Barack Obama continues to claim that he will manage to get the Trans-Pacific Partnership Agreement (TPP) passed by Congress before the end of his presidential term on January 19, 2017. Squads of White House officials and former officials are organizing intensive meetings with business groups and foreign governments and assuring them that the other 11 TPP member countries will ratify the agreement before the end of the year. Meanwhile, Latin American trade officials and their “experts” robotically repeat Obama’s message and that of his emissaries.

As everyone who has been following the issue knows, the U.S. presidential candidates, due to electoral pragmatism, are echoing the broad public rejection of free trade agreements and reiterate they will not approve the TPP, not now nor after the November 8 elections. Republican leaders in both chambers of Congress continue to argue that they do not see the conditions to call for a vote to approve the TPP, even during the “lame duck” session when the political pressure to be re-elected has been removed.

After November 8, Obama and his team are betting that last-minute changes to the implementing legislation and all kinds of political horse-trading will break the resistance of powerful Senators or Representatives to passing the TPP. However, Obama is also betting that the ratification of the TPP by its other 11 government members will change the perception of U.S. legislators and encourage their leadership to put the TPP forward for the only vote allowed on the agreement—a Yea or Nay.

However, during the White House foreign offensive to pass the TPP, China—whose geopolitical and economic influence Obama claims to “contain” with TPP rules—is working to change the hearts and minds of powerful elites in the TPP countries. Nevertheless, the most important and defining factor for the fate of the TPP is that social pressure against the agreement within in the TPP negotiating countries grows. Whether or not the TPP will be approved is still a coin flip, although the agreement’s proponents want to give the impression that its passage is a sure thing.
**DARK CLOUDS ON THE FOREIGN POLITICAL HORIZON FOR OBAMA AND THE TPP**

**Vietnam**

The President of the National Assembly, Nguyen Thi Kim Ngan, reported on September 15 that “Vietnam will not rush the ratification of TPP awaiting the outcome of the U.S. elections, but “will await the final political decision of the Central Committee of the Communist Party” of her country.” This powerful legislator said that the National Assembly does not have the TPP on its agenda for the second session of 2016. Recall that, according to “pro-TPP experts,” Vietnam is the country that, in theory, is most favored by the terms of the TPP. The Obama administration has taken it for granted that the mega-treaty would be ratified during the coming weeks. Several media agencies described the decision not to put the TPP on the National Assembly’s fall legislative session as “a blow to Obama.”

Days before the surprise declaration by the president of the National Assembly, the new Prime Minister of Vietnam, Nguyen Xuan Phuc, characterized as less enthusiastic about the TPP’s market opportunities than his predecessor, had a fruitful visit to China. Significant issues of regional security and reduction of tensions were addressed “to strengthen political trust” between Vietnam and China. Vietnam announced the broadening and deepening of nine agreements with China: economic and trade cooperation; economic and technical cooperation (aid packages in the form of grants); programs to increase production capacity; educational collaboration (2016-2017- to 2020-2021); plus: an additional loan of $250 million for construction of an urban train. Vietnam also announced a Memorandum of Understanding (MoU) to provide equipment to help Vietnam to adapt to climate change ($3 million), plus a MoU on construction of road and railway infrastructure, and a MoU on border and customs reforms.

**Peru**

Before finishing his term of office, President Ollanta Humala and his foreign minister claimed that Congress would take up the issue of ratification of the TPP. Social resistance, in alliance with parliamentarians against TPP, took away his ability to manoeuver towards ratification. With the arrival of the new president Pedro Pablo Kuczynsky (popularly known as PPK), “the rush to approve [the TPP] in Congress is over.” Upon returning from his recent visit to China, “PPK” said the TPP has many obstacles and the alternative proposal of China, called the Free Trade Area of the Asia Pacific (FTAAP), is an initiative which, he said, it should be “analyzed benevolently.” In his September 16 balance sheet of the visit to China, the Peruvian President said he had “very positive meetings with a number of very important companies that will invest in Peru.”

This language indicates that the new Peruvian administration has cast aside the Arequipa Declaration of May 17, which stated that: “Other economies in the region expressed their interest in joining [the TPP], and Ministers agreed to continue working bilaterally with economies interested.”

Cynthia Sanborn, dean of research at the University of the Pacific, pointed to another factor influencing the PPK position: “on a recent visit from our Chinese colleagues at the Institute of World Economics and Politics of the Chinese Academy of Social Sciences, they made it clear that if Peru signs the TPP, our relationship with China is not risk free.”

