shinawatra," press release, November 18, 2012; Lucien O. Chauvin, "Canada Makes Strong Pitch to Join TPP; Colombia, Costa Rica Also Express Interest," *International Trade Daily*, April 7, 2012.

¹⁸ Additional information on Japan and the TPP can be found in CRS Report R42676, *Japan's Possible Entry Into the Trans-Pacific Partnership and Its Implications*, by William H. Cooper and Mark E. Manyin.

¹⁹ Analysis by CRS. Data from the ITC.

²⁰ "China Plans Talks with Japan, Korea on Free-Trade Area," *Bloomberg News*, May 13, 2012; Mitsuru Obe, "Hopes (continued...)"

Figure 4. U.S. Goods and Services Trade, Shares of Total
(2011)



Source: Analysis by CRS. Data from U.S. ITC and BEA.

Notes: TPP-9 refers to Australia, Brunei, Chile, Malaysia, New Zealand, Peru, Singapore, Vietnam, and the United States. TPP-11 refers to the TPP-9 plus Canada and Mexico. Services data is not available individually for smaller U.S. trading partners, including some TPP members. Therefore, the total share of trade encompassed by TPP partners may be slightly larger than that shown above.

Existing Trade and Economic Agreements

TPP participants belong to various multilateral, regional, and bilateral trade and economic agreements. For example, all TPP countries are members of the World Trade Organization (WTO), with Vietnam joining most recently in 2007. In addition, TPP countries have a number of bilateral and regional FTAs in effect, of varying degrees, some of which include other TPP negotiating partners. The United States, for example, has FTAs with 20 countries including six TPP participants (Australia, Canada, Chile, Mexico, Peru, and Singapore). In total, there are more

(...continued)

Fade for Start of Japan-China-Korea Trade Talks," *The Wall Street Journal*, November 5, 2012.

than 180 preferential trade agreements among Asia-Pacific countries, most of which do not include the United States.²¹ The United States Trade Representative (USTR), as well as certain stakeholder groups, view the proposed TPP FTA as an opportunity for the United States to address this rapid rise in preferential trade agreements, with a goal of ensuring that U.S. goods and services remain competitive in the region and that the United States plays a central role in developing a framework for future regional free trade negotiations.²² Given the potential for future expansion in TPP membership, the ability to influence the strength and coverage of the agreement at the beginning stage may be particularly advantageous.

Asia-Pacific Economic Cooperation (APEC)

TPP participants are part of a broader network of international partnerships within the Asia-Pacific.²³ The Asia-Pacific Economic Cooperation (APEC) forum is a primary vehicle for broader regional interaction on trade and economic issues in the Asia-Pacific region. The annual APEC Leaders (heads-of-state) meeting provides an opportunity for stakeholders throughout the region, including political and business leaders, to address regional impediments to trade and economic integration through non-binding commitments.²⁴ Although the organization itself does not negotiate trade agreements, its stated goals, known as the “Bogor Goals,” include freer trade and investment throughout the region. Specifically, APEC views itself as an “incubator” of an eventual Free Trade Area of the Asia-Pacific (FTAAP) and supports the TPP as one step towards that goal.²⁵ APEC’s 21 members include the three largest economies in the world and the four largest U.S. trading partners.²⁶

Association of Southeast Asian Nations (ASEAN)

ASEAN is another major regional economic partnership that includes TPP countries. ASEAN members include Brunei, Burma (Myanmar), Cambodia, Indonesia, Laos, Malaysia, the Philippines, Singapore, Thailand, and Vietnam. Unlike APEC, ASEAN has already created a free trade area among its members. However, import tariffs on intra-ASEAN trade are being removed at different rates in different ASEAN countries depending on levels of economic development. Import duties have been completely eliminated on over 99% of tariff lines (product categories) in Brunei, Indonesia, Malaysia, the Philippines, Singapore, and Thailand. Burma (Myanmar), Cambodia, Laos, and Vietnam have been slower to fully open their markets. In these lesser developed ASEAN countries, import duties with other ASEAN members are now 0%-5% on 99% of tariff lines.²⁷ According to the group’s economic community blueprint, ASEAN members

²¹ Ambassador Ronald Kirk, *2011 Trade Policy Agenda*, Office of the United States Trade Representative, March 2011, p. 4, http://www.ustr.gov/webfm_send/2597.

²² Ibid. See also Emergency Committee for American Trade, *ECAT 2011 Agenda*, June 14, 2011.

²³ For more information on Asian regional partnerships see CRS Report RL33653, *East Asian Regional Architecture: New Economic and Security Arrangements and U.S. Policy*, by Dick K. Nanto.

²⁴ For more information on the most recent APEC meetings, see CRS Report R42842, *The Asia-Pacific Economic Cooperation (APEC) Meetings in Vladivostok, Russia: Postscript*, by Michael F. Martin.

²⁵ Carlos Kuriyama, *The Mutual Usefulness between APEC and TPP*, APEC Policy Support Unit, October 2011, p. 9.

²⁶ The three largest economies in the world as measured by nominal GDP are the United States, China, and Japan. The four largest trading partners of the United States are Canada, China, Mexico, and Japan. **Table 1** includes a complete list of APEC economies.

²⁷ ASEAN Secretariat, *ASEAN Economic Community Factbook*, February 2011, p. 3.

intend to promote further economic integration and freer flow of goods, services, investment, capital, and labor throughout their membership in the future.²⁸

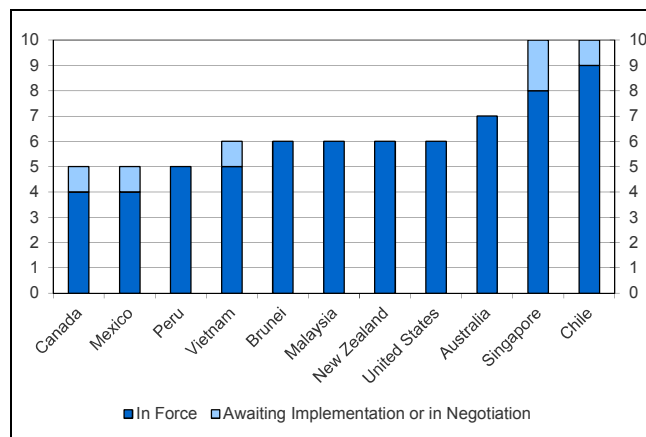
The association has also established FTAs collectively with non-ASEAN countries, including Australia, China, India, Japan, New Zealand, and South Korea. Officials recently announced the start of negotiations on a single trade agreement that would encompass ASEAN and its six FTA partners, known as the Regional Comprehensive Economic Partnership (RCEP). This agreement may present an alternative to the TPP in achieving freer trade throughout the Asia-Pacific region, though it may be less comprehensive in its trade liberalization ambitions than the TPP. Some see these ASEAN economic partnerships that exclude the United States but include the other major economies of the Asia-Pacific as presenting a challenge to the United States’ ability to retain its economic clout and full economic engagement with the region.²⁹ However, at least one study has shown that while there may be benefits to whichever country or country-group has more influence in setting the trade rules for the region, there would remain significant economic benefits for the two largest economies in RCEP and TPP, China and the United States, to merge the two separate efforts into one region-wide FTA.³⁰

Free Trade Agreements

Table A-1 in the appendix shows free trade agreements of TPP countries that have either been concluded or are under negotiation. While such a list provides a general overview of a country’s proclivity toward economic openness, these FTAs may differ greatly in the extent of their tariff reduction, product inclusion, and trade rules. Due to this variation, a country may enter into a trade agreement as a member of a larger body (e.g., ASEAN-Australia) and also negotiate separate bilateral FTAs (e.g., Malaysia-Australia). The table includes both bilateral FTAs and larger regional agreements.

TPP participants have multiple FTAs in place throughout the Asia-Pacific and the world. As shown in **Table A-1**, TPP countries have several agreements with China and Japan, the second- and third-largest economies in the region (and the world), behind the United States. TPP countries are also well connected to one another through their existing trade agreements. **Figure 5** shows that only Canada and Mexico have agreements in force with fewer than five of the other TPP members. Chile has agreements in place with the entire TPP membership except Vietnam with whom it is currently negotiating a bilateral FTA. The FTA

Figure 5. Existing Trade Agreements among TPP Members



Source: Analysis by CRS. Data from individual TPP government websites.

²⁸ Association of Southeast Asian Nations, *Roadmap for an ASEAN Community 2009-2015*, April 2009, p. 22.

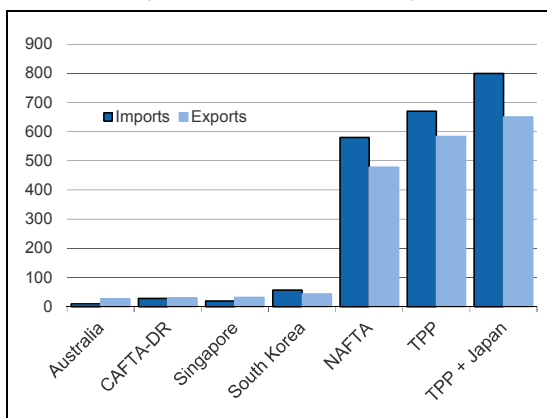
²⁹ “U.S. seeks to lead huge new Asia-Pacific trade bloc,” *Oxford Analytica*, October 17, 2011.

³⁰ Peter A. Petri, Michael G. Plummer, and Fan Zhai, *The Trans-Pacific Partnership and Asia-Pacific Integration: A Quantitative Assessment*, East-West Center, Working Paper No. 119, October 24, 2011, p. 42, http://www.eastwestcenter.org/sites/default/files/private/econwp119_2.pdf.

among Brunei, Chile, New Zealand, and Singapore that served as the starting point for the current TPP, known as the Trans-Pacific Strategic Economic Partnership agreement (P-4), and ASEAN play a large part in this interconnectedness, each joining four of the TPP economies into a free trade area. The North American Free Trade Agreement (NAFTA), joins three TPP partners, Canada, Mexico, and the United States, and encompasses over 50% of all TPP goods trade. This preexisting network of trade agreements among TPP members suggests that the negotiating countries may envision benefits from a concluded TPP agreement that extend beyond those achieved in their existing agreements.

