Japan, Australia agreement could make TPP completion harder
Farm Futures
By Janell Baum
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Australia and Japan have completed negotiations on a Free Trade Agreement that at least one U.S. ag group says will have implications on agricultural trade and the ongoing discussions surrounding the Trans-Pacific Partnership.

In the new Japan-Australia FTA, announced Monday, Australia has agreed to submit to Japan's requests to exempt some agricultural products from tariff removal – an issue that U.S. ag groups have been fighting in separate negotiations with Japan on the Trans-Pacific Partnership.

Australia, Japan, the U.S. and nine other countries are participating in TPP talks, where Japan has requested exemption from tariff elimination of certain "sensitive" products, like pork and beef, dairy, sugar, wheat and barley, and rice and starch.

Being unable to reach agreement on the TPP and continuing to fight against its requests, U.S. ag groups maintain that approval of exemptions for Japan would set a precedent that allows other countries to request similar special treatment.

Bob McCan, president of the National Cattlemen's Beef Association, said on Monday that Australia's new partnership with Japan will push the "high-standing ideals of TPP further out of reach for all countries involved."

He argues that Australia has undermined goals in the Trans-Pacific Partnership by approving Japan's requests in a separate FTA.

"The TPP has been referred to as a 21st century agreement, but this Bilateral Agreement is from the 20th century playbook and will not serve to foster open trade and certainly will not benefit consumers and producers globally," McCan said.

Despite the concern from U.S. interests, Australia's Minister for Trade and Investment Andrew Robb noted in a statement the benefits for his country.

The agreement "will give Australia a head start over our competitors" in beef, cheese, horticulture and wine markets due to expanded access, he said.

It also presents an opportunity for Australian beef producers, as the tariff on frozen beef would be cut in half under the agreement – going from 38.5% to 19.5%. The tariff on fresh beef will be cut to 23.5% over 15 years.

Cheese, which Robb said is Australia's largest dairy export to Japan, will gain new duty-free access, while immediate tariff eliminations on fruit, vegetables and nuts and canned products like tomatoes, peaches and pears, fruit and vegetable juices will also be implemented.

While a benefit to Australia, the National Pork Producers Council pointed out Australia's inability to achieve full tariff elimination on a number of important products, and a clause in the agreement that requires the Japanese to provide the same access to Australia that it provides to other nations.

Should the United States get better access to Japan in the TPP negotiations, NPPC said, Australia would get that same access.

"The Japanese need to eliminate tariffs on pork and other U.S. farm products," said NPPC President Dr. Howard Hill. "Japan is asking for special treatment in the form of exempting myriad tariff lines from tariff elimination, yet tariff elimination is the heart of an FTA."

Hill said U.S. farmers and ranchers likely would agree that if Japan is not ready to participate in a high-standard, 21st century agreement, which means elimination of tariffs, it needs to exit the negotiations.

"We support the efforts of [U.S. Trade] Ambassador Froman and our trade team to get the same result from Japan that we have gotten from every other U.S. FTA partner: elimination of virtually all tariffs," Hill said.

TPP negotiations continue this week as Froman begins talks with Japanese counterparts in Tokyo this week.

The Australia-Japan agreement follows on the heels of an Australian agreement with Korea, scheduled for official approval on Tuesday.

tpp-allies

April 10, 2014

21st Century Trade Policy Must Give All Americans a Chance to Get Ahead

by Communications Office

As delivered by Senator Wyden at the American Apparel & Footwear Association Conference on April 10, 2014.

Today I want to talk about how trade in the 21st century can create good middle-class jobs and expand what I call the winners' circle in our country.

It starts with the fact that American trade policy has always been a story of adaptation and change. Fifty-two years ago, President John Kennedy went before Congress to deliver an address on his vision for international trade. The historical context of that period is apparent throughout the speech.

President Kennedy rightly saw international trade as more than something that was just an isolated economic matter. To President Kennedy, trade was in effect an inextricable aspect of foreign policy and an important front in the clash between free nations and communism. What President Kennedy was seeking to do was to promote the strength and unity of the West and fortify the relationship between the United States and the European Common Market. Of course those were days when that was a powerful economic force that was growing. President Kennedy knew American businesses and workers had a great chance to benefit from Europe's growth, and that would create new jobs at home. It was President Kennedy's judgment, and a correct one in my view that required adaptability and in order to have that American trade policy had to be nimble, and it had to reflect those times. I thought the president summarized it very well when he said, "A new American trade initiative is needed to meet the challenges and opportunities of a rapidly changing world economy."

