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

(name redacted)
Analyst in International Trade and Finance

July 7, 2015

Congressional Research Service
7-....
www.crs.gov
R42344

Summary

The Trans-Pacific Partnership (TPP) is a proposed regional free trade agreement (FTA) among 12 countries: Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the United States, and Vietnam. The negotiating parties describe the TPP as a proposed "living agreement," which seeks to cover new trade topics and to include new members that are willing to adopt its high standards. The ongoing negotiations, which TPP country trade ministers have repeatedly announced are in the final stages, may progress more quickly with the recent congressional grant of Trade Promotion Authority (TPA) to the Obama Administration.

The TPP negotiations are of ongoing 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. 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 present 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 nearly 60% of global GDP, and includes some of the fastest-growing economies in the world. Including Canada, Mexico, and Japan, TPP negotiating partners made up 37% of total U.S trade in 2013, and the Asia-Pacific economies as a whole made up 57%. 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 2014, non-U.S. TPP partners collectively had a GDP of $10.6 trillion, just over 60% of the U.S. level, and a population of 486 million, about 50% larger than the U.S. population. Japan's entry (pop. 127 million and GDP $4.6 trillion) increased the significance of the agreement on both these metrics.

Unlike most previous U.S. FTA negotiations, the TPP involves countries with which the United States already has an FTA. The United States has FTAs in place with Australia, Canada, Chile, Mexico, Peru, and Singapore, which together account for over 82% of U.S. goods trade with TPP countries. Japan is by far the largest U.S. trade partner 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, India, Japan, and South Korea) present a second possible avenue for Asia-Pacific economic integration; albeit one that currently excludes the United States.

Contents

Figures

Tables

Appendixes

Contacts

Introduction[1]

The Trans-Pacific Partnership (TPP) is a proposed regional free trade agreement (FTA) under negotiation between the United States and 11 other countries. Current participants include Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the United States, and Vietnam. Participation in the negotiations has grown over time with Canada and Mexico joining in late 2012 and Japan, the most recent country to participate, joining in July 2013. The proposed agreement's ability to attract and incorporate new members will likely affect the ultimate global significance of its regional platform and the new trade rules the agreement 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. Congress may also establish U.S. trade negotiating objectives as part of its granting of Trade Promotion Authority (TPA) to the executive branch.[2] Congress would also have to consider and approve implementing legislation before a final FTA could 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 (TPP) Negotiations and Issues for Congress*, coordinated by (name redacted) , and CRS In Focus IF10000, *Proposed Trans-Pacific Partnership*, by (name redacted) and (name redacted).

[2] TPA legislation, P.L. 114-26, was recently passed by Congress and signed into law. For more information, see CRS In Focus IF10038, *Trade Promotion Authority (TPA)*, by (name redacted) , and CRS Report RL33743, *Trade Promotion Authority (TPA) and the Role of Congress in Trade Policy*, by (name redacted) .

[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 12 of the current TPP participants (**Table 1**). It is home to 40% of the world's population and nearly 60% of global GDP.[6] Moreover, the region's economies are growing quickly. In 2014, six of these 21 economies had GDP growth above 5%, while GDP growth in the United States was 2.4%.[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 31.8% in 2013.[8] The region is significant not just as a burgeoning market, but also as an integral part of global value chains. The East Asian members, in particular, are highly connected through global value chains 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 nearly 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 ongoing U.S. involvement in regional trade negotiations, including the TPP and the Transatlantic Trade and Investment Partnership (T-TIP) with the European Union, plurilateral initiatives such as the potential Trade in Services Agreement (TISA), and multilateral negotiations at the World Trade Organization (WTO), as well as recent congressional approval of Trade Promotion Authority legislation, suggest continued U.S. interest in opening markets and 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*, April 2015.

[7] Analysis by CRS. Data from the IMF *World Economic Outlook*, April 2015.

[8] World Trade Organization, *International Trade Statistics*, 2014, p. 25. 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] For more information on other U.S. trade initiatives, see CRS In Focus IF10120, *Proposed Transatlantic Trade and Investment Partnership (T-TIP)*, by (name redacted) and (name redacted); CRS Report R43291, *U.S. Foreign Trade in Services: Trends and U.S. Policy Challenges*, by (name redacted) and (name redacted) ; and CRS In Focus IF10002, *The World Trade Organization at 20*, by (name redacted) .

Table 1. APEC Members and Economic Statistics, 2014

	Member	GDP (in billions of U.S. dollars)	Population (in millions)	GDP/Capita (in U.S. dollars at PPP)	Real GDP Growth (%)
TPP Countries	Australia	$1,444	23.6	$46,433	2.71
	Brunei	$15	0.4	$73,233	(0.70)
	Canada	$1,789	35.5	$44,843	2.53
	Chile	$258	17.8	$22,971	1.84
	Japan	$4,616	127.1	$37,390	(0.06)
	Malaysia	$327	30.3	$24,654	6.02
	Mexico	$1,283	119.7	$17,881	2.13
	New Zealand	$198	4.5	$35,152	3.24
	Peru	$203	31.4	$11,817	2.35
	Singapore	$308	5.5	$82,762	2.92
	Vietnam	$186	90.6	$5,635	5.98
	Non-U.S. TPP Total	$10,627	486.4		
	United States	$17,419	319.0	$54,597	2.39
	Total	$28,046	805.4		
Other APEC	China	$10,380	1,367.8	$12,880	7.36
	Hong Kong	$290	7.3	$54,722	2.32
	Indonesia	$889	251.5	$10,641	5.03
	Papua New Guinea	$16	7.5	$2,399	5.84
	Philippines	$285	99.4	$6,962	6.10
	Russia	$1,857	143.7	$24,805	0.62
	South Korea	$1,417	50.4	$35,277	3.32
	Taiwan	$530	23.4	$45,854	3.74
	Thailand	$374	68.7	$14,354	0.71
	Total	$16,037	2,019.8		
APEC Total		$44,083	2,825.2		

Source: International Monetary Fund *World Economic Outlook*, April 2015.

Notes: GDP/Capita figures are in terms of purchasing power parity (PPP). 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 ($5,635) is more than twice its nominal GDP/capita in U.S. dollars ($2,053), according to the April 2015 edition of the IMF's *World Economic Outlook.*

TPP Countries

The 12 countries that constitute the current group of TPP participants are economically and demographically diverse. As shown in **Figure 1**, the United States is more than twice as large as any other TPP country in terms of its economy and population. Japan, the newest and next largest TPP country, has a GDP and population that are 27% and 40% of the U.S. level, respectively. GDP per capita at purchasing power parity (PPP), a rough measure of a country's level of economic development, ranges from just over $5,500 in Vietnam to over $80,000 in Singapore, more than $20,000 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.

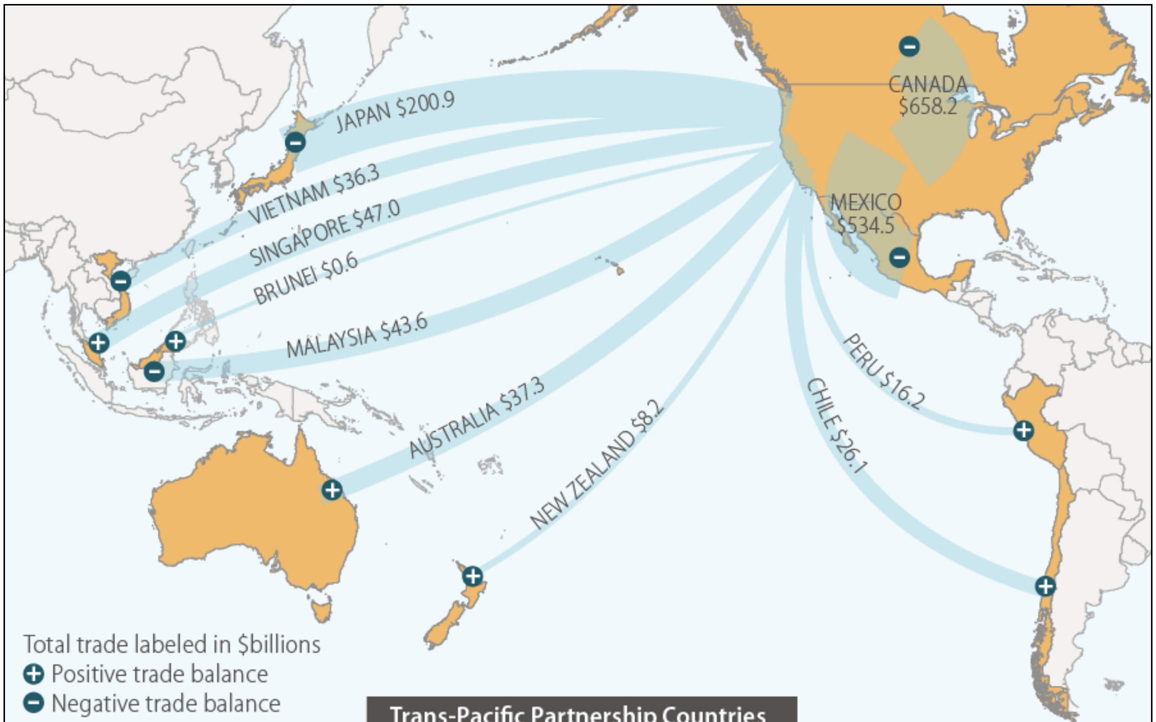
A potential TPP FTA may present an opportunity for the United States to expand its trade and investment with a large and fast-growing regional market. Non-U.S. TPP partners collectively represent a potential market with a population about 50% larger than the United States and several TPP economies have grown rapidly over the past decade (e.g., average GDP growth for 2005-2014 was 6.2% in Vietnam and Peru, 5.9% in Singapore, and 4.9% in Malaysia). U.S. trade and FDI flows with these countries have increased significantly. U.S. exports to TPP countries increased by just over 90% during this period, exceeding $178 billion in services in 2013 and $727 billion in goods in 2014.[14] U.S. imports from TPP countries increased by nearly 60% since 2004, with services imports of $95 billion in 2013 and goods imports of $882 billion in 2014. The annual flow of both inbound and outward foreign direct investment (FDI) between the United States and TPP countries was much higher in 2013 than 2004, although it has fluctuated throughout the decade. The flow of U.S. FDI abroad to TPP countries was $86 billion in 2013 with inward FDI at $69 billion. The stock of both U.S. FDI in TPP countries and inward FDI from TPP countries nearly doubled from 2004 to 2013 ($440 billion to $983 billion and $350 billion to $664 billion).

The United States has consistently run a goods trade deficit with TPP countries and a services trade surplus (**Figure 2**). The U.S. services trade surplus with TPP countries increased over most of 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. In services, the U.S. trade surplus has increased from $38 billion in 2004 to $83 billion in 2013. In goods, the U.S. trade deficit in 2014 of $155 billion was less than the deficit in 2004 of $203 billion, and significantly less than the peak deficit in 2006 of $247 billion. 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. Excluding trade in crude oil, the United States actually had an overall trade surplus (goods and services) with TPP countries in 2013.

[13] 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.

