

# What is TPP ?



The **Trans-Pacific Partnership (TPP)** is a secretive, multinational trade agreement that threatens to extend restrictive intellectual property (IP) laws across the globe and rewrite international rules on its enforcement.

# **What is TPP(The Trans-Pacific Partnership) and why does it matter?**

The Trans-Pacific Partnership (TPP) is one of the most ambitious free trade agreements ever attempted.

Its supporters have billed it as a pathway to unlock future growth of the countries involved in the pact.

The critics have been equally vociferous, not least because of the secrecy surrounding the negotiations of the agreement.

But despite the criticism, the countries involved have been pushing for a deal to be reached soon and they are confident that even more economies will want to join the pact in the coming years.

## **So what exactly is the TPP?**

It is a proposed free trade deal currently being negotiated between 11 countries.

These are Australia, Brunei Darussalam, Canada, Chile, Malaysia, Mexico, New Zealand, Peru, United States, Singapore and Vietnam.

The pact is aimed at deepening economic ties between these nations.

It is expected to substantially reduce tariffs, and even eliminate them in some cases, between member countries and help open up trade in goods and services.

It is also expected to boost investment flows between the countries and further boost their economic growth.

The member countries are also looking to foster a closer relationship on economic policies and regulatory issues.

### **What is the foundation of the TPP?**

The 11 nations involved are looking to build up on a trade agreement that was originally signed between Brunei Darussalam, Chile, New Zealand and Singapore.

That agreement was called the Trans-Pacific Strategic Economic Partnership, or the P4, and came into effect in 2006.

It resulted in most tariffs on goods traded between these countries being removed immediately, with an agreement to gradually phase out remaining tariffs.

They also agreed to open government procurement contracts to businesses operating in any of the four countries.

The members of the P4 also said they will co-operate on issues such as customs procedures, labour practices, intellectual property and competition policies.

# Why does TPP matter?

Well, it's all about numbers.

The 11 countries that are currently part of the negotiations are all members of the Asia-Pacific Economic Co-operation (Apec).

They have a combined population of more than 650 million people. A free trade agreement could turn this into a potential single market for many businesses.

The average per capita income in the participating countries was \$31,491 in 2011 and their combined gross domestic product (GDP) stood at more than \$20 trillion.

One cannot ignore the fact that the initiative is being led by the US, the world's biggest economy and biggest trading nation, and one that sees Asia-Pacific as key to its future growth.

Some analysts have even suggested that the US may be trying to use the TPP as a means to undermine China's growing economic might in the region.

Many believe that other members of the Apec bloc may also join the agreement in the coming years, making it an even more important pact.

In all, 21 Apec countries account for about 44% of global trade. They also make up some 40% of the world's population.

## **What is the status of the negotiations?**

There are various dates during which talks were held at different levels.

However, it is safe to say that real negotiations of an expanded treaty started only in 2010.

Since then, delegates and trade representatives have met for 16 rounds of discussion, focusing on a range of issues.



- According to the US Trade Representative's (USTR) office, at the latest round of discussions held in Singapore this month, delegates "succeeded in finding solutions" to many issues in areas such as customs, telecommunications and regulatory coherence.
- However, the USTR said that there are still challenging issues that need to be agreed on, including those related to intellectual property, competition and environment.
- But there has been an increased push, not least from the US President Barack Obama, to finalise the pact soon.
- The next round of TPP negotiations will be held in Lima, Peru, from 15 till 24 May.

# **Is there any criticism of the deal?**

Yes, there is and it is on various fronts.

Like many other free trade agreements, there are fears over the impact TPP may have on certain products and services in member countries.

Some campaign groups have raised concerns about the impact such a wide-ranging agreement may have on intellectual property laws and patent enforcement.

The fear the deal may extend the scope of patents in sectors such as medicine and prevent the distribution of generic drugs.

Meanwhile Japan, which has expressed an interest to join the negotiations, has raised concerns about the agreement impacting its agriculture sector.

But the biggest criticism has been of what the campaigners allege to be secretive negotiations.

They say that the delegates have not been forthcoming about details of the issues that they have been discussing, and what the scope of agreement in those areas is likely to be, and how it will impact trade.

Last year, a group of lawyers even sent a letter to Ron Kirk, the US Trade Representative, to express what they called "profound concern and disappointment at the lack of public participation,

transparency and open government processes in the negotiation of the intellectual property chapter of the TPP".

However, some analysts say the reason why the negotiations have not been made public is because there is no formal agreement on them as yet.

They also point out that free trade agreements generally attract a lot of criticism from campaign groups, and that in this case the delegates may be wanting to keep the discussions under wraps to avoid any pressure from such groups.

### **Who benefits from Trans-Pacific Partnership?**

A new free trade agreement that will eventually cover over 40% of global trade is being hailed as one of the most ambitious plans in the Asia-Pacific region.

