

## **ECONOMIC AND STRATEGIC DETERMINANTS OF THE TRANS-PACIFIC PARTNERSHIP**

*Stanisław Czesław Kozłowski\**

**ABSTRACT:** This article provides an economic and political analysis of the past and current state of the Trans-Pacific Partnership (TPP) project. The TPP talks, which have been ongoing since March 2010 and now involve 12 nations (Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the United States, and Vietnam), are aimed at lowering trade barriers across a much wider range of sectors than classical preferential trade agreements. Namely, it aims at not only removing tariffs on goods and services, but would also cover labor and the environment, intellectual property, government procurement and state-owned enterprises. The latter are forced by the US as the cornerstone of the Obama Administration's economic policy in the Asia Pacific. TPP is thus a vital part of a plan known as 'Asia Pivot' strategy and represents American attempts to re-engage Asia. If completed, TPP agreement could serve as a template for a future trade pact among 21 members of Asia-Pacific Economic Cooperation regional group.

**KEYWORDS:** Trans-Pacific Partnership; Asia-Pacific economic integration; global trade liberalisation; Free Trade Agreements in Asia; US 'Pivot' to Asia

**ON ONE HAND**, the Trans-Pacific Partnership (TPP) can be seen as one of the direct consequences of the WTO Doha Round impasse and the lack of real-world prospects for imminent solutions in trade liberalisation on a global scale. On the other hand, there are relevant factors here which are strictly connected with strategic policy objectives of the participating states, as can be seen vividly

---

\* Embassy of the Republic of Poland in Singapore.

in the example of the United States and Japan. The initiative taken in 2005 by New Zealand, Singapore, Chile, and Brunei Darussalam to conclude a free trade agreement has evolved, following the accession of the US (March 2010) into the currently ongoing TPP negotiations among twelve member states. The outline of the agreement was first announced on 12 November 2011 by the leaders of the nine member states (Australia, Brunei Darussalam, Chile, Malaysia, New Zealand, Peru, Singapore, Vietnam, and the US) participating in the Asia-Pacific Economic Cooperation Summit (APEC) in Honolulu. The proposed agreement differs fundamentally from existing free trade agreements and therefore is often called a “new-generation agreement” or an “agreement for the 21<sup>st</sup> century” (Prestowitz 2013).

Among many recently concluded free trade agreements, the Trans-Pacific Partnership is of particular importance, not only because of the leading role of the US, but also for at least two other reasons: firstly, the agreement is open to other countries, including non-APEC countries; secondly, it goes beyond the traditional rules of trade liberalisation and will introduce new higher standards in terms of both the degree to which markets will be opened and the quality and scope of the regulations covering trade and investment. It should be pointed out that, while economic interests are fundamental to TPP, the increasing influence of political and strategic factors have quickly become clear, including: factors related to the changing balance of global power, the ongoing rivalry between great powers, especially the US and China, and the intersecting vectors of the vital interests of India, Japan, Australia, and the ASEAN countries.

In the assessment of many experts, the soaring military and economic power and wealth of China is a challenge to US global leadership and remains, in fact, an essential element of the much wider process of the shift in world power and wealth from the West to the East (Brzezinski 2012: 23). In view of the fact that Asia is currently the world’s most dynamic region (Kupchan 2012: 74–85), the US announced in 2011 a new strategy of engagement in the Asia-Pacific region (the ‘Pivot to the Asia-Pacific’), which included intensified diplomatic, economic and strategic activity in the region (Clinton 2011a). The number of countries participating in the negotiations of TPP grew, with the accession of Japan, to twelve. The key role of the US in this project denotes its first-class international rank and creates the basic premise of attracting new member states to the negotiations. According to the assumptions of US strategists, TPP as a multilateral agreement should be a response to global economic challenges in the 21<sup>st</sup> century. President Barack Obama’s November 2009 announcement of the inclusion of the US in

the negotiations on the Trans-Pacific Partnership underscored that the aim of this project is the completion of an ambitious agreement of a new generation corresponding to the challenges of the present time. The US demanded from all nations taking part in the negotiations the declaration of their acceptance of liberalisation without exception in all sectors of the economy and of their readiness to accept the total elimination of tariff barriers. From the perspective of the US, TPP is also a platform to increase their role in the Asian region, and thus has become an instrument of the Obama administration's new strategy, in line with the American vision of increased involvement in the region. Of vital importance is the need to exert balancing influences on an increasingly assertive China, and ultimately to strengthen America's superpower status and protect its at-risk supremacy in the Asia-Pacific region. This issue gained new momentum through the inclusion of Japan in the negotiations, a move which also triggered reflections in China and later in South Korea. Similar pressure has been exerted by the negotiations, starting in June 2013, on the Transatlantic Trade and Investment Partnership (TTIP) agreement between the US and the European Union (*Remarks by President...*).