[14] Services trade data not available for Brunei, Peru, or Vietnam.

Figure 1. Trans-Pacific Partnership Countries, 2014



Trans-Pacific Partnership Countries

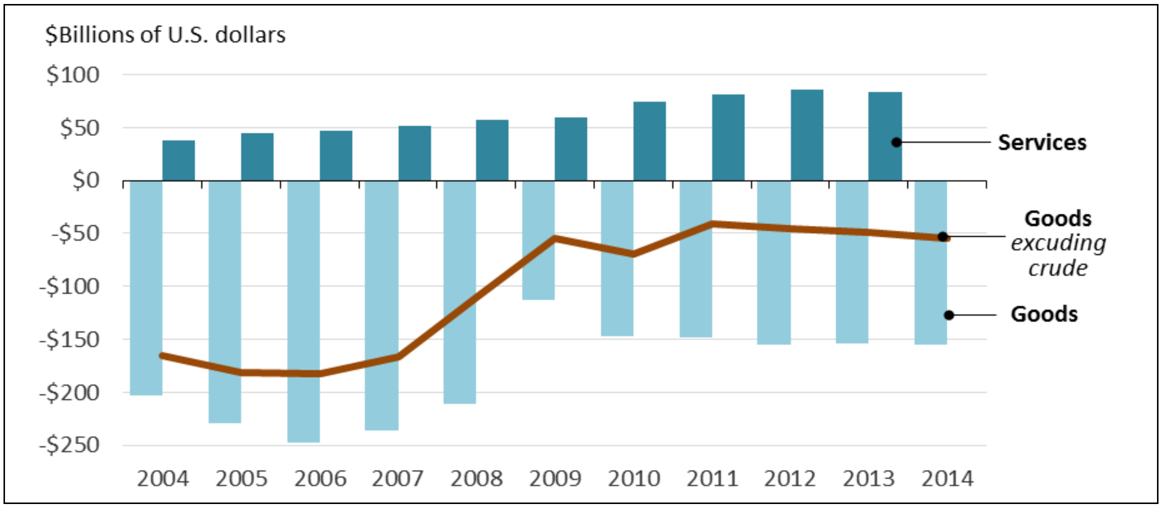
	U.S. FTA	Population (millions)	GDP ($billions)	U.S. Imports ($billions)	U.S. Exports ($billions)	Trade Balance ($billions)
Australia	✓	23.6	1,444	10.7	26.7	16.0
Brunei		0.4	15	0.0	0.6	0.5
Canada	✓	35.5	1,789	346.1	312.1	-33.9
Chile	✓	17.8	258	9.5	16.6	7.1
Japan		127.1	4,616	133.9	67.0	-67.0
Malaysia		30.3	327	30.4	13.1	-17.3
Mexico	✓	119.7	1,283	294.2	240.3	-53.8
New Zealand		4.5	198	4.0	4.3	0.3
Peru	✓	31.4	203	6.1	10.1	4.0
Singapore	✓	5.5	308	16.5	30.5	14.1
Vietnam		90.6	186	30.6	5.7	-24.9
United States		319.0	17,419	Total U.S. Imports from TPP Countries **$881.9**	Total U.S. Exports to TPP Countries **$727.0**	Total U.S. Trade Balance with TPP Countries **-$154.9**

$U.S. dollars

Source: Analysis by CRS. FTA data from the United States Trade Representative (USTR). Population and GDP data from IMF, World Economic Outlook, April 2015. Trade data from the U.S. International Trade Commission (ITC).

Note: Does not include trade in services.

Figure 2. U.S. Goods and Services Trade Balance with TPP Countries



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

Notes: Services trade data is only available through 2013 and is not available for Brunei, Peru, or Vietnam.

New and Potential TPP Participants

One of the United States' expressed interests in the proposed TPP FTA is its potential expansion to include other Asia-Pacific economies. To date the expansion of the negotiations has included only APEC members. 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 became official participants in late 2012, and Japan joined the negotiations in July 2013.

South Korea and other APEC economies have also expressed interest in potentially joining the negotiations, as have non-APEC members such as Costa Rica and Colombia among other countries.[16] Ambassador Froman welcomed South Korea's expression of interest in the TPP negotiations, noting the existing trade and investment commitments South Korea had made with the United States through the U.S.-South Korea (KORUS) FTA, but suggested that the current negotiating members would prioritize concluding the existing negotiations before considering the entry of new members.[17] According to press reports, South Korea has been consulting bilaterally with the existing TPP negotiating parties about what steps would be required to join the TPP negotiations and what a potential timeframe for participation may be.[18]

---

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

[16] O. Chauvin, "Canada Makes Strong Pitch to Join TPP; Colombia, Costa Rica Also Express Interest," *International Trade Daily*, April 7, 2012.

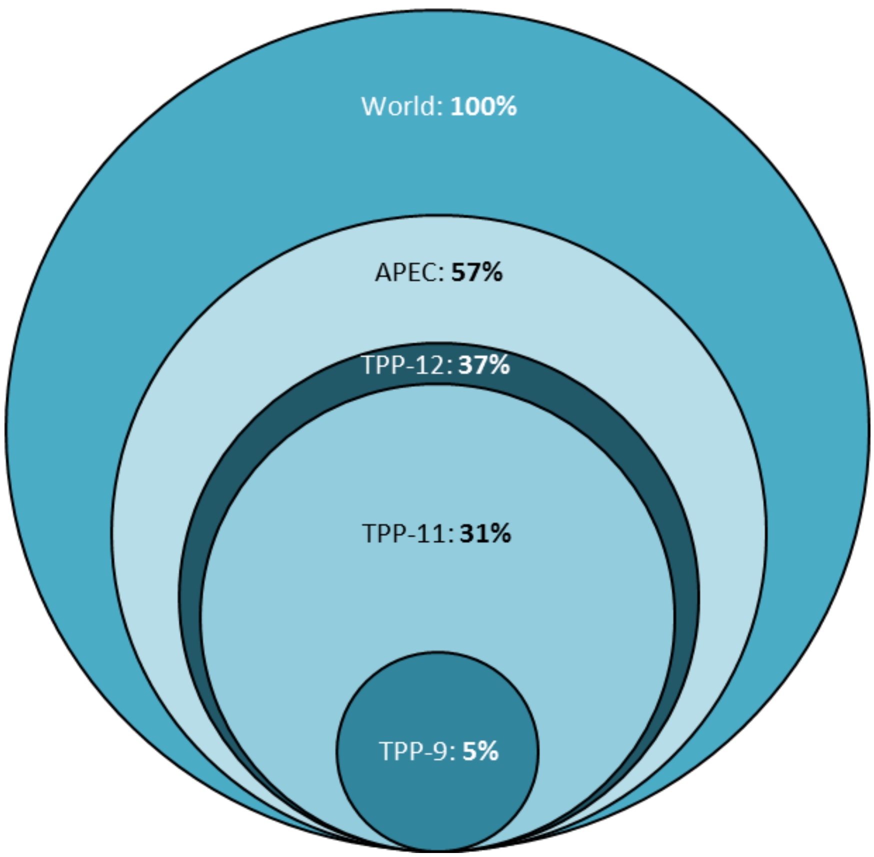
[17] USTR, "Statement by USTR Michael Froman on Korea's Announcement Regarding the Trans-Pacific Partnership," press release, November 2013, https://ustr.gov/about-us/policy-offices/press-office/press-releases/2013/November/Froman-statement-TPP-Korea.

[18] "South Korea Kicks Off New Round of Consultations on TPP Entry," *Inside U.S. Trade*, April 3, 2015.

The recent participation of Canada, Japan, and Mexico greatly expanded the size of the TPP in terms of U.S. trade. Using trade figures from 2013, 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, increased further to 37% with the addition of Japan, 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 57% (**Figure 3**).

Japan's entry into the agreement is particularly significant. Japan is the third-largest economy in the world, the fourth-largest U.S. trading partner, and not party to an existing U.S. FTA, as opposed to Canada and Mexico, which are part of the North American Free Trade Agreement (NAFTA). Japan is now the second-largest country participating in TPP, both in terms of population (127 million) and GDP ($4.6 trillion). Some analysts argue that Japan's participation in the TPP negotiations has attracted other Asia-Pacific countries and will help achieve the goal of membership expansion. For example, South Korea first expressed potential interest in joining in 2013, a few months after Japan became an official member of the negotiations. Others contend that Japan's entry may have complicated the negotiation process, adding a significant economic counterweight to the United States and perhaps slowing the overall speed of the negotiations. U.S. bilateral negotiations with Japan on sensitive issues including autos and agriculture remain major sticking points in the overall TPP negotiations.

Figure 3. 2013 U.S. Goods and Services Trade, Shares of Total



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. TPP-12 refers to the TPP-11 plus Japan.

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 6 TPP participants (Australia, Canada, Chile, Mexico, Peru, and Singapore). In total, there are more than 180 preferential trade agreements among Asia-Pacific countries, most of which do not include the United States.[19] 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.[20] Given the potential for future expansion in TPP membership, supporters contend that 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.[21] The Asia-Pacific Economic Cooperation (APEC) forum is a primary vehicle for broader regional cooperation 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.[22] 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.[23] APEC's 21 members include the three largest economies in the world and the four largest U.S. trading partners.[24]

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

---

[19] 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.

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

[21] 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 (name redacted)

[22] 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 (name redacted) .

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

[24] 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.

at different rates in different ASEAN countries depending on levels of economic development.[25] According to the group's economic community blueprint, ASEAN members intend to promote further economic integration and freer flow of goods, services, investment, capital, and labor throughout their membership in the future.[26]

The association has also established FTAs collectively with non-ASEAN countries, including Australia, China, India, Japan, New Zealand, and South Korea. Talks have also begun on a potential single trade agreement that would encompass ASEAN and its six FTA partners, known as the Regional Comprehensive Economic Partnership (RCEP).[27] 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. 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 engagement in the region.[28] 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 eventually merge the two separate efforts into one region-wide FTA.[29]

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 differ 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**, nine of the twelve TPP countries have agreements in place or are in negotiations with China, the largest economy in the region not currently participating in the TPP negotiations. Ten TPP countries, including the United States, also have agreements or are negotiating with the European Union. TPP countries are also well connected to one another through their existing trade agreements. **Figure 4** shows that the number of agreements in force among TPP countries range from Canada with only four existing FTAs among the TPP countries, to Chile with 11 FTAs in place covering the entire TPP membership. The FTA 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

[25] ASEAN Secretariat, *ASEAN Economic Community Factbook*, February 2011, p. 3.

