

Trade goes on: on U.S and free trade

The United States under Donald Trump may not be a huge fan of free trade across borders, but that's not stopping other countries from embracing it. On Thursday, 11 Asia-Pacific countries, including Japan, Australia and Canada, signed the [Comprehensive and Progressive Agreement for Trans-Pacific Partnership](#) in Chile. The CPTPP is, in effect, the original Trans-Pacific Partnership struck during the Barack Obama presidency minus the U.S. On the campaign trail, Mr. Trump had promised to [pull the U.S. out of the TPP](#), and went on to do precisely that within weeks of assuming office. Interestingly, the CPTPP comes soon after the U.S. had made clear its plan to impose tariffs on the import of aluminium and steel in an attempt to protect domestic manufacturers. The countries signing the agreement, which account for more than 13% of the world economy, have agreed to bring down tariffs on cross-border trade by as much as 98% after domestic ratification. More countries are expected to sign the CPTPP in the future, and there is hope that a post-Trump U.S. may join the bloc. But even in the absence of the world's largest economy, countries that are currently part of the deal will only gain from any reduction in the costs imposed on trade. This will leave the world, which has largely been moving towards increasing free trade even as the U.S. has turned inwards, better off than without the deal.

Pacific Ocean's 11: on TPP without U.S.

The CPTPP, as it looks to expand influence by adding other countries into its fold, will need to address other problems as well. One of the points of criticism of the TPP, even in its original form as a 12-member agreement, was the alleged influence of special interests in dictating its broad framework. Mr. Trump, in fact, smartly capitalised on these sentiments to attack and then pull out of the agreement last year. The TPP text, which has in large part been incorporated into the new deal, had also been flayed for mandating labour and other regulations that increase the bureaucratic burden on businesses. Many have cited the size of the agreement, which runs into several chapters and thousands of pages, to contend that the benefits from tariff reductions may be cancelled out by the massive increase in regulatory requirements. While there may be no hard and fast rule to gauge the net benefit of the agreement, addressing these concerns will only strengthen the chances of more countries joining it. A simpler trade agreement can also help the cause of transparency and lower the chances of lobbying by special interests in the future. Last but not least, amid palpable fears of a global trade war, the survival of a free trade agreement despite the sudden pullout of the U.S. offers some respite to the supporters of free trade.

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The revival of the Trans-Pacific Partnership, sans U.S., must buttress the free trade debate

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