

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

When Donald Trump abandoned the 12-nation Trans-Pacific Partnership (TPP) in his very first week after being sworn in as U.S. President, there were doubts whether the trade agreement, painstakingly negotiated over more than a decade, would survive. Japanese Prime Minister Shinzo Abe had termed the TPP without the United States — which contributed 60% of the combined Gross Domestic Product of the 12 members — as “meaningless”. Ten months on, exactly at a time when Mr. Trump was visiting Vietnam, trade ministers from [the remaining 11 nations](#) agreed in Danang in principle to a new pact, the Comprehensive and Progressive Agreement for the Trans-Pacific Partnership (CPTPP), revising some of the features of the TPP. For the agreement to take effect, the pact requires domestic ratification, which is expected to be complete by 2019. This major step taken by the 11 countries of the Pacific Rim excluding the U.S. is a reflection of two things. First, these countries recognise that multilateral free trade, contrary to any misgivings, is beneficial in the long run. The TPP in its current form has significant protections for labour and environment and is in this regard an advance over other free trade agreements. Second, the U.S.’s self-exclusion reflects a failure on the part of the Trump administration; studies have shown significant benefits in comparison to minor costs — in terms of jobs — to the U.S. on account of the pact.

As things stand, the pact without the U.S. can only be interpreted as yet another step that diminishes American power and the international order that it has so far led. Already, Mr. Trump’s decision to pull out of the Paris climate accord and his repudiation of the Iran nuclear deal have raised suspicions about American commitment to well-negotiated treaties that seek to solve or have solved long-standing issues. Mr. Trump couches his regime’s policies as populist nationalism — ‘protecting labour’ in the case of the abandonment of the TPP, promoting jobs in fossil fuel-intensive sectors to justify the repudiation of the Paris Accord, and retaining American exceptionalism in West Asian policy in scrapping the Iran nuclear deal. While rhetoric to this effect had fuelled his presidential campaign with a heavy dose of populism, the actual effect of going through with these actions has been to create a suspicion among America’s allies about his reliability when it comes to standing by old commitments. Mr. Trump’s agenda to pull his country out of multilateral agreements has coincided, ironically, with the rise of China as the leading world power promoting globalisation. Now the ASEAN-plus-six Regional Comprehensive Economic Partnership (RCEP), on which China is pushing for an agreement, could benefit from complementarities with the CPTPP. India, which is also negotiating the RCEP, must utilise this opportunity to win concessions on services trade liberalisation as part of the plan.

Revving up infrastructure spending is necessary, but not sufficient

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