

TIME IS NOW FOR FREE TRADE WITH THE UNITED STATES

By Stephen Jacobi¹

The time for free trade with the United States through the Trans Pacific Partnership (TPP) is now.

It is now because to recover from the economic crisis we need to reduce the costs of doing business, expand the flow of trade and investment and find new ways to meet consumers' needs.

It is now because the TPP provides the only viable template for freer and fairer trade in the Asia Pacific region and an opportunity to address the confusing "noodle bowl" of sometimes conflicting trade agreements.

It is now because the American business community is firmly behind TPP as evidenced by testimony from leading business organisations at hearings in Washington on 4 March.

It is now because the eight TPP participants (Australia, Brunei, Chile, New Zealand, Peru, Singapore, the United States and Viet Nam) are willing to work together to craft a new generation agreement including labour and environment provisions.

And it is now because a new President, wanting to recover American leadership and prestige, should not turn his back on this group of likeminded countries willing to work together on an area as critical to future economic recovery as trade.

All of these reasons give confidence that the negotiating process, delayed at the request of the US, will be resumed once a review of trade policy undertaken by new US Trade Representative Ron Kirk has been completed.

According to the Administration's recent statement to Congress, that review will comprise "extensive outreach and discourse with the public on whether these agreements advance the interests of the United States and our trading partners".

In fact, in respect to TPP, that process has been underway for the best part of a year now.

It includes the public hearings held on 4 March in which a range of organisations took part. Predictably the anti-globalisation movement spoke against TPP as did

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the National Milk Producers Federation and some textile and footwear manufacturing groups opposed to the inclusion of Viet Nam.

Leading business organisations like the US Chamber of Commerce, the National Association of Manufacturers, the National Foreign Trade Council and the Coalition for Services Industries all spoke strongly in favour.

It is true that there is opposition to TPP in Congress. But there is also strong bipartisan support as evidenced by the recent letter to the President signed by 45 members, both Democrat and Republican.

The influential Chairman of the Senate Finance Committee Senator Max Baucus has also gone on record supporting TPP saying “the sooner the Obama Administration commits to TPP negotiations, the sooner those negotiations can grow into a broader regional deal that encompasses Japan and other countries with greater commercial impact.”

And in a meeting with the New Democrat Coalition on 10 March President Obama is reported to have made clear that he was a supporter of “free and fair trade” and that he is “in no shape or form an isolationist.”

Against the backdrop of the global economic crisis, when protectionism threatens to choke the recovery even before it has begun, it is time for likeminded countries, like New Zealand and the United States, to come together.

It is time to develop new generation agreements which open new markets and keep trade and investment flowing, which address new public concerns while avoiding excessive and ultimately self-defeating regulation.

We have that opportunity in TPP and we are confident that the Obama Administration will see it that way too.