

Trade Alert

18 March 2014



TPP MINISTERIAL MEETING HELD IN SINGAPORE IN FEBRUARY 2014

The latest round of the Trans-Pacific Partnership (TPP) negotiations was held in Singapore during 22-25 February 2014 and was attended by trade Ministers and officials from the 12 TPP countries of Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, the United States, Vietnam and Singapore. The results of the negotiations during this set of meeting seems to have gone into two different directions.

On the one hand, the 12 countries expressed the urgent need to meet the deadline for finalizing the agreement within year 2014. Singapore's Prime Minister Lee Hsien Loon announced that the negotiators are "very close" to concluding the TPP this year. Similarly, Australia's trade minister, Andrew Robb, was expecting countries to show "the colour of their money" during the meeting.

On the other hand, several parties were still disagreeing on fundamental issues. There were concerns that the TPP might eventually be suspended since major economies like the U.S.A. and Japan could not mutually agree on certain issues. The U.S.A. is concerned about the automobile tariff reduction while Japan takes issue with the liberalization of trade in agricultural products particularly with regard to the 19th century safeguards on agricultural products including rice, dairy and pork, sugar and wheat.

The two contrasting views during the TPP negotiation were reported to be attributed to the following reasons. First, the text of the agreement has not been disclosed so far, leading to speculation that the way the negotiations are being conducted may be unfair. However, such secrecy is inevitable as no countries wish to disclose their negotiation position to the media. Secondly, political sensibility in each of the 12 TPP countries is a factor that slows down the TPP negotiations. These politically sensitive issues include, for example, Japanese agricultural products, the Vietnamese textile industry, New Zealand's dairy farms, the procurement policies of state-owned enterprises in Malaysia, etc.

In addition, fear that the TPP was at increased risk of being impeded grew stronger after Barack Obama appeared to be unsuccessful in persuading Congress to grant him "fast-track" authority (alternatively known as "Trade Promotion authority" or "TPA") to negotiate trade agreements before the mid-term elections in this coming November. Without the TPA, Congress may scrutinize the agreement resulting in multiple amendments to the agreement and subsequently causing reluctance among the TPP partners to close the deal.

It is apparent that to push the negotiations further, more political power should be exercised in every government to show that the deal is making progress. Each country should keep on pressuring its counterparts and demonstrate that they are making reciprocal offers.

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