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

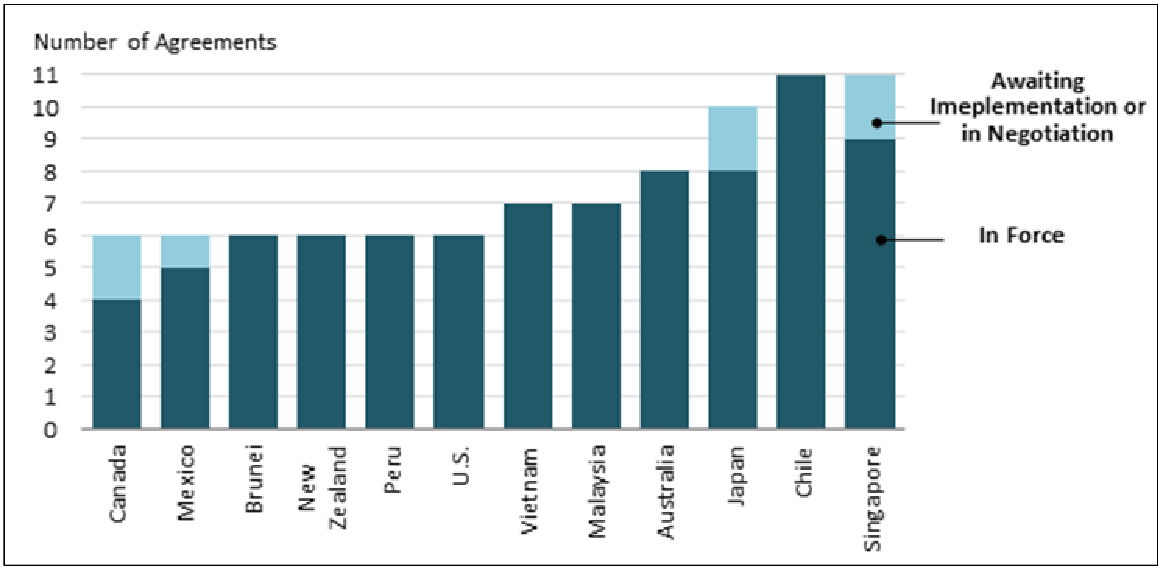
[27] "RCEP Partners Complete First Session of Talks; Set Next Session for September," *World Trade Online*, May 16, 2013.

[28] "U.S. seeks to lead huge new Asia-Pacific trade bloc," *Oxford Analytica*, October 17, 2011.

[29] 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.

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.

Figure 4. Existing Trade Agreements Among TPP Members

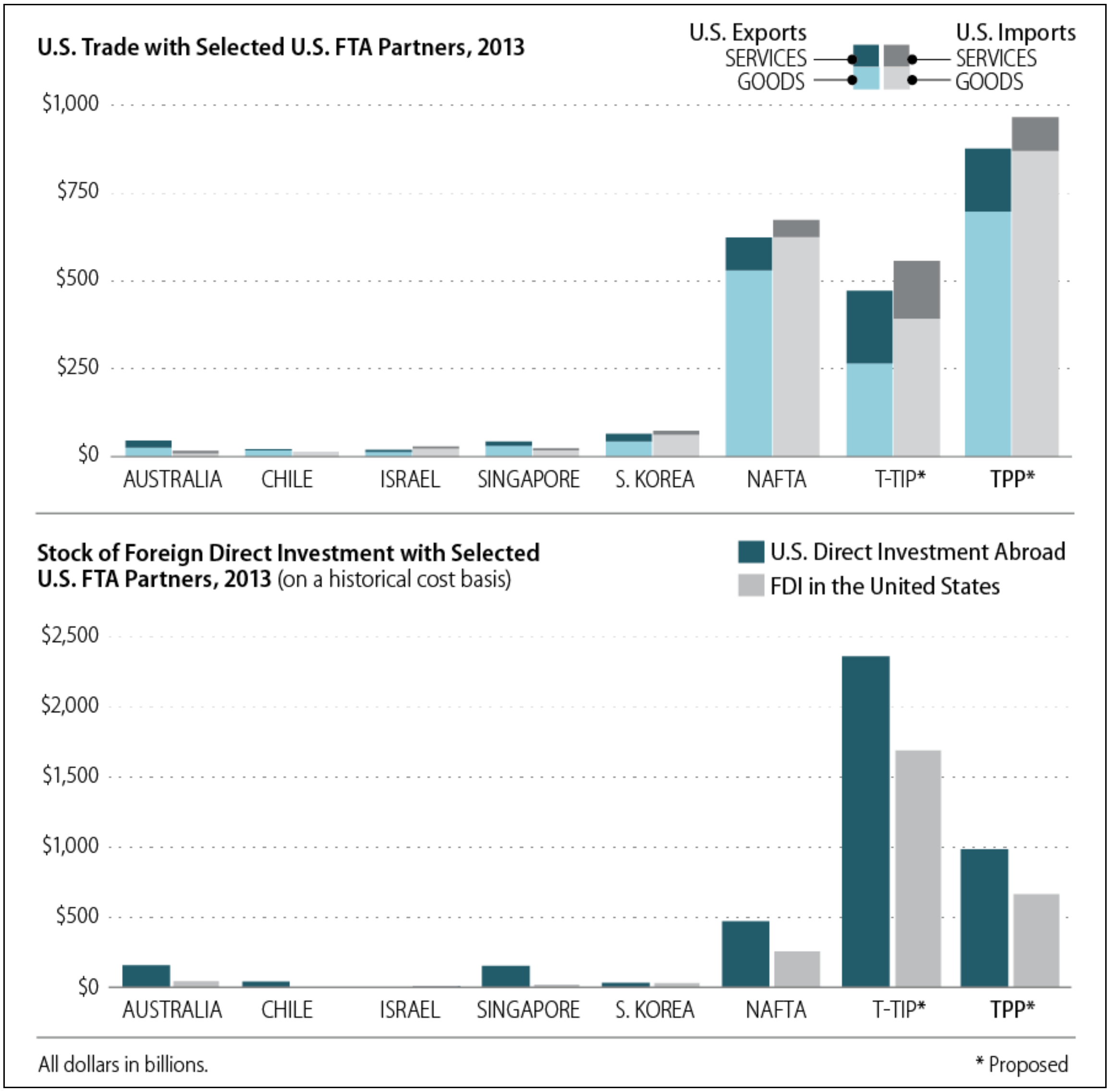


Source: Analysis by CRS. Data from individual TPP government websites.

U.S. FTAs and TPP

The United States currently has FTAs in force with 20 countries. **Figure 5** places the potential TPP agreement in context with these existing U.S. FTAs and the potential T-TIP FTA the United States is negotiating with the European Union. Now that the members of NAFTA are part of the TPP negotiations, this potential FTA would be the largest U.S. FTA in terms total goods trade. 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 fourteen in goods trade in 2014 and a factor of nine in services trade in 2013. However, as noted above, much of this U.S.-TPP trade is already covered by existing trade agreements. U.S. trade with FTA partners accounted for 82% of U.S.-TPP goods trade in 2014 and 69% of U.S.-TPP services trade in 2013. Japan is the largest U.S. trading partner in the negotiations without an existing FTA. In terms of foreign direct investment (FDI) the TPP would be larger than any existing U.S. FTA, although the proposed T-TIP would be larger still, highlighting that existing U.S. investment linkages are greater with the European Union than with the Asia-Pacific TPP countries.

Figure 5. U.S. Trade and Investment with Selected FTA Partners



Source: Analysis by CRS. Data from ITC.

Notes: Bilateral U.S. services trade data is not available for Brunei, Peru, and Vietnam.

Bilateral Investment Treaties

International trade and 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 FTAs.[30] The United States typically includes investment

[30] For more information, see CRS Report R43052, *U.S. International Investment Agreements: Issues for Congress*, by (name redacted) and (name redacted) ; CRS In Focus IF10052, *U.S. International Investment Agreements (IIAs)* , by (name redacted) and (name redacted) ; and CRS Report R44015, *International Investment Agreements (IIAs): Frequently Asked Questions*, coordinated by (name redacted).

provisions in its FTAs, as with each of the six existing FTAs between the United States and TPP participants. Currently, no U.S. BITs are in place with the other five 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 2015, Malaysia had 50 BITs in force, while New Zealand had the lowest number of investment treaties with only 2 in force. The United States had 40 BITs in force as of June 2015 (**Table 2**).

Table 2. Bilateral Investment Treaties in Force in TPP Countries

Aust.	Brunei	Canada	Chile	Japan	Malaysia	Mexico	N.Z.	Peru	Sing.	U.S.	Viet.
21	5	31	38	19	50	28	2	29	38	40	46

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

Note: Includes agreements that were in force as of June 2015.

Trade, Investment, and Tariff Patterns

This section examines trade and investment flows into and out of TPP countries as well as their tariff rates. 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 as well as opportunities 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.

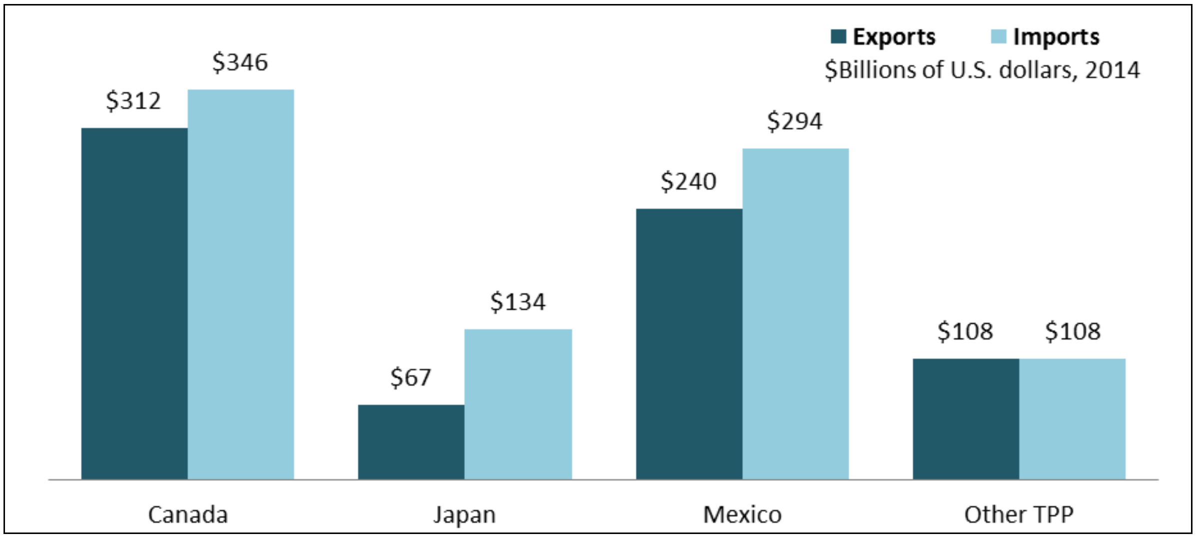
U.S.-TPP Trade

Merchandise Trade[31]

Trade between the United States and other TPP countries represents about 40% of overall U.S. goods trade. The United States had a deficit in merchandise trade with TPP countries in 2014 (**Table 3**). Energy imports, particularly crude oil from Canada and Mexico, and imports of vehicles and parts from Japan accounted for most of this deficit. Canada, Mexico, and Japan are the first, third, and fourth-largest U.S. trade partners overall. The majority of U.S.-TPP trade is concentrated with these three TPP negotiating partners. **Figure 6** below shows that U.S. imports each from Canada, Japan, and Mexico were larger than U.S. imports from the other eight TPP countries combined. The same held for U.S. exports to Canada and Mexico, but U.S exports to Japan were about only about 60% of the value of U.S. exports to the other eight TPP countries. In 2014, U.S. merchandise trade with these three countries accounted for nearly 87% of U.S. trade with TPP negotiating partners.