**Chile**

On the one hand, the influential Chilean Pacific Foundation, which brings together powerful multinational business groups, diplomats and academics from the establishment, and even the Director General of the Directorate General of International Economic Relations of the Foreign Ministry (DIRECON), recently complained publicly of “delay in the ratification of TPP. It is regrettable that, to date, Chile has not made greater efforts to ratify the TPP in Congress, independent of the decisions by other countries regarding the same instrument.”

**THE POCKETBOOK SEEMS TO WEIGH MORE THAN THE RHETORIC**

**PRAGMATISM SEEMS TO CHANGE BEHAVIORS.**
In contrast, the Center for Democracy and Community, linked to the Christian Democrats, the most numerous parliamentary group, recently published the “Trans-Pacific Strategic Economic Partnership Agreement (TPP).” This report concludes that: “the advantages that the TPP could bring, such as access of Chilean products to other markets, were obtained already by other free trade agreements that the country has in effect.” But the report adds, “although some products achieve entry into new markets through a progressive [tariff] reduction, the benefits are so few and insignificant that it is not worth Chile having to suffer the costs of TPP.” Thus, compared to the lack of new benefits in relation to free trade agreements already ratified and given the potential for harm resulting from the TPP, especially on issues of sovereignty, there is no justification for its approval. The report authors recommend: “Transfer the debate [beyond the Congress], extend the deadline for Congressional approval and create a mechanism to encourage the participation of civil society. TPP approval requires a high degree of public support: if the Congress approves the agreement without this support, the political cost will be enormous and irreparable.”

The political context of the TPP seems to be changing, influenced by two key elements. First is the change in the correlation of internal forces. Until recently, the parliamentary opposition to the TPP was a minority, although firm and highly ethical. But this small minority has continued grow into a very important social opposition force, part of the broader Citizen Platform Chile Better Without TPP. Today it is possible that the majority party and the ruling party itself and other parties may take a more critical position that would converge with government actions not to rush into ratification.

The other element is the geopolitical position of Chile relative to China. China is Chile’s largest trading partner. Chile’s economy is highly dependent on exporting raw commodities, whose revenues have a strong impact on national finances. Thus, it is no accident that in Chile’s ‘Week in China’ (August 23-28, 2015) organized by the government, “President Michelle Bachelet stressed the need to increase investment by China. The visit of Prime Minister Li Keqiang in May allowed our country to present to the Asian giant investment opportunities in energy, mining and infrastructure worth more than U.S. $20 billion.” Furthermore, the China Construction Bank is almost ready to install a bank branch in Chile, with an initial capital of $180 million. This diplomatic strategy to prioritize investment and concrete cooperation over rhetoric was made clear in January of this year, when China hosted the first China-CELAC Ministerial Forum in Beijing, with the participation of all Latin American and Caribbean foreign ministers. In this forum, the president of China, Xi Jinping said that trade between China and the countries of the region would reach $500 billion in a decade, while investment will be around $250 billion.”

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**CANADA, OFFICIAL AND BUSINESS ACTIONS OUTSIDE THE TPP. WILL THE EVENTUAL NEGOTIATION OF A BILATERAL CANADA - CHINA TREATY COOL THE TPP?**

In an unimaginable strategic approach to China, Canada, a faithful member of Obama’s “The Three Amigos,” has taken some concrete official steps, and important entrepreneurs have made unusual statements such as: “Let’s set aside the TPP for the moment, given its uncertain future”. But the missing piece to Canada’s trade puzzle is Asia, and in particular, China.” In early September, at a meeting of the Canada-China Business Forum in Shanghai, the former premier of Quebec, Jean Charest, said “60 percent of Canada’s GDP is trade-related. We are one of the most trade-dependent countries in the world. We share with China the same ambition of opening new trade routes. For example, President Xi Jinping’s ambitious Silk Road vision stands out as one of the world’s most forward-looking trade initiatives.”

Notwithstanding the anti-China rhetoric of Obama and his spokesmen, Canada applied to join the China led Asian Infrastructure Investment Bank (AIIB). This application was announced by the Canadian Minister of Finance, Bill Morneau, at a press conference in Beijing on Wednesday August 31, 2016. Chinese media claim that Canada, in a difficult economic and financial situation, with a recession in major industrial sectors, falling exports and low investment, is seeking to relax rules to attract investment from China. Canada’s previous administration gave the green light to Chinese energy giant CNOOC to acquire the Canadian firm Nexen Oilsands for just over U.S. $15 billion. Minister of Finance Morneau, of the Liberal Party, said
on August 25 that he is not ruling out the possibility of allowing Chinese state-owned companies take advantage of the Canadian market.

