



IAS PARLIAMENT

Information is Empowering
A Shankar IAS Academy Initiative

TPP without the US

What is the issue?

\n\n

- \n
- The US has come out of the Trans-Pacific Partnership (TPP) after Trump's election as the President.
- \n
- The other countries in the group are now discussing on the ways to rework the deal, overcoming the initial hesitation and uncertainties.
- \n

\n\n

Why was TPP less attractive without the US?

\n\n

- \n
- The TPP seemed more like a **leaderless** grouping after the US withdrawal.
- \n
- The anticipated **economic impact** with the loss of the US **market** hampered the progress of the deal.
- \n
- Ex: Countries like Vietnam and Malaysia lost the benefit of preferential access to the US and other North American markets with US withdrawal.
- \n
- Being a prominent actor in the regional affairs, the American withdrawal could have a significant impact on the **geopolitical effect** of the partnership.
- \n
- These factors made many countries sceptical of the TPP and drove them to give up on the Transpacific Partnership initially.
- \n

\n\n

How is TPP still optimistic?

\n\n

\n

- Despite the above uncertainties, countries are now getting back to discussions to revive the deal.

\n

- The rest of the members believe that TPP holds **economic and strategic significance** even without the US.

\n

- The economic gains are still looked for, with markets like Canada and Mexico.

\n

- Also, earlier members who did not have bilateral FTAs with the US found it hard to comply with **US's demands** on certain sensitive issues.

\n

- These included issues like the intellectual property, investor-state-dispute-rules, state-owned enterprises and labour standards.

\n

- The US withdrawal has become a source of some relief for these countries which include Brunei, Japan, Malaysia and Vietnam.

\n

- The rework on the deal could make revisions in some chapters of the TPP agreement granting **greater flexibilities** to members.

\n

- Besides these benefits for the members, TPP's rules and regulations could possibly become templates for many **future trade agreements**.

\n

- Also, with US withdrawal, **Asia** is becoming a more prominent actor in the new TPP.

\n

- This is emphasized by the role Japan and Australia are playing in the efforts to taking forward the deal.

\n

- It comes despite the presence of Canada and Mexico, who are preoccupied with revisions in the North American Free Trade Agreement (NAFTA).

\n

\n\n

What lies ahead?

\n\n

\n

- The existing TPP members should now focus on the basic issues that all members feel are must to revisit, to arrive at an agreeable deal sooner.

\n

- TPP-11, if succeeds would be a precedent for a **modern new-generation trade agreement** formalized by '**middle**' powers from Asia and America.
\n
- It would be a deal without the traditional leaders of regional trade deals, the US and the EU.
\n
- Also, it would be a grouping with Asian powers playing a role of prominence which signifies a new regional balance of power.
\n

\n\n

\n\n

Source: Financial Express

\n



IAS PARLIAMENT
Information is Empowering
A Shankar IAS Academy Initiative