

TPP without the US

What is the issue?

\n\n

\n

- The US has come out of the Trans-Pacific Partnership (TPP) after Trump's election as the President.

\n

- The other countries in the group are now discussing on the ways to rework the deal, overcoming the initial hesitation and uncertainties.

\n

\n\n

Why was TPP less attractive without the US?

\n\n

\n

- The TPP seemed more like a **leaderless** grouping after the US withdrawal.

\n

- The anticipated **economic impact** with the loss of the US **market** hampered the progress of the deal.

\n

- Ex: Countries like Vietnam and Malaysia lost the benefit of preferential access to the US and other North American markets with US withdrawal.

\n

- Being a prominent actor in the regional affairs, the American withdrawal could have a significant impact on the **geopolitical effect** of the partnership.

\n

- These factors made many countries sceptical of the TPP and drove them to give up on the Transpacific Partnership initially.

\n

\n\n

How is TPP still optimistic?

\n\n

\n

- Despite the above uncertainties, countries are now getting back to discussions to revive the deal.
\n
- The rest of the members believe that TPP holds **economic and strategic significance** even without the US.
\n
- The economic gains are still looked for, with markets like Canada and Mexico.
\n
- Also, earlier members who did not have bilateral FTAs with the US found it hard to comply with **US's demands** on certain sensitive issues.
\n
- These included issues like the intellectual property, investor-state-dispute-rules, state-owned enterprises and labour standards.
\n
- The US withdrawal has become a source of some relief for these countries which include Brunei, Japan, Malaysia and Vietnam.
\n
- The rework on the deal could make revisions in some chapters of the TPP agreement granting **greater flexibilities** to members.
\n
- Besides these benefits for the members, TPP's rules and regulations could possibly become templates for many **future trade agreements**.
\n
- Also, with US withdrawal, **Asia** is becoming a more prominent actor in the new TPP.
\n
- This is emphasized by the role Japan and Australia are playing in the efforts to taking forward the deal.
\n
- It comes despite the presence of Canada and Mexico, who are preoccupied with revisions in the North American Free Trade Agreement (NAFTA).
\n

\n\n

What lies ahead?

\n\n

- The existing TPP members should now focus on the basic issues that all members feel are must to revisit, to arrive at an agreeable deal sooner.
\n
- TPP-11, if succeeds would be a precedent for a **modern new-generation trade agreement** formalized by '**middle**' powers from Asia and America.

\n

- It would be a deal without the traditional leaders of regional trade deals, the US and the EU.

\n

- Also, it would be a grouping with Asian powers playing a role of prominence which signifies a new regional balance of power.

\n

\n\n

\n\n

Source: Financial Express

\n

