TPPA will not be declared dead yet, says Mustapa

NY Times, 15/11

Peru's prime minister is expected to propose a TPPA excluding the US while accepting China as a new member

by P PREM KUMAR

MALAYSIA has not thrown in the towel over the Trans-Pacific Partnership Agreement (TPPA) despite the largest economic bloc's future hanging in a balance following Donald Trump's presidential victory.

International Trade and Industry Minister Datuk Seri Mustapa Mohamed said Malaysia accepts the fact that TPPA's future is bleak but it does not want to hastily conclude that the "trade pact is officially dead".

Mustapa said trade ministers of the 12 TPPA member countries would meet on the sidelines of the upcoming Asia-Pacific Economic Cooperation (APEC) meeting in Peru to discuss the next course of action.

"Peru's Prime Minister Fernando Zavala is expected to propose a TPPA excluding the US, while accepting China as a new member. In that case, we will have to reopen negotiations," he said while winding up his ministry's Budget 2017 debate at the Dewan Rakyat yesterday.

TMRpic

Mustapa says despite all the uncertainties with Trump and his closed economy campaign promises, some TPPA member countries continue to record progress in their TPPA ratifications

The TPPA was mooted seven years ago and after thousands of hours of deliberations, the 6,000-page trade bill was passed in October 2016 by the 12-member countries. The agreement was signed by all members in February this year, creating the largest economic trade bloc with the US as the largest economy.

But Trump's threat to kill the deal, which he claimed will steal jobs from Americans, would end TPPA's future.

Mustapa said despite all the uncertainties with Trump and his closed economy campaign promises, some TPPA member countries continue to record progress in their TPPA ratifications.

"Japan has just ratified the TPPA although the US has given a picture that TPPA might not be realised. But there is little hope," he said.

The minister said the TPPA needs the participation of the US, which accounts for over 60% of the overall gross domestic product (GDP) of TPPA member countries.

Under Chapter 30 of the TPPA, member countries are given two years to ratify the trade pact from the signing date of Feb 4, 2016.

If member countries failed to ratify the deals in their respective countries within the two-year period, the agreement could come into force if a minimum of six signatories, which made up 85% of the GDP in 2013, had ratified and notified New Zealand as the depository.

"If the US opts out of TPPA, the remaining 40% GDP cannot enforce the agreement. This is stipulated under the agreement itself," he said.

However, Mustapa said Malaysia will take a wait-and-see approach to see if Trump will change his position on TPPA after taking oath in January next year.

"Some member countries remain optimistic after January 2017, as they think Trump would be more positive towards TPPA.

"Even now, he (Trump) have changed his position on some issues from the presidential campaign weeks ago. So, we will wait and see," said Mustapa, urging Malaysians to remain calm.

Malaysia has spent enormous energy and money in the last five years to push for the TPPA. Hundreds of laws will also need to be amended to accept all the conditions stated in the TPPA.

The TPPA, mooted by outgoing President Barack Obama, was aimed to mitigate China's rising influence in the Pacific economies.

However, Democrat candidate Hillary Clinton and Trump had openly criticised the TPPA and vowed to crush the deal if they were elected.

Trade ministers from 12 TPPA countries inked the deal on Feb 4, 2016 in New Zealand, paving the path for freer movement of goods and services between the member economies. Besides US, TPPA member countries are Japan, Mexico, Canada, Australia, Malaysia, Chile, Singapore, Peru, Vietnam, New Zealand and Brunei. These countries represent more than 40% of the world's GDP.

Obama would officially leave office on Jan 20, 2017. His administration has said that the TPPA would be entirely up to the discretion of President-elect Trump, killing any hope of the TPPA being approved before Obama leaves the White House.