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Trans-Pacific trade: End game or photo op?

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Like the 18 negotiating rounds before it, I do not expect the Brunei round of the Trans-Pacific Partnership trade talks to live up to its advance billing.

The Obama administration hopes to show tangible results of the TPP before midterm elections next autumn. That too may be overly ambitious. But Washington's immediate need is to inject credibility and momentum before the APEC Leaders' Summit at Bali from Oct. 1 to 8.

United States President Barack Obama has thrice proclaimed that the Annual APEC Leaders' Summit will bring closure to the 12-party negotiation. Brunei will likely be the third strike. Comparisons of TPP and the WTO Doha Round are not unreasonable.

The Brunei sessions, being held Aug. 23 to 30, will be different things for different folks. For Canada, TPP is largely defensive on the one hand, and trying to build bridges to Asia on the other.

The principal issues to be discussed are state-owned enterprises and moving towards the end game. Market access negotiations, after 18 rounds, are to move into overdrive over the coming weeks and months.

And the negotiators will try to increase the number of chapters which have been closed (five) or essentially completed (nine). There are 15 more in some state of limbo. Essentially completed describes the state of play for the last few years in the Canada-EU Comprehensive Economic and Trade Agreement.

The US is not the only player concerned about elections. Achieving early closure could be complicated by elections pre-year end in Australia, Chile, and Malaysia.

Will Australian Trade Minister Richard Marles attend US Trade Representative Michael Froman's emergency ministerial? And in the pre-election period, could he commit Australia to anything important?

The Chilean trade minister will not be in Brunei, and the next government is likely to need more concessions from Washington to do the deal.

There is trouble in TPP paradise. The TPP must be good for Malaysia, not dilute its sovereignty. Affordable healthcare and medicine are top priorities.

Concerns that Japan would have been at a significant disadvantage having entered the negotiations late, have dissipated because Japanese negotiators, like their Canadian and Mexican counterparts, have learned that not much which is important has been closed.

While Japan will be making an important market access offer at Brunei, it will be less than the US wanted.

Market access is tough for Japan. Is Japan hoping that extended negotiations will allow for wiggle room for maintaining tariffs on its sensitive farm produce? Japan is insisting on protecting its sensitive agriculture, rice, beef, pork, dairy, wheat, and sugar.

Japan has other options. TPP is not the only trade liberalization game in Asia. Ministers from Japan and others participating in the Regional Comprehensive Economic Partnership, which brings together the 10 ASEAN member countries plus Japan, China, South Korea, India, Australia, and New Zealand, will also be meeting in Brunei on Aug. 26.

The target for concluding these negotiations, end 2015, is much more realistic and the approach less confrontational.

Trade Minister Ed Fast will be at the TPP and APEC ministerial sessions. Government procurement, particularly disciplining Buy American policies and improving Canadian access to temporary work visas, are important priorities.

The TPP will be useful to Canada as a future bridge to Asia. I would also expect Minister Fast to be trying to build on earlier progress in bilateral negotiations with Japan. Canada neglected APEC for many years. Ed Fast's continuing efforts to remedy the situation are to be applauded.

The spin on what progress to expect at Brunei is unclear. There were to be intercessional negotiations between Malaysia and Brunei aimed at facilitating "essential closure" of all 29 chapters by the end of the Brunei sessions. Yet the signals on flexibility from Washington needed to catalyze such movement shows no signs of emerging.

It seemed clear when the Brunei round was announced at Kota Kinabalu (after Canada and Mexico wisely declined), that there would need to be another meeting before APEC in Bali. This will likely happen in North America late in September.

Brunei will provide a photo-op for ministers to urge or instruct their negotiators to get on with the job. For the credibility of the APEC leaders, particularly President Obama, there must be significant progress to show at Bali. Brunei will start the packaging process—and the 20th round in Parts Unknown, North America will attach the bells, ribbons, and whistles.

And we will likely repeat the process in 2014, and possibly close the deal in 2015.

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