



Progress on Asia Pacific Trade

Jeffrey J. Schott reports that President Obama and leaders of the Asia Pacific region made progress on an economic agreement at their Honolulu summit.

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Steve Weisman: The Asia Pacific Economic Cooperation (APEC) forum has concluded its meeting in Honolulu, with President Obama as host. This is Steve Weisman with Jeffrey Schott, senior fellow at the Peterson Institute, to ask about what they accomplished, in particular in moving forward the so-called Trans-Pacific Partnership (TPP) economic cooperation agreement.

Jeffrey Schott: The negotiations on the Trans-Pacific Partnership have actually been progressing very rapidly. But it's a very ambitious project, the most comprehensive trade agreement that has been under negotiation in the region, and perhaps worldwide, probably ever. They have made a lot of progress, but they are nowhere close to the previous overly ambitious goal of concluding the talks in the near future.

Steve Weisman: How many countries have lined up? Japan announced that it was interested.

Jeffrey Schott: There have been nine countries participating in the negotiations. But combined, those countries don't account for a large share of world trade or world GDP. But, in the consultations during the week in Honolulu, several countries came forward and expressed their interest in joining the talks: Japan, Canada and Mexico. That does not mean that those countries are ready, willing and able to sign on to a deal. It means that they are interested in participating in a consultative process with all of the existing negotiating partners, who would all have to accept each country's admission to the negotiating table.

Steve Weisman: What about China?

Jeffrey Schott: China actually is taking a fairly constructive approach towards the Trans-Pacific Partnership. They are, of course, nowhere near ready to undertake the type of obligations, with regard to both trade liberalization and transparency of economic policies, that would be required to participate in an agreement as it's being crafted now. But they took a rather positive approach to the importance of the initiative, and their interest in participating in a broader Asia Pacific trade arrangement over the medium term.

Steve Weisman: What sort of barriers do you think would likely come down if there were such an agreement?

Jeffrey Schott: I think here many of the participants already have bilateral free trade agreements with each other. One of the main additional benefits of the Trans-Pacific Partnership would be harmonizing the regulatory policies of these agreements, so that there is a common standard throughout the region. In addition, there is scope for much more trade liberalization in the area of services, where many of the trade agreements are very sketchy at best. This is an area where there could be substantial room for improvement.

Steve Weisman: Jeff, a year ago, when the goal of having some progress at the APEC summit was first discussed, we wondered whether the Obama Administration was truly committed to liberalization in trade. What's your judgment now?

Jeffrey Schott: I think the passage by the Congress of the three free trade agreements with Colombia, Panama and Korea broke the ice and sent a very positive signal to our trading partners that we, the United States, will follow through on the commitments it makes at the negotiating table. That has allowed the TPP negotiations to continue to advance and indeed likely accelerate throughout 2012.

Steve Weisman: Your time frame for possible agreement?

Jeffrey Schott: I think the statement of the leaders in Honolulu was overly ambitious, as leader statements generally are. I think much of 2012 will be taken up with dealing with the list of sticking points that have emerged in the TPP negotiations to date. If you look at that list, whether it be issues regarding the environment or labor or certain agricultural products -- you can have a much more lengthy list, capital controls, other issues -- you realize that there's substantial work to be done, even though there has been substantial progress across a very broad negotiating agenda. In addition, those discussions will be complicated but enriched by the consultations about entry of the big new participants, Japan, Canada and Mexico. That, I think, will take up a lot of energy in 2012, but it portends a much more significant trade agreement in both economic and political terms, one that could be concluded in 2013.

Steve Weisman: Thank you, Jeff.

Jeffrey Schott: Thank you very much.

