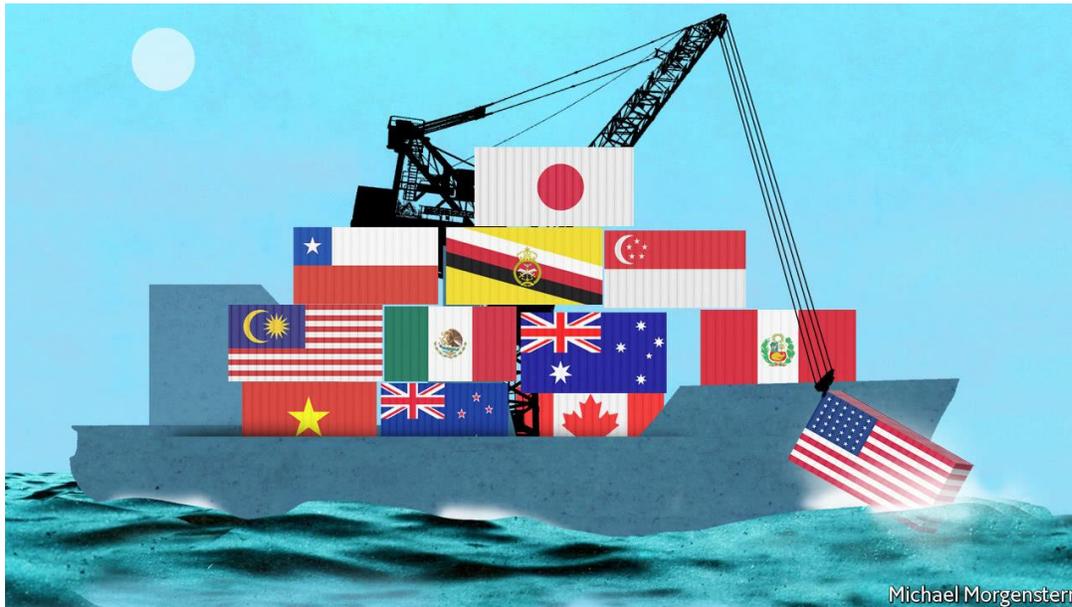


Asia is taking the lead in promoting free trade



Asian voters know open markets have lifted billions of them out of poverty

Jan 24th
2018

THE **obituary** of the Trans-Pacific Partnership (TPP) was widely written when Donald Trump pulled America out of the 12-country free-trade deal on the third day of his presidency. Yet, a year later and against all the apparent odds, the pact lives on. On January 23rd its remaining 11 members met in Tokyo to thrash out the final details of pressing ahead regardless. The plan is to sign a final agreement in March, to come into force in 2019. It will be one of the world's most exacting trade pacts, measured by openness to investment from other members, the protection of **patents** and environmental safeguards.

The pact's resurrection is one of the more unlikely events in a year of surprises. After all, America accounted for almost two-thirds of the original bloc's \$28trn in annual output. Access to the vast American market was what made other members readier to open up their own. Moreover, Mr. Trump's retreat had sent a **dismal** message about the prospects of the open, rules-based order that America had underwritten. The Asia-Pacific region had benefited more than any from that order in recent decades—yet Mr. Trump was declaring **multilateralism** dead and signaling an intention to raise barriers to trade. Soon afterwards, he ordered South Korea to renegotiate its free-trade agreement with America. And this week he imposed **punitive tariffs** on imported washing machines and solar panels, aimed at South Korean and Chinese manufacturers.

In spite of this forbidding backdrop, the dauntless 11—Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore and Vietnam—have regrouped. In Vietnam in November their leaders sketched out an agreement on the core features of a revised deal. The pact's name has changed, to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), in case the original had tripped too lightly off the tongue. But remarkably few (22, to be precise) of the original provisions have been frozen. The victims are mainly **strictures** insisted on by America. For instance, copyright has been reduced from 70 to 50 years. And special protections for biologics, a booming category of drugs, have been suspended.

