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TRANS-PACIFIC PARTNERSHIP – WHAT WOULD IT TAKE FOR US TO JOIN?

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- President Trump announced a couple of days after taking office that the United States was pulling out of the Trans-Pacific Partnership, the trade deal among 12 Pacific Rim Countries.

- A TPP 2.0 among the 11 remaining countries – Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam – got underway.

- The original TPP was supposed to enter force once it was ratified by at least six nations representing at least 85 percent of the proposed trading bloc's GDP. Since the U.S. alone would have represented 60 percent of the proposed bloc's combined GDP, Americans had an effective veto. That was rewritten.

- The original TPP reflected bargaining that was conducted to accommodate the United States. Countries like Vietnam and Mexico, for example, were reluctant to agree to new standards on environmental and labor protection, but were pulled toward the new standards by the powerful draw of the U.S. market.

Three factors may move the U.S. towards TPP
post-Trump.

- First, without a role in TPP, Washington has reduced influence in the world's fastest-growing region. Many industries in the US are very unhappy with Trump's decision to pull out of TPP just when the region is becoming more important to trade.

- Second, the United States gained some enormous concessions in TPP negotiations from countries anxious to get access to the huge American market. That included new areas like the digital economy; areas of growing importance, like intellectual property; areas where the United States has a leading edge, like accounting.

- Third, the TPP was poised to counterbalance China's growing influence in the region. Without the U.S. as a member, the TPP 11 broader market is not as broad as originally anticipated.

- One major factor against.

- Some of the changes the US demanded were removed when the US pulled out. Not sure what the can be done about that or if the reduced agreement is enough.

- Trump currently has not tweeted any intent to participate in TPP even though he is renegotiating NAFTA as USMCA.

- Biden has said that he both supports TPP and opposes joining TPP.

- A Monmouth poll found that 52 percent of Americans in 2018 think free-trade agreements are good for the United States, a dramatic increase when compared to 24 percent in 2015.

- Tariff's on China goods are hurting the US economy with economists saying that it will cost each American family \$1000 this year.

QUESTIONS?

THANK YOU!

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