



TPP too tough for Groser's talent

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Nothing substantial will happen with TPP until Japan and the US strike a deal, writes Jane Kelsey.

Trade Minister Tim Groser promised to use his creativity, born of years working in the bear-pit of commercial negotiations, to help his ministerial colleagues finalise a deal in the 12-country Trans-Pacific Partnership Agreement (TPP) this week in Singapore. Sometimes the chasm is too great even for such talent.

Ten days of meetings confirmed the stark truth: After four years of talks, the TPP is hostage to deadlock between its two super-powers, the United States and Japan, and drowning under its over-ambitious agenda.

The ministerial meeting concluded with an anodyne statement that claimed further progress had been made and the parties remained committed to a comprehensive, high-standard free trade and investment treaty. They have said much the same for the past four years.

Nothing substantial can happen until the US and Japan strike a deal over the traditional trade areas of agriculture and goods. Weeks of shuttle diplomacy between Tokyo and Washington before the ministerial failed. There was no further progress when they met in Singapore.

If the two big players reached a deal on market access for agriculture and automobiles the dominoes might fall very quickly. But a continued standoff could see the negotiations drag on interminably, until they agreed to put the talks on ice.

Alternatively, one of them could walk away or somehow be excluded. The US has publicly floated the idea of concluding a TPP without Japan because it was not offering comprehensive liberalisation. It is hard to see how that could happen without Japan's consent.

The US is also being hypocritical. The director of the Centre for Trade Policy Studies at the Right-wing Cato Institute tweeted that, given the US logic about closed markets, it would make more sense that the US should sit out the TPP.

The US approach is inflammatory. President Barack Obama has already snubbed Japan by cutting back his planned visit to Tokyo in April to include South Korea on his schedule. Any strategy to embarrass Japan and push it into a corner could well backfire, given the strong domestic opposition in Japan to the TPPA.

What does this mean for the Government's assurance that this deal will have major benefits for New Zealand?

Before Japan joined the talks it was hard to claim there were any real economic benefits. The 11 countries already had a web of free trade and investment agreements. No one really expected the US to throw open its agriculture markets, but it would require countries to agree to extensive rules designed for, and in consultation with, Hollywood, Big Pharma, and Wall Street.

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Japan's joining the talks attracted huge fanfare. At last, the TPP could offer genuine new access to markets. The US might even become more flexible if its agri-businesses could export to Japan.

Instead, as I predicted at the time, Japan's participation has complicated the negotiations.

Even if the US and Japan agree, there is no guarantee their outcome will benefit New Zealand. Any bilateral deal will be tailored to their mutual needs and sensitivities. If they extend that across the 12 parties, the content is likely to have little, if any value to New Zealand. If the deal remains bilateral, which seems more likely, New Zealand will have no effective leverage to get a better outcome from either country.

And even if agriculture can be settled, there are still outstanding issues in intellectual property on medicines and the Internet, investment and state-owned enterprises. We have a lot to lose in all of them.

New Zealanders can justifiably ask why Bill English and John Key suggest we should bend over backwards to help the US cement this deal.

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