[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 15% of total U.S. exports to Singapore in 2014. For more information, see http://www.usitc.gov/publications/research/tradestatsnote.pdf.

Figure 6. U.S. Merchandise Trade with TPP Countries



Source: Analysis by CRS. Data from the ITC.

Note: "Other TPP Countries" includes Australia, Brunei, Chile, Malaysia, New Zealand, Peru, Singapore, and Vietnam.

Table 3. U.S. Merchandise Exports to, Imports from, and Balance with TPP Countries

(in millions of U.S. dollars, 2014)

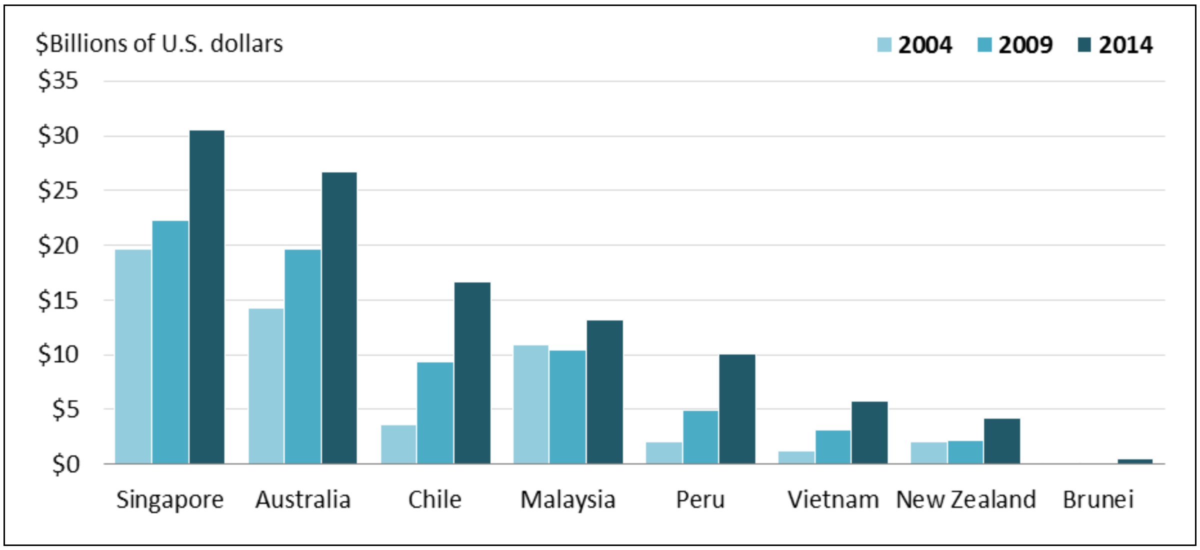
	Exports	Imports	Balance
Australia	26,668	10,670	15,998
Brunei	550	32	518
Canada	312,125	346,063	-33,937
Chile	16,630	9,491	7,139
Japan	66,964	133,939	-66,975
Malaysia	13,136	30,448	-17,311
Mexico	240,326	294,157	-53,831
New Zealand	4,261	3,980	281
Peru	10,070	6,079	3,991
Singapore	30,532	16,463	14,068
Vietnam	5,725	30,584	-24,859
Total	726,988	881,906	-154,918

Source: Analysis by CRS. Data from the ITC.

Among the other eight TPP countries, Australia and Singapore are the major export markets for the United States, while Malaysia and Vietnam are the major import markets. In 2014, of the $108 billion in U.S. goods exports to these other 8 TPP countries, over half went to Australia and Singapore, while over 70% of the $108 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 7** and **Figure 8**). For example, U.S. trade with Peru and Chile has tripled, and U.S. trade with Vietnam has increased more than 5-fold. **Figure 8** below highlights Vietnam's rapid rise in supplying goods to the United States, moving from the fourth-biggest to the largest supplier of U.S. imports among these eight 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.

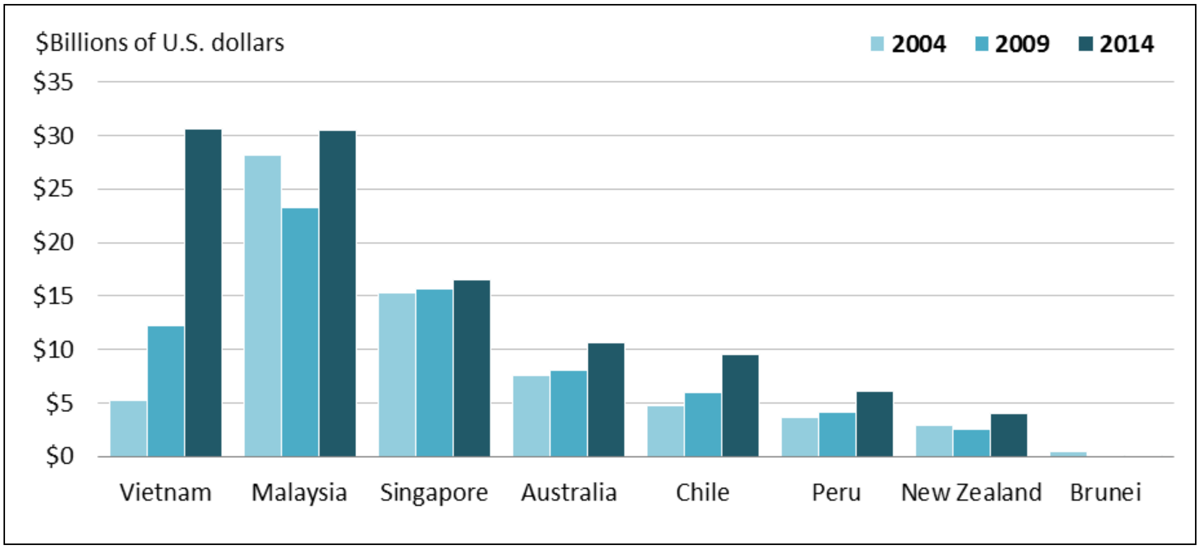
Over the past decade the U.S. trade balance with these eight TPP countries has fluctuated. The trade deficit grew (became more negative) from 2004, peaked in 2006, and then fell to a surplus in 2008. The surplus grew until 2012 and then fell becoming a small deficit again in 2014. Driving this shifting trade balance were falling imports from Malaysia from 2004 to 2009 which then recovered by 2014 and a rapid rise in imports from Vietnam from 2009 to 2014. Exports have grown more consistently throughout the period but the largest increases have been in exports to Singapore, Australia, Chile, and Peru, who like Canada and Mexico are current U.S. FTA partners.

Figure 7. U.S. Goods Exports to TPP Countries, excluding Canada, Japan, and Mexico



Source: Analysis by CRS. Data from the ITC.

Figure 8. U.S. Goods Imports from TPP Countries excluding Canada, Japan, and Mexico



Source: Analysis by CRS. Data from the ITC.

At the aggregate level, the top U.S. import categories are motor vehicles, oil and gas (primarily crude oil), motor vehicle parts, semiconductors and other electronic components, computer equipment, nonferrous metal, and communications equipment. The top export categories are motor vehicle parts, petroleum and coal products, motor vehicles, aircraft, computer equipment, semiconductors and electronic components, and basic chemicals. Similarities in these product categories among 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. Other major supply chains include motor vehicle and electronic equipment production.

Considering bilateral flows, U.S. exports are largely in the same top product categories across countries and include those listed above. However, U.S. imports from TPP countries vary greatly. **Table 4** 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. Top U.S. exports including motor vehicles and aircraft highlight 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 computers, semiconductors and electronic components, and chemicals. From Canada and Mexico, the United States imports both raw materials, such as crude oil, and manufactured goods such as motor vehicles and parts. Vietnam, the TPP country with the lowest per capita GDP, specializes in lower skilled, labor-intensive apparel and footwear industries, which represent over 40% of its exports to the United States. Over 40% of U.S. imports from Japan are advanced manufacturing products such as motor vehicles and parts and aircraft and parts.

Table 4. Top U.S.-TPP Trade Categories

(in millions of U.S. dollars and percentage of total, 2014)

Country	Top U.S. Imports	Value	Percent of Total	Top U.S. Exports	Value	Percent of Total
Australia	Meat Products and Packaging	2,750	26%	Aircraft & Parts	2,364	9%
	Nonferrous Metal (excl. Alum.)	1,033	10%	Motor Vehicles	2,294	9%
	Aircraft & Parts	510	5%	Ag. & Constr. Machinery	1,986	7%
Brunei	Chemicals	16	50%	Aircraft & Parts	424	77%
	Apparel	4	13%	Communications Equip.	18	3%
	Non-farmed Fish	2	5%	Ag. & Constr. Machinery	17	3%
Canada	Oil & Gas	96,128	28%	Motor Vehicles	26,932	9%
	Motor Vehicles	44,249	13%	Motor Vehicle Parts	25,958	8%
	Petroleum And Coal Products	15,756	5%	Oil & Gas	16,796	5%
Chile	Nonferrous Metal (excl. Alum.)	2,393	25%	Petroleum & Coal Products	5,107	31%
	Fruits And Tree Nuts	1,527	16%	Aircraft & Parts	1,635	10%
	Farmed Fish	1,000	11%	Ag. & Constr. Machinery	925	6%
Japan	Motor Vehicles	34,427	26%	Aircraft & Parts	7,387	11%
	Motor Vehicle Parts	13,065	10%	Oilseeds And Grains	4,745	7%
	Aircraft & Parts	6,751	5%	Navigation & Electro-Medical	4,008	6%
Malaysia	Semicon. & Elec. Components	10,556	35%	Semicon. & Elec. Components	5,173	39%
	Communications Equip.	5,624	18%	Aircraft & Parts	1,164	9%
	Computer Equipment	2,672	9%	Navigation & Electro-Medical	595	5%
Mexico	Motor Vehicles	46,353	16%	Motor Vehicle Parts	21,494	9%
	Motor Vehicle Parts	40,099	14%	Petroleum & Coal Products	19,050	8%
	Oil & Gas	27,770	9%	Computer Equipment	16,001	7%
New Zealand	Meat Products and Packaging	1,336	34%	Aircraft & Parts	1,406	33%
	Dairy Products	680	17%	Motor Vehicles	270	6%
	Beverages	344	9%	Ag. & Constr. Machinery	205	5%
Peru	Nonferrous Metal (excl. Alum.)	1,543	25%	Petroleum & Coal Products	2,738	27%
	Petroleum And Coal Products	914	15%	Ag. & Constr. Machinery	677	7%
	Fruits And Tree Nuts	628	10%	Oilseeds And Grains	659	7%
Singapore	Chemicals	2,718	17%	Aircraft & Parts	4,311	14%
	Pharmaceuticals And Medicines	2,649	16%	Petroleum & Coal Products	4,091	13%
	Semicon. & Elec. Components	1,566	10%	Semicon. & Elec. Components	2,409	8%
Vietnam	Apparel	9,078	30%	Oilseeds And Grains	516	9%
	Footwear	3,597	12%	Semicon. & Elec. Components	464	8%
	Furniture and Cabinets	2,628	9%	Other Agricultural Products	406	7%

Source: Analysis by CRS. Data from the ITC.

