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## Trade talks over Pacific Rim deal appear headed to a third day

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Top trade officials from the U.S. and 11 other Pacific Rim countries are headed for an extended day of talks Friday, a sign that negotiators may be nearing a final agreement on the controversial Trans-Pacific Partnership deal.

U.S. Trade Representative Michael Froman and his counterparts representing countries that include Japan, Canada, Mexico and Australia, began meetings Wednesday in Atlanta in the hopes that they could work out sharp differences over dairy, drugs and autos in order to clinch a deal on the elusive trade accord.

There were no official updates on the progress of the talks, but people monitoring the negotiations in a downtown hotel said Thursday the meetings were likely to stretch into a third day. Some said the talks were extended until Saturday.

"No known breakthroughs, but there is reason for optimism still," said Alan Wolff, a senior counsel at Dentons law firm in Washington, D.C.

Speaking from Atlanta, Wolff, the former U.S. deputy trade representative in the Carter administration, said he saw a good chance the parties would reach consensus this week. The last round of negotiations, in Maui about two months ago, was a major disappointment. Some were surprised that the issue over where auto parts are made would be such a sticking point. Wolff said there were "no hidden issues" this time and that the trade ministers arrived in Atlanta with strong public backing from Obama and the leaders of other major economies, including Japan and Canada.

But as trade officials continued their meetings behind closed doors Thursday, there were rising waves of protests outside the hotel and in the streets nearby, including some from Japan. Some of the protesters wore a hospital face mask and a black T-shirt that read: "No TPP Death Sentence" -- a reference to the Trans-Pacific Partnership's provision on patent lengths for certain drugs.

Most of the Trans-Pacific Partnership countries provide five years or less to protect proprietary drug information before other firms can make generic substitutes. But the U.S. has 12 years of protection in its books, and the Obama administration has been pressing to apply a standard of at least seven or eight years to the Pacific trade deal -- something that consumer and doctor groups

say will hurt patients and also presents a concern for government leaders who are trying to manage their health expenditures.

The Trans-Pacific Partnership is a sweeping deal that would more closely link nations that combined make up 40% of the world economy. Officials have been negotiating for several years on hundreds of tariff items and 29 chapters that cover rules on labor, state-owned enterprises, e-commerce and other areas of investment and trade.

For Obama, it is the economic linchpin of his strategy to reorient American foreign policy toward Asia-Pacific in the face of China's rising power. The president has staked his legacy on securing the agreement, even as his bid has been met by vehement opposition from lawmakers in his own party as well as from organized labor and various consumer and civic groups.

Earlier in the summer Obama won just enough support from lawmakers for fast-track authority to expedite a completed trade agreement for a final vote in Congress. But even if a deal is announced this week, analysts say Congress probably wouldn't vote on it until early next spring because of various requirements, including a time for public review and the publication of an economic impact study.

Whether Obama can push a final trade package through Congress will depend on the substance of the deal, of which only portions of working texts have been leaked to the public. Lawmakers and many others have criticized the lack of transparency, and coalitions of unions and other groups opposing the Asia-Pacific trade deal are girding up for a huge fight should a final accord be reached.

In a letter Wednesday, four senior lawmakers from both parties cautioned Froman against rushing to complete a deal.

A repeat of the Maui results in Atlanta wouldn't doom the deal; trade ministers will most likely try again in November during an Asia-Pacific summit. But some have warned that failure to reach consensus in Atlanta could cause a stall in the long-running efforts to complete the pact.

"Every time you get this close and it falls apart, you run the risk that this is the last chance," said Bill Watson, a trade policy analyst at the Cato Institute.

Negotiators are likely to face a tougher political and economic climate in the days ahead. Canada's national election later this month, for example, could make it even harder for Ottawa to compromise in opening up its sensitive dairy industry, which has been a key sticking point.

With elections looming, Canada's ruling Conservative Party has been reluctant to make concessions in the way that it restricts imports of milk and other dairy products. New Zealand, a major dairy exporter, has insisted that the U.S. open up to more imports, which American farmers and politicians say they can do only if Canada and to a lesser extent Japan take steps to liberalize their markets to offset the U.S. losses.

"Clearly, if the [ruling Stephen] Harper administration won't be confirmed, it is difficult to foresee what level of support, if at all, the winning party or coalition will provide to TPP," or the Trans-Pacific Partnership, said Domenico Lombardi, director of the global economy program at the Center for International Governance Innovation in Waterloo, Canada.

Further delays will also push any final agreement closer to elections next year in the U.S. and Japan, which could create more political complications. Donald J. Trump, the Republican front-runner, has railed against the pending Pacific accord, while the leading Democratic candidate, Hillary Rodham Clinton, will find it hard to endorse a deal that many in her own party have criticized as bad for workers.

Since the talks in Maui, the global economic outlook has darkened, which won't help either. Deepening worries about China's slowdown have cast a pall especially in export-dependent economies, including Australia, Chile and Mexico, which are among the dozen Trans-Pacific Partnership members.

William Reinsch, president of the National Foreign Trade Council, a pro-trade group representing scores of multinational corporations, said the dimmed global economy could be a factor.

"Certainly in this country, difficult economic conditions bring out protectionist attitudes," he said. "They look inward and get insecure about jobs -- and they don't want change."

People following the talks in Atlanta gave varying views on which of the three issues were the most nettlesome. Some said that differences on the so-called automotive rules of origin may be easier to resolve. The issue has divided principally Japan and Mexico, and has to do with what percentage of a car's value has to be made in that country or another Trans-Pacific Partnership nation for that vehicle to qualify for tariff-free trade.

Japan has pressed for a lower threshold as its automakers use parts and materials from Thailand and other Asian countries that are not part of the Trans-Pacific Partnership, but Mexico fears that could hurt one of its most important industries and many workers.