After three years, the TPP negotiations have entered their final phase and representatives of 12 countries have passed joint regulations on the most difficult issues, such as agriculture, origin of products, textile articles, protection of intellectual property, state-owned companies, and a mechanism to resolve disputes. Now they must solve problems concerning ratification and implementation of the treaty, rules governing the admission of new member states, and definition of ways to update the agreement and clear a path that could lead in the future to a free trade area covering the entire Asia-Pacific region. They are also in the process of considering how TPP will affect the global trading system.

### **THE PACIFIC FOUR (P4) AS A PRECURSOR OF TPP**

Among the APEC countries, the idea of an agreement protecting trade first appeared in the 1990s. Chile, New Zealand and Singapore, due to their relatively open economies, were the first countries to establish informal contacts and initiate an exchange of views on this topic, a process which usually took place on the occasion of the meeting of APEC leaders. During the 2002 summit, it was announced that an agreement had been negotiated under the name Pacific Three Closer Economic Partnership (P3 CEP), which had been officially launched by

the President of Chile and the Prime Ministers of New Zealand and Singapore (*History of...*). Prior to the final round of negotiations in April 2005, Brunei Darussalam came forward with a request for inclusion as a founding member. The conclusion of negotiations on the agreement under the final name, the Trans-Pacific Strategic Economic Partnership Agreement (TPSEP), popularly known as P4<sup>1</sup>, was announced on 3 June 2005, during a meeting of the trade ministers of APEC countries in Jeju, South Korea.

The United States began to turn towards TPSEP in an attempt to recover trade and reconstruct investment dynamics after the meltdown caused by the financial crisis in 2007-8. The new attitude of the US administration was introduced in 2008<sup>2</sup>, when during a meeting of representatives of the governments of the P4 member states in New York, Trade Representative Susan C. Schwab announced that the US would accede to negotiations with the countries of the P4, bearing in mind the broad perspective of regional economic integration in the Asia-Pacific region. Subsequently, however, as a result of the presidential elections, stagnation followed in this area. Nevertheless, in a follow-up to the declared position of the US, Australia, Peru and Vietnam joined the negotiations, which resulted in the transformation of the P4 into the P7. The newly established administration of President Obama had, by the end of 2009, developed a new vision for the US engagement in the Asia-Pacific region, giving it a high-priority ranking within the wider concept of commitment, which persists to the present day and should lead to the signing of the TPP agreement. For the first time, President Obama signalled a new direction for the US policy in commercial matters in Asia on 13 November 2009, during his visit to Tokyo, where he declared that the United States was ready to participate in activities implemented by the Trans-Pacific Partnership to create a regional agreement, open to a wider membership and guaranteeing high standards suited to the requirements of the 21<sup>st</sup> century<sup>3</sup>. This was given more concrete form on the following day, at a meeting of the APEC in Singapore, when US Trade Representative Ron Kirk explicitly stated that the US would formally accede to the negotiations. The announcement of this decision signalled a fundamental turnaround in American politics.

---

<sup>1</sup> 'Trans-Pacific Strategic Economic Partnership Agreement', <http://mfat.govt.nz/downloads/trade-agreement/transpacific/main-agreement.pdf>.

<sup>2</sup> See [www.ustr.gov/schwab-statement-launch-us-negotiations-join-trans-pacific-strategic-economic-partnership-agreement](http://www.ustr.gov/schwab-statement-launch-us-negotiations-join-trans-pacific-strategic-economic-partnership-agreement).

<sup>3</sup> See text of Obama's Tokyo address, Washington Wire, WSJ, <http://blogs.wsj.com/washwire/2009/11/13/text-of-obamas-tokyo-address/>.

The first round of negotiations was held in March 2010 in Melbourne with the participation of representatives of eight countries: Australia, Brunei, Chile, New Zealand, Peru, Singapore, the US and, at its own request based on its status as an associate member state, Vietnam. The negotiations dealt initially with organisational issues and, to a lesser extent, with the main substance of the agreement. By the spring of 2011, the negotiators were concentrating on the definition of areas to be included in the negotiations. Then the first draft provisions appeared on market access for goods, telecommunications, customs cooperation, financial services, technical barriers to trade, institutional-legal issues, and protection of the environment. After appointing a date for conclusion of the negotiations, namely, the APEC Summit in Honolulu, Hawaii (November 2011), the pace of work accelerated. Subsequently, proposals were prepared in new areas, such as services, investment, government procurement, and rules of origin. As “horizontal issues”<sup>4</sup>, the questions of cohesion, supply network management, regional competitiveness, promotion of development and the activities of small and medium-sized companies were included in one segment. Although the P4 agreement contained a clause enabling the accession of new states, there were no detailed provisions regarding the relevant procedures. Therefore, to the extent that progress in the negotiations had been achieved and the number of participating members increased, it became indispensable to define the procedure formally qualifying new states to enter the negotiations. One of the conditions was that the representatives of the candidate state would hold a series of bilateral meetings with representatives of states already participating in TPP negotiations. This would serve to determine the degree of preparedness of the candidate, as well as facilitating the discussion of the often difficult matters which form the subject of negotiations. After obtaining an endorsement in bilateral talks, the formal participation of the candidate state would be required in a meeting of all TPP states to get their support *in corpore*. From the beginning, the provision was adopted to exclude participation as an observer (*Trans-Pacific Partnership Agreement*). Vietnam joined the formal talks as a full member at a meeting of APEC leaders in Yokohama in November 2010. Also in 2010, Malaysia, after holding the requested bilateral meetings and having its application approved by all participating countries, joined the

