

The U.S. Objectives in the TPP and China: More Globalization?

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Presentation Outline

- Defining U.S.-style free trade agreements
- U.S. objectives in TPP
- The “TPP as China containment”
- The “TPP as competitive liberalization”
- A Mexican perspective
- A public interest perspective

U.S. Objectives in the TPP

Synthesis of U.S. Objectives in the TPP

Industrial Strategy	Overlap	Foreign Policy
<ul style="list-style-type: none">• Establish WTO-plus standards in Asia Pacific to expand U.S. exports and support jobs; reposition North American industries in competition with China• Competitive liberalization: expand TPP membership; encourage liberalization in China; leverage WTO outcomes	<ul style="list-style-type: none">• Use TPP to establish “seamless” and inclusive regional economy and as a foundation for the proposed APEC FTA, Free Trade Area of the Asia Pacific (FTAAP)• Establish norms in trade- and investment-related transnational governance issues• Counter Asian regionalism that weakens U.S. interests	<ul style="list-style-type: none">• Compliment and support the “Asia pivot” military and security strategy• Build and enhance regional partnerships while reinforcing U.S. presence in the region• Establish mechanisms for cooperation and resolving frictions• Demonstrate that the U.S. is a Pacific power committed to the region

The “TPP as China Containment” argument

- TPP as “China containment” with the goal of decelerating China’s growth rate:
 - If China moves closer to TPP obligations then this favors U.S. industries at expense of Chinese industries
 - Trade diversion on China: (1) “de-Sinicized” regional supply chains, and (2) weaken China’s FTAs with TPP members
- The “Asia pivot” as “China containment”
 - “Why don't you pivot out of here?” Chinese State Councilor Dai Bingguo to U.S. Secretary of State Hilary Clinton after the U.S. bolstered regional resistance to China’s territorial claims to the South China Sea

The TPP as “competitive liberalization”

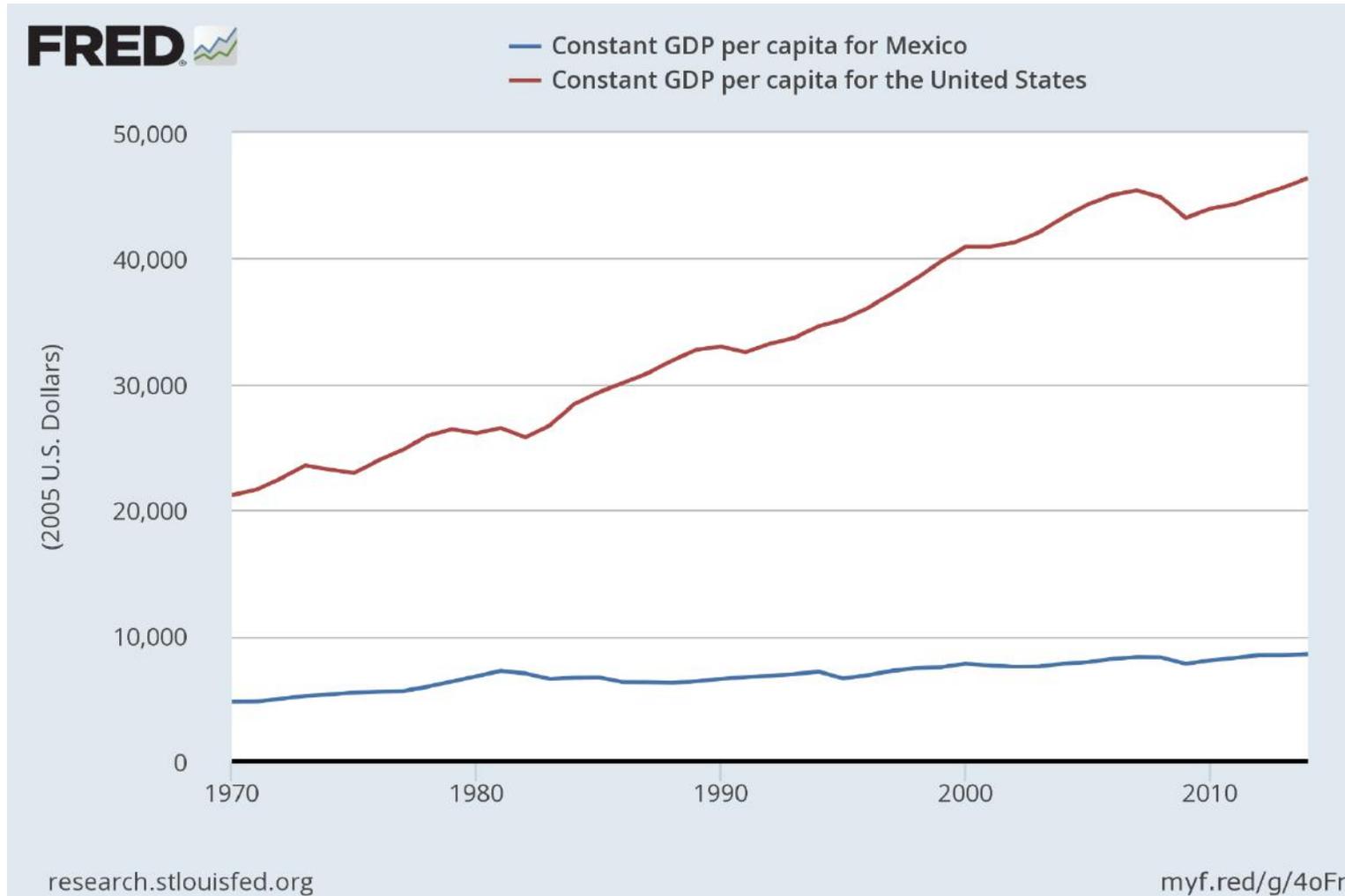
“...there’s been some suggestion that by doing TPP we’re trying to contain or disadvantage China. We’re actually not...we hope that then China actually joins us in not necessarily formally being a member of TPP but in adopting some of the best practices that ensure fairness in operations.”

–President Obama, 2014

A Mexican Perspective

- Better competitor vis-à-vis China
 - TPP rules of origin (autos, textiles)
 - Support integrated North American industries that rely on Mexico as a dynamic and lower-cost export platform
- Enhance Mexico's exports to Asian Pacific (Peters 2013)
 - diversify Mexico's trading partners so as to not be so reliant on U.S. markets;
 - create/facilitate trade and investment linkages with the world's fastest growing region;
 - allow preferential access to these markets;
 - the cost/benefits of joining the TPP outweigh not joining

A public interest perspective



A public interest perspective cont'd

- The historical record of past U.S.-style FTAs looms heavy for the TPP
 - TPP text a derivative of the NAFTA text
 - NAFTA has been a source of growing within-country inequality and inter-country inequality
 - NAFTA has been associated with a deterioration of labor and environmental conditions in North America
- Can we envision trade agreements organized around the principles of justice and equality rather than growth and competition?