

New Zealand splits with Malaysia over reworking TPP without US
Free Malaysia Today
May 22, 2017

New Zealand, Australia and Japan have been pushing for the deal to continue, but Malaysia's International Trade Minister Mustapa Mohamed says Malaysia is less keen to proceed.

SINGAPORE/ HANOI: New Zealand's top trade official said his country wouldn't gain much from major changes to a Pacific trade pact, highlighting obstacles to finalising the deal without the US after Malaysia called for more negotiations.

"New Zealand believes that the agreement is very well balanced and needs little renegotiation perhaps other than the way it enters into force," Trade Minister Todd McClay said in an interview Sunday at a meeting of Asia-Pacific trade ministers in Hanoi, Vietnam. "I don't see that renegotiation would be helpful for us."

Malaysia has said if the Trans-Pacific Partnership is to proceed without its biggest economy — Donald Trump pulled the US out of the deal when he took office, citing a perceived threat to American jobs — it should be renegotiated given the downsizing to 11 members. That has raised further questions about the viability of the deal, with a deadline of November for leaders to decide how to proceed.

"Malaysia will speak for themselves," McClay said. "Some may want to make changes, others less so," he said. "We have time and the desire to work in detail to see what it should look like. I am quite optimistic."

The agreement, which would have covered 40% of the global economy, was seen as a hallmark of US engagement with Asia under the prior administration and a buffer against China's rising economic and military clout.

Some nations like New Zealand, Australia and Japan have been pushing for the deal to continue, but Malaysia's International Trade Minister Mustapa Mohamed said in an interview on Friday Malaysia was less keen to proceed.

"One of the reasons we decided to be part of the TPP was the potential access to the American market," he said. "And if that does not happen one of the major motivations to be part of the TPP will be removed."

Hanoi meeting

Mustapa added if the remaining countries went ahead the pact should be renegotiated. "In the event it's TPP minus one, in our view it cannot be the one that was agreed in Auckland in February 2016," he said.

TPP ministers met on the sidelines of an Asia-Pacific Economic Cooperation meeting in Hanoi on Sunday. They will now ask their senior trade officials to work out how to take the pact forward and report back by the APEC leaders' summit in November in Vietnam.

Progress on the TPP without the U.S. would require a revision to the provision that at least six states, which together account for 85 percent of the combined gross domestic product of all original signatories, ratify it. The US made up about 60%.

Economic benefits

Still, McClay saw progress at the Hanoi meeting.

"I think a lot was achieved, you see unity from the 11, you see real commitment to the importance of TPP as an agreement," he said.

"Each country will have to have a different approach," he said. "But I firmly believe there is economic benefit to all of the remaining 11 countries through TPP, and most importantly there is a strategic reason that we should continue to consider TPP."

Japan is also pushing for unity among the so-called TPP 11, saying the benefits of the deal go beyond the US's involvement.

"No agreement other than TPP goes so far into digital trade, intellectual property and improving customs procedures," Trade Minister Hiroshige Seko said on Sunday in an interview in Hanoi. "So it includes extremely high-level rules."

Seko downplayed concerns that parties may demand a renegotiation of the pact in order to continue.

"Each country has its own thinking and there are various options to launch the TPP 11," he said. "Even without America it is a high-level, extremely valuable agreement."

Copyright (C) 2009-2016 MToday News Sdn. Bhd. All Rights Reserved.

Source: <http://www.freemalaysiatoday.com/category/nation/2017/05/22/new-zealand-splits-with-malaysia-over-reworking-tpp-without-us/>