Today's challenges and opportunities, more than any other time in my lifetime, come down to creating more good-paying, middle-class jobs. It's my view that every trade discussion, every single trade discussion, must now focus on how trade policy can be a springboard to high-skill, high-wage American jobs. Jobs in innovative fields that didn't exist before the digital era. Jobs in high-tech manufacturing that can't be easily outsourced. Jobs that give Americans a ladder into the middle class. Here's the reality folks, or the one that I hear at every town meeting - I have another coming up in a week or so - millions of middle-class Americans simply don't believe trade can help them get ahead, or they worry their voices aren't being heard. A 21st century trade policy has to meet the needs of those who are middle class today and those who aspire to be middle class tomorrow. On my watch, I can tell you, those voices are not going to get short shrift in the Senate Finance Committee.

My basic philosophy with respect to trade is I want to see Americans grow and make things here, innovate and add value to them here, and ship them somewhere, whether in containers, on airplanes, or in electronic bits and bytes.

My view is there are opportunities for the U.S. to do that in trade agreements with nations across the Pacific and in Europe, but it is going to take fresh policies – adapted to the times – to make those trade agreements work for all Americans.

I want to be very clear: only trade agreements that include several ironclad protections based on today's great challenges can pass through Congress. I am not going to accept or advance anything less.

First, trade agreements must be enforceable, and not just in name only. The United States has to follow through on enforcement at home and around the world. If it doesn't, trade agreements will not deliver on their job-creating potential and the economic winners' circle, instead of expanding, could actually shrink.

A World Trade Organization ruling that came out just last week showed a great example of enforcement done right. China's restrictions on rare earth mineral exports have done real damage to American businesses and consumers and could cost our country jobs across a wide array of industries.

Manufacturers of rechargeable batteries for hybrid and electric vehicles, MRI machines, night-vision goggles and many others took a hit. My friend Leo Gerard from the United Steelworkers will tell you the impact China's restrictions have had on his members' jobs. So the U.S. stood up and challenged China in the WTO, and the WTO ruled in America's favor – making clear that as a member of the global trading system, the Chinese have to play by the rules.

With American jobs on the line, all trade agreements ought to be enforced with that kind of vigor. Enforcement has to happen without hesitation over politics or other kinds of secondary considerations.

Right now, for example, Customs often appears to focus on security at the expense of its trade mission. Fake NIKE shoes and counterfeit computer chips with a fake Intel logo too often make their way past America's border agents unnoticed. Foreign companies have evaded the trade remedy laws that protect American workers, like those in the solar and steel industries. A 21st century trade policy can't work if the cops at the border aren't doing an adequate job on the beat.

Second, trade agreements must promote digital trade and help foster innovation in areas where America leads, like cloud computing. When President Kennedy made his pitch for a modern trade policy to Congress five decades ago, nobody could have imagined what the digital world would become, or how important the Internet would be to the global economy. Even when the North American Free Trade Agreement entered into force in 1994, a lot of trusted economic thinkers had doubts about how big a role the Internet would play in people's lives.

Fortunately, our country today enjoys a major trade surplus in digital trade that fuels the growth of high-quality, high-skill jobs. Twenty-first century trade agreements have to preserve this American advantage. They must prevent unnecessary restrictions on data flows or requirements to localize data and servers. Make no mistake about it, these NSA policies have harmed the American brand in parts of this debate and it's something that I'm going to focus on changing, not just from the Finance Committee, but from the Intelligence Committee as well. They must include assurances that Internet companies have no more legal liability in foreign markets than they do in the U.S. There is a reason that America is home to the leading technology and Internet companies: our legal framework promotes innovation and the digital economy.

Preserving this legal framework at home, and promoting it abroad, protects and preserves good paying jobs -- and not just jobs at big technology companies like Google or Intel or IBM. It helps the self-employed: the craftsmen on Etsy and collectors on Ebay, and it helps auto workers, farmers, ranchers, and healthcare providers. Why? Because all of these industries, every one of them, rely on an open global Internet that connects them with foreign consumers and suppliers of digital goods and digital services.