Eleven Asian nations have signed up to take part in what is called the Trans-Pacific Partnership (TPP).

But what do participants and non-participants of the TPP want from the deal?

Michelle Fleury gives the view from the US, which is leading negotiations, and Lucy Williamson reports from South Korea, which has so far resisted getting involved.

### **Is Japan set to join the Trans-Pacific Partnership**

A new free trade agreement that will eventually cover over 40% of global trade is being hailed as one of the most ambitious plans in the Asia-Pacific region.

Eleven Asian nations have signed up to take part in what is called the Trans-Pacific Partnership.

Japan is the latest country to announce that it is thinking about joining those countries already at the negotiation table.

However, it is not an easy decision for the third largest economy in the world.

There has been serious opposition from farmers who argue they're livelihood will suffer.

Rupert Wingfield-Hayes reports from Tokyo.

# **Obama outlines pan-Pacific trade plan at Apec summit**

**US President Barack Obama has announced the broad outlines of a plan to create a trans-Pacific free trade zone at an annual regional summit in Hawaii.**

"I'm confident we can get this done," Mr Obama said at the Asia-Pacific Economic Co-operation (Apec) talks.

Nine Apec nations are involved in the Trans-Pacific Partnership (TPP), but China has so far not expressed interest in joining the talks.

In all, 21 Apec countries account for about 44% of global trade.

They also make up some 40% of the world's population.

Speaking in Honolulu on Saturday, Mr Obama said: "Together we can boost exports and create more goods available for our consumers, create new jobs. Compete, win in the markets of the future."

### **Iran response**

Describing the region as an engine for growth, he expressed hopes that the TPP deal could be finalised as early as next year.

The US leader also said the TPP could serve as a model for other trade pacts. He did not provide further details about the plan.

Mr Obama had separate meetings with the Chinese and Russian Presidents, on the sidelines of the Apec summit.



Mr Obama also warned the Chinese president that Americans were becoming impatient over US-China economic ties.

In his meeting with the Russian President, Dmitry Medvedev, Mr Obama discussed Afghanistan, Iran and Syria, among other subjects.

Mr Obama said they "reaffirmed our intention to work and shape a common response so we can move Iran to follow its international obligations when it comes to its nuclear programme".

## **Japan 'boldness'**

The TPP currently includes Chile, New Zealand, Brunei and Singapore - all relatively small economies - with the US, Australia, Malaysia, Vietnam and Peru negotiating to join.

And Japan, the world's third largest economy, has now said it also wants to join the discussions.

President Obama said he had been "extremely impressed with the boldness" of the Japanese Prime Minister, Yoshihiko Noda, whose decision to join free trade talks is strongly opposed by Japan's farmers.

Mr Obama spoke after holding his first substantive talks with the new Japanese Prime Minister at the Apec summit.

Mr Noda told the US president that he was beginning steps to "review Japan's beef import restrictions and expand market access for US beef", the White House said in a statement.

While not taking part in the TPP discussions, Chinese President Hu Jintao said in Honolulu that he backed a long-term goal of negotiating a free trade area in the region, which could in future include all Apec members.

Mr Hu said Beijing would focus on innovation and encourage investment overseas.

The BBC's Kim Ghattas in Washington says the US sees Asia as essential to America's future, both economically and strategically.

# **What is Trans-Pacific Partnership? How is it important to India?**

The Trans-Pacific Partnership (or the TPP as it is generally known) is a free-trade agreement being negotiated between 11 countries of the Pacific rim including Australia, Brunei Darussalam, Canada, Chile, Malaysia, Mexico, New Zealand, Peru, Singapore, the United States of America and Vietnam. Japan is the 12th country that has entered into the negotiations to join the TPP. The US administration under President Barack Obama seems to have prioritised the TPP as the economic component of its "rebalancing" to Asia strategy.

Some have suggested that the TPP would compete with existing and proposed free trade arrangements in Asia and pose a challenge to the economic unity between the ASEAN (Association of Southeast Asian Nations) states since some of them are members of the TPP and, moreover, the ASEAN itself is involved in negotiating a large trade agreement – the Regional Comprehensive Economic Partnership or the RCEP. The RCEP involves negotiations between 16 countries - the 10 members of the ASEAN and six regional partners (India, Japan, China, South Korea, Australia and New Zealand).

There is clearly an overlap in the membership of these two trade agreements. However, this does not necessarily imply that the goals of the two agreements are antagonistic. The TPP seeks to vastly reduce tariff levels among member countries and standardise policies on various issues including safeguarding intellectual property rights. The ambit of the RCEP is not quite as vast. The two can therefore be seen as different rungs on a free-trade agreement ladder. Although some American officials have stated that the US would welcome India's participation in the TPP, India has not made any official statement on the issue suggesting such a move. It may be reasonable to expect that it will take some time before India would be amenable to joining a trade agreement such as the TPP, whose scope extends well beyond other trade agreements India has partnered in.

***Thank you***

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