



# The Trans-Pacific Partnership (TPP) Negotiations

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# Trans–Pacific Partnership (TPP) Agreement

- ▶ Eleven countries, three continents, diverse levels of economic development
  - Australia, Brunei, Canada, Chile, Malaysia, Mexico, New Zealand, Peru, Singapore, United States, Vietnam
- ▶ Add in Japan—probably by July = 12 members
- ▶ “High quality, 21<sup>st</sup> century” agreement
- ▶ Accession clause
  - Open to new members, especially from APEC
- ▶ Sixteenth formal round in Singapore in March 2013, talks started in March 2010

# 21<sup>st</sup> Century, High Quality Means

- ▶ Substantial scope
  - Including “behind the border” measures
- ▶ Depth
  - Limited sensitivities
- ▶ Shared set of norms and commitments
- ▶ Beyond bilateral arrangements
  - Address noodle bowl problems of overlapping PTAs
- ▶ Attractive to developed and developing country members
- ▶ Note: 21<sup>st</sup> century, high quality has not been defined by government negotiators

# TPP: Dense Links Already

	Australia	Brunei	Canada	Chile	Malaysia	Mexico	New Zealand	Peru	Singapore	United States	Vietnam
Australia		• AANZFTA (2010)		• ACiFTA (2009)	• AANZFTA (2010)		• ANZCERTA (1983) • AANZFTA (2010)		• SAFTA (2003) • AANZFTA (2010)	• AUSFTA (2005)	• AANZFTA (2010)
Brunei	• AANZFTA (2010)			• P4 (2006)	• AFTA (1993) • AANZFTA (2010)		• P4 (2006) • AANZFTA (2010)		• AFTA (1993) • P4 (2006)		• AFTA (1993) • AANZFTA (2010)
Canada				• Canada-Chile (1997)		• NAFTA (1994)		• Canada-Peru (2009)		• NAFTA (1994)	
Chile	• ACiFTA (2009)	• P4 (2006)	• Canada-Chile (1997)		• MCFTA (2012)	• Chile-Mexico (1998)	• P4 (2006)	• Peru-Chile (2009)	• P4 (2006)	• US-Chile (2004)	
Malaysia	• AANZFTA (2010)	• AFTA (1993) • AANZFTA (2010)		• MCFTA (2012)			• MNZFTA (2010) • AANZFTA (2010)		• AFTA (1993) • AANZFTA (2010)		• AFTA (1993) • AANZFTA (2010)
Mexico			• NAFTA (1994)	• Chile-Mexico (1998)						NAFTA (1994)	
New Zealand	• ANZCERTA (1983) • AANZFTA (2010)	• P4 (2006) • AANZFTA (2010)		• P4 (2006)	• MNZFTA (2010) • AANZFTA (2010)			• ANZSCEP (2001) • P4 (2006) • AANZFTA (2010)			• AANZFTA (2010)
Peru			• Canada-Peru (2009)	• Peru-Chile (2009)				• PeSFTA (2009)		• PTPA (2009)	
Singapore	• SAFTA (2003) • AANZFTA (2010)	• AFTA (1993) • P4 (2006)		• P4 (2006)	• AFTA (1993) • AANZFTA (2010)		• ANZSCEP (2001) • P4 (2006) • AANZFTA (2010)	• PeSFTA (2009)		• USSFTA (2004)	• AFTA (1993) • AANZFTA (2010)
United States	• AUSFTA (2005)		• NAFTA (1994)	• US - Chile (2004)		• NAFTA (1994)		• PTPA (2009)	• USSFTA (2004)		
Vietnam	• AANZFTA (2010)	• AFTA (1993) • AANZFTA (2010)			• AFTA (1993) • AANZFTA (2010)		• AANZFTA (2010)		• AFTA (1993) • AANZFTA (2010)		

# 21<sup>st</sup> Century TPP *Could* Have Meant (and May Still Mean)...

- ▶ For market access in goods
  - No exclusions, including sensitive products in agriculture
  - No special provisions for textiles
  - Phase out of quantitative restrictions?
- ▶ Liberal Rules of Origin criteria
- ▶ In services
  - Liberalize on basis of negative list
  - Modest sensitivities allowed
- ▶ New topics, new ideas brought to table

# TPP Negotiating Topics Include

Market Access–Goods	State–Owned Enterprises	Agriculture
Textiles	Technical Barriers to Trade	Rules of Origin
Sanitary, Phytosanitary Measures	Customs Cooperation	Investment
Services	Financial Services	Telecommunications
E–Commerce	Business Mobility	Government Procurement
Competition	Intellectual Property	Labor
Environment	Capacity Building	Trade Remedies

# Horizontal Basket

- ▶ TPP members committed to including “new” issues—21<sup>st</sup> century topics
- ▶ Several topics lumped into horizontal basket
  - Small and medium enterprise (SME) support
  - Regulatory coherence
  - Competitiveness
  - Supply chain management
  - Development
- ▶ As negotiations continue, innovative features increasingly watered down

# Problem Areas Still Unresolved

- ▶ Market access still challenging
  - Especially sugar, dairy, textiles, tobacco, (rice)
  - Rules of origin and quantitative restrictions
- ▶ Intellectual property rights arguments ongoing—TPP goes far beyond WTO rules
- ▶ State owned enterprises
- ▶ Government procurement chapter depth
- ▶ Labor and environment concerns
- ▶ Dispute settlement applies to? Nearly entire thing, but: Labor? Environment? Standards?

# Timelines, Next Steps

- ▶ Latest deadline announced: End of 2013
- ▶ Entry of Japan upends entire schedule
- ▶ Officially, only 2 rounds (May and Sept) scheduled for 2013 (new round for July?)
- ▶ Political level decisions needed?
- ▶ Trade Promotion Authority (TPA) in United States still problematic
- ▶ Accession procedures into TPP in future?
- ▶ Status as a “living” agreement

# TPP Impacts Non-Members Too

- ▶ TPP aims to make seamless production base for global value chains
  - If done right, firms will locate in TPP members over non-members (trade diversion effects)
- ▶ New research shows even small tariffs can be very damaging to value chains
- ▶ But behind-the-border harmonization has bigger payoffs
- ▶ TPP experiences will affect members in other settings—translate knowledge, rules and standards into different FTAs?