---

<sup>4</sup> An exception was made for Vietnam, approving its request to participate as an associate member, provided that following the third round of negotiations Vietnam either acceded to the negotiations on the rights of members, or completely withdrew from them (Elms, Lim 2012: 31).

negotiations (ibidem). This has to be regarded as primarily a strategic step, as Malaysia already had free trade agreements with most of the TPP partners. The government in Kuala Lumpur was, however, convinced that this was the right step in the direction of deepening integration, as well as enabling an extension of cooperation with the US, which, from Malaysia's perspective, is an particularly important trading partner and source of investment<sup>5</sup>. Malaysia decided to take radical steps aimed at internal liberalisation of economic relations, among them the introduction of open access to government procurement and elimination of rules favoring national companies based on the so-called policy of *bumiputra* (Kennedy 2012: 5–6).

At the end of 2011, Canada expressed willingness to join the ongoing negotiations of the nine member states (Elms, Lim 2012: 31). Canada already had a true opportunity for accession to the agreement under the P4 formula in 2005, but decided not to enter the negotiations. As the formal conditions for the application of new states changed in 2011, the partners were able to demand bilateral talks first to determine whether Canada met the criteria for admission to TPP negotiations. For example, New Zealand announced its opposition to Canada's attempts to maintain existing regulations regarding the supply of milk products, which had been introduced to protect the interests of Canadian farmers. Canadian representatives had been pushing unsuccessfully to exclude foreign dairy products on its domestic market. The US entered a reservation regarding a Canadian regulation on the protection of intellectual values and citing difficulties with Canadian membership in the NAFTA agreement<sup>6</sup>. Finally, Canada, along with Mexico, joined TPP talks in 2012.

From the outset, the negotiations were generally difficult because of the different experiences and expectations of the negotiating parties. Despite intense work and efforts aimed at eliminating differences in approaches to negotiating issues, progress was rather poor. A comprehensive negotiated text of the agreement was still far off, both in the negotiating round in Singapore (April 2011) and the next two rounds in Ho Chi Minh City (June 2011) and Peru (October 2011). It was only at the APEC summit in Honolulu, Hawaii in November 2011

---

<sup>5</sup> In 2009, unwillingness to liberalise access to government procurement and the use of preferences in the context of the *bumiputra* policy caused an impasse in the negotiations of a free trade agreement between Malaysia and the US (*Miti to Make...*).

<sup>6</sup> Preferential trade agreements began to be included especially after the completion of the Uruguay Round of WTO in 2011.

that the trade ministers were able to present a 5-page preliminary draft of the Trans-Pacific Partnership agreement (*Remarks by President...*). This covered the following areas: general market access, regional market access, intersecting trade issues (regulatory cohesion, competitiveness, small and medium-sized businesses, economic development priorities), new trade-related challenges (digitisation of the economy, ecological technologies), and provisions relating to the open nature of the agreement, including updating of records and the eventual accession of new members. The draft agreement covers the basic issues of trade relations, namely: rules of competition (announcement of the preparation of the regulatory and institutional framework), services (the creation of an open and transparent market for trade in services), customs issues, e-commerce, environmental protection, financial services, government procurement, intellectual property protection, investment, cooperation on labour issues, institutional issues, market access, rules of origin, standards, sanitary and phytosanitary measures, technical barriers to trade, validity of regulations for an interim period, telecommunications, textiles and clothing, and commercial equivalents (subsidies, anti-dumping duties, countervailing duties).

Shortly after the APEC summit in Honolulu, the issue of TPP was included within the broader dimensions of the US policy of increased engagement in the Asia-Pacific region, known under the slogan 'The Pivot to the Asia-Pacific'. This process was reflected in President Obama's visit to Australia (Clinton 2011b) (16-17 November 2011) and in the subsequent participation of the US in the East Asia Summit held in Bali, where, after a decade of wars in Iraq and Afghanistan, the Americans presented the doctrine of a new policy in the Asia-Pacific region, including a plan to give greater momentum to the TPP negotiations (Nazeer 2011). Efforts to obtain the support of the member states of ASEAN became evident<sup>7</sup>.

