



Geneva WATCH

An overview of the bilateral, plurilateral and multilateral trade negotiations

Charles Akande, Editor

U.S. Drafting TPP Implementation Bill

The Obama administration is currently working on a draft Trans-Pacific Partnership (TPP) implementation bill that will be presented to Congress for lawmakers to consider the agreement.

U.S. Trade Representative (USTR), Michael Froman, stressed on June 20th that his office is currently working with congressional leaders “to chart that pathway forward, laying the groundwork and the preparatory work, drafting the bills (...) the reports that need to get done” so when the window of opportunity opens, the USTR will be ready to walk through it.

“We are one vote away from either cementing our leadership in the Asia-Pacific region or ceding it to others,” Froman stressed on June 21st. He said delaying the passage of the TPP would severely weaken the U.S. leadership, which in turn would have widespread strategic implications.

Chief among those strategic implications is the probability that China steps in to fill the void left by the TPP by imposing its own regional trade agreement – the Regional Comprehensive Economic Partnership (RCEP) – involving 16 countries including Australia, Japan, India, and New Zealand. The group led by China aims to conclude their negotiations this year.

“As we speak, China is racing ahead to complete RCEP (...). Unlike TPP, it doesn’t protect worker rights or enhance environmental standards. It doesn’t have strong intellectual property rights enforcement. It doesn’t put disciplines on state-owned enterprises or ensure a free and open Internet,” Froman said of the Chinese-led regional trade agreement.

“As Prime Minister Lee of Singapore has put it, ‘if you are not prepared to deal when it comes to cars and services and agriculture, can we depend on you when it comes to security and military arrangements?’” the USTR added as a warning of the negative effects a failure to pass the TPP would have on U.S. strategic partnerships in the South East-Asian region.

“We can pass TPP or be remembered as the generation that imposed a self-inflicted wound on American influence and American leadership around the world. And that doesn’t strike me as a difficult choice,” the USTR said.

The good news, he continued, is that Members of Congress are aware of the costs of not ratifying the TPP this year. The costs of delay are high and are already being felt in some areas where the U.S. is already losing market share in priority products eroded by other countries that already have preferential access to key markets.

This is the case of beef exported to Japan which the U.S. National Cattlemen’s Beef Association estimated as an equivalent market share loss of \$122 million annually to Australia.

“The Peterson Institute has estimated a one-year delay in putting TPP into effect would impose a \$94 billion cost on the U.S. economy. That equates to about a \$700 tax on every American household,” Froman declared.

Brexit

Froman also addressed the aftermath of the UK vote to leave the European Union, saying that the USTR is evaluating the effect of the so-called “Brexit” on the Transatlantic Trade and Investment Partnership (TTIP) negotiations.

Britain's exit could have major repercussions on trade deals signed or currently being negotiated by the EU, trade observers say, whether that be at the WTO, TTIP, or CETA.

"The economic and strategic rationale for TTIP remains strong," Froman stated following the June 23rd vote. "We've made a lot of progress on the

agreement during the last eight months, and our goal remains to continue working with the EU to conclude an ambitious, comprehensive, and high standard agreement this year," he declared.

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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