

Delay on TPP prompts warnings to US from Asia

Nick Beams
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The Obama administration's inability to secure passage through Congress of legislation giving the president fast track authority to negotiate the Trans Pacific Partnership (TPP) trade and investment agreement is causing growing concern among its allies in the South East Asian region. A bill to secure the passage of the TPP failed in the House last Friday, but a narrow 218–208 vote yesterday has sent it back to the Senate after it was separated from legislation supposedly to provide assistance to workers.

Last week's failure of the legislation provoked a sharp reaction from several Asia-Pacific countries who intend to join the TPP. Speaking at a forum organised by the Center for Strategic and International Studies in Washington earlier this week, Singapore's foreign affairs and law minister, K. Shanmugam, warned that unless the US made significant progress on securing the deal, it ran the risk of being sidelined.

Shanmugam stated: "Do you want to be part of the region or do you want to be out of the region? If you are out of the region, not playing a useful role, your only lever to shape the architecture is the Seventh Fleet and that's not the lever you want to use, or you can't use it at every instance. Trade is strategy and you're either in or you're out.... The world doesn't wait, not even for the United States."

The Obama administration considers the TPP, which will involve the US, Japan, Australia, New Zealand, Canada, Mexico, Chile, Peru, Singapore, Malaysia, Brunei and Vietnam, but exclude China, to be the vital economic component of its anti-China "pivot" to Asia. Emphasising its importance, Obama has insisted that if the US does not "write the rules" on trade for the twenty-first century, then they will be written by China.

Many countries in South East Asia, as well as Australia, are confronted with a strategic dilemma. On

the one hand, they have close security ties with the United States while, on the other, their major trading partner is China. Since the coming to power of Obama, the US has worked to ensure South East Asia's close alignment with the "pivot to Asia." At the same time, China has sought to utilise its economic influence to ease the diplomatic and military pressure it faces.

The Asia Infrastructure Investment Bank (AIIB), which the US opposed but was set up by China with the support of Britain and other European powers and the participation of most countries across Asia, is one such initiative.

Another is the series of trade deals that China has been negotiating as part of its alternative to the TPP—the establishment of a Regional Comprehensive Economic Partnership. It would comprise Australia, Japan, India, South Korea, China and New Zealand, as well as the 10 members of the ASEAN group of countries.

In another warning to Washington, delivered at a forum on Tuesday organised by the *Atlantic* magazine, Singapore's Shanmugam said the US could no longer dominate the world in the way it had in the past and had to make room to accommodate China.

He noted that the failure of the US to approve a greater say for China in the running of the International Monetary Fund had been a factor in the establishment of the AIIB. Pointing to its wider implications, he said: "You have to understand, it is a multipolar world.... You have to accommodate the rise of China. And if you don't, you will find alternate multilateral institutions being set up where you are completely excluded."

While no-one else has been as blunt as Singapore's foreign minister, there are concerns among the countries that have signed up for the TPP that the whole project could collapse unless Obama is able to

win fast track authority from Congress.

Speaking in the wake of the official signing of a free trade agreement between China and Australia—a deal which has been 10 years in the making—Australian trade minister Andrew Robb expressed alarm over the delay.

“Look, it’s getting … quite problematic in the United States,” he told ABC radio. “If it’s not dealt with in the next two or three weeks … we’ve got a real problem with the future of the TPP.”

The New Zealand trade minister Tim Groser warned in the course of a television interview that unless fast track authority was granted within the next few weeks the TPP would stall until 2018 at the earliest and the fallout would extend beyond the Asia-Pacific.

“If they do not provide the package of measures that are being debated in the US congress now, not only will TPP not go ahead, but you can also kiss goodbye to TTIP, the similar mega-regional deal across the Atlantic,” he told the BBC.

Echoing the comments by Shanmugam, albeit in a somewhat milder form, Groser said that if US legislators would not back negotiations, “the rest of us will move on to other opportunities.” New Zealand is just one of a number of countries that have become more dependent economically on China over the past decade.

The Japanese government, while expressing support for the TPP, has said it will not negotiate on outstanding matters, including agriculture and auto tariffs, until the fast track legislation is passed.

Speaking to reporters on Wednesday after Congress had set a new deadline for a vote on fast track authority for late July, Japan’s economy minister Akira Amari said he was neither optimistic nor excessively pessimistic on the trade deal, but expressed the hope that “the United States will have a sense of urgency and responsibility and approve [the legislation] at an early stage.”

Even if the fast track authority is given, negotiations over the TPP are unlikely to proceed without conflict, as the agreement goes far beyond the framework of existing trade deals. While it covers the traditional areas of tariffs and duties on agriculture and manufactured goods, it also contains far-reaching provisions on intellectual property rights and procedures for investment and the letting of government contracts.

These measures, which are being negotiated in secret, are aimed at providing the means for corporations to take action against governments on the basis that national regulations have discriminated against them and are of vital concern for the US.

More is involved in the TPP for the US than simply the securing of an economic agreement, as Shanmugam’s remarks at the CSIS make clear. Those views were also echoed by former US treasury secretary Lawrence Summers in a comment published in the *Financial Times* this week.

He warned that failure of the TPP would send a “negative signal regarding US willingness to take responsibility at a critical time for the global system.” Coming on top of the US failure to either stop or join the China-backed AIIB, Summers declared it would “signal a lack of US commitment to Asia at a time when China is flexing its muscles.”



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