Comprehensive Agreement for Trans-Pacific Partnership Entered into Force

1 January 2019 marked the third day since the Comprehensive and Progressive Agreement for the Trans-Pacific Partnership (CPTPP) came into force. Irrespective of what will happen during this whole, still new year, the aforementioned event will remain among the most significant ones not only for the Indo-Pacific region but for the entire world.

Hence, it seems apt to briefly remind our readers about the history of establishing the CPTPP. The year 2005 should mark its conception. This is when Brunei, New Zealand, Singapore and Chile signed an agreement on establishing a quadrilateral free trade zone, which was then dubbed the Trans-Pacific Partnership (TPP). In 2008, the United Stated expressed its interest in joining the TPP, which immediately instilled global significance in the new initiative. Mainly, because from that point in time, the project’s key participants began to view it from the real-world perspective of a novel, in principle, world order that began taking shape after the Cold War. A key feature of it became the transformation of China into the second world power.

The Barrack Obama administration began to increasingly regard the TPP project as half of the global framework that had to be established in preparation for the upcoming confrontation with China.

Its second half was meant to be the Trans-Atlantic Trade and Investment Partnership (TTIP) project that, at present, can be described as rather dying than thriving. It is worth highlighting that even before the Donald Trump administration came to power (with its concepts of America First and Away with Dependent Allies), the TTIP initiative ended up in its current state most likely due to sabotage from the European side.
Considering Donald Trump’s perspective on the standing and role of the United States in the modern world, the only task remaining was to bury the TPP (and NAFTA along with it). This, seemingly, is what happened, when in January 2017, the President of the global power issued a memorandum to withdraw the nation from all the agreements reached in the TPP negotiations. Twelve other members (including the USA) were its participants at that time.

Hence, the importance of the TPP initiative plummeted to the lowest levels in the eyes of the world as well as of other nations participating in the project. In truth, without the United States’ contribution, the TPP’s share of the gross world product amounted to only 13.5% instead of 33.3 % (TPP with the USA). In addition, the participating nations lost free access to the world’s largest market.

However, all of these calculations were completely disregarded by Japan, whose efforts helped to resuscitate the initiative. On 8 March 2018, in the capital of Chile, Santiago, the Ministers of Foreign Affairs of 11 participant-nations signed the latest version of the Agreement to establish not the TPP but the CPTPP, which needed to be ratified by their parliaments.

According to the procedure agreed on at that time, the agreement had to enter into force 60 days after it had been ratified by parliaments of the first 6 nations. On 31 October 2018, the sixth parliament to approve the document became the legislative branch of the Australian government, which allowed for the date the CPTPP was to come into force to be established (30 December, 2018).

The governing body of the newly-minted partnership will be a committee consisting of representatives (of a ministerial level) from the participating nations. The number one item on the agenda of the first meeting of the committee, which will be held in Tokyo on 19 January, will be a discussion on the format of any future agreements with potential new members of the CPTPP.

Starting in 2010, Colombia, the Philippines, Taiwan, South Korea, Thailand and Indonesia expressed their wish to join the partnership. At the beginning of 2018, the government of the United Kingdom spoke of a similar inclination, as the date Great Britain is set to leave the European Union approaches.

This latest development is noteworthy, and the fact that one of the more visible (extra-regional) participants of the global political game has expressed interest in joining the CPTPP affects several important plots of this game at once, which are increasingly intersecting with each other.

First of all, let us focus on Tokyo’s fairly well-disposed reaction towards (for now hypothetical) intentions, of such nature, by London. And this response is already being construed as a sufficiently positive signal from the entire CPTPP, which not only reflects Japan’s current standing in this partnership, but in the whole region and the world. Once the CPTPP entered into force, the second part of a well known refrain used to describe Japan as “an economic giant, but political dwarf” can be finally discarded.

The sharp ascent of this nation’s role in global processes is further underscored by the fact that the Economic Partnership Agreement on establishing a free trade zone between the EU and Japan is due to enter into force in February of this year. This document was signed in the summer of 2018 during the 25th EU-Japan summit.

Hence, it is no longer feasible not to view Tokyo in a role of some kind of moderator in the conflict between Brussels and London. This possibility has every chance of transforming itself into reality considering London’s interest in the development and bilateral format of ties with Japan.

We could also assume that this completely novel situation, which stemmed from the CPTPP’s coming into force, had a significant effect on the fact that attempts to resolve issues between the two leading world powers, i.e. the United States and China, began anew. Proof of such attempts became contents of congratulatory messages, which Donald Trump and Xi Jinping exchanged on 1 January, on the 40-year anniversary of establishing the bilateral diplomatic ties between the two nations (as well as a telephone call between the two leaders (days prior).

China’s initial reaction towards the CPTPP’s entering into force is two-sided in nature. On the one hand, according to PRC’s experts, this initiative (without US participation) maintains, to a certain extent, a pro-Atlantic direction, because, to an extent, it acts as a rival to Beijing’s project ASEAN+6.

We would like to remind the readers that participants of this project, which is still in its negotiation stages, include 10 nations of Southeast Asia plus Australia, India, PRC, New Zealand, South Korea and Japan. In other words, a substantial majority of the future ASEAN+6 consists of participants of the already functioning CPTPP.
On the other hand, if anticipated improvements in political relations between Japan and China are taken into account, some form of collaboration with this new partnership has not been ruled out in China.

In the United States, in the absence of any official response from the White House, the media has focused its attention mostly on two aspects of the event, discussed in this article. First of all, all the CPTPP participants happen to be the closest regional allies of Washington. Secondly, as tariffs on imported goods will be gradually lowered and then removed within the framework of this partnership, problems with selling American goods in the markets of CPTPP participating nations will increase. The gloomiest predictions are being made for the United States farmers.

The author would also like to add that from his perspective, since the CPTPP entered into force, Tokyo’s position in difficult negotiations with Washington on eliminating imbalances in bilateral trade has strengthened.

In the meantime, a city dweller in Japan experienced the benefits of the CPTPP’s coming into force in the first days of the new year. Cheaper (possibly, lower quality than Japanese) imported agricultural products made a timely appearance at sales points of Tokyo’s chains.

This, however, did not bode well for Japanese farmers. Nevertheless, Japan’s government is notably taking measures to lower any necessary outlays associated with the implementation of this very important for Japan project.

Overall, we reiterate that the fact the CPTPP entered into force is becoming a significant event at the current stage of the game of big politics.

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