Similarly, provisions like the PIPA and SOPA bill that would do so much damage to the Internet or result in its censorship have no place in trade agreements. I want everyone to know that I'll do everything in my power on the Finance Committee to keep them out of future agreements. I welcomed Ambassador Froman's statement in February that he is committed to keeping them out of TPP. It's as simple as this: the Internet, which is really the shipping lane of the 21st century has to be kept open and free.

Third, trade agreements must combat the new breed of predatory practices that distort trade and investment and cost American jobs. Chinese state-owned enterprises, for example, don't have the risk or borrowing costs that their American competitors do. China's indigenous innovation policies too often undermine American innovators by requiring them to relocate intellectual property. And currency manipulation undercuts American autoworkers and a number of our manufacturers here at home. Again, these are practices that cost good American jobs. They have the same harmful effects on American exports as any other trade barrier, so modern agreements – including the TPP – have to give our country the tools to level the playing field.

Fourth, some nations simply don't share America's commitment to labor and the environment, so when the U.S. doesn't lead the way with strong standards and enforcement, trade agreements fall short. Commitments on these issues have to be core parts of trade agreements, rather than something like a side deal that's just coasting along for the ride. This is one area where the U.S. has made progress. Twenty years ago, many considered including any labor or environmental rules in trade agreements to be unreasonable. Today, it is widely recognized that including strong disciplines on both – with equally strong enforcement – is an imperative. People on all sides of the trade debate should more openly acknowledge the progress in these areas and the hard work that went into getting those reforms. But as the situation in Colombia shows, there's more work to be done. Under my watch, TPP will be much, much different than older agreements in these areas.

When the United States leads on trade, it is my view it can raise the bar for labor in ways that improve conditions for millions of workers around the world. The TPP is an opportunity to establish improved labor rights in places like Vietnam and Malaysia, but it's going to take strong enforcement.

Just like with labor, trade agreements also have to do more to promote environmental protections. By setting and enforcing high standards, the U.S. can protect American jobs from countries that take a hands-off approach to environmental protection. The Trans-Pacific Partnership must put an end to subsidized and illegal fishing that threatens our oceans and stop trade in stolen timber and wood products in countries like Malaysia and Vietnam. The TPP also has to target illegal trafficking in wildlife. When it comes to environment, strong enforcement is a prerequisite for a Trans-Pacific Partnership agreement that can pass Congress.

Finally, agreements must be ambitious, opening foreign markets and helping U.S. workers, farmers, manufacturers and service providers increase exports. And trade agreements need to be equally ambitious on footwear and apparel. They need to reflect those industries as they are in this century – not as they were in the last one.

Trade agreements also need to be part of a broader framework, including Trade Adjustment Assistance, that moves exports more efficiently to foreign markets and gives more Americans a chance to climb the economic ladder. There are people who argue that the benefits of trade deals have only gone to some. I argue that if we work to get better, more modern agreements that reflect the lessons of history, we can get trade deals that expand the winners' circle and help revitalize the middle class.

So you've just gotten a short summary of what I think a modern trade deal should look like. I want to wrap up with a couple of comments about how all of this should move through Congress, what negotiations should look like and the issues I think are also very much on your mind with respect to what's ahead.

When it comes to trade talks, in my town hall meetings, people want to know what's being negotiated. In my view the public has a right to know what the policy choices are. For its part, Congress has a constitutional responsibility to tell the President and the U.S. Trade Representative what they need to accomplish in trade deals, which it has traditionally done by passing trade promotion authority, or "fast-track." I believe what's needed to accomplish these things is different from a fast-track, or a "no-track," and this afternoon I'd like to call it a "smart-track."

A smart-track will hold trade negotiators more accountable to the Congress, more accountable to the American people, and help ensure that trade agreements respond to their concerns of our people and their priorities, and not just to special interest groups. It will include procedures to get high-standard agreements through Congress, and procedures that enable Congress to right the ship if trade negotiators get off course. But to get better trade agreements, there must be more transparency in negotiations. The Congress cannot fulfill its constitutional duty on trade if the public doesn't know what's at stake or how to weigh in.

