

The Trans-Pacific Partnership: a trade agreement of inclusion, not containment by Patrick O'Connor

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Some scholars have suggested that the Trans-Pacific Partnership's (TPP's) *raison d'être* is containment and isolation of China and that the agreement is all about geopolitical victories. This proposition is dangerous because it seeks to divide rather than unite. Moreover, it is false.

The first argument against this view is that US officials at various levels have raised the possibility of China becoming a party to the agreement. In 2012 in Singapore, then Secretary of State Hillary Clinton said “[the United States welcomes] the interest of any nation willing to meet the 21st century standards of the TPP – including China.”

In March 2013, then acting US Trade Representative Demetrios Marantis made similar remarks and said the TPP was “not an exclusive club,” but aimed to increase integration in the Asia-Pacific. Even now, a number of Asia-Pacific countries and economies are considering whether they should seek admission, including Indonesia, South Korea, Thailand, Taiwan, Malaysia, and the Philippines. Chinese officials have in the past indicated their willingness to at least consider the merits of joining.

Second, rather than being barred by political obstruction, China has probably been prevented by its inability to meet the exacting standards required of the TPP, the most ambitious and comprehensive FTA yet negotiated. It's not just concerned with tariffs and quotas; it also attempts to provide a more level playing field for regional trade by developing common, high standards on a range of negotiating areas. These include government procurement, competition policy, intellectual property rights, state-owned enterprises, e-commerce, labor rights, and environmental protection, among others.

Third, there is the argument that the Regional Comprehensive Economic Partnership (RCEP) is a Chinese-led FTA and the TPP is a US-led FTA, and they are competing geopolitical tools. This belittles the leadership and importance of each of the other members of those agreements. It also overlooks the history of their development. The TPP was born out of the P4 (Singapore, Brunei, Chile, New Zealand) when those members started to broaden their agreement. It remains open in-principle to new members.

RCEP's genesis is in the Japanese-proposed Comprehensive Economic Partnership for East Asia (CEPEA) and included members of the East Asia Summit (EAS) at the time. As the EAS membership expanded, the negotiating parties remained the same, being those EAS members who had already concluded an FTA with ASEAN (i.e., neither Russia

nor the United States), which might have been expected to simplify negotiations.

In addition, China proposed a Free Trade Area of the Asia Pacific (FTAAP) in late 2014 (although the Peterson Institute and APEC first raised the idea almost a decade earlier). Some believe this was to derail the TPP's progress, and that the United States opposed FTAAP as a further means of isolating China. It is understandable that the focus for TPP members was on finalizing the TPP. By pushing the FTAAP at that time, China – intentionally or not – could have sucked the momentum out of TPP (and the RCEP, of which it is a member), and set the stage for yet another parallel negotiation. Remember also that the Doha Round of the global trade agreement was also still alive after 13 years of negotiation. With a broader membership, the FTAAP would take much longer, have a smaller chance of success, and potentially have lower standards than the TPP. Once TPP enters into force, the chances of success of a broader agreement are far better – if that is a road the relevant parties wish to take.

Fourth, the TPP is not about containing China, but ensuring that the successful global order is retained and strengthened. On Nov. 13, President Obama said:

“If we fail to get the Trans-Pacific Partnership done, if we do not create the architecture for high-standards of trade and commerce in this region, then that void will be filled by China, it will be filled by our economic competitors. They will make the rules, and those rules will not be to our advantage.”

Some might suggest this is US admission that the TPP is a containment tool. However, if the TPP were to fail, for whatever reason, then an opportunity for a group of modern, forward-looking countries seeking to refine and strengthen the contemporary rules of liberalized trade would be lost. This would open the door to efforts to re-write, water-down, and undermine those rules. China's track record with respect to currency manipulation, protecting intellectual property, as well as labor and environmental standards is not the best. Of course, it is in the best interest of all states that China develops and is included as a full partner in this global order, but this must occur in the context of the international rules and norms that have contributed to making ours a prosperous and peaceful period in human history.

China is already attempting to rewrite and reinterpret international rules and norms in the South China Sea. China cannot legitimize its territorial claims simply by repeating its mantra about sovereignty over the South China Sea loudly and often – that argument has to run its course based on its merits. A country that challenges the global order that has established long-standing peace and prosperity might not be the most appropriate one to write global trade rules.

In short, the TPP should be considered an agreement of inclusion rather than one of isolation or containment. To suggest otherwise is dangerous because it sets up a false us-and-them dichotomy that promotes divergence and competition rather than encouraging convergence, partnership, and compromise.

Eventually, China will recognize that joining the TPP is in its interest, but only if it can adhere to the rules, and carry out necessary reforms. China's admission to the WTO is a case in point; it took considerable time for the WTO to agree to Chinese accession and China had to make significant reforms, but in the end there were real benefits both for China and the rest of the international community. When the time comes and it does join, we will wonder what all the fuss was about.

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