

W&S Plastics News

Trans-Pacific Partnership - Comments

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The Trans-Pacific Trade Agreement: What it is and why does it Matter?

The United States Presidential Election has brought the Trans-Pacific Trade Agreement to the attention of America. President elect Donald Trump has announced repeatedly that he opposes it and has said that he stop it at the first opportunity upon becoming President.

W&S Plastics is an Australian based company. We thought it would be good to take a look at the TPP and what it means to Americans and to the trade between our two countries that have been such close friends and allies as far back as anyone can remember.

The Trans-Pacific Trade Agreement (TPP) is one of the world's most extensive trade agreements bringing together 12 Pacific Rim countries, including the U.S. and Australia. The TPP negotiations are undertaken by Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, Peru, New Zealand, Singapore, the United States and Vietnam. These 12 countries have a population of about 800 million - almost double that of the European single market. The 12 nation bloc is responsible for 40% of world trade.



The pact aims to deepen economic ties between these nations, slashing tariffs and fostering trade to boost growth. The underlying shared goals for all participating member countries include enhancing and

strengthening regional and global competitiveness, supporting the creation of jobs and new economic opportunities, promoting economic growth and development, supporting innovation and helping to alleviate poverty. Member countries are also hoping to foster a closer relationship on economic policies and regulations.



To take effect the deal has to be ratified by February 2018 by at least six countries that account for at least 85% of the group's economic output - this means that Japan and the U.S. will have to be on board.

The Economic Benefits to the United States The Asia-Pacific region is of crucial importance to the U.S. It's the fastest growing region in the world and a key driver of global economic growth. This region already accounts for 60 percent of global GDP and 50 percent of international trade. The U.S. would see a significant gain in comprehensive and preferential access across an expansive duty-free trading region. This will, in turn, allow U.S. exporters to develop and expand their participation in the value chains of the fastest growing economies of the world.

With the elimination of TPP countries' tariffs on manufactured products, U.S. products will compete on a more level playing field with goods from TPP countries' other Free Trade Agreement (FTA) partners - Including China, India and the European Union (EU).

The TPP would unlock opportunities for

American manufacturers, workers, service providers, farmers and ranchers - supporting job creation and wage growth. It could also increase the export of industrial goods, food and agriculture products, textiles, U.S. service suppliers, investments and e-commerce services.

The roll out of the TPP will lead to enhanced protection for IP rights that are critical to U.S. economic growth and American jobs. It would also accelerate the invention and creation of new products and industries across TPP countries.

The Questionable Benefits of TPP

Labor unions have lined up to oppose the TPP based on concerns over a number of issues including currency manipulation, environmental and health protection, food safety, pharmaceutical monopolies, the off-shoring of jobs, government transparency, internet privacy and weakening of local government control.



The Investor State Dispute Settlement (ISDS), included within the TPP, allows companies operating in North America, South America and Asia broad powers to challenge the regulations of sovereign nations, and their governments' rules, actions and court rulings. This would be contested before tribunals organized under the World Bank or the United Nations.

Foreign corporations could sue the Australian and U.S. governments over public health measures, environmental protection laws, higher prices for medicines and surveillance of internet usage.

The TPP would give 9,200 foreign firms the

right to circumvent U.S. courts and attack the laws we rely on for a clean environment, safe food and reliable jobs. The U.S. and Australia would stand to lose millions of manufacturing jobs.

Some might also argue that the TPP has been a not-so-secret gambit to keep China at bay, while at the same time intensify competition between countries' labor forces.

Is the Trans-Pacific Partnership Good or Bad?

The TPP is the most ambitious trade initiative ever - one that will have large ramifications for overall trade policy and the direction of the world trading system.

There are hundreds of trade agreements that have been notified through the World Trade Agreement but none has come close to the level of ambition of the TPP.

The TPP aims to create an Asia-Pacific platform for integration - trying to avoid a world of divided self-contained regions. The world actually has crisscrossing economic relations and Asia is the most dynamic region in the world. The United States has a core interest in being part and parcel of that growth.

No Exclusions

Other trade agreements in the past have been much easier to negotiate. The mantra of the Trans-Pacific Partnership has been "No Exclusions." It is unknown if this will actually be upheld at the end of the negotiations, but most likely the liberalization ratio will be incredibly high.

TPP DEBATE

what's your stance?

Finally, the Trans-Pacific Partnership stands out because of the ambitious agenda regarding the non-tariff barriers. It's well known that tariffs are 'old news'.

They have been brought down because of the successful efforts of the World Trade Organization. We are now dealing in a much more complex world where the

barriers that hinder market access are so-called non-tariff barriers. These are all kinds of regulations that are put in place to try to hamper access by foreign products or foreign companies. It's not clear that they're there to meet genuine, social public purposes or if they're there to hinder access by foreign companies and foreign products.

What does this mean to you?

Once the TPP is ratified, trade between the participating nations will become cheaper, faster and not be hampered by suffocating red tape. If you are a buyer, you will have a huge commercial population from which to source your components. If you are a seller you will have opportunities within current and emerging markets that are currently unavailable or too difficult to access.



At W&S we don't claim to be experts in the TPP or world trade issues. We seek only to provide some balanced information for others to determine their own opinions. The web, cheap airfares, decreased cost of international freight, and cultural exchange within businesses has brought an increase in world trade that is accelerating rapidly.

Progressive change shapes the future and we support the TPP negotiations

W&S Plastics has manufacturing facilities in Sydney, Australia and Johor, Malaysia.

We also have offices in Singapore and Oakland, California.

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Facts

	Population (Million)	US Trade (US\$B)
Australia	24	23
Brunei	0.423	0.133
Canada	36	280
Chile	18	15
Japan	127	62
Malaysia	28	12
Mexico	120	12
Peru	31	8
New Zealand	4	3
Singapore	5	28
United States	325	-
Vietnam	91	7

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