

**IPS Corporate Associates Lunch:
Why the Trans-Pacific Partnership is “a Deal Worth Considering”**

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The [Trans-Pacific Partnership \(TPP\)](#) is tipped to unlock the future growth of its 12-member countries. However, spanning 30 chapters and over thousands of pages, it is no easy feat navigating this landmark trade deal. What makes the TPP different from other trade agreements? What do Singapore companies stand to gain? Ms Ng Bee Kim, Director General for Trade at Singapore’s Ministry of Trade and Industry (MTI) and Singapore’s Chief Negotiator for the TPP, and Mr Daren Tang, Chief Executive of the Intellectual Property Office of Singapore (IPOS) and Chairperson of the TPP’s Intellectual Property (IP) Chapter negotiating group, addressed these questions at a lunch dialogue with members of the Institute of Policy Studies (IPS) Corporate Associates programme on 1 March 2016. IPS Special Adviser Professor Tommy Koh moderated the discussion.

The TPP has its roots in the Trans-Pacific Strategic Economic Partnership (TSEP) or more commonly referred to as the Pacific 4 (P4). The P4, as its name suggests, was made up of four countries: Brunei, Chile, New Zealand, and Singapore. It stemmed from attempts at APEC to create a larger economic free trade area in the Asia Pacific region. On the back of this vision, this four-member agreement had expanded into the TPP, first with eight members in 2008, and eventually 12 members, by 2013.

Prof. Koh commented that the success of the TPP is of extreme importance to the US. The TPP is not only the key economic pillar of President Barack Obama’s “pivot to Asia” policy, but also the most tangible outcome of its three pillars, which include defence and diplomacy. From Singapore’s perspective, Prof. Koh explained that participation in the TPP made “obvious sense” for us, as a country that made its living through trade.

The TPP: Five Benefits for Business

The TPP is the largest regional trade agreement to date. Its members contribute 40% of the global GDP, one-third of world trade and comprise a market of 800 million people. Amongst its members are the world’s largest and third-largest economies, the US and Japan respectively.

As a free trade agreement, the TPP is unprecedented in scope and ambition. It is a “living agreement” which is open for accession by interested countries that are able to meet its high standards. In sharing her view on why TPP was a “deal worth considering”, Ms Ng highlighted five benefits for companies.

First, the TPP will offer comprehensive access to TPP markets through the elimination of tariffs. Upon the entry into force of the agreement, there will be immediate tariff elimination on 94% of Singapore’s goods exports to TPP countries. The TPP also contains rules that allow businesses to source input from across the region more easily. This will be especially beneficial to Singapore companies as many practise integrated sourcing and have production chains that span across the region.

Second, the TPP will provide stronger protection for businesses venturing overseas through a robust Investor State Dispute Settlement (ISDS) mechanism. The ISDS mechanism allows businesses to seek recourse for losses and damages suffered by their investments in TPP countries.

Third, the TPP will create new opportunities for businesses to secure government contracts, such as the procurement of goods, services and construction.

Fourth, the TPP will establish common standards and rules for e-commerce to ensure that government regulations do not unnecessarily impede cross-border data flows.

Fifth, the TPP contains robust intellectual property rules to prevent countries from requiring businesses to give up trade secrets or to substitute local technology into their products and services as a condition of entry into the market.

The priority for TPP countries post-signing is to complete their respective domestic processes to ratify the agreement promptly. If at the end of two years not all countries have ratified the Agreement, the TPP could still enter into force with at least six countries comprising at least 85% of the TPP’s combined GDP. Both the United States and Japan must be part of this first group.

Intellectual Property: The missing piece in previous FTAs

Mr Tang described the TPP IP chapter as “ground-breaking”. It contains the most advanced set of rules agreed upon internationally since the WTO TRIPS Agreement signed in 1994.

The TPP IP chapter creates harmonised rules in the TPP region to make it easier for businesses to file for cross-border IP protection. For instance, all TPP countries are required to sign the Madrid Agreement. The Madrid Agreement streamlines the filing process for international registration in multiple territories by allowing a business to file one international application and pay a single set of fees.

At the same time, the TPP IP chapter also allows countries leeway to build a robust yet balanced IP regime, with the appropriate exceptions and limitations, to balance the needs of right-holders and consumers.

Finally, the chapter will bolster both civil and criminal enforcement by introducing a common set of enforcement standards and rules for resolving IP disputes.

Question and answer session



During the panel discussion, facilitated by Prof. Koh, participants asked a series of questions which ranged from public outreach efforts on the TPP, to whether there would be potential job losses as a result of FTAs, to the possibility of merging the Regional Comprehensive Economic Partnership (RCEP) with the TPP to form the Free Trade Area of the Asia-Pacific (FTAAP).

Both Ms Ng and Mr Tang shared their surprise over the amount of public commentary that TPP generated on social media. This was “extraordinary” given that previous FTAs were never topics of popular discourse. Mr Tang pointed to Malaysia, where the pushback from NGOs on the TPP had resulted in the Malaysian government taking an unprecedented step to table the TPP for a Parliamentary vote.

On potential job losses, Ms Ng assured participants that the TPP will “help to bring more jobs into Singapore,” without hindering the functions of the current wage models set by the government. Adding to Ms Ng’s point, Mr Tang quoted a study by IPOS which found that IP-related jobs paid, on average, 30% more than jobs without an IP element. The TPP’s focus on IP, together with the Singapore government’s efforts to train more professionals in IP-related fields, will likely translate into better-paying jobs for Singaporeans.

Concerned with the TPP’s complexity, one participant asked if end-users, i.e., businesses, could really take full advantage of the Agreement. Both Ms Ng and Mr Tang agreed that educating companies on the details of the TPP required dedicated attention and resources. Still, MTI has been actively reaching out to companies to share with them about the benefits of the TPP. A practical translation of the TPP’s chapters is also available on the MTI website.

On merging the RCEP and TPP, Ms Ng replied that while this was a theoretical possibility, it was still too early to say for sure if this would ever occur. RCEP member countries were still in the early stages of negotiations. There was also the added challenge of varying country compositions in the two agreements, which could affect the final ambitions and outcomes in the RCEP negotiations.

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