U.S. FTAs and TPP

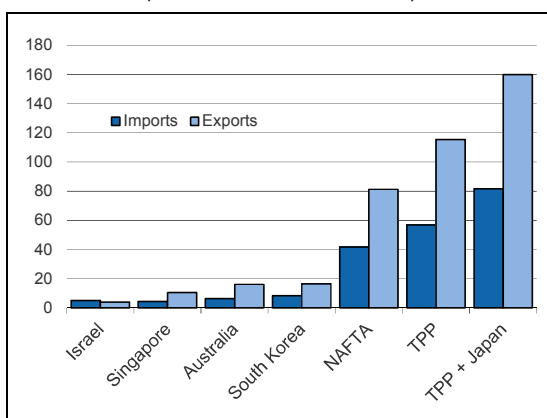
Figure 6. Top U.S. FTAs by Goods Trade
(in billions of U.S. dollars)



Source: Analysis by CRS. Data from ITC.

Notes: CAFTA-DR: Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and the Dominican Republic.

Figure 7. Top U.S. FTAs by Services Trade
(in billions of U.S. dollars)



Source: Analysis by CRS. Data from BEA.

Notes: CAFTA-DR see above.

The United States currently has FTAs in force with 20 countries. **Figure 6** and **Figure 7** place the potential TPP agreement in context with these existing U.S. FTAs. Now that the members of NAFTA are part of the TPP negotiations, this potential FTA would be by far the largest U.S. FTA in terms of both goods and services trade. In 2011, U.S. trade with TPP partners was larger than the level of U.S. trade with South Korea, the largest of the recent U.S. FTA partners, by a factor of fifteen in goods trade and a factor of seven in services trade. However, as noted above, much of this U.S.-TPP trade is already covered by existing trade agreements. In total, trade with TPP countries accounted for 34% of U.S. goods trade in 2011 and 18% of services trade, but U.S. trade with the six existing U.S. FTA partners in TPP accounted for 32% of goods trade and 17% of services trade—the top U.S. trade partners in TPP, Australia, Canada, Chile, Mexico and Singapore are all existing U.S. FTA partners. If Japan were to join the negotiations, TPP trade would encompass nearly 40% of goods trade and 25% of services trade. As a top U.S. trade partner and with no existing bilateral U.S. FTA, Japanese entry into the TPP agreement would increase the economic significance of the agreement considerably.

Bilateral Investment Treaties

International economic relations include investment flows between nations, in addition to trade in goods and services. These investment flows can be the subject of negotiated disciplines in bilateral investment treaties (BITs) or as part of FTAs. The United States typically includes investment provisions in its FTAs, as with each of the existing FTAs between the United States and six TPP participants. Currently, no U.S. BITs are in place with the other four TPP countries.

Among TPP participants, Malaysia has been the most proactive in negotiating BITs, according to the latest United Nations data on international investment treaties. As of June 2012, Malaysia had 49 BITs in force, while Brunei and New Zealand had the lowest number of investment treaties with 3 and 2, respectively. The United States had 41 BITs in force as of June 2012 (**Table 5**).

Trade, Investment, and Tariff Patterns

Examining trade and investment flows into and out of TPP countries is part of analyzing their economic relations with the United States and the potential impact the proposed TPP FTA may have on those relations. Given the variation in geography, population, and economic development among TPP countries, the type and quantity of trade and investment varies greatly from country to country. Additionally, existing tariff structures among the TPP countries highlight the variation in their openness to trade and may identify some potential difficulties in liberalizing trade between such diverse countries.

The analysis and description that follows depends on the quality and scope of the relevant data. Hence, the most comprehensive examination is on merchandise trade. Three broad patterns on trade and investment are considered where possible: (1) between the United States and other TPP members; (2) among all TPP members; and (3) between non-U.S. TPP members and the rest of the world.

U.S.-TPP Trade

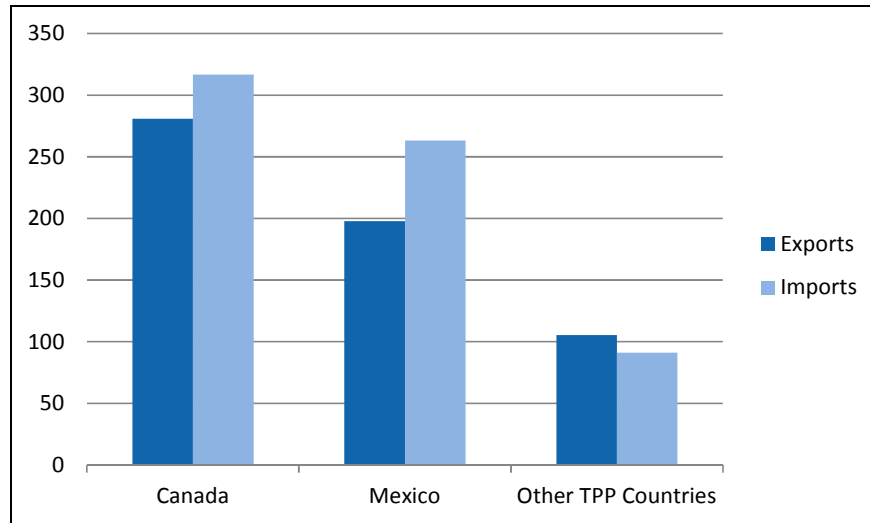
Merchandise Trade³¹

Trade in goods between the United States and other TPP countries represents about 34% of overall U.S. trade. Including the recently joined countries of Canada and Mexico, the United States had a deficit in merchandise trade with TPP countries in 2011, however, energy imports, particularly crude oil from Canada and Mexico accounted for the bulk of this deficit. Canada and Mexico, U.S. partners in NAFTA, are major energy suppliers to the United States the first and third largest U.S. trade partners overall. The majority of U.S.-TPP trade is concentrated with these two newest members. **Figure 8** below shows that U.S. bilateral trade each with Canada and Mexico is greater than U.S. trade with all other TPP countries combined. In 2011, U.S.

³¹ Exports reflect “total exports” and imports reflect “general imports.” Data are also available based on “domestic exports” and “imports for consumption.” The differences between these data has to do with the treatment of goods that enter U.S. territory from abroad and are re-exported with minimal modification while in the United States. These re-exports can be high in particular countries. For instance, they were above 10% of total exports to Singapore in 2010.

merchandise trade with its NAFTA partners accounted for nearly 85% of U.S. trade with TPP negotiating partners.

Figure 8. U.S. Merchandise Trade with Canada, Mexico, and other TPP Countries
(2011, in billions of U.S. dollars)



Source: Analysis by CRS. Data from the ITC.

Notes: “Other TPP Countries” includes Australia, Brunei, Chile, Malaysia, New Zealand, Peru, Singapore, and Vietnam.

Among the other eight, non-NAFTA, TPP countries, Australia and Singapore are the major export markets for the United States, while Malaysia, Singapore, and Vietnam are the major import markets. In 2011, of the \$105 billion in U.S. goods exports to the region, over half went to Australia and Singapore, while almost 70% of the \$91 billion in U.S. imports came from Malaysia, Singapore, and Vietnam. Over the past decade, substantial increases in trade between the United States and some of the smaller economies have occurred (**Figure 9** and **Figure 10**). For example, U.S. trade with Peru and Chile has nearly quadrupled, and U.S. trade with Vietnam has increased more than ten-fold. **Figure 10** below highlights Vietnam’s rapid rise in supplying goods to the United States, moving from the seventh- to third-biggest supplier of U.S. imports among non-NAFTA TPP countries, gaining more ground in the U.S. market than even recent FTA partners such as Peru and Chile. Much of this increase likely reflects the improved trade relations between Vietnam and the United States over the past decade. The United States granted Vietnam conditional normal trade relations (NTR) status in 2001 and then permanent NTR (PNTR) status in 2006 when Vietnam acceded to the WTO.³²

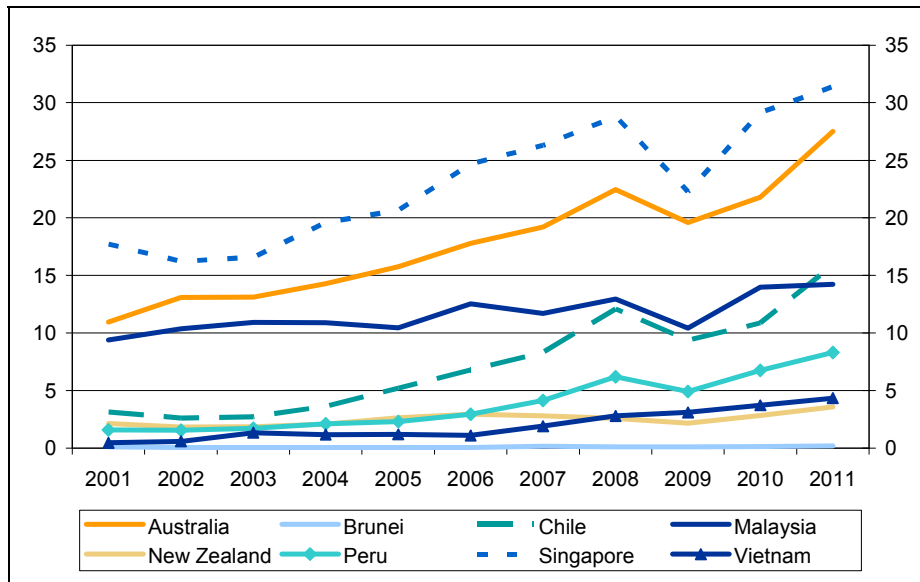
In the past three years the U.S. trade balance with the non-NAFTA TPP countries has switched from deficit to surplus. This U.S. trade surplus with these eight countries is due to both a decrease in imports and an increase in exports. Only in 2011 did U.S. imports from the region surpass their 2006 peak, while exports increased by more than \$35 billion during the same period. In 2011, the U.S. merchandise trade surplus with these eight TPP countries was over \$14 billion, almost double the 2010 surplus of \$7.5 billion. The major contributors to this rising trade balance

³² For more information on U.S.-Vietnam economic relations, please see CRS Report R41550, *U.S.-Vietnam Economic and Trade Relations: Issues for the 112th Congress*, by Michael F. Martin.

between the United States and the non-NAFTA TPP countries have been falling U.S. imports from Malaysia, and rapidly increasing exports to Australia, Chile, Peru, and Singapore, who like Canada and Mexico, are current U.S. FTA partners. The United States has a goods trade surplus with six of its ten TPP partners (Table 2).