The intensive work of about 700 individuals, constituting the group of experts and negotiators who, at the APEC summit in Bali (October 2013), held 19 formal rounds of negotiations, indicates the determination of the participating states, including, first of all, the US, to move forward and search for compromises. During the Bali summit (8 October 2013), leaders of the negotiating agreement member states (*TPP Leaders*) called on the negotiators to finalise the arrange-

---

<sup>7</sup> In a meeting not attended by the US President Obama, who, due to an internal situation (absence of a compromise on the federal budget), cancelled his participation in the APEC Summit at the last minute.

ments. Despite the previously fixed deadline for conclusion of the negotiations by the end of 2013<sup>8</sup>, many observers of the negotiations estimate they may be extended, to be eventually concluded at the close of the following year.

### AMBIVALENT APPROACH OF CHINA

One problem in the implementation of the objectives of TPP turns out to be the critical attitude of China, which is pursuing plans for accelerated modernisation of its military capability and strengthening its position as the second (to the US) economic power in the world. China, motivated by the potential for strengthening its own influence regionally and globally, is promoting East Asian economic integration, including an extension of the agreement on free trade with the ASEAN countries such as South Korea, Japan and other countries of the region. From the beginning, the Trans-Pacific Partnership project was seen by Beijing as a competitor to a vision of economic cooperation in East Asia to be pursued under the leadership of China. In turn, many countries in the region accepted the announcement of increased US commitment in Asia due to the fear of Chinese domination, and in particular Chinese aspirations to take control of the South China Sea and its natural resources. In the view of these countries, the US offers an alternative, affording an opportunity to solve the key issues of security and economic integration, while incorporating the vision of increasing the benefits of dynamic economic development. During the APEC summit in Honolulu (11 November 2011), the 6<sup>th</sup> East Asia Summit in Bali (14-19 November 2011) and bilateral talks (16-17 November 2011) with the leaders of Australia, the US clearly expressed the reorientation of its foreign policy towards the Asia-Pacific region, at the heart of which lay their vested economic, military and geostrategic interests. A strong motivation here was the desire to maintain world leadership, and indeed the imperative of counterbalancing China and its ambition to expand its influence in the region as well as, in the future, on a global scale.

However, bearing in mind the aspect of Chinese-American competition, Simon S.C. Tay, political scientist and director of the Singapore Institute of

---

<sup>8</sup> S. Tay, the author of *Asia Alone: The Dangerous Post-Crisis Divide from America*, published in 2010, indicates increasing trends towards the independence of Asia from the United States and stresses the need to strengthen policies maintaining ties between the US and Asia, in view of both the benefits gained in this respect by both parties since the end of the Second World War and the obvious state of interdependence.

International Affairs, expressed the opinion that has characterised the approach of the Member States of ASEAN: namely, that they will not be compelled to make a choice between the US and China, because they actually want to work with both nations (Tay 2010). In his assessment, the strong rhetoric and actions of the Americans has always disturbed the dynamics of international cooperation in the region (Koike 2013).

There are many experts who view TPP above all as an economic and strategic challenge to China, especially following the US's agreements with certain countries (Australia, the Philippines, South Korea, Singapore) to strengthen the American military presence in the region. At the same time, they believe that China's strategic objectives encompass not only to outclass the US as a superpower, but also to limit American economic dominance, all in order to rebuild the position and dominance of the Middle Kingdom, with the long-term aim of bringing the neighbouring countries to heel as vassals (Friedberg 2011).

Favourable to the implementation of the Trans-Pacific Partnership is the fact that the US is seen in Southeast Asia as a factor for stabilising security, its attractiveness becoming stronger in the context of a growing China's ambitions to acquire the status of regional power. By consolidating the principle of free trade in the Pacific region, all countries are guaranteed to participate in benefits that would not be possible under the dominance of China. One widely shared view is that the process of involving China in global affairs must be carried out with the participation of the US. China is regarded as a kind of guarantor of economic growth, the US as a guarantor of security. At the same time, it is stressed that the member states of ASEAN do not want to operate exclusively in the space between the competing interests of the great powers. With regard to territorial disputes in the South China Sea, it is characteristic of the ASEAN approach, based on respect for China's position, that it rejects any attempt to internationalise disputes, while emphasising the need to ensure freedom of navigation.