Notes: 4-digit North American Industry Classification System (NAICS) categories. Excludes "special classification" categories 9900 and 9800.

Agriculture Trade

Trade is particularly important to U.S. agriculture, with exports accounting for approximately 20% of U.S. agriculture production.[32] In the context of the TPP negotiations, the United States has both potential import sensitivities and major export interests, which vary by product and country, given the range of TPP participants, making for a complex negotiating dynamic. Other TPP participants include major agriculture exporters such as Australia and New Zealand as well large consumer markets with relatively high agricultural tariffs such as Japan, Malaysia, and Vietnam. **Table 4** below provides data on U.S. agricultural trade with TPP countries. Canada, Japan, and Mexico are the largest U.S. trade partners in agriculture products. The United States has an overall surplus in trade in agriculture products with TPP countries, due primarily to the large U.S. surplus with Japan.

Table 5. U.S. Agriculture Exports, Imports, and Trade Balance with TPP Countries

(in millions of U.S. dollars, 2014)

Country	U.S. Exports	U.S. Imports	Trade Balance
Australia	1,558	3,654	-2,096
Brunei	5	0	5
Canada	24,218	22,932	1,286
Chile	844	2,739	-1,895
Japan	13,157	565	12,592
Malaysia	989	1,488	-499
Mexico	19,450	18,952	498
New Zealand	454	2,401	-1,947
Peru	1,199	1,623	-424
Singapore	766	105	661
Vietnam	2,304	1,835	469
Total	64,944	56,294	8,650

Source: Analysis by CRS. Data from ITC.

Notes: Agriculture categorization as defined in ITC dataweb.

Services Trade[33]

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

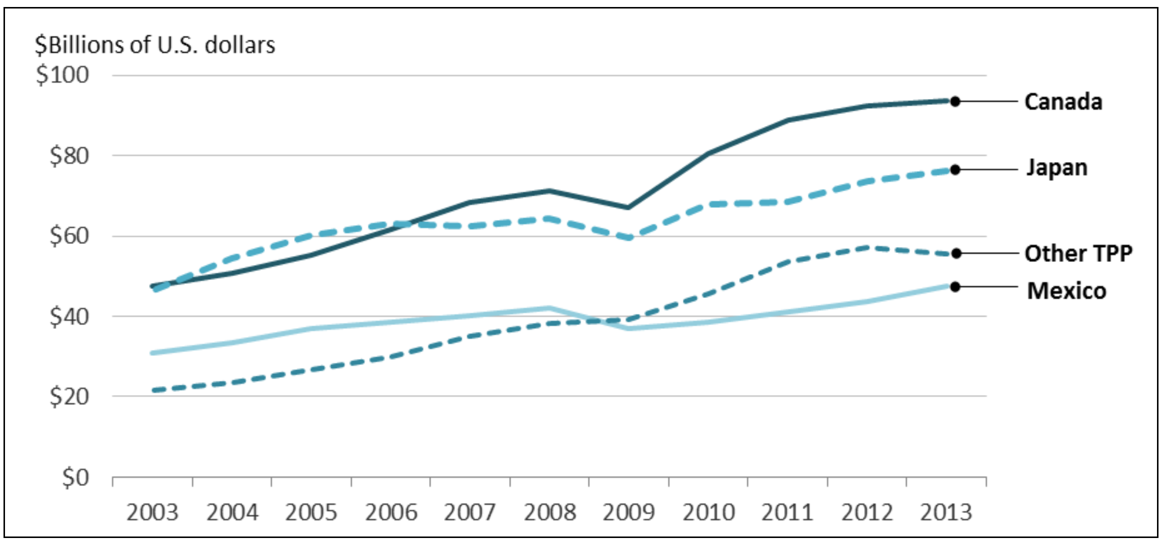
[32] CRS In Focus IF10233, *The Trans-Pacific Partnership (TPP) and U.S. Agriculture,* by (name redacted)

[33] The Bureau of Economic Analysis (BEA), which collects and disseminates U.S. services trade statistics, breaks down the data into two categories: trade in services and services supplied through affiliates. The trade in services data includes trade delivered through three modes of supply: cross-border supply (e.g. architect mails blueprint to client in a foreign country), consumption abroad (e.g. tourism spending), and the presence of natural persons (e.g. engineer travels to foreign country to provide computer training). Services supplied through affiliates refers to a company located in one country setting up a subsidiary or a branch in a foreign country and supplying a service to a foreign client through that affiliate. For more information on the definitions of international services, see http://www.bea.gov/international/international_services_definition.htm#1.

relates to digital trade, is one such emerging issue. The United States, in which services provide 80% of U.S. civilian employment and account for 70% 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 lack the detail provided for trade in goods. The analysis below only covers the TPP countries individually included in U.S. services trade statistics: Australia, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, and Singapore. The most recent bilateral services trade statistics are available through 2013. Elsewhere in this document, if not specified, trade simply refers to merchandise (goods) trade.

U.S. services trade with the eight 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 2013, the United States had a collective services trade surplus of more than $83 billion with these eight TPP countries. [35] As with goods trade, Canada, Japan, and Mexico are the largest U.S. services trade partners among TPP members (**Figure 9**). 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. Services exports from the United States to these eight TPP countries collectively have more than doubled over the past decade, and services exports to Australia, in particular, have nearly tripled. In 2013, the United States had a significant services trade surplus with all TPP countries for which individual data are available (**Table 6**).

Figure 9. U.S.-TPP Services Trade (Exports plus Imports)



Source: Analysis by CRS. Data from BEA.

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

[34] CRS Report R43291, *U.S. Foreign Trade in Services: Trends and U.S. Policy Challenges*, by (name redacted) and (name redacted) .

[35] Analysis by CRS. Data from BEA.

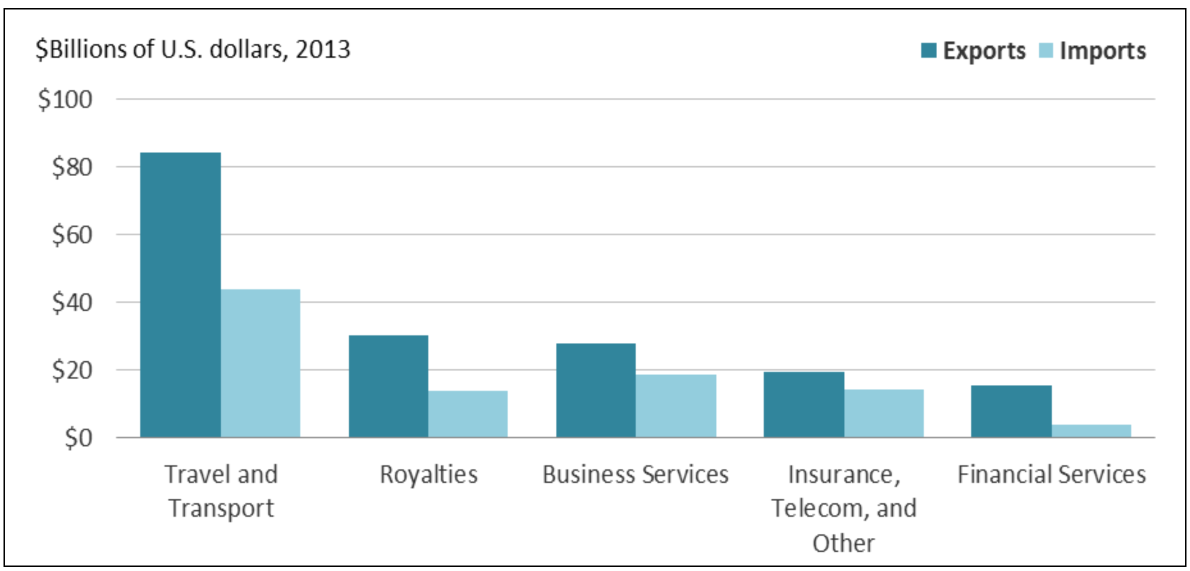
Table 6. U.S. Service Exports to, Imports from, and Balance with TPP Countries
(in millions of U.S. dollars, 2013)

Country	Exports	Imports	Balance
Australia	19,136	6,948	12,188
Canada	63,281	30,452	32,829
Chile	3,608	1,207	2,401
Japan	46,270	30,006	16,264
Malaysia	2,687	1,481	1,206
Mexico	29,855	17,766	12,089
New Zealand	2,110	1,516	594
Singapore	11,404	5,559	5,845
Total	178,351	94,935	83,416

Source: Analysis by CRS. Data from BEA.

The composition of U.S. services exports to the eight TPP countries differs somewhat from the composition of U.S. services imports. **Figure 10** 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 financial services shows a large U.S. surplus—U.S. exports are more than three times as great as U.S. imports. In the categories of royalties or charges for the use of intellectual property, U.S. exports are also more than double U.S. imports. U.S. exports of travel and transport services, the largest category of U.S.-TPP trade, are slightly less than twice as large as U.S. imports from TPP countries. For business services trade and insurance, telecommunications and other private services, U.S. exports and imports with TPP countries are relatively balanced.

Figure 10. U.S.-TPP Services Trade, by Category



Source: Analysis by CRS. Data from BEA.

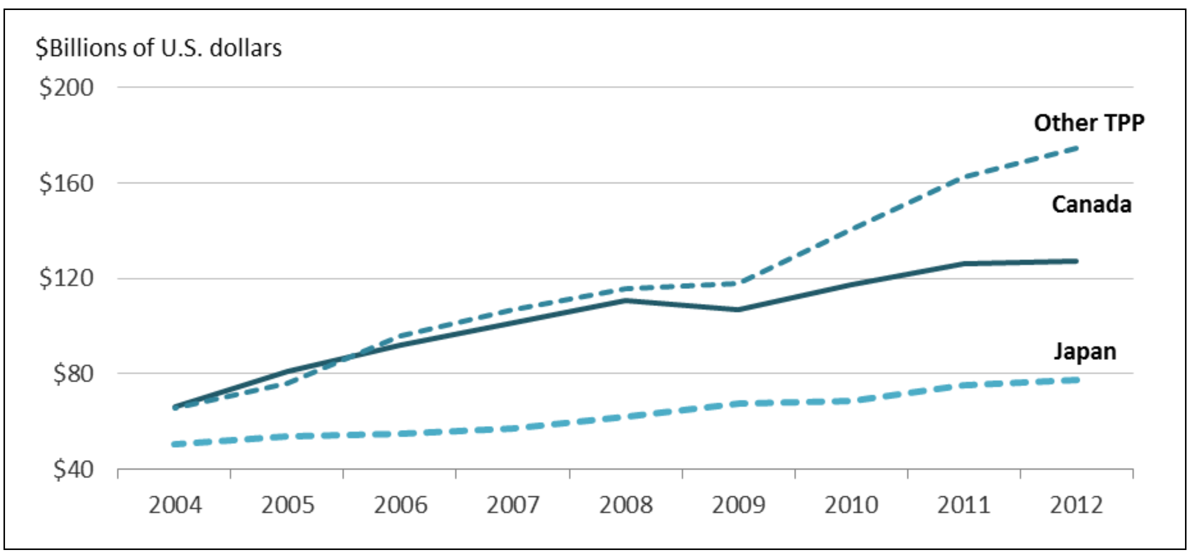
Notes: Services trade data not available for Brunei, Peru, and Vietnam.

