

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?

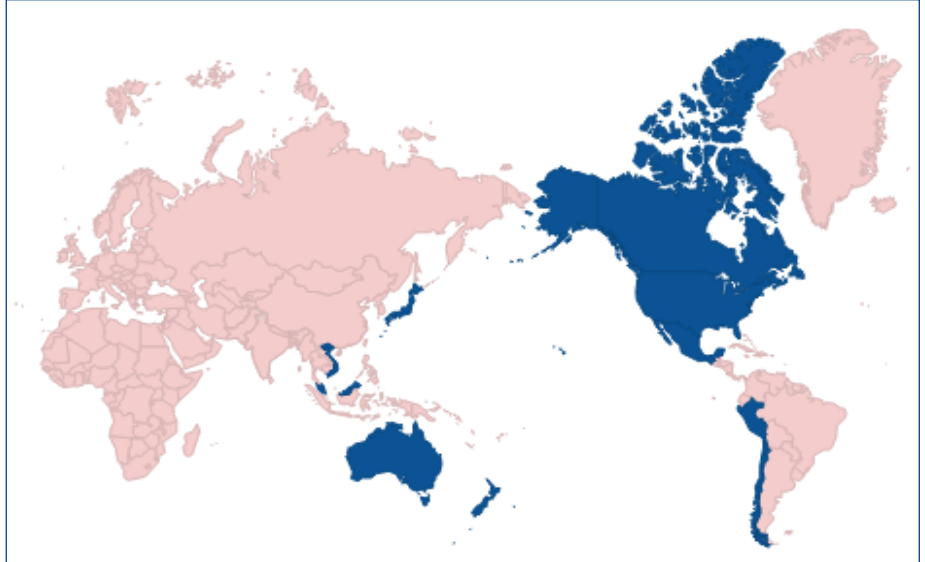
The Trans-Pacific Partnership Agreement (TPP) is a trade agreement currently being negotiated between Australia, Brunei Darussalam, Chile, Canada, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the United States and Vietnam. It will account for roughly 40% of global gross domestic product and 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.

TPP Updates

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



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A recent study released by the Pew Research Center shows that Americans broadly have a positive view of free trade agreements, and say that these have been good for the US.

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TPP BRIEFS: The US Congress approves fast-track authority; Viet Nam's TPP membership has the potential to affect Bangladesh exports; Canada is not inclined to lower tariffs in the wine industry.

PH reaffirms interest in joining trade pact

Philippine Trade and Industry Secretary Gregory L. Domingo stated “clearly and irrevocably” during a strategy conference in Washington, D.C. that the Philippines is committed to joining the Trans-Pacific Partnership (TPP), [The Diplomat](#) reports. Secretary Domingo made the statement following the US Senate’s decision to approve legislation granting US President Barack Obama trade promotion authority (TPA) to negotiate global trade deals that Congress can approve or reject, but not amend.

Secretary Domingo sought to assuage any doubts and stressed that the Philippines had, on several occasions, acknowledged its interest to be part of TPP. He admitted that there are challenges the country will face in order to gain membership, particularly possible amendments to the constitution which currently restricts foreign participation in certain sectors. “When it comes to constitutional amendments,” he said, “it is very difficult to make a prediction.”

Secretary Domingo added that it was critical for the Philippines to negotiate some kind of bilateral economic agreement with the

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International trade lawyer tackles TPP “myths”

An international trade attorney has published a piece in [The Federalist](#) in an attempt at “debunking...the top nine myths” about trade promotion authority (TPA) and the Trans-Pacific Partnership. TPA, also known as ‘fast track authority,’ is a law granting the US president power to negotiate trade deals that Congress can only reject or approve, but not amend. It is a power that expired in 2007, but was renewed this month by the US Congress.

Scott Lincicome, a visiting lecturer at Duke University, writes that TPA legislation is ‘clearly constitutional,’ as it allows the US Congress to retain the power to approve or reject all future trade agreements. He said TPA could only be unconstitutional if Congress delegated this authority, “but this is not the issue.” He also said that free trade agreements are “congressional-executive agreements” that need implementing legislation before they could acquire legal force. Such agreements, according to him, had “been used by the US for decades,” and US courts “have repeatedly rejected constitutional challenges thereto.”

Americans have a positive view of free trade agreements, with 58% of respondents saying FTAs have been good for the US, up by 10% from 2011.

— Pew Research Center

Mr. Lincicome said claims that Congress would be “powerless to stop TPP” once TPA is approved were “totally false,” since the language of the proposed law “expressly stat[es]” Congress could dismantle fast track “for various disapproval reasons.” More importantly, he pointed out that, under the TPA, Congress still retains “total control” of the FTA implementation process. “[It] can only be bound by fast track rules if it wants to be bound,” Mr. Lincicome said.

The article addressed criticisms that the TPP is being negotiated with an “unprecedented level of secrecy.” It said that President Obama’s USTR and Congress have been in consultations “since December 2009” and that almost 1700 congressional briefings on TPP have been held. In addition, the USTR has provided access “to the full negotiating texts” to any legislator, accompanied by staff members with appropriate security clearance.

