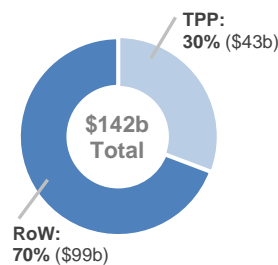


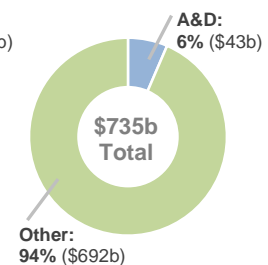
The Trans-Pacific Partnership¹ (TPP), a trade agreement between twelve countries in the Asia-Pacific region, represents the largest and fastest growing trade market for U.S. manufacturers of aerospace and defense (A&D) systems. Over the past decade, TPP countries experienced significant economic growth, which resulted in record demand for passenger travel and fueled increased military spending in response to tensions with China and North Korea. As a result, demand for U.S. exports, including commercial aircraft and military systems, grew considerably as did U.S. imports of many A&D-related component parts and raw materials. Collectively this trade activity serves as a major pillar of the U.S. A&D industrial base and is expected to grow as TPP countries continue to invest in new equipment and capabilities up and down the A&D supply chain.

In 2015, U.S. exports of A&D manufactured goods to TPP countries totaled \$43 billion, or 30 percent of U.S. A&D exports worldwide (\$142 billion), and six percent of total U.S. exports to the region (\$735 billion). TPP countries also represent the fastest growing geographic market for A&D, with exports enjoying a five-year compound annual growth rate (CAGR) of 9.1 percent, compared to 8.1 percent for non-TPP countries. As a result, A&D exports to the region consistently outpaced imports, which resulted in a positive A&D trade balance with the region of \$19 billion in 2015.

**U.S. A&D EXPORTS:
GLOBAL (2015)**



**TOTAL U.S. EXPORTS:
TPP COUNTRIES**



A&D TRADE BY MARKET SEGMENT (2015)

EXPORTS	Millions	% Total	IMPORTS	Millions	% Total
Civil Aerospace	\$ 36,472	85	Civil Aerospace	\$ 22,595	94
Military Aerospace	5,287	12	Military Aerospace	978	4
Military Non-Aerospace	1,394	3	Military Non-Aerospace	518	2
TOTAL	\$ 43,153	100	TOTAL	\$ 24,091	100

A&D TRADE BY TPP COUNTRY (2015)

EXPORTS	Millions	% Total	IMPORTS	Millions	% Total
Canada	\$ 8,235	19.1	Canada	\$ 11,639	48.0
Japan	7,756	18.0	Japan	6,985	28.8
Singapore	6,026	14.0	Mexico	2,448	10.1
South Korea	5,145	11.9	Singapore	1,288	5.3
Mexico	4,941	11.4	South Korea	967	4.0
Australia	3,225	7.5	Australia	521	2.1
Chile	2,983	6.9	Malaysia	194	0.8
Thailand	1,701	3.9	Thailand	82	0.3
Malaysia	1,015	2.4	Vietnam	80	0.3
New Zealand	1,001	2.3	New Zealand	53	0.2
Vietnam	954	2.2	Peru	6	0.0
Peru	135	0.3	Chile	1	0.0
Brunei	38	0.1	Brunei	<1	0.0

¹As of April 2016, TPP signatories include Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, United States and Vietnam. South Korea and Thailand are not presently signatories to the TPP but are included in this analysis.
Source: Aerospace Industries Association, based on data from the U.S. Department of Commerce, 2016.
Note(s): Trade classifications based on the U.S. Harmonized Tariff Schedule.