Services Supplied through Foreign Affiliates

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-owned[36] 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 trade in services discussed above. For instance, in 2012, more than $1.2 trillion in services were provided to foreign residents through foreign affiliates of U.S. companies, compared to just over $600 billion supplied through trade in services. At a smaller scale, the same pattern holds true for U.S. services provided to the eight TPP countries for which services data are available. During 2004-2012, the latest period for which consistent data are available, services supplied through U.S. MOFAs grew rapidly in most TPP countries, doubling in TPP countries as a whole. In 2012, slightly over half of services supplied to TPP countries through U.S. MOFAs went to Canada (34%) and Japan (20%), although the other TPP countries share of this trade has grown considerably (**Figure 11)**.

In 2012, 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 all TPP countries except Japan: the value of services supplied to the United States through TPP MOUSAs, excluding Japan, are about half of those supplied to TPP countries from U.S. MOFAs. Conversely Japan's services supplied to the United States through its MOUSAs are one-third larger than the U.S. services supplied through MOFAs in Japan. This likely reflects the fact that Japan's investment in the United States has exceeded U.S. investment in Japan (see investment discussion below). Among TPP countries, Japan (48%) and Canada (36%) account for the vast majority of services supplied through MOUSAs (**Figure 12)**.

Figure 11. U.S. Services Supplied to TPP Countries through MOFAs

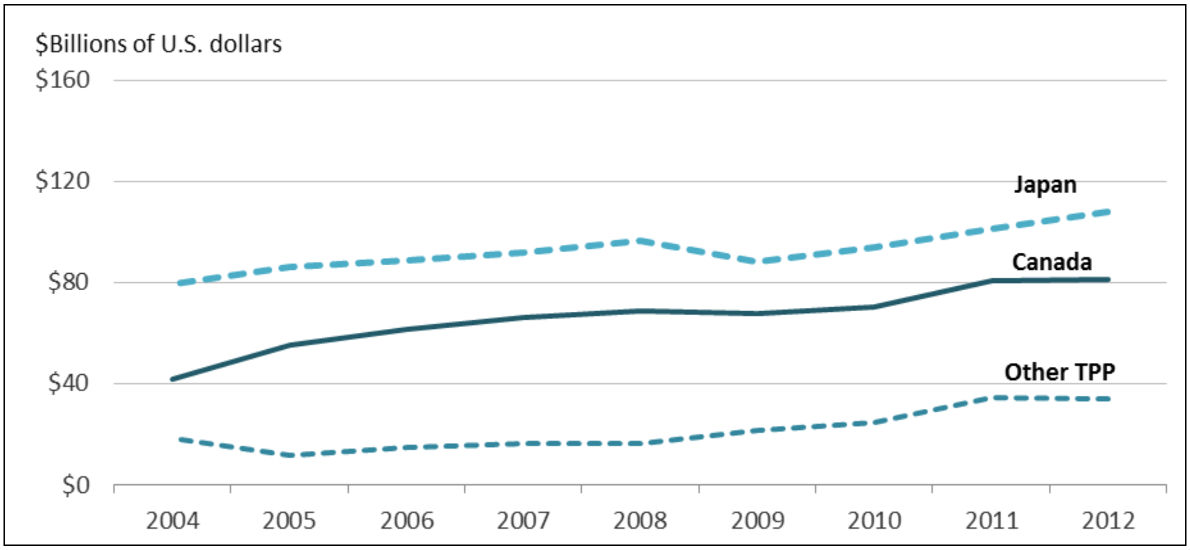


Source: Analysis by CRS. Data from BEA.

[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%.

Notes: "Other TPP" includes Australia, Chile, Malaysia, New Zealand, and Singapore.

Figure 12. TPP Country Services Supplied to the United States through MOUSAs



Source: Analysis by CRS. Data from BEA.

Notes: "Other TPP" includes Australia, Chile, Malaysia, New Zealand, and Singapore.

Aggregate TPP Trade

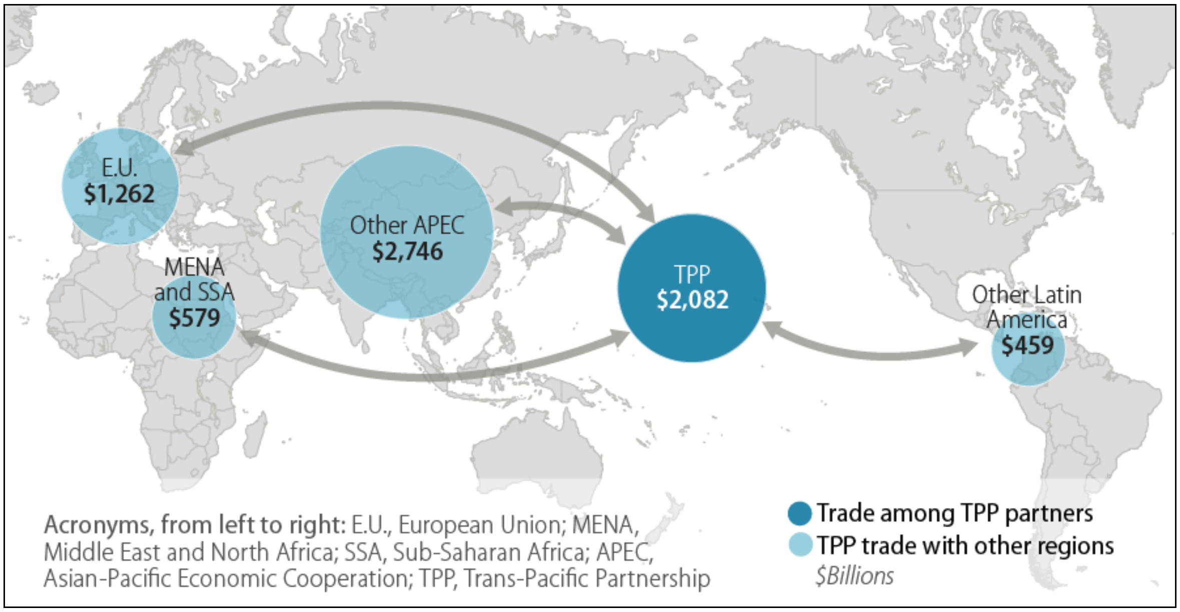
Who trades with TPP countries? **Figure 13** shows TPP countries' aggregate goods trade with each other and the rest of the world.

Goods trade among TPP partners was more than $2 trillion in 2014. As the largest country in the TPP, both in terms of population and GDP, U.S. trade with TPP partners accounts for much of the trade among TPP countries. Specifically, trade among the NAFTA countries, Canada, Mexico, and the United States, was over $1.2 trillion in 2012—over half of all intra-TPP trade. U.S. trade with Japan, the third largest bilateral trade partnership in the TPP, accounted for nearly $200 billion of total intra-TPP trade. See **Table A-2** in the Appendix for intra-TPP trade data for each TPP country.

Even larger than intra-TPP trade, however, is TPP country trade with the other APEC members not currently party to the TPP negotiations. This goods trade amounted to over $2.7 trillion in 2014. Trade between China and the TPP countries, nearly $1.5 trillion, made up over half of all TPP country trade with the other APEC members. In terms of goods trade, expansion of the TPP to include China and the other APEC members would encompass more TPP country trade than expanding the agreement in any other region including the European Union ($1.3 trillion) and Latin America ($459 billion).

Figure 13. Trade Among TPP Partners and with Other Regions

(in billions of U.S. dollars, 2014)



Source: Analysis by CRS. Data from IMF DOTS.

Notes: Regional groupings based on categories from the DOTS. These regional groupings are not an exhaustive list of all TPP trade partners. Data only include goods trade data.

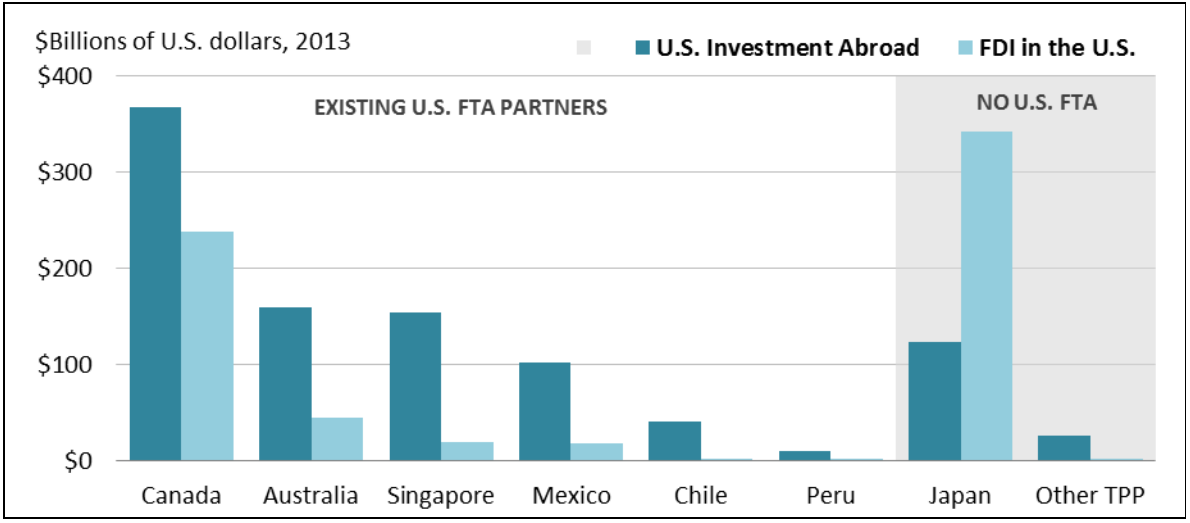
Investment Flows

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 most recent available investment data is through 2013.

Nearly all of the top U.S. investment partners in the TPP are covered by an existing FTA and the stock (accumulated value) of U.S. investment in these countries exceeds their investments in the United States (**Figure 14)**. Japan, however, does not have an existing U.S. FTA, and uniquely among TPP countries, the stock of Japanese investment in the United States is more than double the stock of U.S. investment in Japan. As discussed above, this pattern can also be seen in U.S.-Japanese services trade through affiliates.

TPP-U.S. FDI flows in 2013 show that Japan and Canada were the largest U.S. investment partners accounting for 34% and 30% of total inward and outward U.S. FDI with TPP countries. Australia (13%), Singapore (12%), and Mexico (7%) were the other top U.S. investment partners among TPP countries (**Table 7**). Flows of FDI can vary significantly from year to year. From 2012 to 2013 outward U.S. direct investment in TPP countries declined slightly from $90 billion to $86 billion, while inward U.S. FDI from TPP countries nearly doubled from $37 billion to $69 billion.