In response to Canadian Prime Minister Justin Trudeau’s long visit to China before the G20 meeting, on September 21, Chinese Premier Li Keqiang began a visit to Canada. He held talks concerning, among other issues, a possible extradition treaty and a bilateral free trade agreement between the two nations.

Despite doubts or criticisms of half of Canadians on a trade agreement with China, during Prime Minister Trudeau’s official visit in August to China, Canadian corporations signed 60 commercial agreements, and now they openly favor a bilateral free trade agreement. They have already signed commercial agreements in several sectors. Energy companies are leading the initiative: the power division of SNC-Lavalin, Sinoenergy Corp Ltd. and Exploration Ltd., Alberta. Other sectors represented in the agreements include Health Sciences International Inc. and Xiwang Foodstuffs Co. Ltd. In the financial sector, the Board of Investment of the Canada Pension Plan and the National Development and Reform Commission of the People’s Republic of China signed an agreement to collaborate on addressing the challenges of an aging population in China. Air Canada, already associated with Air China, announced a new air route to China. “This bilateral trade agreement with China could provide an opportunity for Canada to negotiate on the basis of its own economic interests,” said Domenico Lombardi, director of the Global Economy Program at the Center for International Governance Innovation.

At the end of the visit, the Prime Ministers of Canada and China officially declared that the two countries were beginning talks that may lead to a free trade agreement. Nevertheless, the previous government’s conservatives encourage distrust of China.

However, in a speech to the Council of Foreign Relations in New York, New Zealand’s Prime Minister John Key expressed frustration with the failure of the U.S. Congress to ratify the TPP. He warned his influential audience, that a power vacuum in the Asia Pacific region would be filled by China without U.S. ratification.

Prime Minister Key said a regional trade agreement without the U.S. might still be formed in the absence of the TPP. But he acknowledged that access to the U.S. market is the real prize for New Zealand and other countries. “[A regional trade agreement without the U.S.] is not being discussed, but such an agreement is not impossible,” he said. Key acknowledged the political difficulties U.S. lawmakers face when it comes to a vote on trade, but questioned the future of TPP if Congress does not act. “If it is not approved during the lame duck session, will it ever be approved?” Key asked.

A few days earlier, on September 15, at the Global Business Dialogue in Washington, DC., New Zealand’s ambassador to the U.S., Tim Groser, like Japan’s ambassador to the U.S., Kenichiro Sasae, warned that other TPP countries will move on if the U.S. fails to approve the TPP under the current administration and Congress. “If this deal doesn’t go forward, do not expect your closest friends, allies and partners to sit in a hole, we will not,” Groser said, emphasizing that New Zealand is also part of the Regional Comprehensive Economic Partnership (RCEP) negotiations that include China. He said the RCEP “is not nearly as good for investment in the Asia-Pacific” … “We take whatever - with great heaviness of heart and regret - We will take whatever options we have.”

Behind the words of these remarkable Kiwi officials, we must remember that New Zealand has had an FTA with China since 2008. “The overall growth of world exports of New Zealand since 2008 is largely due to the growth of our exports to China,” notes an official report. China has become New Zealand’s largest trading partner, displacing Australia from that position, and with the blooming of investment, Chinese capital occupies third place, behind Canada and the U.S.

Japan

The second most economically powerful country among the participants in the TPP project has an ultra-conservative and pro-military government that assumed power after the recent elections last July. The government has two-thirds of parliamentary votes in the current session of the legislature (Diet) needed...
to ratify the TPP. With that solid majority behind him, Prime Minister Shinzo Abe recently lobbied for the TPP at a conference in New York: “Japan and the U.S. must each obtain domestic approval of the TPP as soon as possible for its early entry into force. Success or failure will sway the direction of the global free trade system, and the strategic environment in the Asia-Pacific.” Abe promised to do everything possible to get the Diet to ratify the TPP and enact appropriate enabling legislation during a special session of 66 days, convened to begin on September 26. “Japan will spare no effort, and we count on the U.S. to do the same.”

A similar attempt to pass the TPP had hit its peak in April, but legal challenges by opposition lawmakers and the government’s refusal to allow negotiators to be interviewed by the Diet foiled that effort.

Changes in Parliament and political parties, but especially in Japanese social organizations and economic indicators, are putting into question the absolute certainty of official discourse about the TPP. In the latest elections in July, when the contents of the TPP were known, the Conservative Party government lost the support of a large and powerful group of farmers and peasants. Conservative candidates, including the Minister of Justice, were defeated in the most famous agricultural region of Japan. There are likewise fundamental changes in the Democratic Party (DP), the second most powerful party. The DP presidency was won by a woman, Rohne Murakami, who managed the DP to clearly adopt a “We oppose the current TPP Agreement” position. She steered the social economic agenda against of the economic and financial policies known collectively as “Abenomics” and increased the DP’s number of seats in the Diet. The Japanese Communist Party also increased its seats.

