

TRADE seeks to advance inclusive growth by improving the Philippines' global standing in the international economy through higher levels of trade and foreign direct investment. It also works to ensure that national trade regimes conform to international standards.

What is the TPP?

The Trans-Pacific Partnership Agreement (TPP) is a trade agreement currently being negotiated between Australia, Brunei Darussalam, Chile, Canada, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the United States and Vietnam. It will account for roughly 40% of global gross domestic product and a third of world trade. The comprehensive plan covers, among other areas, government procurement, intellectual property, electronic commerce, labor protections, food safety, animal and plant health, competition policy and state-owned enterprises. Membership is by invitation only.

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Korea is said to be interested in being among a second wave of members to join the Trans-Pacific Partnership.

International news:

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TPP BRIEFS: A *Time* article says the TPP is a crucial element of President Obama's administration, and will help refine his legacy; the *New York Times* reports that top trade policy experts in China see the TPP as advantageous to their own regional trade agenda.

The TRADE Project

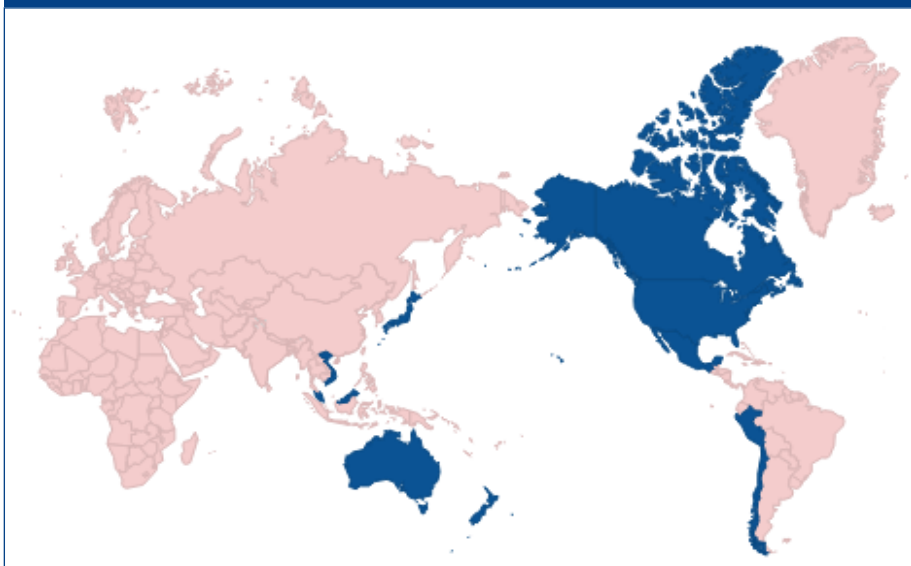
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TPP Updates

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Recent developments on the Trans-Pacific Partnership gathered from third party sources as indicated in the provided hyperlinks.



PH remains open to TPP participation

The PH is still open to the possibility of joining the TPP and is “closely monitoring” developments related to the trade agreement, according to an [Interaksyon](#) report citing Department of Trade and Industry (DTI) Assistant Secretary Ceferino S. Rodolfo.

ASec. Rodolfo spoke to reporters in Baguio City in late April, saying that the PH government has been holding technical consultations with counterparts in TPP members such as the USA, Australia, New Zealand, and Malaysia, and is set to conduct similar consultations with Mexico and Canada. He explained to [The Manila Times](#) that while TPP negotiations are now closed to new members, the PH wants “to be in a position to make a decision as soon as the agreement is finalized and the text is made publicly available.”

ASec. Rodolfo said the PH is exercising due diligence in holding technical consultations “so that we can count on informed judgment on the overall cost and benefits to the Philippines,” should the country decide to become a TPP member. He also stated that aside from consulting with TPP members, the

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Korea interested in 2nd wave membership

A professor of international trade law and policy at the Seoul National University's (SNU) Graduate School of International Studies has said that Korea is likely to join the Trans-Pacific Partnership as soon as the trade deal reaches its conclusion with the current 12 negotiating members.