A few **concessions** were made to those still in the pact. Malaysia will not immediately have to liberalise its state-owned enterprises. Communist Vietnam can put on hold new rules about resolving labour disputes and allowing independent trade unions.

The biggest foot-dragger was Canada, the second-biggest economy in the group (after Japan), which had wanted special treatment for cultural industries such as television and music—a concern for Francophone Canadians—and changes to the rules on imports of cars. Canada has a big car-parts industry, which caters mainly to American carmakers. Now that America has dropped out of the pact, fewer cars from this integrated North American supply chain will have enough content from CPTPP countries to qualify for tariff-free access to other members. But Canada will still have to open its market to Asian cars, subjecting its car-parts firms to a one-sided dose of foreign competition.

In the end Canada's concerns were met with a favourite TPP trick: "side letters" between it and other members, that are not officially part of the deal. One of them promised Canada greater access to the Japanese car market. CPTPP's members were sufficiently determined to revive the pact, in other words, that they gritted their teeth and compromised.

How does CPTPP carry on, even as multilateralism has fallen out of favour elsewhere? For some members, including Japan, which has done most to keep the show on the road, there is a strategic **imperative**: to prop up the old rules-based order in America's absence. (The less-welcome alternative might be an order overseen by China.) Bilahari Kausikan, a Singaporean ambassador-at-large, predicts that America will eventually return to the partnership. After all, CPTPP (and

TPP before it) is not typical of the tariff-cutting deals that Mr. Trump claims have **shafted** America. Rather, it breaks ground in setting American-inspired standards and safeguards for everything from online commerce to creative industries. Mr. Kausikan believes it is only a matter of time before American firms are clamouring to take part.

Before then, others may seek to join an arrangement designed to be infinitely expandable. South Korea, Indonesia and the Philippines have expressed interest—even Britain has. And CPTPP is not the only trade deal making progress in Asia. Japan has just concluded a sweeping agreement with the European Union. The Association of South-East Asian Nations is seeking to create a vast free-trade area encompassing China and India, among others.

Fair blow the Asian trade winds

In Asia free trade is more popular than it is in America and much of Europe. The question is why. One explanation is that in the West, trade creates winners and losers; in Asia, at a lower stage of development, it mainly creates winners, though some gain more than others.

Yet that is not quite right. Asia's pell-mell development creates lots of losers. It can be traumatic to be forced off your land to make way for a palm-oil plantation or a high rise. Inefficient rice-farmers across the continent have much to fear from free trade. Even in prosperous Singapore, points out Deborah Elms of the Asian Trade Centre, an advocacy group, it is still an emotional wrench to see nearly every landmark of your childhood vanish in an orgy of rebuilding.

The difference is that most Asians don't have what Mr. Kausikan calls the illusion of choice. Trade is how billions of them have attained a **modicum** of prosperity. And thanks to rapid, trade-fueled growth, the drawbacks of opening markets seem relatively insignificant. For as long as wrenching change is offset by the prospect of a better tomorrow, Asia will fly the flag of global trade even when it is being furled elsewhere.

SUMMARY: _____

DIRECTIONS:

- 1) **Number** each paragraph.
- 2) As you read the document **highlight in YELLOW** important information (description of people or places, facts, or other evidence).
- 3) As you read the document, **circle** (in **GREEN**) key terms, dates, historical events, names, places, and words that signal relationship (“this led to...” or “as a result of...”). **If the phrase is longer than 3-4 words it should be highlighted not circled.**
- 4) As you read the document, **box** (in **ORANGE**) words with which you are unfamiliar. In the margins, **define** these words. Remember, this is an exercise in building your vocabulary. So, even if you can use context clues to figure out what the word means, but can’t define it on its own, you need to box and define that word. **ALL words already in bold MUST be boxed and defined.**
- 5) **Summarize** the document:
 - a. In 1-2 sentences only, summarize the **main idea** being communicated by this document.