The public needs to know that somebody at USTR is committed to shedding more light on trade negotiations and ensuring that the American people have a strong voice in trade policy – a voice that is actually heard.

Going forward in the days and weeks ahead, I am going to work with my colleagues and stakeholders on a proposal that accomplishes these goals and attracts more bipartisan support. As far as I'm concerned, substance is going to drive the timeline.

Some would like to lay blame for lack of support for the TPA proposal recently introduced in Congress at the doorstep of the White House. The president and Ambassador Froman are, frankly, having a difficult time selling a product that members are not thrilled about. Policy matters, and arbitrary timelines won't work. Instead of casting blame, our time would be better spent rolling up our sleeves and getting to work on policies that expand the winners' circle for our people. Expanding the winner's circle is going to mean that Americans see a trade agreement that they actually want to pass. That will build more bipartisan support for the president's trade priorities.

I've been the chairman of the Senate Finance Committee for 22 working days. You've got almost all the answers that have been around for 22 working days. I've spent a lot of time over the past few weeks listening to what committee members have to say about trade and their priorities. They've been sharing their views and suffice it to say there are some strong feelings. I can tell you what unites members of the Finance Committee is a strong desire to strengthen our economy, increasing our competitiveness in tough global markets, creating more good-paying jobs, and in a phrase you'll hear me talk a lot about because it applies to trade, it applies to tax policy: economics policy that gives everybody in America a chance to get ahead. That's my view of what trade and our economic policy ought to be about and when done right, trade policy can accomplish that. I'm sure everybody in this room shares that view.

http://www.atlantic-community.org/-/back-to-square-one-for-ttip-a-green-agenda-for-free-trade

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Back to Square One for TTIP: a Green Agenda for Free Trade

Dieter Janecek, the Green Party's Spokesperson for Economic Policy in the German parliament, describes an alternative TTIP agenda. A free trade agreement based on high ecological and social standards, and informed by the values the USA and the EU share in common, could have an influential impact on global trade. The interest of the common good should be a prominent part of any agreement of this kind, with as many stakeholders as possible being involved.

Free trade is not a strategy of subjugation

No, free trade does not mean the strong having the right to ensure their economic interests always prevail in every corner of the world. The fundamental, liberal idea of free trade put forward by Adam Smith and David Ricardo was cosmopolitan in nature: Trade on the basis of a liberal order and human rights as a counternarrative to imperialism and the despotism of the nation state. The promise of free trade was posited on the assumption that it would result in a more efficient division of labour, a higher degree of specialisation and, above all, greater prosperity thanks to rising productivity.

About 250 years later, the reality is that free trade has not been able to deliver its promises of prosperity for all. The deepening integration of the world economy and rapid global growth have seen inequality increase as well. The unilateral dismantling of trade barriers and policies of isolationism, on the one hand, and the deterioration of social and ecological standards as a result of competition to offer the lowest production costs, on the other, have shattered many people's confidence in free trade. What we have experienced has been, above all, free trade that has advantaged the prosperous industrialised countries. While we in Germany profit from low customs tariffs on highly specialised industrial goods, the EU pumps vast subsidies into its agricultural sector and pursues an aggressive export policy at the expense of the developing countries.

However, free trade does not inevitably have to lead to an asymmetrical distribution of benefits and the erosion of previously protected standards. Innovations, intelligent production methods and the know-how they require are, of course, always decisive factors in who manufactures what products and where. Nevertheless, this does not mean that states are unable to define what standards ought to apply for these products and their manufacturing processes. With the Transatlantic Trade and Investment Partnership (TTIP), an attempt is now being made to combine the two most significant economic areas on the planet into a common free trade area. Between them, the USA and the EU represent just over 10% of the world's population, but generate about 50% of global economic output. Without question, this is of significance geopolitically. The consequences for third states will also have to be looked at extremely carefully. The immediate implication for free trade, however, is that the world's two most powerful economic areas are negotiating bilaterally on an equal footing to arrive at a new agreement. And that is a good thing.

What has not been good, though, is the course the negotiations have taken hitherto. They have rightly been criticised for a lack of transparency and the EU's unbalanced negotiating mandate. It is claimed the conduct of the negotiations is not being guided by the common good of employees and consumers, but exclusively by the interests of the parties' export industries. This criticism is necessary and justified in many respects.

