

TPP negotiations delay worries grow

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The US government is pushing to conclude a sweeping free-trade deal in the Asia-Pacific by the end of the year, but policies in Washington could delay negotiations well into the next year.

The US is one of 12 countries negotiating the Trans-Pacific Partnership (TPP). Leaders of the countries, which also include Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore and Vietnam, released a joint statement last week that they were close to concluding a deal after more than 20 rounds of talks.

President Barack Obama did not attend a meeting of Asia-Pacific leaders in Bali, Indonesia, staying home because of the government shutdown.

While there were already doubts about finishing before the end of 2013, the US's insistence on the potential inclusion of a provision on exchange rate manipulation could add a major wrinkle in the negotiations.

Simon Lester, a trade policy analyst at the Washington-based Cato Institute, said there were a number of "difficult, substantial issues that governments have not agreed on, so getting this done by the end of the year does not seem likely".

The toughest issues are those that are always difficult in trade negotiations, including intellectual property rights, environment and labour.

The TPP also has controversial chapters on investor-state disputes and state-owned companies that have divided countries. Meanwhile both Democrats and Republicans in Congress have called for the inclusion of an exchange rate manipulation clause.

Peruvian Economy and Finance Minister Luis Miguel Castilla said he did not believe the US would table this kind of provision, even if there were support for it in Congress and business lobbying groups.

"We all have issues that we would like to include, but the commitment from the United States is to finish by the end of the year so I think new provisions are unlikely," he said.

Peru, Chile and Mexico, the three Latin American countries in TPP talks, are strong supporters of the US position. The three are also founding members of the Pacific Alliance, a free-trade area in the region that also includes Colombia.

Mexican President Enrique Pena Nieto, representing the Latin American bloc, said the “objective is to finish an agreement this year. It is the goal we have set,” he said before leaving the Bali summit earlier this month.

Trade leaders from the TPP countries plan to hold a high-level meeting in early December on the sidelines of the World Trade Organization (WTO) summit in Indonesia.

Signing a TPP agreement before the end of the year would be symbolically important, but it would not imply implementation of the agreement any time soon. US Congress, as well as the legislatures in most of the other countries, would need to approve a treaty for the TPP.

The difference with the US is that Congress would have option to modify the deal, because the Obama administration lacks “fast-track” legislation that only allows lawmakers to vote yes or no on a trade agreement. Fast track expired during the previous government and the Obama administration has not requested approval of it from Congress.