Figure 14. U.S. FDI with TPP Countries (Stock)



Source: Analysis by CRS. Data from BEA.

Notes: "Other TPP" includes Brunei, Malaysia, New Zealand, and Vietnam.

Table 7. U.S. FDI with TPP Countries

(in millions of U.S. dollars, 2013)

Country	U.S. Direct Investment Abroad (Flow)	FDI into the U.S. (Flow)	U.S. Direct Investment Abroad (Stock)	FDI into the U.S. (Stock)
Australia	$22,951	-$3,079	$158,996	$44,742
Brunei	$16	(D)	$132	(D)
Canada	$23,155	$23,336	$368,297	$237,921
Chile	$3,624	$62	$41,110	$487
Japan	$7,368	$44,861	$123,174	$342,327
Malaysia	$2,724	-$41	$16,409	$635
Mexico	$7,626	$3,130	$101,454	$17,610
New Zealand	-$846	-$39	$7,919	$972
Peru	$1,425	-$20	$10,061	$100
Singapore	$17,452	$1,148	$154,438	$19,760
Vietnam	$234	-$287	$1,398	-$276
Total	$85,729	$69,071	$983,388	$664,278

Source: Analysis by CRS. U.S. FDI data from BEA. World FDI data from the United Nations Conference on Trade and Development (UNCTAD).

Notes: Flows represent the annual value of investment, while stocks represent the accumulated value of investment. (D) indicates that the data in the cell have been suppressed to avoid disclosure of individual companies. For detailed definitions of investment variables see http://www.bea.gov/about/overview_international.htm.

Tariff Levels

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 barriers, 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.[37] The MFN concept is a WTO principle that requires member countries to non-discriminately apply their tariff rates to other members.[38] 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.[39] Often, applied rates are well below bound rates. For example, Chile's average MFN applied rate is 6% compared to an average bound rate of 25%. 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.[40] 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 15** 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 249%, even though the overall Canadian average applied MFN tariff rate is only 4.2%. **Table 8** 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.

Nontariff Barriers and Other Market Access Restrictions

In addition to attempting to reduce and eliminate tariffs and quotas, the TPP negotiations will also seek to address nontariff barriers and other market access restrictions to trade in goods and services among TPP partners. These restrictions can take many different forms, making them difficult to quantify and compare across countries. For

[37] 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.

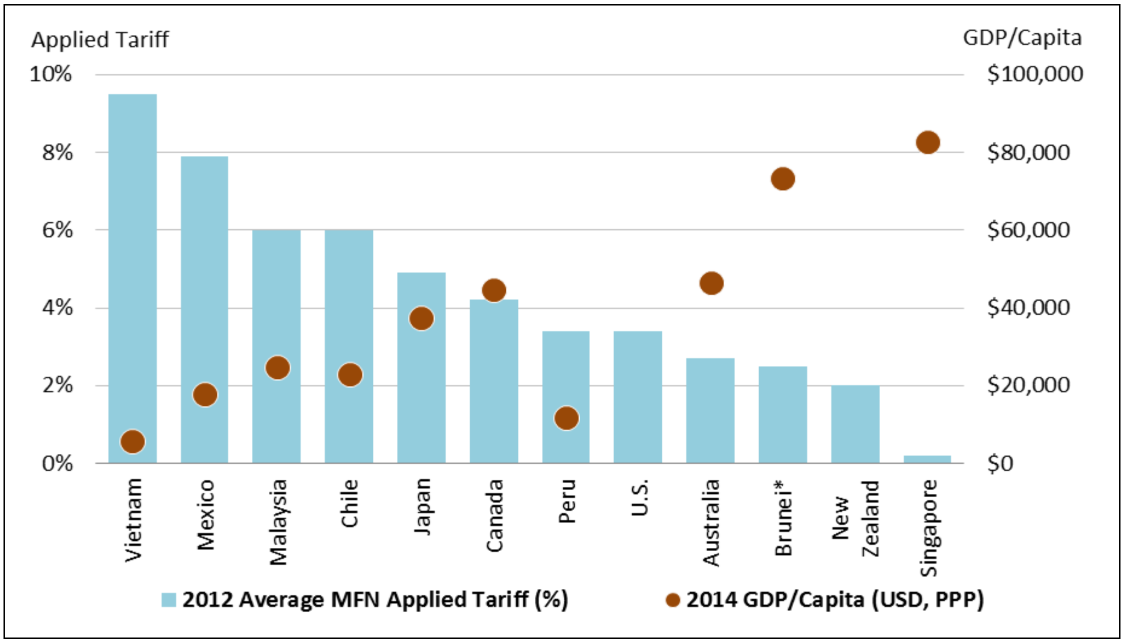
[38] An exception to this rule is allowed in the case of FTAs, like the proposed TPP. The WTO allows FTA partners to provide preferential tariff treatment to one another below the MFN rates.

[39] http://www.wto.org/english/thewto_e/glossary_e/glossary_e.htm.

[40] Variation also exists for TPP country bound rates, ranging from 36% in Mexico to 3.5% in the United States.

example, the U.S. automotive industry has long argued that nontariff barriers, such as standards, certifications, transparency in regulations, and access to distribution networks, are primary impediments to greater U.S. auto sales in Japan.[41] Nontariff barriers and other market access restrictions can be particularly important in services trade given the many ways in which services are delivered, often leaving them outside the scope of traditional tariff measures. The OECD has created indices that can provide some measure of services trade restrictiveness.[42] These indices, available for OECD countries across 18 different services sectors, suggest that there is considerable variation in services trade restrictiveness among TPP OECD countries (Australia, Canada, Chile, Japan, Mexico, New Zealand, and the United States) and hence opportunity for liberalization through TPP negotiation efforts. For example, in telecommunications, the index, which takes a value from 0 to 1 with a higher number indicating greater restrictiveness, ranges from 0.12 for the United States to 0.30 for Japan and 0.34 for Mexico. Such restrictions are likely even greater among the least developed TPP countries not included in the OECD database. Similar work by researchers at the World Bank, which covers more countries at less detail, supports this hypothesis. Their index for overall services trade restrictiveness, which takes a value from 0 to 100, ranges from 11 for New Zealand to 41.5 for Vietnam and 46.1 for Malaysia, although Peru (16.4) scores even lower than the United States (17.7).[43]

Figure 15. Average Applied Tariffs and GDP/Capita



Source: IMF *World Economic Outlook,* April 2015 and WTO Tariff Profiles 2014.

Notes: (*) Indicates tariff data is from 2011. GDP per capita based on purchasing power parity (PPP).

Table 8. Highest Tariffs by Product Category

(tariffs in percent, 2013)

Country	Product	Avg. Applied MFN Tariff (%)
Australia	Clothing	8.9

[41] USTR, *2014 National Trade Estimate Report on Foreign Trade Barriers*, March 31, 2014.

[42] OECD Services Trade Restrictiveness Index available at http://www.oecd.org/tad/services-trade/services-trade-restrictiveness-index.htm.

[43] Ingo Borchert, Batshur Gootiiz, and Aaditya Mattoo, *Policy Barriers to International Trade in Services: New Empirical Evidence,* World Bank Policy Research Working Paper (WPS6109), 2012.

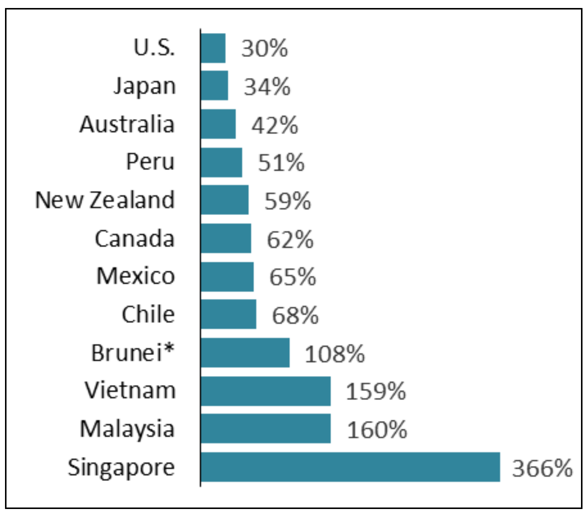
Country	Product	Avg. Applied MFN Tariff (%)
Brunei*	Electrical machinery	13.9
Canada	Dairy Products	248.9
Chile	Most Products	6.0
Japan	Dairy Products	135.3
Malaysia	Beverages and tobacco	105.5
Mexico	Sugars and confectionery	57.9
New Zealand	Clothing	9.7
Peru	Clothing	11.0
Singapore	Beverages and tobacco	21.3
United States	Dairy	20.5
Vietnam	Beverages and tobacco	42.8

Source: WTO Tariff Profiles 2014.

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 20.5% average U.S. dairy tariff, tariffs on some specific clothing articles are higher). (*) Indicates tariff data is from 2011.

Figure 16. Trade-to-GDP Ratios

(in percent, 2011-2013)



Source: WTO Trade Profiles 2014.

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 16** 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 366% implies that the country's imports and exports are nearly 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 30%, indicating that trade accounts for a smaller share of economic activity in the United States than in any other the TPP countries. The United States, however, has one of the lowest average 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 a broader Asia-Pacific free trade area, an area that encompasses 40% of the world's people and over half of global production. TPP would be the largest U.S. FTA based on trade flows, and with the entry of Japan, a significant share of U.S.-TPP trade is not currently covered by an FTA. 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 and services trade, Canada is the top U.S. partner among TPP countries, with Mexico and Japan as the next largest partners in most categories. In terms of FDI flows, Japan was the largest U.S. partner among TPP countries in 2013. 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 or Group	Existing Trade Agreements	Agreements in Negotiation or Awaiting Implementation
Australia	ASEAN-*Australia-New Zealand*	China
	Chile	Gulf Cooperation Council[a]
	Japan	India
	Malaysia	Indonesia
	New Zealand	PACER[b]
	Singapore	RCEP[c]
	South Korea	TPP[d]
	Thailand	
	United States	
Brunei*	AFTA[e]	RCEP[c]
	Japan	TPP[d]
	P-4[f]	
Canada	*Chile*	Caribbean Community[g]
	Colombia	Dominican Republic
	Costa Rica	El Salvador, Guatemala, Nicaragua
	EFTA[h]	European Union[i]
	Honduras	India
	Israel	*Japan*
	Jordan	Morocco
	NAFTA[j]	*Singapore*
	Panama	TPP[d]
	Peru	Ukraine
	South Korea	
Chile	*Australia*	India
	Canada	Indonesia
	Chile-Central America[k]	Pacific Alliance[l]
	China	Thailand
	Colombia	TPP[d]
	Ecuador	
	EFTA[m]	
	European Union[i]	
	Hong Kong	
	Japan	
	Malaysia	
	Mexico	
	P-4[f]	
	Panama	
	Peru	

