

# Trans-Pacific trade talks fail to meet Obama's deadline

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Despite bullying and cajoling by the US, closed-door talks in Singapore this week on its Trans-Pacific Partnership (TPP) trade pact broke up without a final agreement, failing to meet the Obama administration's deadline for a deal by the end of 2013.

It was a visible blow to the White House, which was intent on finally pushing through the agreement pact as a key part of its "pivot" to Asia to combat China's rising influence. The TPP seeks to open the region's markets and financial systems to unfettered exploitation by US banks and corporations, at the expense of China—which is not a TPP member—and America's European rivals.

Negotiations will resume in January, but there is no guarantee of completion by April, when Obama is scheduled to tour the Asia-Pacific to reinforce his government's "rebalancing" to the region.

The TPP, first conceived in 2003 by Singapore, New Zealand and Chile, was literally taken over by the Obama administration in 2009. The treaty's 29 chapters now go far beyond traditional trade issues.

As a US Congressional Research Service report in August 21 stated: "[I]t is the leading trade policy initiative of the Obama Administration, and is a manifestation of the Administration's 'pivot' to Asia. If concluded, it may serve to shape the economic architecture of the Asia-Pacific region by harmonizing existing agreements with [the] US."

Reshaping the "economic architecture" includes abolishing all tariffs that limit US exports and any curbs that affect American investment, particularly in financial services. The TPP also radically extends copyright and patent protections, especially for medicines, music, films and IT, thus boosting the profits of the pharmaceutical, media and technology giants. It aims to break up state-owned monopolies and

gives US firms the power to sue governments whose decisions cut across their profit-making.

President Barack Obama, backed by Wall Street, has identified himself closely with the TPP, describing it as the economic centrepiece of renewed US engagement in Asia. But this is the second year in a row that his proposed end-of-the-year deadline has not been met.

Apart from the US and the original three members of the TPP, the other eight countries involved in the negotiations are Vietnam, Peru, Mexico, Malaysia, Japan, Canada, Brunei and Australia.

Leaked documents obtained by WikiLeaks, and published on the eve of the Singapore talks, show that the US adopted heavy-handed tactics in an effort to meet the 2013 deadline, while refusing to budge on its key demands. Two documents outlined the state of negotiations after earlier talks in Salt Lake City during November.

"The US is exerting great pressure to close as many issues as possible this week," one memo stated. "One country remarked that up until now there had been no perceivable, substantial movement on the part of the US, and that is the reason for this situation." The pressure would "increase with each passing day."

The document also revealed that "600 'trade advisers'—lobbyists guarding the interests of large US corporations such as Chevron, Halliburton, Monsanto and Walmart—are granted privileged access to crucial sections of the treaty text." These are just some of the corporate interests seeking to draw massive profits from the TPP. The US Trade Representative estimates that the agreement would boost US exports by \$123.5 billion a year by 2025.

Because the TPP talks are highly-secretive—shielded from any scrutiny by ordinary working people—few details have emerged of the disagreements that led to

the breakdown. An official statement claimed that “substantial progress” was made. Media reports suggest, however, that sharp rifts emerged with Japan, which had previously been working closely with the US, as well as with Vietnam and Malaysia.

Japanese Prime Minister Shinzo Abe, who has closely aligned himself with Obama’s “pivot” and used the rising tensions with China to push for Japan’s re-militarisation, has been anxious to back the US on the TPP. Publicly, he insisted that “it is important for Japan to cooperate with the United States.” However, any agreement to scrap agricultural tariffs would shatter the rural base of his Liberal Democratic Party. During last year’s elections, the LDP pledged to retain existing high tariffs on rice, wheat, beef and pork, dairy products and sugar.

According to the *Wall Street Journal*, a “US-Japan impasse” dogged the Singapore talks. It noted that Japan initially made a series of concessions, including easing restrictions on US beef imports and allowing the US more time to phase out its tariffs on Japanese auto shipments. Yet, the US was “putting pressure on Japan to expand market access for US firms in as many industries as possible.” Vice President Joe Biden visited Tokyo this month, the newspaper reported, in part to press Abe to “open up sensitive markets, including rice and other farm products.”

Japan’s vice economy minister, Yasutoshi Nishimura, said negotiators in Singapore agreed on about 65 percent of the outstanding points. He pointedly asked the US for more “flexibility” on “certain sensitive issues” where “their stance hasn’t changed.”

Japan was not alone in voicing concern. In a media interview, Malaysian Prime Minister Najib Abdul Razak threatened to walk out of the talks, rather than bow to US demands for the dismantling of state-owned enterprises (SEOs), which represent half of Malaysia’s stock market capitalisation. “That is the worst situation,” but “if people can’t accept it, we have no choice,” he said. Vietnam, where SEOs account for 40 percent of output, raised similar objections.

There are also fears in Asian capitals that Obama, whose standing was dented by not attending key Asian summits in October because of the US government shutdown, lacks the political authority to overcome opposition to the TPP from protectionist elements

within the US Congress. Congress has so far not given Obama “fast track” authority to finalise the TPP, so any deal could be overturned by Congress.

According to the WikiLeaks documents, Australia—Washington’s staunch ally in the “pivot”—has stood almost alone with the US on some crucial TPP clauses, including to make people pay more for movies and software.

Together with Japan, Australia has also backed the US on extending pharmaceutical patents. Australian Trade Minister Andrew Robb insists that the Abbott government will not compromise the Pharmaceutical Benefits Scheme that subsidises many medicines. But Australia has worked behind the scenes with the US and Japan to reintroduce rejected clauses that would give the drug companies greater power.

The TPP’s membership does not include some major Indo-Pacific economies, notably India, South Korea and Indonesia. But even among the 12 countries that have signed up to the process, major differences remain, underscoring the tensions created by the Obama administration’s aggressive drive to reassert the domination of US imperialism in Asia.



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