

# POLITICO

## The start of a free-trade wave

By Daniel Ikenson  
November 17, 2014

If the final TPP agreement lives up to its advertised level of ambition, the pact will deliver new and better products and services, lower prices, lower production costs, more innovation and improved access to hundreds of millions of consumers and businesses on four continents. But the TPP's spillover effects could be even more consequential. A TPP agreement will spark a fresh wave of global trade liberalization, as governments adjust policies to keep pace and seek to prevent an erosion of their countries' relative advantages in the competition for investment, supply chain participation and access to export markets. In fact, this dynamic is already in evidence.

It is not a coincidence that, after years of foot dragging, the Chinese government suddenly agreed last week to move forward with the World Trade Organization's revised Information Technology Agreement—just as the TPP endgame is starting to be discussed. Nor is it a coincidence that India, after blocking implementation of the WTO's Trade Facilitation Agreement for six months, reversed course that same week. The reality of being excluded, for now, from the world's largest trade agreement in nearly 20 years has helped China and India to rediscover the value of the WTO as a negotiating venue. Meanwhile, the other mega-regional negotiation, the Transatlantic Trade and Investment Partnership, owes its genesis to the TPP, as it was initiated in no small part to assuage concerns across the Atlantic that the U.S. "pivot" to Asia would come at the expense of Europe.

Ultimately, the TPP should evolve to include India, China, and other APEC and regional countries. Pairing that with an eventual TTIP agreement and bringing it all under the aegis of the WTO would be the perfect outcome. If it comes to pass, that would be the TPP's hallmark achievement.

*Daniel Ikenson is director of the Cato Institute's Herbert A. Stiefel Center for Trade Policy Studies.*