The 'sustainable economy': a leitmotif for the TTIP
An even greater impact would be achieved by a fundamental debate about the opportunities the TTIP holds out, combined with demands for the negotiations to start again from square one. A free trade agreement based on high ecological and social standards, and informed by the values the USA and the EU share in common, could have an influential impact on global trade. The interest of the common good should be a prominent part of any agreement of this kind, with as many stakeholders as possible being involved. The first attempts to formulate such an approach have already been made: Last autumn, civil society groups from all over Europe drew up what they called an 'Alternative Trade Mandate', an alternative blueprint for free trade in the 21st century: www.alternativetrademandate.org.

A Green agenda for the TTIP could do more than encourage acceptance among the population. By reaching consensus on clear ecological, social and democratic parameters, we could stimulate the transition towards a sustainable economy on both sides of the Atlantic, something that would ultimately be seen as a harbinger of hope for global climate protection. The fundamental consideration common to all the proposals made here is that functioning free trade is predicated on markets driven by fair competition. Prices must always internalise the true ecological costs of products and services as well. It is in the interests of the players on a market to pay a minimum wage that prevents the exploitation of social dumping as a means of competition. The Stern report quantified how damaging it is for our economies not to invest fundamentally in energy efficiency and the careful management of resources at an early stage. In our time, the most important question for the future is the resource revolution. Europe will not be able to cope with the challenge it represents unilaterally. It is not utopian to imagine the EU and the USA making joint efforts to address the issue, since this would be an expression of their shared interests: Both economic areas are aspiring to reduce their dependence on imports of raw materials. Both claim to be promoting real competition on the basis of a fair framework for trade.

Analysis 1: The raw materials question affects the USA and the EU equally
For Europe, as a continent with few fossil resources, the conversion to renewable energies and energy conservation is a strategic necessity if it is to insulate itself from the volatility of the international raw materials markets over the long term. Germany purchases one third of its natural gas from Russia. More than two-and-a-half times as much as we can store each year. The USA will be able to rely on its own, large-scale fossil reserves for a limited period, but energy efficiency is still clearly not being paid anywhere near enough attention there, to the detriment of consumers and industry. In Texas, for example, power prices are just a third of those in Germany, but *per capita* consumption is three times higher. The shale gas boom in the USA was hailed as a supposed geopolitical turning point. Yet the latest studies show there can be no

suggestion that fracking is going to bring about reindustrialisation in the USA. The forecasts have proven to be exaggerated. As of 2025, at the very latest, the USA too will have to become more dependent on the dwindling petroleum reserves of the Gulf region again. This has been said by no lesser person than Maria van der Hoeven, the Executive Director of the International Energy Agency. China has already recognised the signs of the times. In a recent government statement, Premier Li Keqiang declared war on environmental pollution. He said China would combat it with the same determination it has shown in fighting poverty within its borders. The Middle Kingdom is now the global market leader in renewable energies and will install 14 GW of photovoltaic capacity this year, almost twice as much as the EU.

Analysis 2: The tipping point to energy conservation and renewables has been reached
Is this the truth that has still not been grasped? The tipping point to the post-fossil transformation that lies ahead of us has already been reached, as is evident from the markets. According to *The Wall Street Journal*, the volumes of oil and gas produced by Chevron, ExxonMobil and Royal Dutch Shell have been constantly declining in the last five years. And this has happened even though these corporations have invested a gigantic US$500bn in new projects over the same period. In a remarkable talk given in February of this year, Steven Kopits, Managing Director of the consulting company Douglas-Westwood, described how the returns on investments in the exploration of fossil energy carriers are falling dramatically and continuously, while the business case for efficiency technologies, wind power and solar energy is becoming more and more convincing. And we are just at the beginning of the transition process!

The resource revolution and the 'fossil-fuel phase-out': a fitness programme for industry
If the TTIP is intended to make a credible contribution to fair competition, serious negotiations will have to take place about the 'fossil-fuel phase-out'. The high subsidies for the extraction and protection of fossil energy carriers are massively distorting competition and damaging the economies on both sides of the Atlantic. According to figures from the International Energy Agency, an unbelievable US$523bn was spent around the world on petroleum, coal and gas in 2011, approximately six times as much as on climate-friendly technologies. And the trend is moving upwards. The German Federal Government's 2014 Subsidy Report lists the €1.172bn of assistance for hard coal, the extraction of which is uneconomic in Germany, as the largest of the subsidies paid out from the federal budget. Meanwhile, the costs for the final storage of nuclear waste are being burdened onto future generations for the time being.