Prof. Ahn Dug-geun told [The Korea Herald](#) that at the moment, the Korean government is not rushing to join the TPP since it already has FTAs with 10 of the 12 participating countries, including the United States. "Korea is cautious about hastily entering the TPP when it currently lacks information on the key details of the pact," he said, adding that, with 12 countries currently trying to come to an agreement, "[i]f a country like Korea suddenly stepped in, the TPP would have to undoubtedly undergo more complex negotiations and amendments, which would become a large burden for the US."

The statement came following a report in [The Washington Post](#) that said Korea had "formally asked" to join the TPP "as soon as possible, before the negotiations are finished."

In a separate interview with the [Herald](#), Mr. Lee Dong-phil, the country's Minister of Agriculture, Food and Rural affairs, said that his government

was set on excluding rice "from the TPP's list of tariff concession." Mr. Lee was said to be responding to concerns in Korea's farming sector that the country may need to lower tariffs on rice imports if it decides to join the TPP.

The *Herald* reports that Korea ended its 20-year import quota system this year, opening its market to foreign rice suppliers, while notifying the World Trade Organization (WTO) that it would set a 513 percent tariff on imported rice. That rate has been opposed by five rice-exporting countries, including the US and China.

"[T]he tariff rate was calculated in accordance with the WTO's official formula, respective of the principles of the global market order," Mr. Lee said, adding that with national rice consumption cut in half, Korea now "suffers from an oversupply of rice" and that importing more at a lower tariff rate would destroy Korean rice producers.

At the same time, Mr. Lee acknowledged the difficulties in striking a balance between "promoting trade liberalization and protecting the nation's farmers." He said the government believed it was important to be part of the TPP which will account for 40 percent of the world's

population, and nearly 60 percent of global gross domestic product.

"In the big picture, we need to go ahead with an open economy and make the most out of the global market order to sell our products," Mr. Lee said.

SOUTH KOREA'S TOP 10 EXPORTS IN 2014
Electronic equipment: \$138,234,071,000 (24.1% of total exports)
Vehicles excluding trains and streetcars: \$73,343,530,000 (12.8%)
Machinery: \$63,051,130,000 (11.0%)
Mineral fuels including oil: \$52,670,787,000 (9.2%)
Ships, boats and other floating structures: \$38,339,918,000 (6.7%)
Optical, technical and medical apparatus: \$35,901,300,000 (6.3%)
Plastics: \$31,835,781,000 (5.6%)
Organic chemicals: \$24,398,046,000 (4.3%)
Iron and steel: \$23,958,185,000 (4.2%)
Iron or steel products: \$12,658,965,000 (2.2%)

Source: [World's Top Exports](#)

TPP to help define Obama legacy

Ian Bremmer of Time.com writes that the TPP, as a “central element” of the Obama administration’s pivot to Asia, will be a crucial part in defining the President’s legacy if and when he gets “trade promotion authority” (TPA) to negotiate trade agreements that Congress can either approve or reject, but not amend.

TPA, also known as “fast track” authority, was a [temporary power](#) granted to the President in 1975, but expired in 1994. The Obama administration is currently seeking its renewal, with [World Trade Online](#) reporting that the full Senate may move to consider the TPA bill as soon as the first week of May.

According to Bremmer, the export boost for the US expected to be created by the TPP would create “the kinds of middle class jobs” that foster longer-term growth and reduce income inequality. But he also points out that the TPP’s impact on US politics and security is more important than the economic effects, since the deal would enable the US to gain a “firmer commercial foothold in the world’s most economically dynamic region” while spurring the economic growth of allies “anxious” about becoming overly dependent on a “fast-expanding China.”

Bremmer cited TPP supporters who say the trade agreement would not only generate economic gains for its members, but also enhance their security relations, improve labor and economic standards, and set “rules for global commerce on free-market terms.”

