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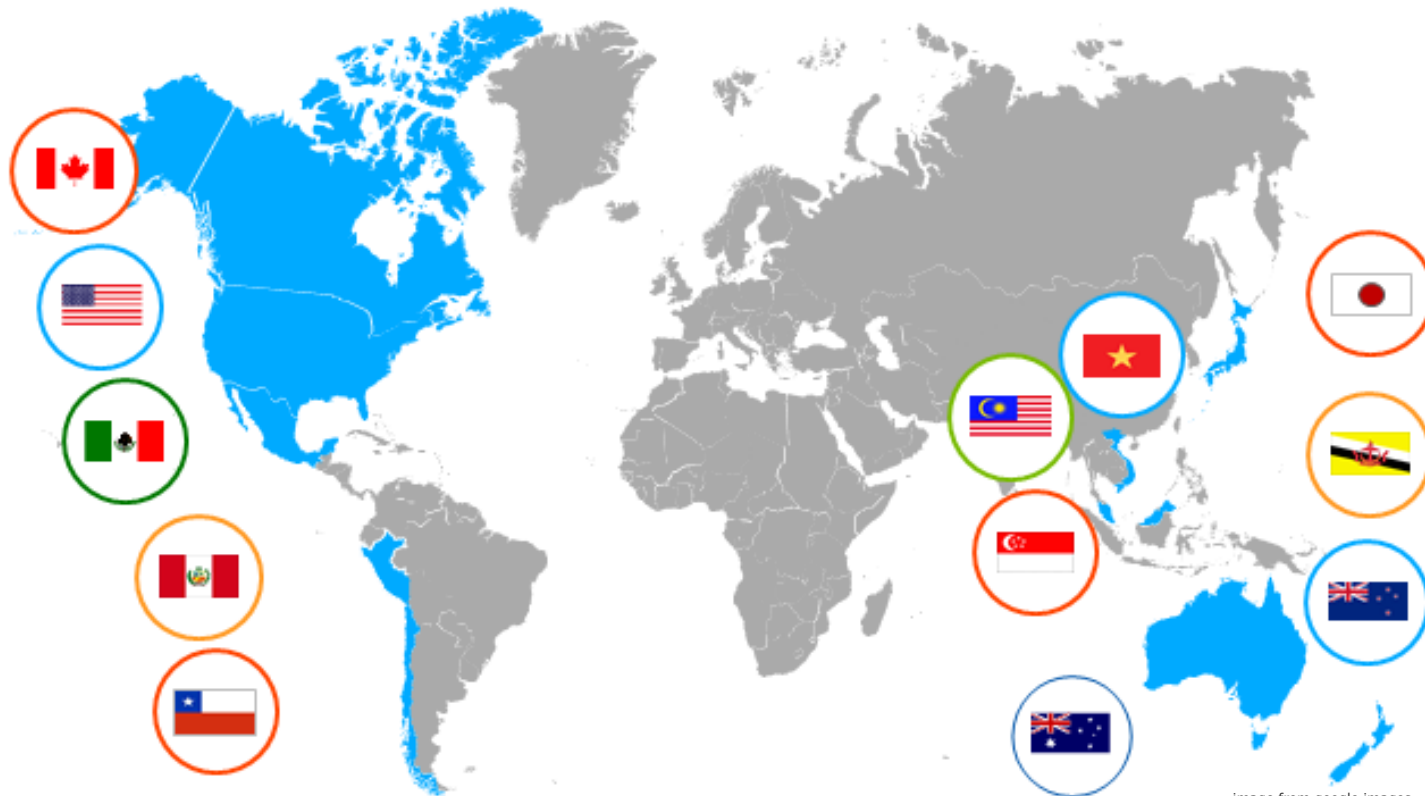


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WEDA Summer Conference TPP/Trans-Pacific Partnership

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Introduction – What is it?

