US Trade Policy on the Move, Or Is It?

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Global Development: Views from the Center

Trade, Trans-Pacific Partnership (TPP), Transatlantic Trade and Investment Partnership (TTIP)

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In honor of Japanese Prime Minister Abe’s recent visit to Washington, I thought I would try to distill my thoughts about the recent flurry of trade activity into a haiku:

TTIP, stuck on red?
TPP, waiting for what?
AGOA moving?

Okay, so I’m no poet. And the acronyms might make my verse a little hard to follow for the non-trade wonks in CGD’s audience. Here’s a brief translation.

Transatlantic Trade and Investment Partnership negotiations between the United States and European Union aim to eliminate remaining traditional trade barriers (i.e. tariffs, quotas) and reduce nontariff trade barriers, in part by employing initiatives to promote regulatory coherence (e.g. an agreement on auto safety standards). Negotiators formally launched the talks in mid-2013, but so far the main outcome seems to be mounting opposition from civil society groups in Europe. I’ll be surprised if this red light ever turns green.

Trans-Pacific Partnership* negotiations have been slogging along for six years under President Obama. The number of countries engaged has grown from 8 to 12, including Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam. Since the United States already has bilateral trade agreements with the countries in italics, the impact of a TPP deal may be relatively modest. Japan is the most commercially significant of the remaining countries, but Prime Minister Abe’s visit didn’t produce an agreement on market access for agricultural commodities and automobiles as hoped. The other TPP parties are waiting for the US and Japanese negotiators to reach a deal. Meanwhile, Japan appears to be waiting on Congress to approve trade promotion authority (TPA) legislation.** A more fundamental issue, from my perspective, is what impact the TPP might have on developing countries and the multilateral trade system. I have significant concerns about some aspects of the likely outcome of the negotiations, which I have discussed here as well as with Vox’s Dylan Matthews.

Amidst all of the hullaboo over the TPP and TPA, you might have missed the news that Congress is finally moving to extend the Africa Growth and Opportunity Act and other trade preferences for developing countries. As part of recent markups (where TPA took
center stage), the House Committee on Ways and Means and the Senate Finance Committee approved legislation to renew AGOA (currently set to expire in September), extend two special trade programs for Haiti, and revive the Generalized System of Preferences (GSP) (which lapsed two years ago). While not the broad reform for which many had hoped, the bill would extend the AGOA program until 2025. If passed, and quickly, this would prevent AGOA suffering the kind of disruption and uncertainty from short extensions and long lapses that contributed to GSP imports dropping 40 percent in recent years. The Senate Finance Committee summary of the bill here briefly describes what each of these programs do, as well as the relatively modest proposed changes.

If you have additional thoughts, we’d love to see them in haiku form: #devhaiku

* If you are wondering why trans-Pacific has a hyphen and transatlantic does not, I have no idea.

** TPA legislation allows Congress to specify the objectives it wants trade agreements to achieve. In return, Congress agrees to vote on implementing legislation expeditiously and without the possibility of amending it. This so-called “fast track” procedure assures trading partners that Congress cannot pick apart agreements after negotiations are complete. It has become controversial, however, with trade negotiations increasingly addressing regulatory and other behind-the-border issues.

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