The problem of the growing power of China, and hence the threat to the global leadership of the US, has long been the subject of analysis of well-known think tanks in many countries. It has been examined by Aaron L. Friedberg, who stressed that China treats the East Asia region as 'its own backyard' and, while strengthening its wealth, political and military power under the authoritarian rule of a single regime, will become more and more assertive (Wade 2009). Although there is no indication that the leaders of China aspire to a confrontation with the US, they are consistent in their policy of expanding their own influence in the region, while eroding that of their rivals. They apparently

assume that their conflicts with smaller states leave Washington no choice other than to remain on the sidelines. This approach is, in Friedberg's opinion, based on unsound reasoning, because the US's treaty commitments (to the Philippines and Japan) obligate it to certain defined responses in the case of a conflict. The current international situation, however, is temporary and apparently evolving in the direction of a balance of power in which China will have more room to take advantages of its growth and a stronger international position. The US does not seek a confrontation with China; rather, the aim of its policy remains a more predictable and liberalised China. At the present stage, China's economic success has had an impact on its dynamic transformation in variety of strategic areas, among others on modernising and increasing the operating capacity of its armed forces. In conjunction with changes in China's diplomatic stance, this is a cause for growing concern on the part of many countries in Asia, and in fact for their favourable attitude to the increased involvement of the US in Asia (Jacques 2009).

Many experts consider it erroneous to promote a policy of containing or halting the growth of Chinese power, in particular the application of military pressure for this purpose, which would inevitably lead to tension and threats to international security, including a new cold war<sup>9</sup>. Henry Kissinger believes that the problem America's facing is not military in nature, but rather primarily economic. If the Chinese economy, as Goldman Sachs predicts, is ahead of the American economy by 2027, and if it is almost double that of the US by 2050, 'hawkish' reactions to China's growing power will have to be considered pointless (Cheong Suk Wai 2012). Instead, in his opinion, America must focus on restoring its own economic strength and come to terms with the fact that economic growth in China and a slowdown in its own economy are not merely the result of political mistakes, but rather constitute one of those historical changes on which governments have relatively little impact. On the other hand, the view that China's growth will continue without limits does not stand up to criticism (Kurlantzick 2007). The global slowdown is evident in differential indicators in China as well; the only question is how quickly the process will run its course. Some experts (A.L. Friedberg) are confident that certainly some problems are

---

<sup>9</sup> Kissinger sees in the implementation of the concept of the Pacific community a way to alleviate strategic tensions in the modern world, which would set up a framework for peaceful cooperation between the US, China and other countries along the lines established after the Second World War in the Atlantic Community (Kissinger 2011: 528).

becoming exacerbated, as reflected by the 'one child policy' and the migration of young people from rural to urban areas. This will bring visible consequences within the next decade in terms of both economic growth and changes in social consciousness. China generally discounts its rapid rise in order to strengthen relations with the countries of the region. However, as many experts underline, the long-term objective of China's policy is to expand its sphere of influence while weakening that of the US. China's policy in terms of preferential trade agreements can be seen as a continuation of the 'charm offensive' policy aimed at strengthening the soft aspects of economic domination (Liu 2013). The China-US summits thus far show that both sides have in view the need to avoid conflicts that could put their relationship at risk. China, however, fears that the new US engagement in the Asia-Pacific region is intended mainly to just block Chinese growth.

### THE ACCESSION OF JAPAN

Japan indicated its intention to contribute to TPP negotiations in 2010, when it occupied the Chair of the APEC<sup>10</sup>. This was first mentioned in remarks by Prime Minister Naoto Kan and later as well by Prime Minister Yoshihiko Noda. The chances of achieving this goal were limited, mainly because of strong opposition from farmers, fishermen fearing the loss of grants, and the service and pharmaceutical sectors. The industrial sectors showed a positive attitude. At the beginning of 2012, Japan quite actively cooperated with the ASEAN countries to create a free trade area within the framework of the Regional Comprehensive Economic Partnership, RCEP, which included, in addition to the 10 ASEAN countries, Japan, China, India, South Korea, Australia, and New Zealand (Singh 2013). To Japan, it was an attractive solution, due to the agreement's standards, which were lower than those adopted in the TPP framework. Thus, member states of the partnership, including the US, failed at the time to take into account the possibility of Japan's accession, mainly due to its unreadiness to implement the necessary structural reforms. A change in that position came after the election

---

<sup>10</sup> After the meeting of the representatives of ASEAN and Japan in April 2012, the intention was announced to launch negotiations to create a Free Trade Area in Asia covering 16 countries. It was done in the context of the previously announced plans for the conclusion of the tripartite FTA between Japan, China, South Korea and the bilateral FTAs between Japan and South Korea and South Korea and China.

in December 2012 and the creation of a new government with Prime Minister Shinzō Abe, who, on 15 March 2013, announced Japan's intention to accede to TPP negotiations, although formerly he had clearly preferred bilateral free-trade agreements and kept a healthy distance from multilateral integration initiatives. The issue of Japan's accession has been the subject of informal discussion during, among others, the 16<sup>th</sup> round of negotiations held in Singapore in March 2013 (*KEI Notes...*).

