TPP without the US

What is the issue?

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- The US has come out of the Trans-Pacific Partnership (TPP) after Trump's election as the President.
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- The other countries in the group are now discussing on the ways to rework the deal, overcoming the initial hesitation and uncertainties.
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Why was TPP less attractive without the US?

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- The TPP seemed more like a **leaderless** grouping after the US withdrawal.
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- The anticipated **economic impact** with the loss of the US **market** hampered the progress of the deal.
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- Ex: Countries like Vietnam and Malaysia lost the benefit of preferential access to the US and other North American markets with US withdrawal.
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- Being a prominent actor in the regional affairs, the American withdrawal could have a significant impact on the **geopolitical effect** of the partnership.
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- These factors made many countries sceptical of the TPP and drove them to give up on the Transpacific Partnership initially.
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How is TPP still optimistic?

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- Despite the above uncertainties, countries are now getting back to discussions to revive the deal.
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- The rest of the members believe that TPP holds **economic and strategic significance** even without the US.
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- The economic gains are still looked for, with markets like Canada and Mexico.
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- Also, earlier members who did not have bilateral FTAs with the US found it hard to comply with **US's demands** on certain sensitive issues.
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- These included issues like the intellectual property, investor-state-dispute-rules, state-owned enterprises and labour standards.
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- The US withdrawal has become a source of some relief for these countries which include Brunei, Japan, Malaysia and Vietnam.
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- The rework on the deal could make revisions in some chapters of the TPP agreement granting **greater flexibilities** to members.
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- Besides these benefits for the members, TPP's rules and regulations could possibly become templates for many **future trade agreements.**
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- Also, with US withdrawal, **Asia** is becoming a more prominent actor in the new TPP.
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- This is emphasized by the role Japan and Australia are playing in the efforts to taking forward the deal.
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- It comes despite the presence of Canada and Mexico, who are preoccupied with revisions in the North American Free Trade Agreement (NAFTA).
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What lies ahead?

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- The existing TPP members should now focus on the basic issues that all members feel are must to revisit, to arrive at an agreeable deal sooner.
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- TPP-11, if succeeds would be a precedent for a **modern new-generation trade agreement** formalized by **'middle' powers** from Asia and America.

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- It would be a deal without the traditional leaders of regional trade deals, the US and the EU.
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- Also, it would be a grouping with Asian powers playing a role of prominence which signifies a new regional balance of power.
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Source: Financial Express

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