



# Geneva WATCH

An overview of the bilateral, plurilateral and multilateral trade negotiations

Charles Akande, Editor

## RIP TPP?

**Uncertainty has grown around the U.S. trade agenda ever since Donald Trump won the U.S. presidential election. During his campaign, Trump repeatedly voiced concerns over the Trans-Pacific Partnership (TPP) Agreement which remains to be ratified, and the much older North American Free Trade Agreement (NAFTA), saying that deal has negatively impacted the U.S. economy for over 20 years by destroying jobs in America.**

The 12 TPP countries – Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the U.S., and Vietnam – met on the sidelines of the November 19<sup>th</sup> Asia–Pacific Economic Cooperation (APEC) leaders’ summit in Lima (Peru) to discuss the evolution of the ratification process, as well as the future of the agreement, after the departure of President Barack Obama from the White House.

There was once hope that a Congressional vote on TPP would take place during the “lame duck” period prior to Trump’s inauguration on January 20<sup>th</sup>. The chances of this happening drastically faded after the election as Senate majority leader, Mitch McConnell, admitted that a vote on the TPP this year was unlikely.

“The TPP would be meaningless without the United States,” Japan’s Prime Minister, Shinzo Abe, who met Trump in New York couple days earlier, told TPP leaders. The agreement he said could not be renegotiated as this would “disturb the fundamental balance of benefits,” he added.

However, President Obama told his fellow leaders to continue to engage globally to ensure that trade agreements, such as the TPP, help reduce inequalities with the hope that President-elect Trump would change his mind on trade issues.

“Our partners made very clear during the meeting that they want to move forward with the TPP; preferably, they’d like to move forward with the United States,” Obama said after the meeting.

However, in a YouTube video released on November 20<sup>th</sup>, Trump outlined his policy plans for his first 100 days in office, claiming that he intends to withdraw from the TPP “from day one” describing the agreement as “a potential disaster” for the U.S. He would instead look to negotiate “fair, bilateral trade deals that bring jobs and industry back onto American shores,” he added.

The reactions were quick to follow. This would be “a significant missed opportunity for the American people,” the White House said. The House Ways and Means Committee chairman, Kevin Brady (R-TX) stated that the move would seriously impact the U.S. economy as the region is expected to hold “half of all the middle-class customers on the planet by the end of the decade.”

“We want to be in there. And if we withdraw from that field, our economy suffers,” he said, hoping that Trump would give TPP backers a chance “to make the case to keep what’s good in trade and creates jobs, and fix what’s perceived to be bad.”

The Regional Comprehensive Economic Partnership (RCEP) led by China and which brings together the Association of Southeast Asian Nations (ASEAN), along with Australia, India, Japan, New Zealand, and South Korea, would be the biggest beneficiary of Trump’s threat to withdraw from the TPP.

There’s no doubt that there would be a pivot to the Regional Comprehensive Economic Partnership if the TPP doesn’t go forward,” Abe said.

Others like Australia still remain hopeful that the new U.S. president would change his mind about the TPP. After all, this is not the first time a U.S. president has opposed a trade agreement, as some point to the fact that President Bill Clinton once argued against NAFTA, but ultimately signed the deal after becoming President.

“We need to let the incoming Trump administration have some time, let’s have some patience,” Australian Trade Minister, Steve Ciobo said.

The TPP was originally signed on February 4<sup>th</sup> in Auckland (New Zealand) paving the way for each of the 12 countries' parliaments to ratify the text. The agreement was expected to come into force within two years if all original signatories notify that they have completed their domestic

processes, or after 2 years and 3 months if at least six of them, including the Japan and the U.S. and several other large countries, have done so. Thus, without the U.S. ratification, the TPP cannot come into effect.

**Geneva Watch is published by Dairy Farmers of Canada, Chicken Farmers of Canada, Egg Farmers of Canada, Turkey Farmers of Canada and Canadian Hatching Egg Producers to report on the various events occurring in Geneva, particularly on the WTO negotiations on agriculture.**

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