Figure 9. Bilateral U.S. Merchandise Exports to TPP Countries excluding Canada and Mexico

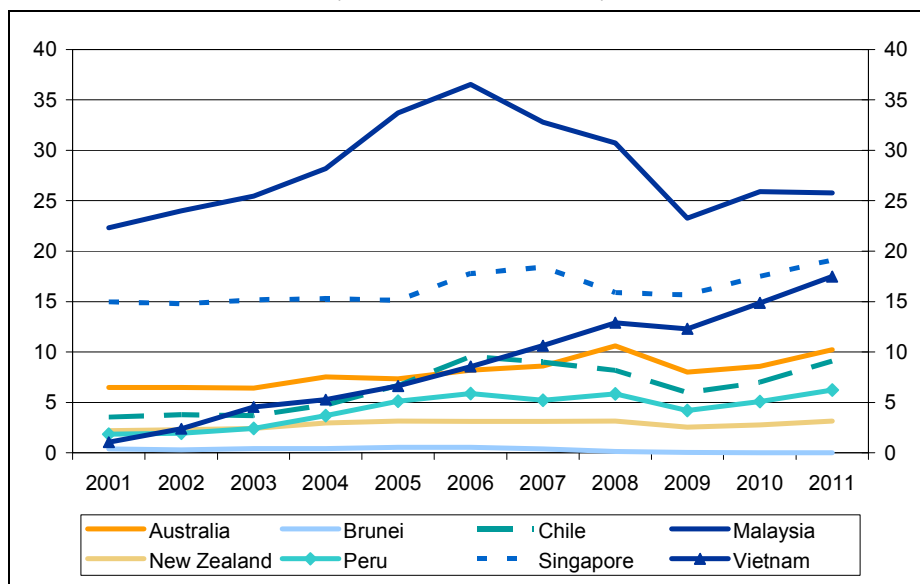
(in billions of U.S. dollars)



Source: Analysis by CRS. Data from the ITC.

Figure 10. Bilateral U.S. Merchandise Imports from TPP Countries excluding Canada and Mexico

(in billions of U.S. dollars)



Source: Analysis by CRS. Data from the ITC.

Table 2. U.S. Merchandise Exports to, Imports from, and Balance with TPP Countries
(in millions of U.S. dollars, 2011)

	Exports	Imports	Balance
Australia	27,516	10,240	17,276
Brunei	184	23	161
Canada	280,764	316,511	-35,747
Chile	15,873	9,069	6,804
Malaysia	14,218	25,772	-11,554
Mexico	197,544	263,106	-65,562
New Zealand	3,571	3,160	411
Peru	8,319	6,236	2,083
Singapore	31,393	19,111	12,282
Vietnam	4,341	17,485	-13,144

Source: Analysis by CRS. Data from the ITC.

At the aggregate level, mineral fuels, primarily crude oil, are the largest category of U.S. imports from TPP countries. The other major import categories are vehicles, electrical machinery, and machinery. These four categories are also the largest export categories from the United States to TPP countries, with machinery being the top export, followed by electrical machinery and vehicles. Mineral fuels are the fourth largest export category, largely representing U.S. exports of refined petroleum products. The fact that these four product categories are the top U.S. imports and exports may reflect the supply chains and production linkages that exist between the United States and Asia-Pacific countries. Even in petroleum products, for example, raw crude is the primary U.S. import, while refined petroleum products are the primary U.S. export.

Considering bilateral flows, U.S. exports are largely in the same top product categories across countries. However, U.S. imports from TPP countries vary greatly. **Table 3** shows the top three imports/exports for each of the TPP countries, their value, and the percent of each country's total U.S. imports/exports that category represents. Machinery appears in the list of the top three U.S. exports to each TPP country. Other top U.S. exports include electrical machinery, vehicles, and aircraft, highlighting the U.S. advantage in high-tech products.

U.S. imports from TPP countries reflect the dominant industries and relative strengths in each country. Agriculture and natural resource products are the top U.S. imports from Australia, Chile, New Zealand, and Peru. Malaysia and Singapore's exports to the United States consist primarily of manufactured products, such as machinery, chemicals, and electrical machinery. From Canada and Mexico the United States imports both raw materials, such as crude oil, and manufactured goods such as vehicles, machinery, and electrical machinery. Vietnam, the TPP country with the lowest per capita GDP, specializes in the labor-intensive apparel industry with nearly 40% of its exports to the United States in knitted and woven apparel.

Table 3. Top U.S.-TPP Trade Categories

(in millions of U.S. dollars and percentage, 2011)

Country	Top U.S. Imports	Value	Percent of Total	Top U.S. Exports	Value	Percent of Total
Australia	(1) Precious Stones & Metals	\$1,254	12 %	(1) Machinery	\$6,167	22 %
	(2) Meat	\$1,243	12 %	(2) Vehicles & Parts	\$3,959	14 %
	(3) Optical, Medical Instruments	\$804	8 %	(3) Optical, Medical Instruments	\$2,215	8 %
Brunei	(1) Precious Stones & Metals	\$9	39 %	(1) Machinery	\$77	42 %
	(2) Organic Chemicals	\$8	35 %	(2) Aircraft	\$27	15 %
	(3) Knitted Apparel	\$3	13 %	(3) Optical, Medical Instruments	\$16	9 %
Canada	(1) Mineral Fuels, Oil, etc.	\$103,365	33 %	(1) Vehicles & Parts	\$46,657	32 %
	(2) Vehicles & Parts	\$49,793	16 %	(2) Machinery	\$44,000	30 %
	(3) Machinery	\$19,686	6 %	(3) Electrical Machinery	\$26,874	18 %
Chile	(1) Copper	\$3,269	36 %	(1) Mineral Fuels, Oil, etc.	\$4,929	31 %
	(2) Fruits and Nuts	\$1,510	17 %	(2) Machinery	\$2,997	19 %
	(3) Seafood	\$866	10 %	(3) Vehicles & Parts	\$1,577	10 %
Malaysia	(1) Electrical Machinery	\$12,469	48 %	(1) Electrical Machinery	\$6,759	48 %
	(2) Machinery	\$4,022	16 %	(2) Machinery	\$1,630	12 %
	(3) Animal/Vegetable Fats/Oils	\$1,679	7 %	(3) Aircraft	\$1,029	7 %
Mexico	(1) Electrical Machinery	\$54,308	17 %	(1) Electrical Machinery	\$32,297	22 %
	(2) Vehicles & Parts	\$45,800	14 %	(2) Machinery	\$31,206	21 %
	(3) Mineral Fuels, Oil, etc.	\$44,120	14 %	(3) Mineral Fuels, Oil, etc.	\$23,366	16 %
New Zealand	(1) Meat	\$906	29 %	(1) Aircraft	\$1,067	30 %
	(2) Albuminoidal Substances, Starches, Glues, etc.	\$312	10 %	(2) Machinery	\$391	11 %
	(3) Dairy, Eggs, & Honey	\$286	9 %	(3) Vehicles & Parts	\$219	6 %
Peru	(1) Mineral Fuel, Oil, etc.	\$1,595	26 %	(1) Machinery	\$2,020	24 %
	(2) Knitted Apparel	\$681	11 %	(2) Mineral Fuels, Oil, etc.	\$1,630	20 %
	(3) Precious Stones & Metals	\$678	11 %	(3) Electrical Machinery	\$739	9 %
Singapore	(1) Machinery	\$5,174	27 %	(1) Machinery	\$5,868	19 %
	(2) Organic Chemicals	\$4,457	23 %	(2) Electrical Machinery	\$5,110	16 %
	(3) Electrical Machinery	\$2,948	15 %	(3) Mineral Fuels, Oil, etc.	\$4,451	14 %
Vietnam	(1) Knitted Apparel	\$3,782	22 %	(1) Machinery	\$541	12 %
	(2) Woven Apparel	\$2,774	16 %	(2) Electrical Machinery	\$372	9 %
	(3) Footwear	\$2,046	12 %	(3) Cotton, including Yarns/Fabrics	\$371	9 %

Source: Analysis by CRS. Data from the ITC.

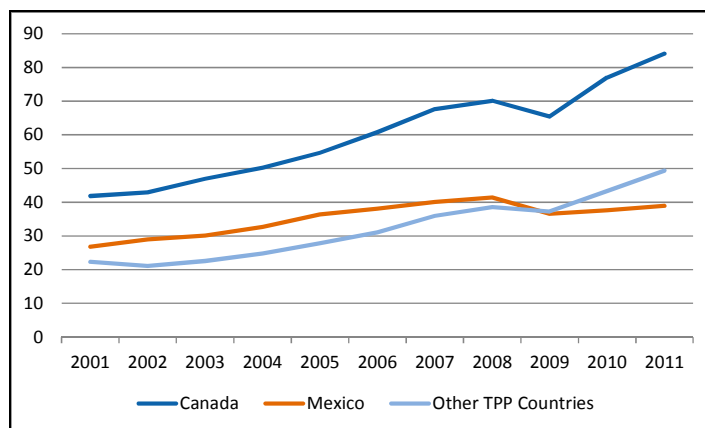
Notes: 2-digit Harmonized Tariff System (HTS) categories. Excludes “special classification” category, HTS 98.

Services Trade³³

A main focus of the proposed TPP FTA, billed as a “21st century” agreement, is emerging issues in international trade. Although covered in previous U.S. FTAs, trade in services, particularly as it relates to digital trade, is one such emerging issue. The United States, in which services provide 83% of non-agricultural jobs and over 65% of GDP, is considered to be particularly competitive in this sector.³⁴ Services, unlike goods, are typically intangible (e.g., financial, legal, accounting), making their trade more complex to measure than tracking a shipping container from location A to location B. As a result, trade in services data, collected by the Bureau of Economic Analysis (BEA), lack the detail provided for trade in goods. The analysis below only covers the TPP countries individually included in the BEA data: Australia, Canada, Chile, Malaysia, Mexico, New Zealand, and Singapore. Elsewhere in this document, if not specified, trade simply refers to merchandise (goods) trade.

Cross-Border Trade in Services³⁵

Figure 11. Total U.S.-TPP Services Trade
(in billions of U.S. dollars, 2011)



Source: Analysis by CRS. Data from BEA.

Notes: “Other TPP Countries” includes Australia, Chile, Malaysia, New Zealand, and Singapore.

