

TPP:

The Post-Globalization Paradigm

Prof. Dr. Tang Zhimin
Ms. Dussaneeya Intanuphat
China ASEAN Studies, PIM

Agenda

- Research Objective & Method
- The Old & New Paradigm
- The Contents & Impacts
- What Could Thailand Do?

Research Objective

- To Understand
 - The Contents & Nature of TPP
 - The Impact of TPP on Thailand
 - What Thailand May Do Regarding to TPP

Research Method

Document Research	USTR Documents	Thai Documents	Documents of 12 members
In-depth/ Focus Groip Interview	In Bangkok	In Provinces	In USA/Mexico
	Thai government official & academic	Local chamber of commerce & business representatives in 3 provinces	TPP negotiators
	Thai business sectors		Chamber of Commerce
	Ambassadors/ Trade officer of 12 members		private sector/ SOE

Likely Time Line

The likely timeline of Trans-Pacific Partnership Negotiation

2010	TPP negotiation commenced led by USA
2013	TPP has 12 members as Japan joined
2015	TPA (Trade Promotion Authority) approved in USA (June)
	22nd Chief negotiator/Minister meeting in Hawaii (July)
	TPP Final Agreement (second half 2015)
	Approved by parliament of member countries (end of 2015)
2016	Thailand may start to negotiate with 12 TPP members

TPP vs. RCEP

Some people may view TPP as just an alternative to reach FTAAP

TPP (Trans-Pacific Partnership)	ASEAN (4) +8 Japan, Australia, New Zealand, USA, Canada, Mexico, Chile Peru	Higher Standard FTA	FTAAP (Free Trade Area of the Asia-Pacific)
RCEP (Regional Comprehensive Economic Partnership)	ASEAN(10) +6 Japan, Korea, China India, Australia, New Zealand	Integration of FTAs with ASEAN	

But actually it sets up a Post-Globalization New Paradigm

The Old Paradigm

- Globalization & Free Movement

Free Movement	Focus
Goods & Services	Tariff & Non-Tariff Barriers
Capital	National Treatment
Labor	Work Permit, Mutual Recognition

The New Paradigm

- Post Globalization & Convergence

Convergence	Focus
Equalization of Return	Correction of Market Failure on Labor & Environment
Global Customer	International Standard

The Final Agreement

The final agreement would likely include the following

20-30 legal texts	to state principles on various topics
Tariff schedule	common tariff of each member to other members (USA may even have special tariff to individual member)
ROO	line by line rule of origin of TPP members
Negative list	negative list of each member on opening up service
NCMs	non-conforming measure of each member in terms of transition period, quota of import, or even exclusive area

Structure of Legal Texts

Market Access	Product based	agricultural, textile, remanufactured service (finance, telecom, business) e-commerce
	Procedure based	customs, ROO, SPS, TBT, government procurement trade remedies
Factors of Production	labor, environment, IP, investment, temporary entry	
Government Role	competition policy, transparency, coherence SOE, SME, cooperation and capacity building	

The 29 chapter legal texts are expected to cover the above areas plus a few chapters on the operation of TPP
some chapter may be combined in the final agreement

TPP Impacts (if Yes)

The impacts of TPP if Thailand is finally a member

Benefit	Cost
current & potential market	higher competition
more & better choice	higher cost (due to higher standard)
better quality of life	loss of competitiveness
better business environment	higher price of some products
more foreign investment	risk of international business
balancing the role of government	restriction on government

TPP Impacts (if No)

The impacts of TPP if Thailand is not a member are not just switching the cost & benefit boxes in the previous page

The important factor is ROO, it depends on:



How big is TPP as the final market of exports (many Thai exports to China is actually a part of MNC supply chain)

How competitive & comprehensive is the supply chain in TPP compared with non TPP members

Could Thailand Negotiate?

20-30 legal texts	No, they must take as they are
Tariff schedule	Yes, even though the final goal of TPP is comprehensive 0% they are still possible be quota or tariff in a transition period
ROO	Probably not
Negative list	Yes, each member should have their own negative list
NCMs	Yes, possible non-conforming measures on various chapters

But the price is likely high as the next pursued candidates for TPP would be Korea, Indonesia & the Philippines

Dealing with Sensitive Issues

watered-down commitments

longer transition periods for implementation

limiting commitments: Non-Conforming Lists

absolute carve-outs

take it or leave it

trade off & compensation

TPP Challenges (if Yes)

Private Sector	Government
operation efficiency	improve legal framework
innovation capability	law enforcement
marketing effectiveness	service responsiveness
logistic connectivity	procedure transparency
HR development	dealing with sensitive issues

The Choice of Thailand

The expectation on the negotiation result

The perception on cost & benefit of joining or not joining TPP

The perception on the challenge to private sectors & government

The perception on the negative external influence on Thai politics

The perception on the positive influence on reform in Thailand

Positive Impacts on Reform

Reform in 11 Functions
politics
public administration
law and justice
local administration
education
economy
energy
public health and environment
media
society
others

At least 7 out of 11 functions of reform as announced by the current government will be impacted:

Contents of Laws & Regulations	pro competition
	pro private sector
	pro international standard
	Protection of IP
	Protection of environment
	Protection of labor rights
	transparency
Process of Laws & Regulations	strong enforcement