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Crafting the Trans-Pacific Partnership as a True Model 21st Century Trade Agreement

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Innovation Mercantilism is Widespread

1. The global economic system has become increasingly distorted, as an increasing number of nations have embraced innovation mercantilism.

2. Innovation mercantilism is designed to promote trade surpluses through a variety of negative-sum activities:
   - Pricing under cost (dumping, subsidies, currency manipulation);
   - Limiting imports (closed markets, forced offsets/tech transfer, standards manipulation, IP theft, indigenous innovation policies).

The U.S. Has 3 Possible Responses

- 1) Do Nothing:

After All Mercantilists Only Hurt Themselves



- 2) Don't Fight; Switch

Match Their Mercantilism With Our Own



- 3) Don't Switch; Fight!:

Systemically Challenge Mercantilists and Mercantilist Practices, While Crafting Stronger Alliances with Free Traders.



- The WTO Process Has Proved Limited as a Vehicle to Fight Mercantilism



The TPP Provides a New Opportunity to Constrain Mercantilism

The TPP is A free trade agreement the Obama Administration is negotiating entrance into to increase regional economic integration across nine Asia-Pacific nations:

- Australia
- Brunei Darussalam,
- Chile,
- Malaysia,
- New Zealand
- Peru,
- Singapore,
- Vietnam
- U.S.

- The TPP Provides a New Opportunity to Constrain Mercantilism

But only if the United States insists on a "Gold Standard" TPP Framework.



What a "Gold-standard TPP" Needs to Achieve

- TPP Partners Must Better Protect IP Rights
- TPP Members Must Commit to Open and Non-Discriminatory Government Procurement
- Non-preferential Treatment of State-owned Enterprises
- Services Trade Liberalization
- Market Access
- Eliminating Non-tariff Barriers

No Need for a Quick Win

- Success is NOT signing new trade agreements.
- Success IS signing agreements that moves the global trading system decisively away from mercantilism, while building a growing "coalition of the 'market-based'."

No Need for a Quick Win

- If the TPP is anything less than a gold standard agreement, the U.S. should decline to join.



Thank You

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