

Lack of compromise delays trans-Pacific trade

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When Japanese and American trade negotiators met in Washington D.C. the week before last, their bilateral discussions mattered to many other countries. The Trans-Pacific Partnership (TPP) has grown to include 12 countries that represent some 40 percent of global GDP and about one-third of all world trade.

The lack of compromise between the United States and Japan — by far the largest economies in the negotiations — impacts the whole region.

This goes beyond specific sticking points on agriculture and automobiles. Strategy and credibility are at stake.

For the U.S., President Barack Obama has made the TPP a major initiative in his "rebalance" or pivot to Asia. Beyond military presence, this is meant to be America's major economic initiative for Asia-Pacific engagement.

In Japan, "Abenomics" is attempting its "third arrow" on structural reform, but economic confidence over the past months has declined. Concluding the TPP would be a major signal of the Abe administration's commitment to reform.

For these reasons, despite the impasse last month, the U.S. and Japan must try again to settle their differences and lead the way to an agreement. With the TPP now four years along in negotiations, time is not on their side.

The failure relates to the midterm elections in America, set for Nov. 4. Even if Japanese concessions were given, many believe the Obama administration would not be able to obtain congressional "fast-track" authorization to conclude the TPP. Another window may come after the midterm elections.

But realism is also needed. The promise that the TPP should be a "gold standard" and "21st century" agreement has

haunted the negotiations. Some have taken this as an excuse to include every demand that U.S. lobbyists have had.

In addition to the unresolved bilateral issues between the U.S. and Japan, the standards demanded on labor, environment and intellectual property protection are exacting. There are also issues specific to different countries.

Vietnam's state-owned enterprises could be impacted. Malaysia is trying to retain preferences in government procurement to favor *bumiputra*, ethnic Malays. Across the Pacific, Canada has an issue with dairy products.

Yet despite this, there has been progress. While negotiations have been secretive, the majority of terms seem already to have been agreed to in principle with only smaller issues outstanding — albeit sticky and championed by sectoral interests. Strategic intent and realism should mean the parties conclude a good agreement sooner rather than hold out for the best later, or perhaps never.

By comparison the Doha Round of global trade negotiations, candidly speaking, are among the walking dead. In our troubled world, as growth prospects have moderated, nationalistic concerns have re-emerged.

Agreements that can bolster economic integration and growth are needed. But an agenda that is too heavy and ambitious will fail.

If the TPP fails to conclude as scheduled, there will be costs — chief of which would be the credibility of the U.S. and President Obama. Some will also blame Tokyo and, in toto, the U.S.-Japan alliance. Attention will then shift to alternative ways of moving ahead. The TPP, after all, is not the only effort in the region. Other proposals are at varying stages of discussion among different, partly overlapping, groups.

One is the Regional Comprehensive

Economic Partnership, which has already held five rounds of discussion. RCEP does not include the U.S. and instead centers on the Association of Southeast Asian Nations to bring together all major Asian economies — including China and India.

China is talking up the possibility of a free trade pact among members of the Asia-Pacific Economic Cooperation, which it will host in November. Additionally Beijing has offered economic integration initiatives with a significant upside, yet they're light on legalities.

One is China's pledge to help build and fund infrastructure, both bilaterally and through a new Asian Infrastructure Investment Bank now being formed.

Another is the expected upgrading of the ASEAN-China Free Trade Agreement. China is already the largest trading partner with ASEAN and expectations are that trade will grow further — to \$500 billion by 2015 and \$1 trillion by 2020. Projections also see two-way investment flows of \$150 billion within eight years.

The failure of the Japanese and Americans to compromise last month is not irretrievable. TPP negotiations are advanced and, if concluded on schedule and realistically, could set the direction for others to come on board thereafter.

American and Japanese officials must return to the negotiating table in the months ahead. When they do, they would do well to look out of the window and then at the clock. They may then be reminded that there are broader strategic imperatives at stake, and time will not stand still in a troubled world.

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- Point ① The TPP (Trans-Pacific Partnership) includes 12 countries that represent some 40% of global GDP and about 1/3 of all world trade.
- ② Lack of compromise between Japan and the U.S. causes the impasse of TPP negotiations.
- ③ Other countries could set their directions if TPP negotiations are concluded. Time will not stand.

Words

- Strategy and credibility are at stake.

戦略と信頼性が問題となっている。

「be at stake」

(1) 危険にさらされる

(2) 問題となっている

例文

Millions of lives are at stake.

- Strategic intent and realism should mean the parties conclude a good agreement sooner rather than hold out for the best later, or perhaps never.

「A rather than B」

BよりもむしろA

例文

I would rather stay at home than go with her.

- Some will also blame Tokyo and, in toto the U.S. - Japan alliance.

「in toto」
ま、た、く、あ、ら、わ、い

• bilateral (adj)
両側の、双方の

• pivot (n)
中心点、要点

• impasse (n)
行き詰まり、難局
ex. a political impasse
政治的難局

• Concessions (n)
使用権、譲歩

• congressional (adj)
米国議会の

• albeit (conj)
〜だけれども
= although
= even though

• candidly speaking (adj)
率直に言って

• bolster (v)
強化する、支持する

• pact (n)
条約、協定

• irretrievable (adj)
修復不能な