U.S. services trade with the seven TPP countries for which data are available, presents the same pattern of competitiveness seen in U.S. services trade with the rest of the world. In 2011, the United States had a collective services trade surplus of more than \$58 billion with these seven TPP countries. As with goods trade, Canada and Mexico are the largest U.S. services trade partners among TPP members. However, during the past decade U.S. services trade with other TPP countries, particularly Australia, have increased at a faster rate than those from Mexico, such that U.S. services trade with the other TPP countries,

collectively, now exceeds U.S. trade with Mexico (**Figure 11**). While services exports from the United States to these seven TPP countries collectively have more than doubled over the past decade, services exports to Australia have more than tripled from \$4.8 billion to \$16 billion. In 2011, the United States had a significant services trade surplus with all TPP countries for which

³³ For a more thorough discussion of U.S. trade in services see CRS Report RL33085, *Trade in Services: The Doha Development Agenda Negotiations and U.S. Goals*, by William H. Cooper.

³⁴ Ibid.

³⁵ The Bureau of Economic Analysis collects data on both “cross-border” services trade and services supplied through foreign affiliates of multinational companies. The following report provides details on the distinctions between these different types of service. Bureau of Economic Analysis, *U.S. International Services*, October 2011, http://www.bea.gov/scb/pdf/2011/10%20October/1011_services%20text.pdf.

individual data are available, except for New Zealand, with which it had a nearly balanced services trade (**Table 4**).

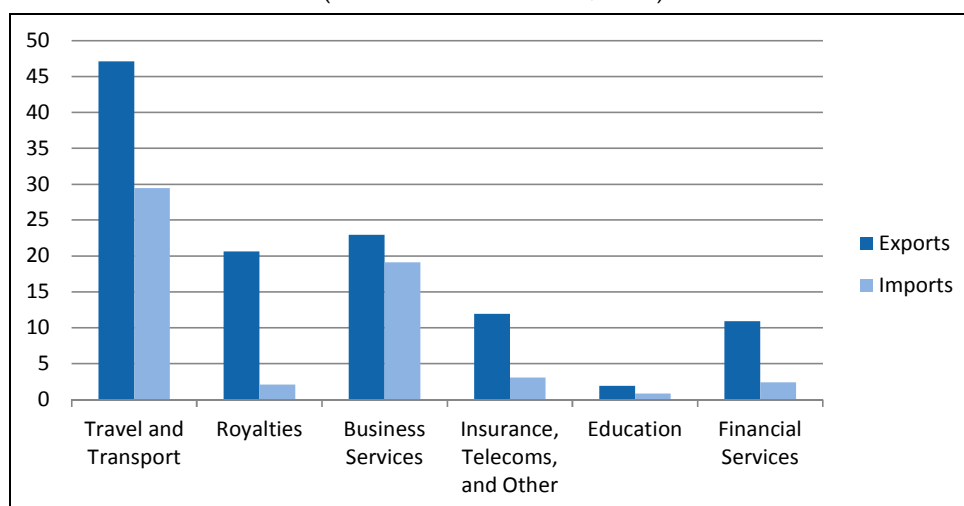
Table 4. U.S. Service Exports to, Imports from, and Balance with TPP Countries
(in millions of U.S. dollars, 2011)

	Exports	Imports	Balance
Australia	16,088	6,315	9,773
Canada	56,076	28,028	28,048
Chile	3,016	1,233	1,783
Malaysia	2,571	1,361	1,210
Mexico	25,207	13,745	11,462
New Zealand	2,115	1,814	301
Singapore	10,451	4,442	6,009

Source: Analysis by CRS. Data from ITC.

The composition of U.S. services exports to the seven TPP countries differs considerably from the composition of U.S. services imports. **Figure 12** below shows that while the United States has a trade surplus in each of the six categories listed, some categories have relatively more balanced trade than others. For example, U.S.-TPP trade in the royalties' category including industrial processes and film and television distribution consists almost entirely of U.S. exports—roughly ten times as great as U.S. imports. In the categories of education, financial services, and insurance, telecoms, and other private services, U.S. exports are also more than double U.S. imports. However, for business services trade, which includes services such as computer and data processing, management, and research and development, U.S. exports and imports are relatively balanced.

Figure 12. U.S.-TPP Services Trade, by Category
(in billions of U.S. dollars, 2011)



Source: Analysis by CRS. Data from BEA.

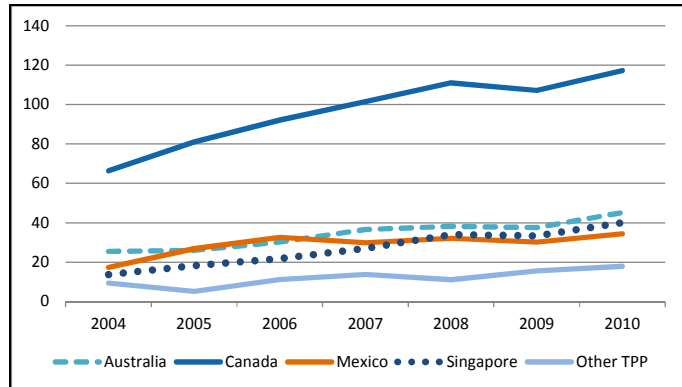
Notes: Services trade data not available for Brunei, Peru, and Vietnam.

Services Supplied through Foreign Affiliates

In addition to trading services across international borders, countries also provide services to foreign residents by establishing a commercial presence in local markets. The BEA collects data on services supplied to foreign residents by majority-owned³⁶ foreign affiliates (MOFAs) of U.S. multi-national corporations (MNCs) (i.e., U.S. companies with operations in foreign countries). Typically, the value of U.S. services supplied through MOFAs is considerably larger than the cross-border trade in services discussed above. For instance, in 2010, more than \$1 trillion in services were provided to foreign residents through foreign affiliates of U.S. companies, compared to \$538 billion supplied through cross-border trade. At a smaller scale, the same pattern holds true for U.S. services provided to the seven TPP countries for which services data are available. During 2004-2010, the latest period for which consistent data are available, services supplied through U.S. MOFAs grew rapidly, particularly in the seven TPP countries, nearly doubling by 2010. As with U.S.-TPP cross-border trade in services, in 2010, the majority of services supplied to TPP countries through U.S. MOFAs went to Canada (46%). Mexico accounted for 13%, Australia 18%, Singapore 16%, and other TPP countries 7% (Figure 13).

In 2010, the value of services supplied to U.S. residents through majority-owned U.S. affiliates (MOUSAs) of foreign MNCs (i.e., foreign companies that have established a commercial presence in the United States) was only about 60% of the value of services supplied abroad through MOFAs of U.S. MNCs. This same pattern is evident among the seven TPP countries: services supplied to the United States through TPP MOUSAs are less than half of those supplied to TPP countries from U.S. MOFAs. Among TPP countries Canada is by far the largest supplier of services through MOUSAs (75%) (Figure 14).

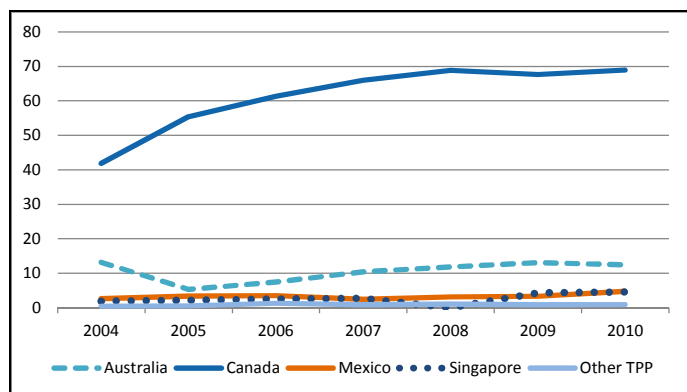
Figure 13. U.S. Services Supplied to TPP Countries through MOFAs
(in billions of U.S. dollars)



Source: Analysis by CRS. Data from BEA.

Notes: Services trade data not available for Brunei, Peru, and Vietnam.

Figure 14. TPP Country Services Supplied to the United States through MOUSAs
(in billions of U.S. dollars)



Source: Analysis by CRS. Data from BEA.

Notes: Services trade data not available for Brunei, Peru, and Vietnam.

³⁶ A majority-owned U.S./foreign affiliate is one in which the combined direct and indirect ownership interests of all foreign/U.S. parents of the U.S./foreign affiliate exceed 50%.

Intra-TPP Trade

As highlighted throughout this report, there is great variation in location, population, and economic development among TPP countries. That variation is also reflected in the trading patterns among TPP members. **Figure 15** provides an illustration of each TPP country's relative trading relationship with the other TPP members.

Figure 15 is intended to show at a glance for each country the relative strength of its trade relationships (exports and imports) with each of its ten TPP trading partners. For instance, consider Australia's trade represented in segment (a) of **Figure 15**. Australia's imports from the United States, shown as a wide arrow pointing towards Australia, are larger than its exports to the United States. Moreover, Australia's imports from the United States far outweigh both its imports and exports with every other TPP country. As shown in segment (k), the opposite is true for Vietnam. Vietnamese exports to the United States are larger than both its imports from the United States and its imports from and exports to all other TPP countries. A strong U.S. presence in the trading relationship of each TPP country is not surprising given the size of the U.S. economy relative to the other TPP members.