Moreover, the four opposition parties have agreed to act as an opposition bloc to Abe’s pro-TPP campaign. There is a growing national sense of the failure of Abenomics. To make matters worse for Abe, a scandal recently broke in the press, involving the fraudulent buying and selling prices of imported rice, which violated official agreements and hurt domestic producers. The issue is highly sensitive and linked with the import rules and tariffs accepted by the Japanese government in the TPP negotiations. The trade press recognizes that the rice scandal can turn the already incendiary dispute over the TPP in the Diet into a political firestorm, as well as mobilize outraged citizens against the agreement.

Australia

The Senate reconsidered and approved a proposal, made by a strong alliance between a coalition of civil organizations and allied lawmakers, that Australia will rely on its own evaluation of the TPP. The proposal has the political effect of changing the timing of TPP analysis, as the Senate awaits a specialized legislative body to deliver its TPP assessment by February 7, 2017. After this date, the entire Senate will address the issue of whether or not to vote to approve the TPP.

It is pertinent to add an important context to the TPP process. In the last six years, China has become Australia’s biggest trading partner. The positive trade balance with China has become a key element to offset the trend of falling Australian exports in general and Australia’s trade balance deficit with the rest of the world. This situation led Australia to establish negotiations with China that culminated in 2014. The China-Australia Free Trade Agreement (ChAFTA) came into force in November 2015. In terms of investment, Chinese capital has become the fastest growing source of funds in Australia and ranks second, after the U.S., in cumulative investment from 2005 to 2015.

IN CONCLUSION, NOT ONLY IS THE RATIFICATION OF THE TPP UNCERTAIN, BUT NEW TRENDS APPEAR.

Not only have several countries already decided not to ratify the TPP according to Obama’s schedule, but there are accelerated actions of contacts, statements and progress among several countries to negotiate in another geopolitical direction. There are signs of a trend towards negotiation of bilateral trade and investment agreements with China and Asian countries within a Regional Comprehensive Economic Partnership (RCEP). Indeed, the U.S. itself is already in the 28th round of negotiations on a bilateral investment treaty with China.

If the U.S. and China are negotiating bilaterally, why shouldn’t others do so?

In short: It is absolutely false to state that the 11 non-U.S. prospective TPP members will ratify the agreement by the end of this year, according to the Obama administration’s schedule. On the contrary, there are accumulating facts, statements and further actions indicating that the TPP proponents’ strategy
The Obama team and its army of transnational lobbyists have forgotten the lesson of what happens politically when you lie systematically to sell a policy to ‘contain’ China, rather than admit that the TPP is negotiated by and for transnational corporate interests. The Obama administration and its foreign emissaries do not seem to see the lack of domestic support for the TPP, nor the growing disbelief, or at least uncertainty, about the TPP that has foreign governments are looking for side door exits. The Vietnam War hawks of yesterday, like today’s TPP hawks, act as if history and current reality did not exist. The TPP hawks believe in their dogmatic faith of free trade.

But these facts and signs, which seem to underlie Obama’s misguided trade offensive in the Pacific, are as volatile or as unstable as the fate of the TPP itself. The big decision still remains to be taken or not on the floor of the U.S. Congress. The nonsensical and a historical foreign policy arguments may be simply a smokescreen for legislators looking for an excuse to support a corporate agenda on trade. A vote during the lame duck session, when legislators won’t be facing election for years, is also intended to bypass popular will and obscure the rising opposition internationally. Only major social mobilization in the U.S. and the world can stop this mega transnational maneuver.

11 years ago, we defeated the Free Trade Area of the Americas, today we can defeat the TPP!
México City, September 24, 2016

The original version of this article is posted at http://www.alainet.org/es/articulo/180510.

References (Electronic sources accessed on October 7, 2016)

Endnotes


On "Reconstructing Local Economies 74 We oppose the current TPP Agreement

Diet deliberations made it clear that (1) the five “sacred” agricultural products crucial to Japan’s national interest were not protected, (2) only minor benefits will accrue to the automobile sector; and (3) information regarding the details of negotiations and the reasons for the positions taken have not been disclosed. For these reasons, we will oppose the TPP Agreement in its current form.


On September 15, 2016 the Senate referred the following matter to the Foreign Affairs, Defence and Trade References Committee for inquiry and report by February 7, 2017. TPP Senate inquiry urgent in the face of even stronger medicine monopolies UPDATE: A Senate inquiry was established on September 15, 2016. http://affinet.org.au/cms/node/1248.