Many participants in that round expressed the opinion that the inclusion of Japan in TPP negotiations would present a major challenge, especially in light of the adopted resolution to finalise the negotiations by the end of 2013. Accordingly, the announcement of Japan's accession was greeted with mixed reactions<sup>11</sup>. On one hand, it meant a rise in the prestige of the agreement and an increase in its scope; on the other hand, it threatened the prospective conclusion of the negotiations. Japan faced the need to acquire the support of member states negotiating the TPP agreement, which in some cases (e.g. the US) involved a need for internal procedures. Following Japan's decision to join the negotiations and its acceptance according to the procedures of TPP, the negotiating group's membership increased to twelve. Observers pointed out on that occasion that the inclusion of the negotiations of the third-largest economy in the world meant the further strengthening of the strategic-economic prestige of TPP, as well as of the main vision of the project, i.e. regional economic integration. The government of Singapore, which led a vigorous diplomatic campaign to enable Japan to join the negotiations, expressed its belief that Japan would be a valuable partner, especially as a factor stimulating economic growth in the region.

The accession of Japan to TPP has, according to many experts, deeper implications than merely increasing trade opportunities and tightening competition in the production and marketing of agricultural products. Already the choice of Abe as Prime Minister has shown the interest of the Japanese establishment in emerging from a long phase of slow economic growth. The path to this goal is to be cleared by the policies of Prime Minister Abe, known as 'Abenomics' (Robles online). Participation in TPP is expected to be the main driving force in Japan's return to sustainable economic growth, as well as launching the country on the

---

<sup>11</sup> In the US, a group of more than 40 congressmen and senators sent a letter to President Obama, dated 14 March 2013, expressing opposition to Japan's inclusion in the TPP. A copy of the letter is available on the website <http://conyers.house.gov/index.cfm/press-releases?ID=5d9fb0bb-2687-46af-a132-d3fe11a36ae6>.

path of structural reforms in order to enhance its international competitiveness. Opposition from Japanese farmers stands in contrast to the support of the Japanese Business Federation. In Abe's view, the concept of TPP is also an important factor in strengthening the US alliance, a key point in its strategy concerning relations with China. In support of the new government policy, the Japanese largely agree with the argument that economic revival is a prerequisite for the long-term security of the country, and TPP could solidify Japan's position as the main geopolitical and economic leader in the region.

The inclusion of Japan in TPP can be treated as an attempt by Abe to overcome a certain degree of marginalisation and the dim presence of Japan in the broader process of shaping the new arrangement. Formerly, economic strength was paramount, but Japan now feels a compelling need to strengthen its international position. By joining the TPP project, Japan will be allowed to participate, along with the US, in the creation of a new economic order and to confirm the status quo in the Asia-Pacific region. Tokyo, embroiled in conflict with Beijing concerning the islands of Senkaku/Diaoyu, is striving to use TPP to strengthen its own position in the game with China. A new accent in this respect was sounded by plans officially announced by the Chinese Ministry of Commerce to consider accession to TPP negotiations (*China to Study...*). This has not been followed up, which is understandable, especially in the context of the explicit treatment of this project by Beijing as one of America's instruments for the reduction of China's growth and power. However, this does not mean that the question of China's participation in TPP has been decided definitively (*The TPP Trade Negotiations...*).

\* \* \*

To summarise, it should be stated that the primary goal of TPP is the conclusion of a new-generation agreement on free trade, but global economic competition is not the only thing at stake in the entire project. The strategic contest for leadership in the region, where the most important developments in contemporary world affairs are taking place, is also crucial. The course of this contest indicates the direction of transformations in the global system (*Groser – Trans-Pacific...*). The ability of the US to play a leading role in establishing the TPP initiative is an answer at least to some of today's strategic challenges and, to no small degree, the challenges of leadership in the first quarter of the

21<sup>st</sup> century. By establishing the principle of free trade in the Pacific region, all nations are guaranteed to participate in benefits that would be unrealistic under Chinese dominance. The growing assertiveness of Beijing, with its expression of the desire to take control of important areas of the basin of the South China Sea, is a significant factor in the rising international tension in the region, causing concerns in Washington and almost all ASEAN countries, although this is not always openly articulated. TPP negotiators were unable to conclude negotiations by the end of 2013, as previously assumed, due to difficulties related to Japan's opposition to opening its strongly guarded agricultural and automotive markets. Expectations that Tokyo and Washington might break this impasse during President Obama's visit to Japan in April 2014 were not met, and the negotiations are still in progress.