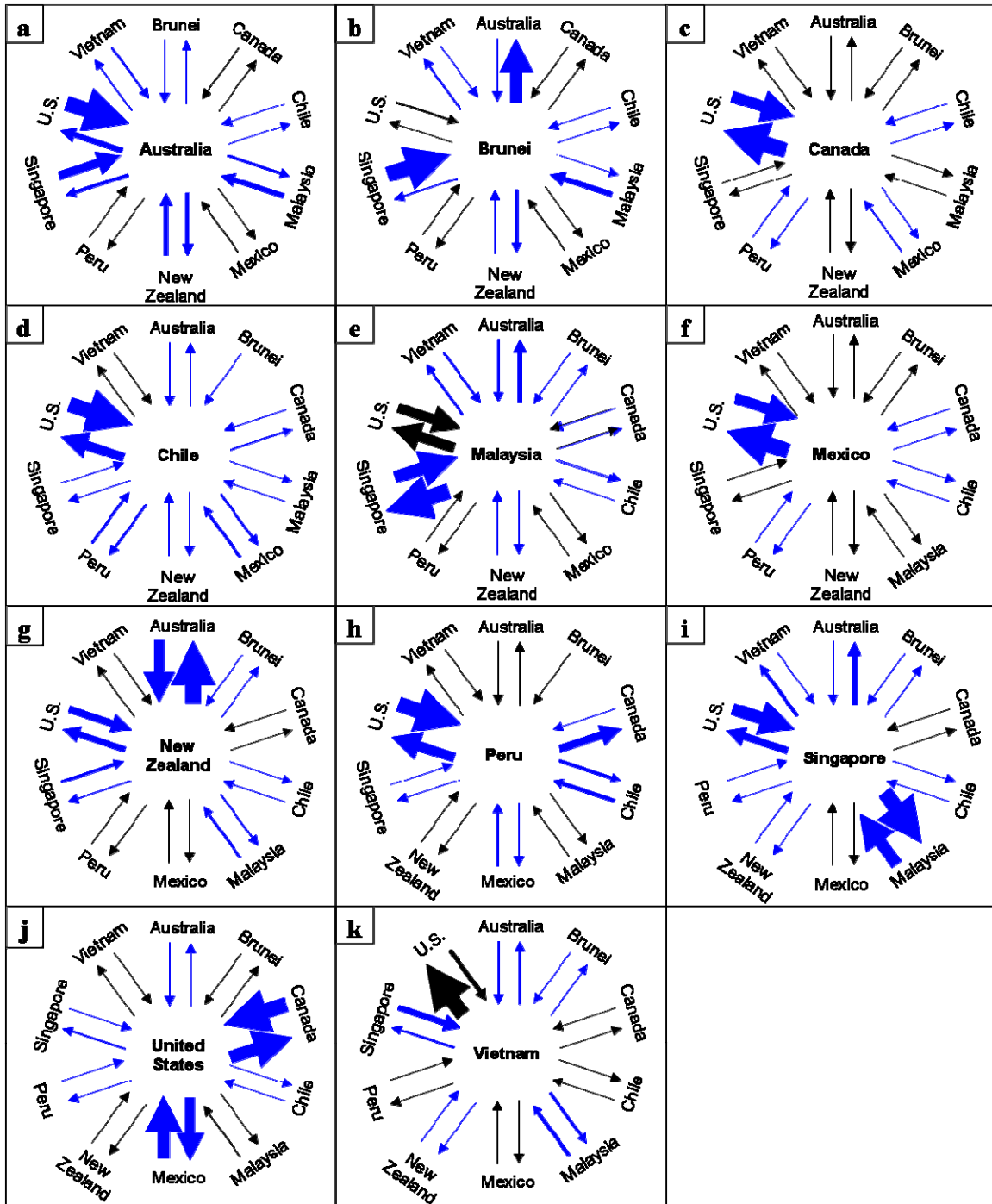
Both geography and relative economic size can play substantive roles in determining a country's most important trading partners. This can be seen in two examples: one with partners of similar economic (GDP) size, and one with partners of unequal size. For example, similarly sized Malaysia (e) and Singapore (i) are each other's largest TPP trading partner. On the other hand, for unequally sized neighbors Australia (a) and New Zealand (g), Australia, with an economy nearly 10 times as great, is a much more significant trading partner for New Zealand than vice versa.

As discussed above, and as represented by the blue shading in **Figure 15**, FTAs are prevalent throughout the TPP region. They also account for some of the most significant trading relationships in the region. This may explain, in part, the willingness of the current negotiating partners to focus on complex issues in a more comprehensive, high standard agreement, such as the proposed TPP, because much of their trade is already covered under existing trade agreements. The two most significant bilateral trading relationships not covered under current FTAs are U.S.-Malaysia and U.S.-Vietnam (see segments e, j, and k).

Intra-TPP Merchandise Trading Relationships: Interpreting Figure 15

- Eleven segments (a-k) depict trade between the eleven TPP countries, and their ten TPP trading partners.
- The direction of the arrows represents exports and imports.
- FTA partners are highlighted in blue.
- Arrows are scaled to denote the magnitude of trade between each country and its TPP trading partners.
- For each trade partner, the relative widths of the export and import lines generally indicate whether there is a trade surplus or deficit.
- Nothing on this chart indicates the relative total trade volumes of the various countries; see **Figure 1** for this information.
- The data used to derive **Figure 15** can be seen in **Table A-2**.

Figure 15. Intra-TPP Merchandise Trading Relationships



Source: Analysis by CRS. Data from IMF Direction of Trade Statistics.

Note: See text box on previous page for details on interpreting Figure 15. See Table A-2 in the appendix for trade data. Direction of Trade Statistics data consider trade flows from each individual country's perspective, whenever possible. Countries can differ in their classification methods, particularly classification of trade flows that pass through a third-party before reaching their final destination. Hence, Country A's reported imports from Country B may not equal Country B's reported exports to Country A.

World-TPP Trade

Who trades with TPP countries? **Figure 17** and **Figure 18** on the following page compare shares of non-U.S. TPP trade in 2000 and 2011. Trade between TPP countries and the rest of the world over the past decade highlights a rapidly growing Chinese presence in the economies of the Asia-Pacific region.³⁷

In 2000, the United States accounted for 45% of all goods exported to other TPP countries. By 2011, the United States' share had fallen to 28%. During the same period, China's share of goods exported to non-U.S. TPP countries increased from 4% to 14%. This pattern holds true for trade in both directions. In 2000, the United States was also the top importer from other TPP countries, receiving 56% of all exports from non-U.S. TPP countries, but by 2011 this share dropped to 35%. Again, China's share increased from 2% to 11% over the same time period.

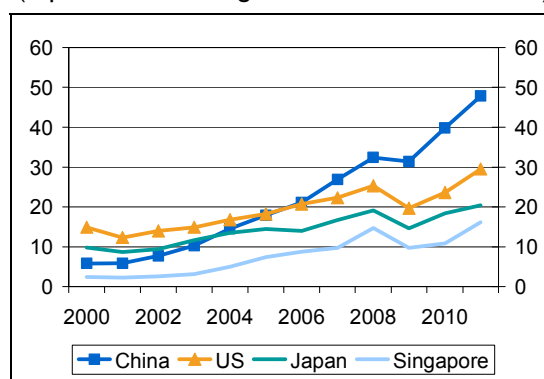
Other APEC economies also increased their shares of non-U.S. TPP trade, and to a lesser extent trade among TPP countries also grew. Relatively speaking, since 2000, TPP countries are trading less with Japan and the United States and more with each other, the other APEC economies, especially China, and the rest of the world.

China's rapid economic rise in the region can also be seen at the individual country level. For example, the same pattern emerges if one examines Australia's top import partners (**Figure 16**). In Australia, China's growth in exports has been even more significant than elsewhere in the TPP region. Since 2000, Australia's imports from China have grown from less than \$10 billion to nearly \$50 billion. In 2006, China replaced the United States as the chief supplier of Australian imports.

While China's rise as a trading partner with TPP countries has been rapid and significant, it is representative of China's trade patterns with the rest of the world. During the same time period referenced above, the share of U.S. imports coming from China increased from 8% to 19%, some of which may be the result of a shift in lower-cost production to China from other Asia-Pacific countries. China has also been active in negotiating trade agreements with TPP countries **Table A-1**.

Figure 16. Merchandise Imports into Australia

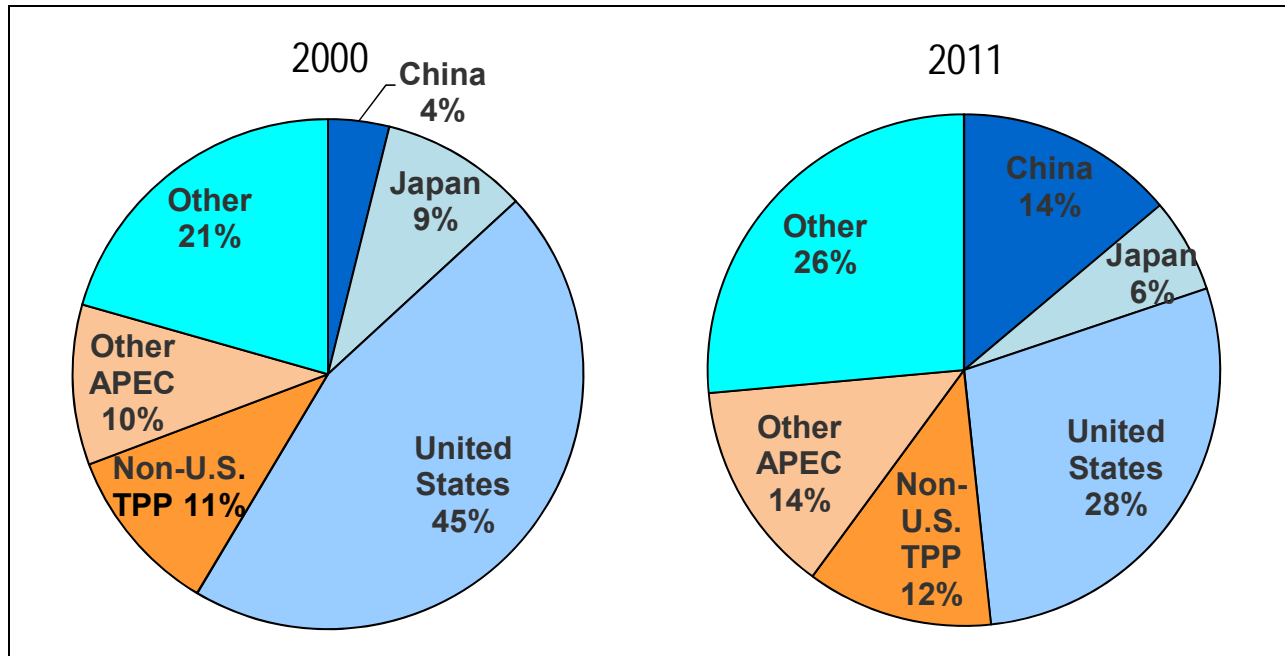
(top countries of origin, in billions of U.S. dollars)



Source: Analysis by CRS. Data from the IMF's Direction of Trade Statistics.

