

Committee: ECOFIN

Question of: Trans-Pacific Partnership Agreement

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Introduction:

The Trans-Pacific Partnership agreement is a global trade agreement which was negotiated by ministers of the 12 Trans-Pacific Partnership (TPP) countries – Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, United States, and Vietnam.

Collectively, the 12 countries bordering the Pacific Ocean represent around 40% of world output and so this deal would be significant for not only the involved member states, but the global economy. The aim of the agreement was to strengthen the economic relationships between the countries – reducing tariffs and increasing the amount that they traded with one another. In addition to this, the agreement was an attempt to create a closer relationship in terms of economic policies and regulation. As well as aiming to promote trade across the Pacific, the trade deal also is also an attempt to counter the economic force of China. All twelve involved states are required to ratify the agreement in order for it to come into effect however the only country to have already ratified it is Japan. Most of the negotiations had involved Obama's administration however upon President Trump's election in the US, the deal was formally abandoned by the US. Following this, it appeared as if the agreement may never have been ratified but as of early November 2017, the deal began to be resurrected with further negotiations taking place - but instead of containing 12 members as originally negotiated, it contains just 11.



The Issue:

Key Features of the Agreement:

One key feature of the Trans-Pacific Partnership Agreement is that it is said to provide comprehensive market access for member countries. This is because the elimination/reduction in both tariff barriers and non-tariff barriers allows greater market access for both firms and consumers as there is nothing to discourage firms from importing or to discourage consumers from purchasing imports.

The agreement also claims to offer a regional approach to commitments through allowing the development of efficient production and supply chains. According to the Australian government, that of one of the involved member states, the agreement will increase employment and so raise living standards through these more efficient production and supply chains and will also facilitate integration across borders within the Pacific.

It also has been negotiated with the intention of tackling challenges in international trade such as competition, innovation and productivity, through addressing the digital economy and the development taking place within it

In addition to this, the trade agreement involves ensuring inclusive trade on both national levels, in terms of development, as well as regarding the size of businesses. It includes increasing the supply-side of economies (through increasing their trade infrastructure) and so aids in development, as well as ensuring that all businesses – from small to medium to large – understand how they can access the benefits of the deal.

The deal is intended to be a platform which will encourage further regional integration across the Asia-Pacific region.

Reasons for opposition to the Trans-Pacific Partnership Agreement:

One reason why the agreement has faced opposition – specifically in the US - is due to the possibility of it causing unemployment. This may occur as the deal would make it even easier for countries to operate multinationally. Therefore, for example, US firms which previously had all levels of production in the US may find that they can source one stage of production from a country within the agreement and so would no longer employ the US workers, but workers in another country. Similarly, this could be applied to the sourcing of resources – firms may choose to obtain their raw materials or semi-processed goods from a country within the Trans-Pacific Partnership rather than purchasing it domestically. This would not only affect unemployment levels but could also further the trade deficit of a member states. This has led to some citizens and governments believing that the Trans-Pacific Partnership agreement would favour large corporations, but would do little for international development or economic growth within countries.

Not only are citizens and organisations questioning the potential for economic success of the Trans-Pacific Partnership agreement, many are concerned about the lack of human rights incorporated within the agreement and so the possibility of human rights violations as a result of the document. The Human Rights Watch has raised serious concerns surrounding labour rights, intellectual property, the right to health and free expression and privacy on the internet. In terms of labour rights, the concern lies within countries which already have poor records with regards to labour rights. This is because despite the agreement possibly having some action on the issue, it unclear to what extent it will be enforced as current labour rights provisions in Trans-Pacific Partnership countries (such as Vietnam, Malaysia and Brunei) are not fully implemented despite being a part of domestic law and existing bilateral trade agreements. The Human Rights Watch has also raised concern with the chapter on intellectual property; they believe that the provisions regarding patents may reduce the access to healthcare in poorer countries by increasing the prices of life-saving medicines. This would occur as the Trans-Pacific Partnership agreement would extent the patent monopoly for drugs, therefore prolonging the time for which only one seller can sell a drug (and so can sell it for a higher price). UN Human Rights expert, Alfred de Zayas, said that “Should the TPP ever enter into force, its compatibility with international law should be challenged before the International Court of Justice (ICJ)”, in a statement urging Trans-Pacific Partnership members not to ratify the agreement.

Key Events:

Date	Event
2006	The conclusion of negotiations and enactment of the Pacific 4 (P4) agreement – the origin of the TPP.
February 2008	President of the US, Bush, announced that the US would joining the deferred negotiations of the P4 and invited Australia, Vietnam and Peru to join.
2010	Malaysia invited to join the pact.
2010	South Korea was invited to join the TPP but declined the offer. Japan became a part of the negotiations.
December 2012	Canada and Mexico partake in TPP negotiations for the first time.

States/Organisations Involved:

The main countries involved in this question are those within the Trans-Pacific Partnership, however it is important to consider the impact that the agreement may have, if enacted, on the rest of the global economy – specifically those countries within the region which are not a part of the agreement. In addition, the agreement would aim to have an impact on more than just the participating states as it aims to be a platform for more cross-border integration within the region. Furthermore, the promotion of free trade within that region could provide disincentives for trade with nations outside of the agreement.

Previous attempts to solve the issue:

Whilst this is a relatively new and emerging issue, attempts have been made through negotiations and reviews of the agreement following Trump's withdrawal from the agreement. For example, Japan convinced 10 states to join the agreement and Canada called for the agreement to be reviewed.

Possible Solutions:

Resolutions should consider their country's policy regarding trade and specifically the Trans-Pacific Partnership Agreement if applicable and may include actions such as:

- Organising further negotiations on the terms of the agreement to appeal to those states currently unwilling to ratify the agreement,
- Consider human rights and suggest the involvement of labour rights, the right to health and online freedom of expression and privacy,
- Suggesting the addition/removal of member states from the TPP,
- Suggest the creation bilateral trade agreements as opposed to the TPP

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