Meanwhile, the website of [Progressive Economy](#) has cited the results of a recent study by the [Pew Research Center](#) showing that free trade agreements are today broadly seen by Americans as good for the US. Progressive Economy is an organization advocating open markets, and aims to address the opportunities and challenges of globalization. The Pew study results, released in May, show that 58% of respondents say that FTAs with other countries have been a good thing for the United States, with 33% disagreeing. The overall views are 10 percentage points higher than in 2011, when 48% responded favorably to FTAs.

President Obama signs TPA bill

The [New York Times](#) reports that after weeks of struggle in the US Congress, President Barack Obama scored a significant victory with the approval by the Senate of the trade promotion authority (TPA), also known as “fast track” authority, granting the President enhanced power to negotiate expansive trade agreements. The bill was signed into law by President Obama on 29 June, according to [UPI.com](#).

"This legislation will help turn global trade – which can often be a race to the bottom – into a race to the top," President Obama said at the signing ceremony. "It will reinforce America's leadership role in the world – in Asia, and in Europe, and beyond. If I didn't believe it, I wouldn't have fought so hard to get these things done."

Japan has [lauded the passage of the bill](#), which Prime Minister Shinzo Abe called a “major step forward.” He said that Japan would “display our leadership, together with the United States, and aim for an early conclusion (of the TPP).”

The TPA had met with difficulty when an accompanying legislation, the Trade Adjustment Assistance (TAA), was rejected in an earlier vote in the House. The move, according to [The Hill](#), sent the trade debate back to the Senate, where Democrats had insisted that the two proposals move side-by-side. Speaker John Boehner has said that the House would consider TAA once it passes the Senate as part of a new trade preferences bill.

Bangladesh faces losses from trade diversion to Vietnam

A recent editorial piece in the Bangladeshi [Daily Star](#) says that the TPP has the potential to affect the future economy of Bangladesh, a

non-member, and called on the country to pay attention to the trade deal's final outcome and undertake measures that would counter any adverse results.

Dr. Abdullah Shibli, an economist, writes that the effects of trade creation and trade diversion which come with free trade agreements, particularly the TPP, could see the United States increasing readymade garment (RMG) imports from Viet Nam at the expense of Bangladesh.

According to Dr. Shibli, to date Bangladesh has retained its edge over Viet Nam because of the latter's higher cost of production and greater cost of labor. But should the TPP adopt more flexible rules of origin, Viet Nam could increase its share of the market from 4 percent to 11 percent, while Bangladesh's share would remain “almost stagnant in the 7-8 percent range.”

Currently, Viet Nam is at a comparative disadvantage in the RMG world mainly due to its higher cost of production and greater labor cost. Bangladesh has been able to retain its edge in the sourcing world in spite of the higher tariff (Vietnam pays 8.38 percent in contrast to 15.61 percent for Bangladesh), but it is expected that TPP, once it is fully implemented, will trigger some trade diversion from Bangladesh to Vietnam, the article said.

Canada urged to lower tariffs on wine industry

Canada's [CTVNews](#) has reported that the country is facing pressure from Australia to lower trade barriers on its wine industry as part of the TPP negotiations, in a move by the

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United States, which is among the Philippines's top trading partners and its largest investor. The TPP, he said, could be a way to achieve this.

Earlier, President Benigno Aquino III likewise clarified that the Philippines was waiting for current TPP negotiations to be completed, since the final deal would "be the basis for inviting other members," according to the [Philippine Information Agency](#). "We would want to go into all free trade agreements (that are), hopefully, mutually beneficial for all parties concerned," he said. [Business World Online](#) quoted the President as saying: "We were not part of the first group that organized [the TPP], and under the rules, we do have to wait for their formal invitation... But we are very, very interested in joining."

Meanwhile, leaders of foreign business groups have urged the government to ease more restrictions on certain sectors still included in the Foreign Investment Negative List (FINL), in

order to further attract investments and foster stronger competition, according to the [Philippine Star](#). Mr. John Forbes, senior adviser to the American Chamber of Commerce of the Philippines, noted that the Philippines "might have difficulty should it apply to join the TPP...whose members require very open cross border investment." He said that public utilities, including telecommunications, were among the sectors that should be further opened up to foreigners, in order to provide consumers with more choices.

Aside from public utilities, some areas where foreign ownership is limited are private radio communications network; locally-funded public works; advertising; use of natural resources; and ownership of land, among others. The latest FINL, released by the President in early June, lists as reserved only for Filipinos professions in pharmacy, radiological and x-ray technology, criminology, forestry and law.

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latter to gain concessions similar to those won by the European Union under the EU-Canada Comprehensive Trade and Economic Agreement or CETA.

The article cited as its source "an internal memo" from the Department of Foreign Affairs, Trade, and Development, but indicated that Canada is "pushing back" as it is reluctant to give the same concessions in the TPP.

The CETA was announced in 2013 but not yet finalized, and removes several non-tariff "irritants" and fees imposed on European wine and spirits exports. Canadian officials have reportedly informed trade officials that

"certain TPP parties" were after "a CETA-like outcome." Aside from Australia, however, the memo did not name any other TPP countries, but two other members, Chile and New Zealand, are known to have strong wine industries.

A spokesman for the Department of Foreign Affairs, Trade and Development declined comment, while the president of Spirits Canada, Mr. Jan Westcott, said that the EU trade pact was "a win for Canada's liquor exporters as well as Canadian consumers." At the same time, he said the TPP "offers huge opportunities" for members who would want the same tariff reductions on wines and spirits similar to those gained under CETA.