Nevertheless, we in Germany have successfully got the first stage of the efficiency revolution underway. Thanks to technological developments encouraged by the Renewable Energy Sources Act (EEG), it has been possible for the unit costs of photovoltaics and wind power to be slashed. The world economy is profiting from this today. However, we will only bring about a real resource revolution that will take us towards a climate-friendly economy if truly equal competition between fossil and renewable energy carriers is fostered. Zero marginal costs for fuel inputs – that is the prospect that makes renewables so attractive, irrespective of all the ideological conflicts. A clear commitment to these technologies would be needed in any free trade agreement between the USA and the EU.

Greater competitiveness with the top-runner approach and emissions trading
At the end of the 1990s, Japan introduced what is known as the top-runner approach for its

industry, under which the highest efficiency standards are always established as the benchmarks for the development of products and technologies. Technologies that do not meet these standards are gradually withdrawn from sale. Its concentration on the highest possible levels of efficiency should also have a major influence on any transatlantic free trade agreement.

The use of ecological standards to inspire innovation is a tradition that goes back a very long way in Germany. How competitive would our chemicals industry be today if it had not been for the decades of tough conflicts with environmental campaigning groups? What kinds of vehicles would the automotive industry still be producing today if we had not put in place different parameters for the sector by introducing emissions certificates and levying ecotaxes? Why do we not tackle environmental goods first when it comes to customs liberalisation? Germany holds a 15% share of the global market for environmental technologies. California is regarded as a pioneer of the 'green economy'. Emissions trading with CO2 certificates is on the rise in many US states. The EU has just upgraded its emissions trading system with back-loading and is discussing how it is to continue in operation from 2016 on with the target of reducing greenhouse gas emissions 40% by 2030 relative to 1990. Noticeably stricter regulations will apply for the automotive industry as of 2020 in both economic areas. We are therefore travelling in the right direction, but not fast enough yet, and the various systems and instruments are not being coordinated consistently. On both sides of the Atlantic, however, actors have recognised that it is more sustainable to rationalise the consumption of resources than companies' staffing levels. In consequence, ecological considerations are advancing a social agenda.

Learning from the USA: the green economy will only function if we have sustainable financial markets

Let us not hold any illusions: Without the comprehensive re-regulation of the financial markets, many of these ideas will remain but fine aspirations. It is essential to break with the principle that, 'The debts belong to all of us, the assets to the select few.' Fair competition can only function on the basis of a regulated market, and the catastrophic experiences that ensued from the global financial and economic crisis after 2007 are forcing us to act. However, the idea that Europe stands for 'high' standards and the USA for 'low' standards is revealed to be an absurdity when we look at the regulation of the financial markets.

After all, it is first and foremost the Europeans who are standing in the way of meaningful reforms, prime among them the British and the German Federal Finance Minister Wolfgang Schäuble. In the most recent BASEL III negotiations, it was decided that the 'leverage ratio' should set below 3%, but the USA is demanding 6% as a first step, with 10% aspired to as a prospect for the future. BASEL III permits off-balance-sheet special-purpose vehicles and will therefore encourage once again a lack of transparency about the risks that are being taken. The USA has a system of the firewalls between commercial and investment banking that minimises the exposure to risk because the two areas of business have to be accounted for separately, even within the same institution. This rules out the possibility that state assistance will be extended to high-risk investment banking operations. The liability principle is making a come-back in the banking industry, something the EU is resisting. However, there will not be a 'sustainable economy' without sustainable financial markets.

Summary: Time for an alternative TTIP mandate

The EU and the USA should jointly recognise the opportunities offered by an alternative TTIP mandate that is focussed on the levelling of unequal competitive conditions in transatlantic trade. Fair competition will consign our wasteful fossil economy to the history books. Any country that wishes to remain competitive at the global level will have to manage its economy sustainably. A clear framework of regulatory policy would mean:

- Competition founded on ecologically correct prices
- Introducing the top-runner approach for industry
- Retaining and expanding social standards
- Making provision for future raw materials shortages

Regulating financial markets in such a way that they perform their functions providing services to consumers and business.