- February 2016, 12 Pacific Rim countries signed the TPP
- Described as an economic and free-trade game-changer
- High standards and modern rules for e-commerce, energy, labour, the environment and IP

Introduction – Scope

- TPP covers four continents, 800 million people and 40% of global GDP
- Designed to raise standards for global commerce, eliminate tariffs and foster trade
- Mega-regional free trade agreement with 30 chapters

Introduction – Chapters

- Chapters include trade liberalization/market access, rules of origin, trade facilitation, trade remedies; technical barriers to trade; investment; trade in services; financial services; business immigration; telecommunications; e-commerce; procurement; IP; labour; environment; SMEs and dispute settlement

Introduction – Proponents

- In the beginning there were many proponents including U.S Secretary of State Hillary Clinton, and U.S President Barack Obama
- Obama argued that TPP would permit the U.S and other countries to increase trade in the Asia Pacific - the fastest growing and most populous area of the world
- TPP would let the U.S - not China - lead the way on global trade
- Reports indicated that TPP could boost global GDP by \$300 billion



USA

Introduction – Opponents

- There has been a backlash against globalization and mega-free trade agreements
- TPP opponents point to potential trade imbalances which could be exacerbated under TPP
- There has been a concern respect the loss of jobs which has been blamed on FTAs

Introduction – Withdrawal

- By the end of the recent U.S presidential election support for the TPP had waned
- Once elected U.S President Trump pulled the U.S out of the deal.
- The move was applauded by even his fiercest critics who declared the TPP "dead and gone"



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Introduction – Life Support

- After the U.S withdrew it did appear the TPP was dead and gone
- The TPP contains a clause stating that the deal would come into force only if it was ratified by six countries representing 85% of the combined economic value of the member countries
- If the TPP is not dead and gone, it is on life support

TPP Drivers

- TPP was driven by the interests of the U.S and Japan
- The U.S sought market access to the Japanese consumer products market
- Japan sought market access to the U.S auto market
- Advocates also saw the TPP as a means to address China's rising influence in the region and to create a modern rules-based systems for trade and investment

TPP Withdrawal

- Obama was not able to get Congressional support for a TPP implementation bill
- Trump ended all hopes when he issued an executive order withdrawing the U.S from the TPP
- Trump's bet is that he can convince other countries to accept terms that are more acceptable to the U.S via bilateral deals.
- He wants to protect American workers and rebalance trade deficits

Controversy

- The decision to withdraw the U.S from the TPP was controversial
- Business fear that it has undercut the ability of U.S businesses to sell goods and services overseas in the Asia-Pacific
- Technology changes, higher domestic labour costs and a highly integrated global supply chain are factors which militate against bringing back manufacturing to the U.S.
- Some worry that the U.S has walked away from the deal without implementing any meaningful alternative

Controversy – Cont'd

- Senator McCain urged U.S allies such as Japan and Australia to pursue further TPP talks
- Critics suggest that the vacuum created by the U.S's withdrawal will be filled by China
- China has been pursuing its own TPP alternative - the Regional Comprehensive Economic Partnership ("RCEP")
- Japan fears the demise of the TPP and PM ABE warned that there will be a "pivot to the RCEP if TPP doesn't go forward"

TPP 11 Talks – Chile

- TPP is predicated upon the U.S's involvement - so the TPP 11 simply cannot ratify it "as is"
- First talks occurred in March 2017 in Chile
- Canadian Trade Minister expressed a desire to work with Japan to promote open and rules-based trade in the Asia-Pacific

TPP 11 Talks – Toronto

- In May 2017 Canada hosted the TPP 11 in Toronto
- TPP 11 members explored options including bilateral deals
- Each of the TPP 11 have competing as well as common interests

TPP 11 Talks – Japan

- In July 2017 the TPP 11 met in Hakone, Japan
- Japan has assumed a leadership role previously assumed by the U.S
- Japan, Australia, and New Zealand pushed to preserve many of the rules that have been set out in the existing TPP framework
- Japan's chief negotiator indicated that the TPP 11 have a rough picture of what the TPP will look like

Next Steps

- Talks are challenging as the U.S constituted 2/3rds of the GDP of the TPP member countries
- The calculus for the deal changes without the U.S
- Some smaller countries might want to renegotiate concessions or resists reforms which were agreed to on the premise that they would be provided preferential access to the U.S market.



Next Steps – Rules

- There has been a push towards implementing the current TPP rules
- The renegotiation of rules or standards will make it harder for the U.S to join in later
- Tougher trade rules will push China towards making reforms (e.g., labour, environmental, IP protection, state owned enterprises, etc.)

Next Steps – Vietnam

- Japan wants to reach a deal at the next TPP 11 meeting in Vietnam in November 2017
- This appears to be a very ambitious goal.
- Time will tell as to whether or not the TPP ministers can snatch victory from the jaws of defeat