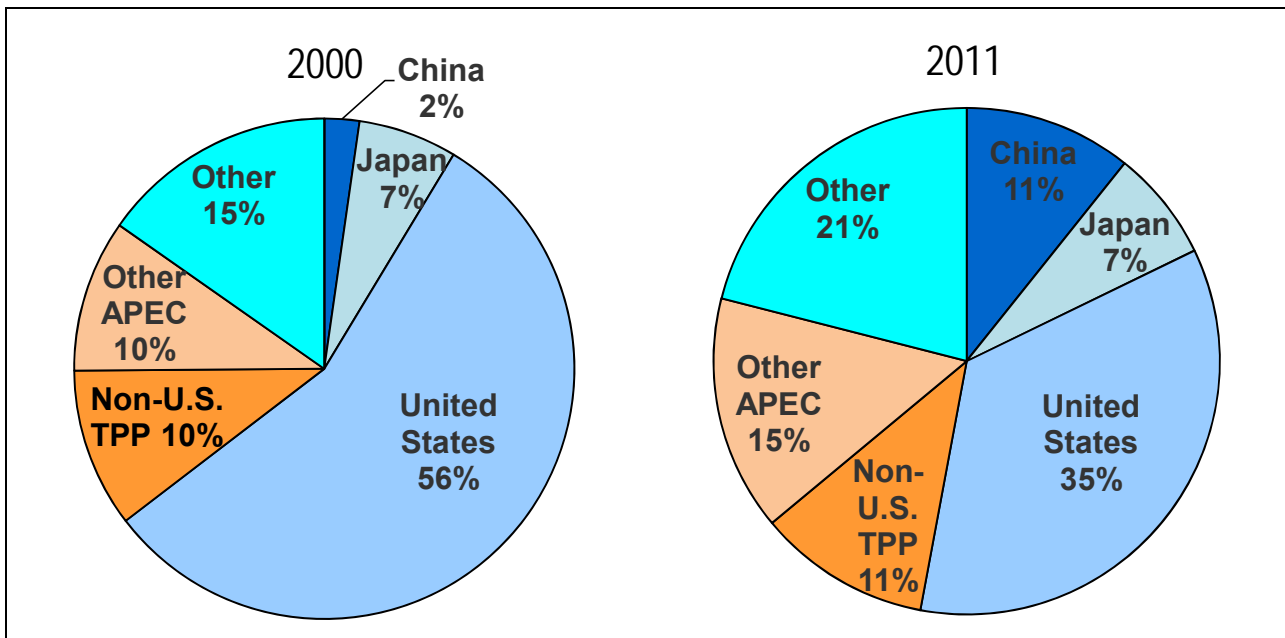
³⁷ Prior to Canada and Mexico joining the TPP negotiations, the United States accounted for a significantly smaller share of total TPP trade in both 2000 and 2011 (16% (2000) to 11% (2011) for exports, and 16% (2000) to 7% (2011) for imports).

Figure 17. Source of Merchandise Imports into non-U.S. TPP Countries
(share of total, 2000 and 2011)



Source: Analysis by CRS. Data from IMF, Direction of Trade Statistics.

Figure 18. Destination of Merchandise Exports from non-U.S. TPP Countries
(share of total, 2000 and 2011)



Source: Analysis by CRS. Data from IMF, Direction of Trade Statistics.

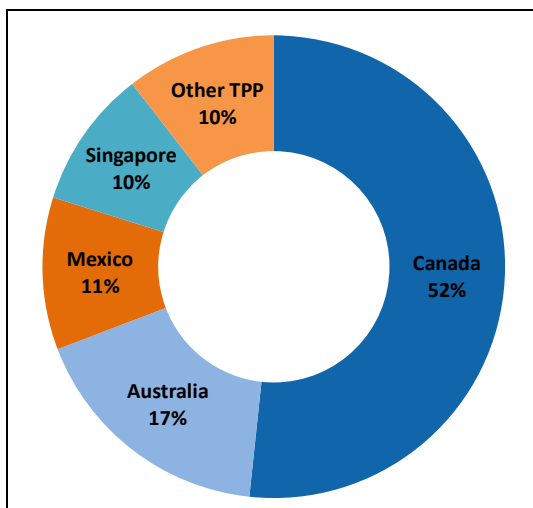
Investment Patterns

The proposed TPP FTA, like previous U.S. FTAs, is expected to include provisions on investment. As mentioned above, the FTAs the United States already has in place with six of the TPP countries (Australia, Canada, Chile, Mexico, Peru, and Singapore) include investment provisions. However, no other bilateral investment treaties (BITs) exist between the United States and the remaining TPP countries

The six existing U.S. FTAs with TPP countries already cover the countries responsible for the majority of TPP-U.S. FDI flows. **Figure 19** and **Figure 20** highlight that TPP FDI flows both into and out of the United States are primarily with Canada, which accounted for 52% of U.S.-TPP FDI outflows in 2011 and 44% of inflows. The other major destinations of U.S. FDI were Australia, Mexico, and Singapore, which when combined with Canada, accounted for \$70 billion in U.S. FDI flows abroad. U.S. FDI inflows from TPP countries are much less diversified with Canada and Australia alone accounting for \$41 billion in 2011 or 85% of total U.S. FDI inflows from TPP countries.

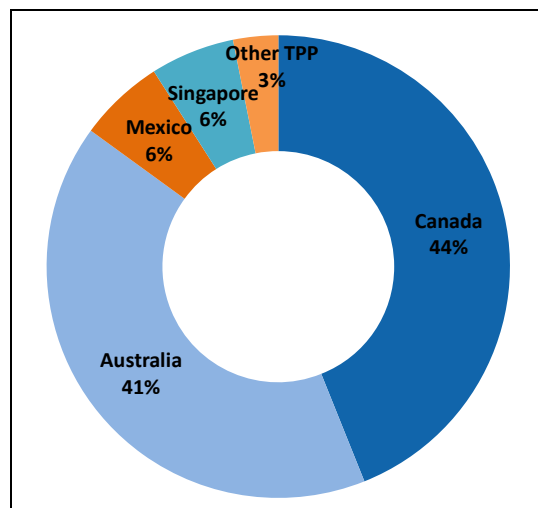
Considering worldwide FDI flows, in 2011, the United States was the largest recipient and source of FDI among TPP participants in absolute terms (**Table 5**). However, scaling FDI by GDP levels reveals that relative to the size of their economies, FDI flows in and out of Singapore were considerably higher than those in the United States. Singapore and most TPP countries, except the United States, Canada, and Malaysia, were net recipients of FDI in 2011. This was particularly true in Vietnam and Peru. As the least developed TPP economies, as measured by GDP/capita and, hence, with relatively scarce domestic capital, one would expect these nations to be primarily recipients of FDI. However, the direction of investment flows is also influenced by current macroeconomic conditions (i.e., exchange rates, interest rates, and economic stability).

Figure 19. Destination of U.S. FDI outflows to TPP Countries
(in billions of U.S. dollars, 2011)



Source: Analysis by CRS. Data from the BEA.

Figure 20. Sources of U.S. FDI inflows from TPP Countries
(in billions of U.S. dollars, 2011)



Source: Analysis by CRS. Data from the BEA.

Table 5. Bilateral Investment Treaties and Flows for TPP Countries

(in millions of U.S. dollars, 2011)

Country	Number of Agreements	Total FDI (inward)	Total Direct Investment Abroad (outward)	Total Investment (inward and outward) to GDP Ratio
Australia	21	\$41,317	\$19,999	.04
Brunei	3	\$1,208	\$10	.07
Canada	26	\$40,932	\$49,569	.05
Chile	39	\$17,299	\$11,822	.12
Malaysia	49	\$11,966	\$15,258	.09
Mexico	28	\$19,554	\$8,946	.02
New Zealand	2	\$3,369	\$2,856	.04
Peru	30	\$8,233	\$113	.05
Singapore	35	\$64,003	\$25,227	.34
United States	41	\$226,937	\$396,656	.04
Vietnam	42	\$7,430	\$950	.07

Source: Analysis by CRS. Data from the United Nations Conference on Trade and Development (UNCTAD).

Notes: The number of agreements include only those in force.

Tariff Patterns

TPP negotiating partners are striving for a high standard and comprehensive FTA that addresses trade barriers beyond tariffs. Traditional tariff barriers, however, still exist among TPP members and can be an impediment to expanded trade. While tariffs are only one form of potential trade barrier, they are relatively easy to compare and can provide a general picture of a country's openness to trade.

As all TPP members are members of the WTO, one relevant tariff to consider is the applied most-favored nation (MFN) tariff.³⁸ The MFN concept is a WTO principle that requires member countries to non-discriminately apply their tariff rates to other members.³⁹ The average *applied* MFN tariff then is simply the average, among all products, of the tariff rates actually applied to other countries, as opposed to *bound* rates, which are essentially caps, or the maximum level that may be imposed under WTO commitments.⁴⁰ Often, applied rates are well below bound rates. For example, Malaysia's average MFN applied rate is 8% compared to an average bound rate of 23%.

³⁸ Tariff rate data are also available by trade-weighted averages. In their construction, these averages weight tariffs by the percentage of a country's overall trade in that particular tariff line. Tariffs, by their nature, can discourage trade in the particular products to which they apply. Hence, trade-weighted tariff averages tend to be lower than simple tariff averages, which weight all tariff lines equally.

³⁹ An exception to this rule is allowed in the case of FTAs, like the proposed TPP. The WTO allows FTA partners to provide preferential tariff treatment to one another below the MFN rates. For more information see, CRS Report RL31356, *Free Trade Agreements: Impact on U.S. Trade and Implications for U.S. Trade Policy*, by William H. Cooper.

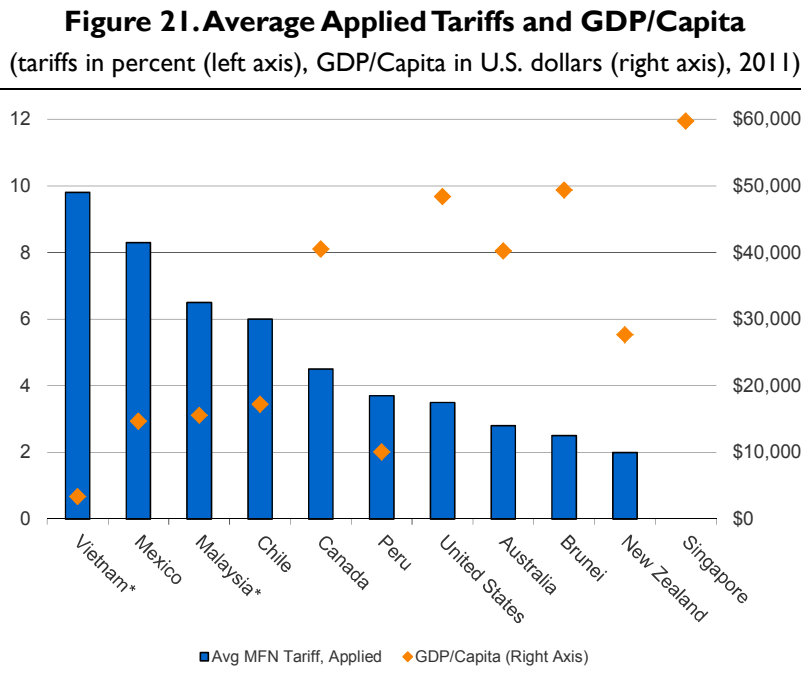
⁴⁰ http://www.wto.org/english/thewto_e/glossary_e/glossary_e.htm.