These would be the main elements of a positive agenda for free trade that would meet with broad acceptance and achieve greater prosperity for all in the end. Are these ideas merely castles in the air? Not if the actors finally examine the framework of the real economy to ascertain whether it is fit for the future and draw their own conclusions from what they find. The USA and the EU would certainly have plenty of shared interests.

Dieter Janecek is a Member of the German Bundestag and the Green Party's Spokesperson for Economic Policy. This article was originally published on Dieter Janecek's personal website and reappears here with kind permission from the author.

April 15

Europe wants its cheese names back, and some Mainers agree

The EU says Parmesan, Gorgonzola and others are special to certain regions, and some Maine cheese-makers support the idea.

By Whit Richardson wrichardson@pressherald.com
Staff Writer

If negotiators for the European Union have their way, shoppers in the United States may need to familiarize themselves with a host of new names for such common cheeses as feta and Gorgonzola. While large cheese-makers are battling the proposed restriction, many of Maine's cheese-makers already respect their Old World brethren's claim and market their cheese with other names.

At issue is whether EU cheese-makers have the right to protect the names of their specialty cheeses from being marketed in the United States as Parmesan, Roquefort, Gorgonzola, Gruyère and other easily recognized names. These are also called "geographical indications," or GIs.

The labeling issue is being discussed by trade representatives negotiating the Transatlantic Trade and Investment Partnership, the next summit of which is planned for May. The U.S. dairy industry is strongly opposing the restriction, but Maine's artisanal cheese-makers are surprisingly considerate of the Europeans' position.

"I completely agree with the Europeans that we should not use their cheese names. They have spent centuries developing their distinctive regional styles, and we should not steal them, or try to reproduce them," Caitlin Hunter, head cheese-maker at Appleton Creamery, a small creamery outside Camden, said in an email.

Hunter creates unique names for all her cheeses. Even if it would be easier to call her bloomy rind soft cheese a Camembert, she believes only cheese made in Normandy, France, from the milk of Normand cows who ate Normand grass should be called Camembert. Instead, she calls it "Camdenbert."

“It’s all about the taste of place – terroir – and I want my customers to taste the milks and cheeses of Maine, not Europe,” she said.

Heather Donahue, head cheese-maker at Balfour Farm in Pittsfield, agreed that names of some traditional cheese styles should be reserved for European producers. But when she heard the EU would also like to restrict the use of the term “feta,” which is a Greek cheese not tied to any particular region of that Mediterranean country, she had another opinion.

“Not cool,” she said last week after making a batch of feta, which she and her husband sell at farmers markets around the state.

Terms like “feta” are so generic at this point they shouldn’t be restricted, Donahue said. “There’s a difference between a very specific cheese and a style of cheese (such as feta),” she said.

Descriptions like “feta” help cheese-makers market their products to new customers, who are more willing to buy an artisanal cheese if it’s called something familiar, Donahue said.

“It makes it easier for the seller and the customer if there’s a common language of cheese terms to use,” she said. “If a customer is familiar with feta from the grocery store and they buy the same brand all the time and happen to come to a farmers market, you can say this is a feta-style cheese and they’ll get it.”

Roger Waite, an EU spokesman, said the proposed restrictions are about protecting traditional European producers who are preserving an ages-old heritage of cheese-making.

“We have seen a wide range of European products build up excellent reputations on the basis of quality, traditions, regional products and savoir faire,” Waite said in an email. “What the EU is seeking with the system of GIs is that consumers are not misled, or that others free-ride on the good reputation developed by the producers of the original product.”

Maine is a hotbed of artisanal cheese-making. With roughly 73 licensed cheese-makers, Maine has more of them than any state except New York, said Eric Rector, executive director of the Maine Cheese Guild and owner of the Monroe Cheese Studio. Maine's cheese-makers, however, only produce about 1 million pounds of cheese a year, which is the annual production of any one of Wisconsin's giant cheese-makers, Rector said.

Tyler Renaud, a cheese-maker at Silvery Moon Creamery in Westbrook, said that although renaming cheeses is doable, it does create more work for marketing products.