In the long term, TPP should encompass all members of the APEC. If this happens, the zone will cover 2.7 billion inhabitants (40% of the population of the globe); its territory will produce an aggregate income of 39 trillion dollars (50% of global GDP) (Singh 2013). Relocating the main focus of the US policy to the Asia-Pacific region, on one hand, is to be read as the realisation of the 'Obama: Pacific President' policy, and on the other hand, as a correction resulting from a historical process of the relocation of the strategic-economic centre of gravity from the West to the East. The countries of ASEAN, referring generally to the US initiative, have clearly highlighted the indispensability of continuing their cooperation with a second partner on the scale of China (Ciorcari 2010: 213–215). In turn, the United States, with a view to relations with China, has reaffirmed on several occasions their intention to maintain their commitment to the Asia-Pacific region, at the same time calling for China, as the second largest world economy and one which has experienced the benefits of access to foreign markets for more than 10 years, to open its markets more widely in the interests of the whole region, as well as those of the world economy (U-Wen 2012).

The final shape of the Trans-Pacific Partnership is not yet clear, because work on its substance is still underway, and the expectations of the negotiating parties are too diverse to enable one to guess the difficulties faced by negotiators. Much depends on how its final arrangements will appear in relation to the provisions of a number of preferential trade agreements in force today, not only in Asia, but on a global scale. TPP, as a new-generation agreement addressing the challenges of the 21<sup>st</sup> century, may not be limited to traditional trade liberalisation regulations. It is expected they will reach further, to the principle of a fully free market. To achieve a compromise which benefits all parties will not be an easy task, even

less so in that the partnership is subordinate to more than just economic benefits. On the contrary: in the process of creating this agreement, strategic factors play a particularly important role.

## REFERENCES:

- Brzezinski Z. (2012). *Strategic Vision: America and the Crisis of Global Power*. New York: Basic Books.
- Cheong Suk Wai (2012). *US Keeping up Asian Balancing Act*. "The Straits Times", January 10.
- China to Study Possibility of Joining US-led Trade Talks*. [online] <http://www.reuters.com/article/2013/05/30/us-trade-asiapacific-china-idUSBRE94T0X420130530>; [accessed 10.04.2014].
- Ciorciari J.D. (2010). *The Limits of Alignment of Southeast Asia and the Great Powers since 1975*. Washington: Georgetown University Press.
- Clinton H.R. (2011a). *America's Pacific Century*. [online] [http://www.foreignpolicy.com/articles/2011/10/11/americas\\_pacific\\_century](http://www.foreignpolicy.com/articles/2011/10/11/americas_pacific_century); [accessed 10.04.2014].
- Clinton H.R. [2011b]. *Remarks at the ASEAN Business and Investment Summit*. [online] <http://www.state.gov/secretary/rm/2011/11/177349.html>; [accessed 10.04.2014].
- Elms D.K. , Lim C.L. (2012). *The Trans-Pacific Partnership: A Quest for a Twenty-first Century Trade Agreement*. Cambridge: Cambridge University Press.
- Friedberg A.L. (2011). *A Contest for Supremacy: China, America and the Struggle for Mastery in Asia*. New York: W.W. Norton & Company, Inc.
- Groser – *Trans-Pacific Partnership Agreement – Remarks of T. Groser, the New Zealand's Minister of Trade*. [online] <http://www.scoop.co.nz/stories/PA1102/S00315/speech-groser-trans-pacific-partnership-agreement.html>; [accessed 10.04.2014].
- History of the Trans-Pacific SEP Agreement P4*, [online] [www.mfat.govt.nz/Trade-and-Economic-Relations/2-Trade-Relationships-and-Agreements/Trans-Pacific/0-history.php](http://www.mfat.govt.nz/Trade-and-Economic-Relations/2-Trade-Relationships-and-Agreements/Trans-Pacific/0-history.php); [accessed 10.04.2014].
- Jacques M. (2012). *When China Rules the World: The End of the Western World and the Birth of a New Global Order*. London: Penguin Books.
- KEI Notes on the 16<sup>th</sup> Round of Trans-Pacific Partnership Agreement (TPPA) Negotiations in Singapore*, [online] <http://keionline.org/node/1684>; [accessed 10.04.2014].
- Kennedy M. (2012). *Canada and the Trans-Pacific Partnership: A Two-Level Game*. [online] [http://mikesinfo.weebly.com/uploads/7/1/9/5/7195775/canada\\_and\\_the\\_trans-pacific\\_partnership.pdf](http://mikesinfo.weebly.com/uploads/7/1/9/5/7195775/canada_and_the_trans-pacific_partnership.pdf); [accessed 10.04.2014].
- Kissinger H. (2011). *On China*. London: Penguin Books.
- Koike Y. (2013) *Northeast Asia on the Brink*. [online] <http://www.project-syndicate.org/commentary/defusing-tensions-between-northeast-asia-s-big-three-by-yuriko-koike>; [accessed 10.04.2014].
- Kupchan C.A. (2012). *No One's World: The West, the Rising Rest, and the Coming Global Turn*. New York: Oxford University Press.