Both levels are important and the proposed TPP FTA aims to eventually reduce and eliminate tariffs at both the applied and bound level.

The average applied MFN tariffs vary greatly among TPP countries.⁴¹ Vietnam has an average rate of almost 10%, while Singapore charges tariffs on so few items that it has an average rate of 0%. **Figure 21** below shows the average MFN tariffs for TPP participants as reported in the most recent WTO tariff profiles. Per capita GDP, a rough measure of economic development, is graphed on the right axis, revealing that, in general, the more highly developed TPP countries tend to be those with the lower tariff levels. Hence, movement towards zero tariff rates will require a greater reduction in applied tariffs among the less developed members.

Although average tariff rates among all products are below 10% for TPP countries, some industrial and agricultural sectors have relatively high tariffs. For example, the average applied MFN tariff rate on Canadian dairy products is 247%, even though the overall Canadian average applied MFN tariff rate is only 4.5%. **Table 6** below provides the product category with the highest tariff rate for each TPP country. These include dairy, clothing, beverages/tobacco, sugar, and electrical machinery.

Uniquely among the TPP members, Chile and Singapore have little variation in tariffs at the industry level. Singapore has an average tariff of 0% in every category except beverages and tobacco. Chile has a higher but still uniform tariff structure, with an average tariff of 6% in all but one product group.



Source: IMF World Economic Outlook and WTO Tariff Profiles 2012.

Notes: (*) Indicates tariff data is from 2010. GDP per capita based on purchasing power parity (PPP).

⁴¹ Great variation also exists for bound rates among TPP countries, ranging from 36% in Mexico to 3.5% in the United States.

Table 6. Highest Tariffs by Product Category
(tariffs in percent, 2011)

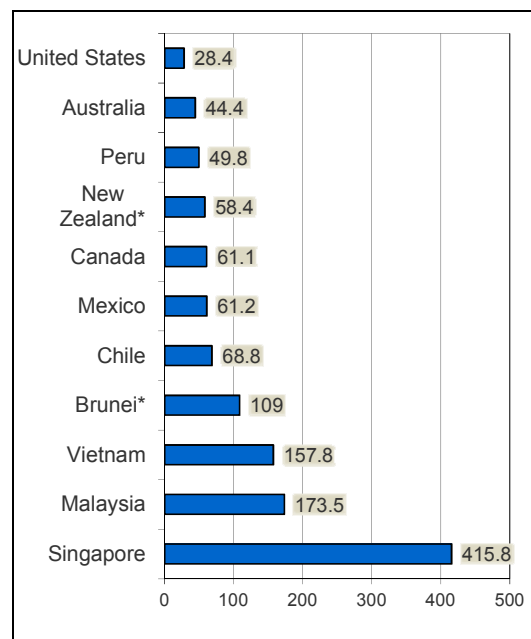
Country	Product	Avg. Applied MFN Tariff (%)
Australia	Clothing	8.9
Brunei	Electrical machinery	13.9
Canada	Dairy Products	246.8
Chile	Most Products	6.0
Malaysia	Beverages and tobacco	119.7
Mexico	Sugars and confectionery	59.3
New Zealand	Clothing	9.6
Peru	Clothing	13.0
Singapore	Beverages and tobacco	2.4
United States	Dairy	19.1
Vietnam	Beverages and tobacco	43.6

Source: WTO Tariff Profiles 2012.

Notes: Product category average tariffs based on both ad-valorem tariffs (percentage of overall value) and non-ad valorem tariff equivalents (other types of tariffs converted to percentage). These category-specific averages are at the 4-digit HTS level, and do not necessarily represent the highest tariffs on a specific product (e.g., although the overall average U.S. clothing tariff is lower than the 19.1% average U.S. dairy tariff, tariffs on some specific clothing articles are higher).

When considering tariff rates, it is useful to consider the overall importance of trade in a nation's economy. Trade-to-GDP ratios, shown in **Figure 22** provide one such measure. The figure shows a great range in trade-to-GDP ratios among TPP countries. Singapore's trade-to-GDP ratio of over 400% implies that the country's imports and exports are four times larger than its total domestic production of goods and services. Such a high figure likely reflects Singapore's importance as a regional shipping hub, re-exporting products that merely pass through its borders, as well as its importance in international supply chains, perhaps domestically producing only a portion of the components in the manufactured goods it exports. Given this significant reliance on international trade, it is less surprising that Singapore would have such a low average applied tariff level. The United States, the TPP country with the largest population and economy, and, hence, the largest domestic market, has a trade-to-GDP ratio of less than 30%, indicating the lowest reliance on trade among any of the TPP countries. The United States, however, has one of the lowest average

Figure 22. Trade-to-GDP Ratios
(in percent, 2009-2011)



Source: WTO Trade Profiles 2012.

Notes: (*) Indicates ratios are from 2008-2010.

applied tariff rates among the TPP countries, suggesting that the importance of trade in a country's economy is not the only determinant of its openness to trade. The variation in trade-to-GDP ratios is another indicator of the diversity among the TPP countries, which may ultimately be reflected in their trade policy priorities.

Conclusion

The proposed Trans-Pacific Partnership FTA would be a significant FTA for the United States and could eventually become the platform for an Asia-Pacific free trade area, an area that encompasses 40% of the world's people and over half of global production. It would be the largest U.S. FTA based on trade flows, although U.S. FTAs are already in place with several of the largest members. Due to the great diversity among the TPP participants, there may be challenges in achieving a comprehensive and high standard agreement. TPP countries vary in terms of population, economic development, and geography.

In goods, services, and investment flows Canada is the top U.S. partner among TPP countries with Mexico second in all categories except investment flows. Australia, Malaysia, and Singapore are the other top U.S. partners in merchandise trade among TPP countries, and Australia and Singapore are also major U.S. partners in services trade and investment flows among TPP countries. Vietnam, given its significant population and quickly growing economy, may hold the greatest potential for increased economic relations with the United States moving forward. Malaysia, Mexico, Chile, and Peru also represent growing economies that have populations above 20 million. Chile, Peru, and Mexico's potential for increased U.S. economic exchange due to the TPP, however, may be somewhat lessened given their existing FTAs with the United States.

Appendix.

Table A-1. Trade Agreements in TPP Countries

Country	Existing Trade Agreements	Agreements in Negotiation or Awaiting Implementation
Australia	<p><i>ASEAN-Australia-New Zealand</i></p> <p><i>Chile</i></p> <p><i>New Zealand</i></p> <p><i>Singapore</i></p> <p><i>Thailand</i></p> <p><i>United States</i></p>	<p>China</p> <p>Gulf Cooperation Council^a</p> <p>India</p> <p>Indonesia</p> <p>Japan</p> <p><i>Malaysia</i></p> <p>PACER^b</p> <p>RCEP^c</p> <p>South Korea</p> <p>TPP^d</p>
Brunei*	<p>AFTA^e</p> <p>Japan</p> <p>P-4^f</p>	<p>RCEP^c</p> <p>TPP^d</p>
Canada	<p><i>Chile</i></p> <p>Colombia</p> <p>Costa Rica</p> <p>EFTAⁱ</p> <p>Israel</p> <p>Jordan</p> <p>NAFTA^k</p> <p><i>Peru</i></p>	<p>Andean Community^g</p> <p>Caribbean Community^h</p> <p>Dominican Republic</p> <p>El Salvador, Guatemala, Nicaragua</p> <p>European Unionⁱ</p> <p>Honduras</p> <p>India</p> <p>Japan</p> <p>Morocco</p> <p>Panama</p> <p><i>Singapore</i></p> <p>South Korea</p> <p>TPP^d</p> <p>Ukraine</p>
Chile	<p>Argentina^l</p> <p><i>Australia</i></p> <p>Bolivia^l</p>	<p>India</p> <p>Nicaragua</p> <p>Pacific Alliance^m</p>

Country	Existing Trade Agreements	Agreements in Negotiation or Awaiting Implementation
	<i>Canada</i>	Thailand
	Chile-Central America ⁿ	TPP ^d
	China	<i>Vietnam</i>
	Colombia	
	Cuba ^o	
	Ecuador ^p	
	EFTA ⁱ	
	European Union ⁱ	
	India ^o	
	Japan	
	<i>Malaysia</i>	
	Mercosur ^o	
	<i>Mexico</i>	
	P-4 ^f	
	Panama	
	<i>Peru</i>	
	South Korea	
	Turkey	
	<i>United States</i>	
	Venezuela ^l	
Malaysia*	AFTA ^e	<i>Australia</i>
	<i>Chile</i>	D-8 ^q
	India	European Union ⁱ
	Japan	RCEP ^c
	<i>New Zealand</i>	TPS-OIC ^r
	Pakistan	Turkey
		TPP ^d
Mexico	<i>Chile</i>	Central America ^s
	Colombia	Pacific Alliance ^m
	Costa Rica	Singapore
	EFTA ⁱ	South Korea
	European Union ⁱ	TPP ^d
	Israel	
	NAFTA ^k	

Country	Existing Trade Agreements	Agreements in Negotiation or Awaiting Implementation
	Nicaragua Northern Triangle ^t <i>Peru</i> Uruguay	
New Zealand	ASEAN-Australia-New Zealand <i>Australia</i> China Hong Kong <i>Malaysia</i> P-4 ^f <i>Singapore</i> Thailand	Gulf Cooperation Council ^a India RCEP ^c Russia-Belarus-Kazakhstan South Korea TPP ^d
Peru	Andean Community ⁱ <i>Canada</i> <i>Chile</i> China Cuba o ⁿ EFTA ⁱ Japan Mercosur ^{o,l} Mexico <i>Singapore</i> South Korea Thailand <i>United States</i>	Costa Rica El Salvador European Union ⁱ Guatemala Honduras Pacific Alliance ^m Panama TPP ^d
Singapore*	AFTA ^e <i>Australia</i> China EFTA ⁱ India Japan Jordan <i>New Zealand</i>	<i>Canada</i> Costa Rica European Union ⁱ Gulf Cooperation Council ^a <i>Mexico</i> Pakistan RCEP ^c Ukraine

Country	Existing Trade Agreements	Agreements in Negotiation or Awaiting Implementation
	P-4 ^f Panama <i>Peru</i> South Korea <i>United States</i>	TPP ^d
United States	<i>Australia</i> Bahrain CAFTA-DR ^u <i>Chile</i> Colombia Israel Jordan Morocco NAFTA ^k Oman Panama <i>Peru</i> <i>Singapore</i> South Korea	TPP ^d
Vietnam	AFTA ^e Japan	<i>Chile</i> RCEP ^c South Korea TPP ^d
ASEAN (Association of Southeast Asian Nations)	<i>Australia and New Zealand</i> China India Japan South Korea	European Union ⁱ RCEP ^c

Source: Websites of TPP member countries; WTO online trade agreements database; and Organization of American States, Foreign Trade Information System.