Country or Group	Existing Trade Agreements	Agreements in Negotiation or Awaiting Implementation
	South Korea	
	Turkey	
	United States	
	Vietnam	
Japan	ASEAN - Japan	*Canada*
	Australia	China-Japan-South Korea
	Brunei	Columbia
	Chile	European Union[i]
	India	Gulf Cooperation Council[a]
	Indonesia	Mongolia
	Malaysia	RCEP[c]
	Mexico	South Korea
	Peru	TPP[d]
	Philippines	Turkey
	Singapore	
	Switzerland	
	Thailand	
	Vietnam	
Malaysia*	AFTA[e]	D-8[n]
	Australia	EFTA[m]
	Chile	European Union[i]
	India	RCEP[c]
	Japan	TPS-OIC[o]
	New Zealand	Turkey
	Pakistan	TPP[d]
Mexico	Central America[p]	Pacific Alliance[l]
	Chile	*Singapore*
	Colombia	South Korea
	EFTA[m]	TPP[d]
	European Union[i]	
	Israel	
	Japan	
	NAFTA[j]	
	Peru	
	Uruguay	
New Zealand	ASEAN-*Australia-New Zealand*	Gulf Cooperation Council[a]
	Australia	India
	China	RCEP[c]
	Hong Kong	Russia-Belarus-Kazakhstan
	Malaysia	South Korea
	P-4[f]	TPP[d]
	Singapore	

Country or Group	Existing Trade Agreements	Agreements in Negotiation or Awaiting Implementation
	Thailand	
Peru	Andean Community[h]	El Salvador
	Canada	Guatemala
	Chile	Honduras
	China	Pacific Alliance[l]
	Costa Rica	TPP[d]
	EFTA[m]	Turkey
	European Union[i]	
	Japan	
	Mexico	
	Panama	
	Singapore	
	South Korea	
	Thailand	
	United States	
Singapore*	AFTA[e]	*Canada*
	Australia	European Union[i]
	China	*Mexico*
	Costa Rica	Pakistan
	EFTA[m]	RCEP[c]
	Gulf Cooperation Council[a]	Taiwan
	India	TPP[d]
	Japan	Ukraine
	Jordan	
	New Zealand	
	P-4[f]	
	Panama	
	Peru	
	South Korea	
	United States	
United States	*Australia*	European Union[i]
	Bahrain	TPP[d]
	CAFTA-DR[q]	
	Chile	
	Colombia	
	Israel	
	Jordan	
	Morocco	
	NAFTA[j]	
	Oman	
	Panama	
	Peru	

Country or Group	Existing Trade Agreements	Agreements in Negotiation or Awaiting Implementation
	Singapore	
	South Korea	
Vietnam*	AFTA[e]	EFTA[m]
	Chile	European Union[i]
	Japan	RCEP[c]
		Russia-Belarus-Kazakhstan
		South Korea
		TPP[d]
ASEAN (Association of Southeast Asian Nations)	*Australia* and *New Zealand*	European Union[i]
	China	Hong Kong
	India	RCEP[c]
	Japan	
	South Korea	

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. There are additional partial scope economic agreements with TPP countries not included here.

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. 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.

h. Andean Community: Bolivia, Colombia, Ecuador, Peru.

i. 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.

j. North American Free Trade Agreement (NAFTA): Canada, Mexico, United States.

k. Chile-Central America: Chile, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua.

l. Pacific Alliance: Chile, Colombia, Mexico, Peru.

m. European Free Trade Association (EFTA): Iceland, Lichtenstein, Norway, Switzerland.

n. Developing Eight (D-8): Bangladesh, Indonesia, Iran, Malaysia, Egypt, Nigeria, Pakistan, Turkey.

o. Trade Preferential System-Organization of Islamic Conference (TPS-OIC): 57 Islamic Countries.

p. Central America: Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua.

q. Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR).

Table A-2. Intra-TPP Merchandise Trade

(in millions of U.S. dollars, 2014)

Country	Exports to	Value	Imports from	Value
Australia	All TPP partners	78,181.77	All TPP partners	86,139.10
	Japan	43,225.71	United States	26,608.87
	United States	10,154.73	Japan	17,070.16
	New Zealand	7,184.61	Singapore	12,556.50
	Singapore	7,616.92	Malaysia	11,136.11
	Malaysia	5,385.43	New Zealand	7,793.70
	Vietnam	2,744.78	Vietnam	4,918.78
	Canada	1,102.04	Mexico	1,954.27
	Mexico	446.19	Canada	2,019.34
	Chile	231.66	Chile	946.43
	Peru	51.55	Brunei	996.58
	Brunei	38.13	Peru	138.36
Brunei	All TPP partners	5,427.39	All TPP partners	3,868.47
	Japan	3,652.96	Singapore	2,086.35
	Australia	905.98	Malaysia	946.33
	Vietnam	107.35	United States	605.22
	New Zealand	285.33	Japan	117.51
	Malaysia	229.81	Australia	41.95
	Singapore	210.45	Canada	10.67
	United States	29.10	Vietnam	54.54
	Canada	6.40	New Zealand	5.90
	Chile	.00	Peru	.00
	Peru	.00	Chile	.00
	Mexico	.00	Mexico	.00
Canada	All TPP partners	385,216.21	All TPP partners	331,114.15
	United States	364,480.18	United States	276,158.27
	Japan	9,714.31	Mexico	28,591.33
	Mexico	4,961.13	Japan	13,210.31
	Australia	1,590.30	Peru	3,013.11
	Singapore	1,185.48	Malaysia	2,404.45
	Chile	1,029.50	Vietnam	2,814.78
	Malaysia	718.15	Australia	1,435.69
	Peru	721.64	Chile	1,717.06
	Vietnam	431.66	Singapore	1,151.21
	New Zealand	374.16	New Zealand	610.90

Country	Exports to	Value	Imports from	Value
	Brunei	9.70	Brunei	7.04
Chile	All TPP partners	23,018.51	All TPP partners	23,046.63
	United States	9,330.42	United States	14,302.47
	Japan	7,673.71	Mexico	2,446.97
	Peru	1,852.76	Japan	2,361.20
	Canada	1,227.74	Peru	1,541.32
	Mexico	1,308.99	Canada	1,270.10
	Australia	894.19	Australia	293.82
	Vietnam	385.26	Vietnam	380.67
	Malaysia	174.88	Malaysia	260.01
	Singapore	70.52	New Zealand	130.14
	New Zealand	100.03	Singapore	59.93
	Brunei	.00	Brunei	.00
Japan	All TPP partners	215,273.08	All TPP partners	205,912.75
	United States	130,571.10	United States	73,056.84
	Singapore	20,998.58	Australia	48,127.34
	Australia	14,212.64	Malaysia	29,179.54
	Malaysia	14,159.68	Vietnam	15,399.86
	Vietnam	11,776.56	Canada	11,263.07
	Mexico	10,618.54	Chile	8,164.29
	Canada	7,979.48	Singapore	7,888.96
	New Zealand	2,377.15	Brunei	4,018.26
	Chile	1,721.24	Mexico	4,288.49
	Peru	751.27	New Zealand	2,758.32
	Brunei	106.82	Peru	1,767.77
Malaysia	All TPP partners	97,882.11	All TPP partners	72,548.21
	Singapore	33,291.62	Singapore	26,223.91
	Japan	25,269.56	Japan	16,739.38
	United States	19,707.58	United States	16,015.57
	Australia	10,093.98	Vietnam	4,662.17
	Vietnam	4,378.74	Australia	6,188.77
	New Zealand	1,604.65	Canada	920.34
	Mexico	1,596.37	New Zealand	893.01
	Brunei	860.30	Chile	189.42
	Canada	808.10	Mexico	425.54
	Chile	172.53	Brunei	252.80
	Peru	98.71	Peru	37.31

Country	Exports to	Value	Imports from	Value
Mexico	All TPP partners	337,880.30	All TPP partners	257,437.73
	United States	318,889.91	United States	214,806.20
	Canada	10,670.11	Japan	19,299.03
	Japan	2,609.25	Canada	11,049.41
	Chile	2,148.00	Malaysia	7,216.65
	Peru	1,730.18	Singapore	1,319.90
	Australia	1,009.30	Chile	1,537.36
	Singapore	529.07	Peru	1,216.90
	Malaysia	195.40	Australia	608.89
	New Zealand	99.09	New Zealand	383.39
	Brunei	.00	Brunei	.00
	Vietnam	.00	Vietnam	.00
New Zealand	All TPP partners	16,750.84	All TPP partners	17,818.95
	Australia	7,316.01	Australia	5,188.11
	United States	3,889.34	United States	4,932.88
	Japan	2,458.50	Japan	2,830.47
	Singapore	838.23	Malaysia	1,831.63
	Malaysia	810.75	Singapore	1,543.03
	Canada	478.11	Brunei	313.86
	Vietnam	454.50	Canada	432.95
	Mexico	236.39	Vietnam	408.97
	Chile	121.48	Mexico	204.87
	Peru	142.17	Chile	92.30
	Brunei	5.36	Peru	39.88
Peru	All TPP partners	12,803.08	All TPP partners	16,297.60
	United States	6,147.41	United States	9,759.92
	Canada	2,496.65	Mexico	2,143.02
	Japan	1,579.46	Japan	1,222.09
	Chile	1,521.73	Chile	1,409.94
	Mexico	733.88	Canada	939.56
	Australia	127.17	Malaysia	185.93
	Malaysia	21.84	Vietnam	291.56
	Vietnam	104.33	Australia	145.46
	New Zealand	30.30	New Zealand	141.88
	Singapore	40.30	Singapore	58.22
	Brunei	.00	Brunei	.00
Singapore	All TPP partners	124,740.07	All TPP partners	110,162.97

Country	Exports to	Value	Imports from	Value
	Malaysia	49,040.58	Malaysia	39,041.22
	United States	24,247.30	United States	37,876.24
	Japan	16,753.18	Japan	20,105.67
	Australia	15,502.47	Australia	4,681.27
	Vietnam	12,991.30	Vietnam	3,196.96
	Brunei	1,896.68	Mexico	2,824.83
	New Zealand	2,232.52	Canada	1,178.28
	Canada	976.49	New Zealand	888.22
	Mexico	1,001.41	Chile	94.76
	Chile	55.55	Brunei	231.50
	Peru	42.59	Peru	44.03
United States	All TPP partners	726,989.04	All TPP partners	881,905.62
	Canada	312,125.21	Canada	346,062.58
	Mexico	240,326.18	Mexico	294,157.48
	Japan	66,964.12	Japan	133,938.72
	Singapore	30,531.58	Malaysia	30,447.88
	Australia	26,668.92	Vietnam	30,583.56
	Chile	16,630.49	Singapore	16,463.49
	Malaysia	13,136.48	Chile	9,491.03
	Peru	10,070.20	Australia	10,669.97
	Vietnam	5,724.89	Peru	6,079.33
	New Zealand	4,260.76	New Zealand	3,979.59
	Brunei	550.20	Brunei	32.01

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

Notes: 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.

Author Contact Information

(name redacted)
Analyst in International Trade and Finance
[redacted]@crs.loc.gov , 7-....

Acknowledgments

The author would like to thank Amber Wilhelm for assistance with the graphics in this report and Gabriel Nelson for research assistance.