

# US faces another debacle on Pacific economic treaty

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Having suffered a decisive defeat in its efforts to block other countries from joining the new China-led Asian Infrastructure Investment Bank (AIIB), the US government faces mounting difficulties with regard to its most far-reaching move to dominate the Asia-Pacific region: the so-called Trans-Pacific Partnership (TPP).

In Hawaii last month, the latest round of five-year-long TPP talks between the 12 governments involved broke up without any further agreement. For the third year in a row, the White House's deadline for a final deal looks set to be breached in 2015.

Significantly, the main stumbling block this time was reportedly not ongoing differences between the US and Japan over auto and agricultural markets, but doubts over President Barack Obama's capacity to get congressional approval for the pact.

Falsely presented as a "free trade" deal, the TPP is the opposite. It is aimed at creating a vast US-controlled economic bloc. In return for favoured access to the US market, which is still the largest in the world, the TPP requires its members to scrap all legal, regulatory and government impediments to American investment and corporate operations.

The TPP is an essential component of Washington's military and strategic "pivot" to Asia, aimed at establishing unchallenged hegemony over the region, including China, which has thus far been excluded from the treaty. The "partnership" seeks to restructure every aspect of economic and social life across the Asia-Pacific in the interests of Wall Street finance capital and the largest US corporations, particularly the IT, pharmaceutical and media conglomerates.

A similar drive is underway to incorporate the European Union into a Transatlantic Trade and Investment Partnership (TTIP) bloc. Like the TPP, the European treaty is being negotiated behind the backs of

the international working class amid tight secrecy, with hundreds of the world's largest corporations taking part.

Obama has resorted to blatant anti-Chinese rhetoric in a bid to overcome opposition to aspects of the TPP from sections of the Democratic and Republican congressional leaderships. In one recent interview, the US president declared: "If we don't write the rules out there, China's going to write the rules and the geopolitical implications of China writing the rules for trade almost inevitably means that we will be cut out or we will be deeply disadvantaged. Our businesses will be disadvantaged, our workers will be disadvantaged."

Washington is concerned that other imperialist powers, such as Germany, Britain and Japan, could strengthen their positions in China at the expense of the US unless America "writes the rules" for world trade in the 21st century.

Global financial commentators are drawing attention to what is at stake. Under the headline, "Round two in America's battle for Asian influence," David Pilling wrote in the London-based *Financial Times* on April 1: "Washington's attempt to lead a boycott of the China-led Asian Infrastructure Investment Bank ended in farce after Britain broke ranks and other nations from Germany to South Korea fell over themselves to join. If round one was a defeat for America, round two hangs in the balance."

Pilling noted that the TPP's exclusion of China, on the grounds that its economy was state-owned and centrally planned, was obviously concocted. "In a peculiar display of diplomatic contortion," he wrote, "Vietnam—a country whose economy is as centrally planned and as rigged as the best of them—is somehow considered fit for entry."

The *Financial Times* Asia editor pointedly added that

the TPP was “just as likely to annoy America’s allies in the region as reassure them” because of its intrusive demands, which include the dismantling of state-owned enterprises, tendering restrictions, financial regulations, data protection rules and intellectual property laws.

Washington’s aggressive drive to establish the TPP and TTIP economic blocs marks a reversal of its post-World War II role, when the ascendancy of American industry permitted it to champion the reconstruction of its Japanese and European rivals, albeit always for its own benefit, including via the expansion of markets for its exports.

Today, amid the ongoing decline of US industry, its ruling elite depends increasingly on the parasitic activities of Wall Street, the exploitation of patents by Silicon Valley, Hollywood and the drug companies, and contracts for the supply of military hardware. These rapacious interests will most directly benefit from the TPP.

Many details remain secret, but pro-TPP lobbying efforts highlight the anticipated profit bonanzas. Mireya Solis of the Brookings Institution think tank stressed advantages such as “internationalisation of financial services, protection of intellectual property and governance of the Internet economy.”

US technology firms would benefit from a ban on requiring companies to house customers’ data within a specific country. “If we’re going to serve the customer of Malaysia from, say, a data center in Singapore, the data has to be able to move back and forth between those two countries,” Brad Smith, Microsoft general counsel, told the *Wall Street Journal*.

Central to the treaty are punitive Investor-State Dispute Settlements (ISDS) clauses, which permit transnationals to sue governments for losses allegedly caused by official policy decisions. WikiLeaks last month published a chapter of the TPP treaty showing that firms could bypass a country’s courts to obtain damages for changes in “environmental, health or other regulatory objectives.”

Apart from the US and Japan—the two biggest partners by far—the other TPP participants are Australia, Brunei, Canada, Chile, Malaysia, Mexico, New Zealand, Peru, Singapore and Vietnam.

The willingness of many of these countries to make the required concessions to the US has been undermined by Obama’s failure to secure support for a

Trade Promotion Authority (TPA) bill so that he can sign the TPP and then have it ratified by Congress with a single “yes” or “no” vote. Without TPA, Congress could force amendments to the negotiated pact, effectively rendering the agreement void.

According to a *Japan Times* report: “Several negotiating partners, including Canada and Japan, have publicly stated they will not put their final negotiating positions on the table until Congress grants TPA for the Obama administration. With a presidential election looming in the United States, further delay creates a real risk of TPP being delayed until 2017.”

Much of the US congressional resistance is bound up with protectionist lobbies, based on national-based industries and their trade unions. In response, the Obama administration is ramping up a campaign that explicitly spells out the expected benefits to corporate America.

On March 30, the White House published letters from former senior economic officials, including 10 ex-commerce secretaries representing every administration, Democratic and Republican, since 1973, urging congressional leaders to give Obama TPA authority.

The commerce secretaries stated: “Once completed, the Trans Pacific Partnership (TPP) and the Transatlantic Trade and Investment Partnership (TTIP) will give the United States free trade arrangements with 65 percent of global GDP and give our businesses preferential access to a large base of new potential customers.”

This demand for “preferential access” by US imperialism threatens to break up the world economy into the kind of rival blocs that preceded World War I and World War II.



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