Meanwhile, Chris Gregoire and Deval Patrick, former Democrat governors of Washington and Massachusetts, respectively, jointly authored an opinion piece in [The Seattle Times](#) in support of trade promotion authority and the TPP. They write that the

TPA would pave the way for trade deals that would keep the US competitive in the global market. As for the TPP, it would also require members to follow fair labor practices; provide new growth opportunities for small businesses, and take crucial steps to protect the environment.

“As governors,” say Ms. Gregoire and Mr. Patrick, “we’ve seen firsthand the positive impact of trade on jobs, small businesses and local economies. Ninety-five percent of the world’s markets are beyond our borders, and every \$1 billion the United States exports supports between 5,200 and 7,000 jobs here at home. In both Massachusetts and Washington states, that means helping businesses large and small.”

China ‘softening’ stance on TPP?

An article in [The New York Times](#) has stated that some of China’s trade policy intellectuals see the TPP as having advantages for China, and may even help the country in getting its own regional trade agreements. The report came as the US Congress was getting ready to decide whether or not to grant trade promotion authority (TPA) to the US president.

A former official of China’s Commerce Ministry, Mr. He Weiwen, was quoted as saying that China was “more or less neutral” on the TPP. Mr. He, who is currently co-director of the China-US-European Study Center in Beijing, said that their position was to “watch and study” the TPP.

“[W]e have our own agenda,” he said, “pushing forward ASEAN plus six and the Silk Road,” referring to two regional initiatives being pursued by China.

Other senior Chinese officials have also reportedly softened their stance on the TPP.

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PH REMAINS OPEN

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government is conducting dialogues with key sectors regarding their apprehensions on how the TPP may affect intellectual property and public health. “We are aware of the position of the civil society groups and we’re considering carefully what they are saying as we undertake the analysis of the overall impact on the Philippines,” he said.

According to ASec. Rodolfo, TPP patent extensions would cover medicine. The *Interaksyon* article said: “However, the PH has the Cheaper Medicine Act that limits the patent rights on medicine” and makes cheaper medicines affordable and accessible to consumers. “The country may also find out that there might be other factors affecting the prices of medicine aside from the IP rights,” the news report said.

ASec. Rodolfo told *Interaksyon* that the PH is also closely monitoring in the US Congress the progress of the Trade Promotion Authority (TPA) which he called “a critical element” towards resolving the contentious issues currently being negotiated.

He said that it was the goal of the PH to have a trade agreement with the US, a top trading partner for the PH that accounted for 15 per cent of total trade in 2013. While the PH already has bilateral trade agreements with other top partners like Japan and China, the US is no longer looking to make bilateral

agreements with countries, but instead only through the TPP.

Meanwhile, the president of the Foreign Buyers Association of the Philippines (FOBAP), Mr. Robert Young, said that PH exporters and manufacturers should ensure and sustain compliance with socially responsible factory and working condition requirements of their buyers, in order to avoid losing revenues, according to [Philippine Star](#).

Mr. Young said that as the PH captures the interest of foreign buyers, and with the country’s interest in trade agreements like the TPP, there is now “greater emphasis” for local manufacturers to subscribe to a social audit system that covers “adherence to basic human rights, no-child labor policy, labor and management agreement practice, correct labor wages, observance of local laws, and environment friendly practices, among others.”

“As [a] requirement of most major importing buyers, the goods should not be only of global quality standards, but must also be produced in a responsible and socially compliant factory,” Mr. Young said. “Most major American and European chain stores and importing companies require CSR (corporate social responsibility) audits,” he added. “It’s a shape up or ship out thing for Philippine exporters.”

TPP Briefs

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In October, Vice Finance Minister Zhu Guangyao was quoted as saying a TPP without China would be “incomplete,” and hinting at the possibility of China’s future participation in the trade deal. “As China becomes more open, it’s very important for us to be integrated into the global trade system with a high standard,” he said.

The *Times* however noted that the TPP still presents “potential tensions for China.” Among these is the prominent role being played in the negotiations by Japan, China’s political and military rival in East Asia. Another potential challenge of the TPP to China could be the relocation of shoes and garments industries from that country to Vietnam, a TPP member where blue-collar wages are lower.