Notes: Agreements with other TPP countries are in italics. TPP countries that are also members of ASEAN are marked with an asterisk(*). Collective agreements, to which the individual ASEAN members are party, are listed above.

a. Gulf Cooperation Council: Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, United Arab Emirates.

- b. Pacific Agreement on Closer Relations (PACER): Australia, Cook Islands, Federated States of Micronesia, Kiribati, Nauru, New Zealand, Niue, Palau, Papua New Guinea, Republic of Marshall Islands, Samoa, Solomon Islands, Tonga, Tuvalu, Vanuatu.
- c. Regional Comprehensive Economic Partnership (RCEP): ASEAN members, Australia, China, India, Japan, New Zealand, South Korea.
- d. Trans-Pacific Partnership (TPP): Australia, Brunei, Canada, Chile, Malaysia, Mexico, New Zealand, Peru, Singapore, United States, Vietnam.
- e. ASEAN Free Trade Area (AFTA): Brunei, Burma (Myanmar), Cambodia, Indonesia, Laos, Malaysia, the Philippines, Singapore, Thailand, Vietnam.
- f. Trans-Pacific Strategic Economic Partnership (P-4): Brunei, Chile, New Zealand, Singapore.
- g. European Free Trade Association (EFTA): Iceland, Lichtenstein, Norway, Switzerland.
- h. Caribbean Community (CARICOM): Antigua & Barbuda, The Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat, St. Kitts & Nevis, St. Lucia, St. Vincent & the Grenadines, Suriname, Trinidad & Tobago. Anguilla, Bermuda, British Virgin Islands, Cayman Islands, Turks and Caicos Islands are Associate Members.
- i. Andean Community: Bolivia, Colombia, Ecuador, Peru.
- j. European Union (EU): Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, United Kingdom.
- k. North American Free Trade Agreement (NAFTA): Canada, Mexico, United States.
- l. Economic Complementarity Agreement.
- m. Pacific Alliance: Chile, Colombia, Mexico, Peru.
- n. Chile-Central America: Chile, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua.
- o. Mercosur: Argentina, Brazil, Paraguay, Uruguay.
- p. Pacific Alliance: Chile, Colombia, Mexico, Peru.
- q. Developing Eight (D-8): Bangladesh, Indonesia, Iran, Malaysia, Egypt, Nigeria, Pakistan, Turkey.
- r. Trade Preferential System-Organization of Islamic Conference (TPS-OIC): 57 Islamic Countries.
- s. Central America: Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua.
- t. Northern Triangle: El Salvador, Guatemala, Honduras.
- u. Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR).

Table A-2. Intra-TPP Merchandise Trade

(in millions of U.S. dollars, 2011)

Country	Exports to	Value	Imports from	Value
Australia	United States	10,133.7	United States	29,504.4
	New Zealand	7,919.4	Singapore	16,120.7
	Singapore	6,588.1	Malaysia	9,722.5
	Malaysia	4,645.2	New Zealand	8,619.1
	Vietnam	2,115.2	Vietnam	3,217.4
	Canada	1,521.1	Mexico	2,020.6
	Mexico	1,179.4	Canada	2,007.1
	Chile	497.4	Brunei	1,439.5

Country	Exports to	Value	Imports from	Value
	Peru	115.4	Chile	1,063.1
	Brunei	38.0	Peru	118.2
Brunei	Australia	1,308.6	Singapore	1,752.8
	New Zealand	392.2	Malaysia	598.5
	Singapore	182.1	United States	202.8
	Vietnam	172.0	Australia	41.8
	Malaysia	44.5	Vietnam	16.9
	United States	23.5	Canada	4.1
	Canada	8.2	New Zealand	4.0
	Chile	0.0	Mexico*	0.5
	Peru	0.0	Chile	0.0
	Mexico*	0.0	Peru	0.0
Canada	United States	333,272.2	United States	245,628.4
	Mexico	5,530.6	Mexico	27,320.7
	Australia	1,918.1	Peru	4,896.3
	Chile	824.4	Malaysia	2,376.9
	Singapore	812.8	Chile	2,128.2
	Malaysia	773.7	Australia	1,965.0
	Peru	521.7	Singapore	1,725.1
	New Zealand	384.9	Vietnam	1,479.0
	Vietnam	337.6	New Zealand	613.3
	Brunei	3.7	Brunei	9.1
Chile	United States	9,047.6	United States	15,092.5
	Peru	2,017.0	Mexico	2,526.6
	Mexico	1,827.4	Peru	2,058.2
	Canada	1,475.8	Canada	912.6
	Australia	924.8	Australia	520.8
	Vietnam	334.3	Malaysia	165.8
	Malaysia	210.2	Vietnam	164.5
	Singapore	81.5	Singapore	69.6
	New Zealand	61.6	New Zealand	53.2
	Brunei	0.0	Brunei	0.0
Malaysia	Singapore	28,841.0	Singapore	24,120.5
	United States	18,897.9	United States	18,144.7
	Australia	8,398.3	Australia	4,188.2
	Vietnam	3,827.4	Vietnam	3,382.7
	Mexico	1,754.5	Canada	921.0

Country	Exports to	Value	Imports from	Value
	New Zealand	987.5	New Zealand	789.8
	Canada	910.5	Mexico	286.6
	Brunei	544.1	Chile	261.9
	Chile	124.3	Brunei	48.9
	Peru	117.0	Peru	7.8
Mexico	United States	274,698.2	United States	191,791.6
	Canada	10,676.6	Canada	10,610.0
	Chile	2,072.0	Malaysia	6,170.9
	Peru	1,286.4	Chile	2,311.5
	Australia	894.6	Singapore	1,303.4
	Singapore	592.3	Australia	1,082.6
	Malaysia	124.3	Vietnam*	973.3
	New Zealand	91.9	Peru	640.6
	Vietnam*	64.1	New Zealand	478.2
	Brunei*	0.5	Brunei*	0.0
New Zealand	Australia	8,308.0	Australia	5,853.0
	United States	3,172.0	United States	3,803.0
	Malaysia	703.3	Singapore	1,704.7
	Singapore	635.9	Malaysia	1,151.8
	Canada	466.5	Canada	503.5
	Vietnam	351.9	Brunei	431.4
	Mexico	350.6	Vietnam	204.8
	Peru	61.9	Mexico	176.3
	Chile	49.1	Chile	56.8
	Brunei	3.6	Peru	29.0
Peru	United States	5,942.4	United States	9,151.1
	Canada	4,451.2	Chile	2,218.7
	Chile	1,871.1	Mexico	1,415.0
	Mexico	582.4	Canada	573.8
	Australia	107.4	Malaysia	128.7
	Vietnam	81.7	Australia	126.9
	Singapore	30.9	Vietnam*	102.3
	New Zealand	26.4	New Zealand	68.1
	Malaysia	7.1	Singapore	40.6
	Brunei	0.0	Brunei	0.0
Singapore	Malaysia	50,019.0	United States	39,535.6
	United States	22,362.4	Malaysia	39,131.5

Country	Exports to	Value	Imports from	Value
	Australia	16,092.1	Australia	3,739.9
	Vietnam	10,231.5	Mexico	1,801.5
	Mexico	2,446.6	Vietnam	1,659.3
	New Zealand	2,123.4	Canada	1,170.9
	Brunei	1,593.5	New Zealand	1,001.5
	Canada	1,405.5	Chile	310.4
	Chile	72.7	Brunei	200.4
	Peru	36.9	Peru	34.0
United States	Canada	280,764.3	Canada	320,693.0
	Mexico	197,543.8	Mexico	265,392.6
	Singapore	31,393.0	Malaysia	26,485.3
	Australia	27,516.2	Singapore	19,362.9
	Chile	15,873.5	Vietnam	18,454.2
	Malaysia	14,218.0	Australia	10,559.9
	Peru	8,319.2	Chile	9,728.2
	Vietnam	4,340.7	Peru	6,536.6
	New Zealand	3,571.3	New Zealand	3,345.0
	Brunei	184.4	Brunei	25.9
Vietnam	United States	16,927.8	Singapore	6,390.6
	Malaysia	2,832.4	United States	4,529.2
	Australia	2,519.1	Malaysia	3,919.7
	Singapore	2,285.7	Australia	2,123.3
	Canada	969.4	New Zealand	384.0
	Mexico	589.8	Canada	342.1
	New Zealand	151.4	Chile	335.7
	Chile	137.5	Brunei	189.2
	Peru*	102.3	Mexico	91.4
	Brunei	15.4	Peru	89.9

Source: Analysis by CRS. Data from IMF's Direction of Trade Statistics.

Notes: (*) Indicates data was not available through the IMF and was sourced from World Trade Atlas.

Direction of Trade Statistics data considers trade flows from each individual country's perspective, whenever possible. Countries can differ in their classification methods, particularly classification of trade flows that pass through a third-party before reaching their final destination. Hence, Country A's reported imports from Country B may not equal Country B's reported exports to Country A.

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