



Geneva WATCH

An overview of the bilateral, plurilateral and multilateral trade negotiations

Charles Akande, Editor

TPP Agreement Passes Next Hurdle

Trade Ministers from the 12 TPP countries (Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, United States, and Vietnam) formally signed the agreement on February 4th.

In a statement released after the signing ceremony, the group said they were honoured to “formalise” such an “historic achievement for the Asia-Pacific region.”

“The signing of the agreement signals an important milestone and the beginning of the next phase for TPP,” Trade Ministers said adding that they will turn their focus to the completion of their respective domestic processes.

Different Ratification Procedures

Each country will now embark in its domestic ratification procedure with its parliament. According to observers, and based on Trade Ministers’ statement, this stage of the agreement is unlikely to be settled quickly.

The Obama administration, which continues to work toward educating various stakeholders and Members of Congress on the content of the deal, has yet to convince all lawmakers to approve the agreement. The real political work starts now for both Michael Froman (U.S. Trade Representative) and President Barack Obama. However, given the strong benefits this new agreement may bring to the U.S. economy (which Froman estimated will result in over \$130 billion of GDP growth annually, as well as \$350 billion of additional exports), the USTR remains confident that, at the end of the day, Members of Congress will have the necessary bipartisan support to approve the deal.

That being said, Froman stopped short of announcing when a congressional vote on TPP will effectively take place. According to various U.S. political experts, this vote is unlikely to come before the second half of 2016.

Given the uncertainty surrounding the U.S.’s timeline, it appears that the other 11 TPP countries will not rush into passing the agreement in their own countries during the first half of this year. Newly-appointed Canadian Trade Minister, Chrystia Freeland stressed that although the new Canadian government believes strongly in free trade, it has made a very firm commitment to consult widely on the TPP by having the parliamentary committee on trade conduct a comprehensive analysis of the agreement, followed by a full parliamentary debate ahead of the potential ratification of the deal.

New Zealand’s Trade Minister, Todd McClay, stressed that the signed agreement will be submitted to the NZ parliament on February 9th for examination. The NZ government will then use most of this year to continue educating New Zealanders about the benefits of the agreement, McClay said. The same goes for Australia as Trade and Investment Minister, Andrew Robb, expects the deal to be ratified during the second half of 2016, after the Australian government holds public hearings following the presentation of the deal to parliament the week of February 8th.

Mexican Economy Secretary, Ildefonso Guajardo, also expects a parliamentary vote before the end of the year. Chilean Foreign Minister, Hernando Muñoz, anticipates a ratification to occur this year as well, after a “great democratic debate”. Vietnam’s Trade Minister, Vu Huy Hoang, expects the completion of ratification process to take less than two years.

Peru's Trade Minister, Magali Silva, said the discussion with members of parliament may take some time, given the misinformation on the TPP, but has no doubt the agreement will generate great support.

Singapore's Minister of Trade and Industry, Lim Hng Kiang, expects some law amendments to be undertaken to allow members of parliament to ratify the deal as does the Malaysian Trade Minister, Mustapa Mohamed. Mohamed also acknowledged that the TPP deal is very controversial in his country, and although the agreement got a very strong parliamentary support, there are still some challenges to overcome in the upcoming months.

Of all 12 TPP Members, Japan seems to be the only one eager to ratify the deal in the first half of this year. Japanese Senior Vice-Minister of the Cabinet Office, Shuichi Takatori, said the deal will be presented to Diet Members as soon as possible. Prime Minister Abe's government hopes to get the TPP ratified before June, prior to the conclusion of the current Diet session.

What About China?

Ministers also briefly addressed how they intend to deal with additional countries that have expressed interests in joining the TPP.

"We recognise the interest shown by a number of other economies throughout the region. This interest

affirms our shared objective, through the TPP, of creating a platform that promotes high-standards for broader economic integration in the future," the Ministers said.

Thailand and South Korea were among a number of Asian countries showing interest in entering the negotiations before they are completed. At the time, TPP chief negotiators claimed that the agreement was not closed and that it would be eventually extended to other APEC economies, including China, once it is completed.

At the February 4th signing ceremony, the Australian minister, Robb reminded those present that his country is also involved in another prominent trade negotiation in the region – the Regional Comprehensive Economic Partnership (RCEP) – which also includes China and six other TPP members (Brunei, Japan, Malaysia, New Zealand, Singapore, and Vietnam)¹.

The RCEP negotiations, which were once described as an alternative to the TPP, are also expected to conclude this year. Bringing the two regional trade agreements together would create a great foundation for trade rules in the region, Robb said. Malaysia's Trade Minister Mustapa Mohamed believes, for his part, that the TPP will help create the momentum for bigger trade deals in the region, reminding that several TPP members already have strong economic ties with China.

¹ RCEP brings together the Association of Southeast Asian Nations (ASEAN – Brunei, Myanmar, Cambodia, Indonesia, Laos, Malaysia, the Philippines, Singapore, Thailand and Vietnam) and the six states with which ASEAN has existing FTAs (Australia, China, India, Japan, South Korea, and New Zealand).

Geneva Watch is published by Dairy Farmers of Canada, Chicken Farmers of Canada, Egg Farmers of Canada, Turkey Farmers of Canada and Canadian Hatching Egg Producers to report on the various events occurring in Geneva, particularly on the WTO negotiations on agriculture.

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