



## US Promotes Pacific Trade Pact

Scott Stearns September 11, 2012

VLADIVOSTOK — The United States is working on a broad, new trade deal as part of its pivot to Asia. U.S. Secretary of State Hillary Clinton promoted the Trans-Pacific Partnership at the Asia Pacific Economic Cooperation forum in Russia.

The Trans-Pacific Partnership aims to bring together Australia, Brunei, Chile, Malaysia, New Zealand, Peru, Singapore, Vietnam, and the United States to promote innovation and investment. Secretary Clinton says that is good for business.

"The private sector needs to stand up for the system that will allow you to thrive over the long run. That means pushing governments to support high-standard trade agreements like the Trans-Pacific Partnership, to drop harmful protectionist policies," said Clinton.

The partnership will require members to agree to third-country tribunals to decide whether investment obligations have been met. Analyst Dan Ikenson from Cato Institute in Washington says the breadth of the trade deal is slowing its completion. "What is making it difficult, and at the same time perhaps makes it worth pursuing, is that it really seeks to integrate the economies beyond just dropping tariffs and eliminating quotas and subsidies," he stated.

Secretary Clinton told business leaders at the APEC summit in Russia that protectionism may provide short-term benefits to domestic companies, but it disrupts supply chains and scares off investors. "We know there remain significant discriminatory procurement rules and local content requirements," she said. "So-called 'toll booths' that force unfair terms on foreign companies just to enter or expand in a market."

Analyst Dan Ikenson says the scale of this deal makes it more profitable to investors than country-by-country accords. "There are so many rules in place, bilateral rules that make it very difficult for companies to realize efficiencies when they export or

when they import," he added.

Noticeably absent from the Trans-Pacific Partnership is China. Ikenson believes that is part of the security and economic strategy of Washington's Asia pivot. "China is not happy with the TPP because it feels that it is being targeted, that it is being isolated by it. I frankly don't blame them," he said. "I think that is the proper way to interpret the rhetoric."

Secretary Clinton says the United States welcomes a prosperous China that provides opportunities to its people because that helps the global economy. She says the Trans-Pacific Partnership will raise the bar for competition in a way that benefits all Asian economies, whether or not they are partners in the trade deal.