- Kurlantzick J. (2007). *Charm Offensive: How China's Soft Power Is Transforming the World*. New Haven: Yale University Press.
- Letter to President Obama*. [online] <http://conyers.house.gov/index.cfm/press-releases?ID=5d9fb0bb-2687-46af-a132-d3fe11a36ae6>; [accessed 10.04.2014].
- Liu N. (2013). *China Sees Threat in U.S. Pivot to Asia*. [online] <http://www.voanews.com/content/china-sees-threat-in-us-pivot-to-asia/1677768.html>; [accessed 10.04.2014].
- Miti to Make Decision on Malaysia-US FTA Talks Soon*. [online] [www.bilaterals.org/spip.php?article16323&lang=en](http://www.bilaterals.org/spip.php?article16323&lang=en); [accessed 10.04.2014].
- Nazeer Z. (2011). *The U.S. Seeks Support for Trans-Pacific Trade Pact*. "The Straits Times", November 19.
- Prestowitz C. (2013). *A 20th-Century Deal for the 21st Century*. [online] [http://prestowitz.foreignpolicy.com/posts/2013/03/05/a\\_20th\\_century\\_deal\\_for\\_the\\_21st\\_century](http://prestowitz.foreignpolicy.com/posts/2013/03/05/a_20th_century_deal_for_the_21st_century); [accessed 10.04.2014].
- Remarks by President Obama and Prime Minister Gillard of Australia in Joint Press Conference*. [online] <http://www.whitehouse.gov/the-press-office/2011/11/16/remarks-president-obama-and-prime-minister-gillard-australia-joint-press>; [accessed 10.04.2014].
- Robles T. *Abe's TPP strategy: Overcoming domestic division via reform*. [online] [www.nationmultimedia.com/opinion/Abes-TPP-strategy-Overcoming-domestic-division-via-30204610.htm](http://www.nationmultimedia.com/opinion/Abes-TPP-strategy-Overcoming-domestic-division-via-30204610.htm); [accessed 10.04.2014].
- Singh M. (2013). *S'pore to Host TPP Free Trade Talks from Monday*. "The Business Times", March 2.
- Statement from United States President Barack Obama, European Council President Herman Van Rompuy and European Commission President José Manuel Barroso*. [online] <http://www.whitehouse.gov/the-press-office/2013/02/13/statement-united-states-president-barack-obama-european-council-president>; [accessed 10.04.2014].
- Statement of U.S. Trade Rep U. Schwab*. [online] <http://www.ustr.gov/schwab-statement-launch-us-negotiations-join-trans-pacific-strategic-economic-partnership-agreement>. [www.ustr.gov/schwab-statement-launch-us-negotiations-join-trans-pacific-strategic-economic-partnership-agreement](http://www.ustr.gov/schwab-statement-launch-us-negotiations-join-trans-pacific-strategic-economic-partnership-agreement); [accessed 10.04.2014].
- Tay S. (2010). *Asia Alone: The Dangerous Post-Crisis Divide from America*. Singapore; Hoboken, NJ: Wiley,
- Tay S. *APEC Summit: Expect No Cure Alls*. [online] <http://www.chinadailyapac.com/article/apec-summit-expect-no-cure-alls>; [accessed 10.04.2014].
- The TPP Trade Negotiations: Some Outstanding Issues for the Final Stretch*. [online] [http://www.tfctn.org.sg/pdf/The\\_TPP\\_Trade\\_Negotiations-Some\\_Outstanding\\_Issues\\_for\\_the\\_final\\_stretch.pdf](http://www.tfctn.org.sg/pdf/The_TPP_Trade_Negotiations-Some_Outstanding_Issues_for_the_final_stretch.pdf); [accessed 10.04.2014].
- TPP Leaders' Statement of 8 October*, [online] <http://www.mfat.govt.nz/downloads/trade-agreement/transpacific/TPP%20Leaders%27%20Statement%208%20October.pdf>; [accessed 10.04.2014].
- Trans-Pacific Partnership Agreement (TPP)*. [online] [www.miti.gov.my/cms/content.jsp?id=com.tms.cms.section.Section\\_cccec2a77-c0a81573-f5a0f5a0-6f87fd6f](http://www.miti.gov.my/cms/content.jsp?id=com.tms.cms.section.Section_cccec2a77-c0a81573-f5a0f5a0-6f87fd6f); [accessed 10.04.2014].

- Trans-Pacific Strategic Economic Partnership Agreement*. [online] <http://mfat.govt.nz/downloads/trade-agreement/transpacific/main-agreement.pdf>; [accessed 10.04.2014].
- U-Wen L. (2012). *U.S. Trade Rep in Town for Talks with Ministers*. "The Business Times", April 26.
- Wade G. (2009). *The Offshore Asia Security Concept*. [online] [www.eastasiaforum.org](http://www.eastasiaforum.org); [accessed 10.04.2014].