"If it comes down to it ... it will take a huge amount of consumer education when we do rename them," he said. "People recognize the (common labels), and the second you put a different name on it, you have a cheese you need to educate your customer base on."

At the root of the controversy is who determines what is generic. Some argue that Parmesan should only come from Parma, Italy, while others argue the term has become generic (think Kraft Foods and its ubiquitous green, cylindrical Parmesan containers) and shouldn't be restricted.

The EU has had some success in negotiating trade restrictions on common cheese names with other countries. In its trade deal with South Korea, for example, the EU secured restrictions on the use of the names asiago, feta, fontina and Gorgonzola unless they were produced by traditional cheese-makers in Europe. The deal also meant that any U.S. cheese-makers that export feta, for example, to South Korea can no longer do so using that name.

Last year, the EU negotiated a deal with Canada, although it has yet to be finalized. Canada agreed to place restrictions on its cheese-makers who make feta. Existing cheese-makers are "grandfathered," but any new cheese-makers have to use terms such as "feta-like" or "feta-style."

The EU, however, isn't fighting to restrict use of the terms "Camembert" and "Brie," which Waite conceded are generic by this point.

A group of U.S. senators, including Sen. Angus King, last month sent a letter to U.S. Trade Representative Michael Froman stating their opposition to the EU's proposal and urging U.S. negotiators to “work aggressively” to counter it. The U.S. Dairy Export Council estimates that production of roughly $4.2 billion worth of cheese by U.S. companies could be affected if the EU is successful.

Trevor Kincaid, a spokesman for the U.S. Trade Representative’s office, wouldn’t confirm specific demands by the EU, but did say the U.S. does not agree with the EU’s position on traditional cheese names.

“The United States and the EU have different points of view over the scope and level of intellectual property protection to be provided for products like cheese, including trademarks and the use of generic food terms that are used commonly by businesses and the public,” he said in a prepared statement. “Our conversations are in the early stages, but we are committed to increasing opportunity for U.S. businesses, farmers and workers through trade.”

Rector believes Maine cheese-makers are empathetic toward their European brethren because of similarities protecting the Maine lobster brand or Maine blueberries. Donahue, at Balfour Farm, does make a Brie-like cheese, but calls it Marcy. Hunter, at Appleton Creamery, makes her Camdenbert. Silvery Moon Creamery makes a style of cheese based on a Manchego, but calls it Moonchego.

“After all, Gouda, Brie, Parmesan, Camembert and many other protected cheese names actually refer to a geographic region, the same way that ‘Maine’ does when used to modify ‘maple syrup,’ ‘lobster,’ ‘blueberries,’ ‘potatoes,’ etc.,” Rector said in an email. “The use of those terms in the name of a product made outside the region defies logic.”

“Wasn’t ‘champagne’ once a generic name for sparkling wine from any producer at one time? Now that U.S. sparkling wine producers have stopped using that name for their products, have they really been harmed because they can’t use that protected name? I don’t think so,” Rector said. “Consumers now understand that Champagne is a sparkling wine from a specific region in France made in a specific manner, and other sparkling wines are not made in Champagne that way.

“Why would feta and Parmesan be any different?” he said. “You say ‘generic term’ and I say ‘lazy marketer.’ ”

Editorial | New York Times

This Time, Get Global Trade Right

By THE EDITORIAL BOARD APRIL 19, 2014

http://www.nytimes.com/2014/04/20/opinion/sunday/this-time-get-global-trade-right.html?hp&rref=opinion (On line version has data charts)

Many Americans have watched their neighbors lose good-paying jobs as their employers sent their livelihoods to China. Over the last 20 years, the United States has lost nearly five million manufacturing jobs. In that same time, however, the prices that Americans pay for basic goods like T-shirts and televisions have fallen. The cost of clothing is down 8.2 percent since 1993, as "made in China" and "made in Bangladesh" labels have crowded out "made in U.S.A." on the shelves of the local mall.

There is a national ambivalence about our trade of goods and services with the rest of the world, which has more than doubled in the last two decades. Americans want the benefits of trade — and they are potentially big and quite real, including opening up new markets to American cars and software — but they're increasingly anxious about the downside, which includes closed factories and lower wages. The country needs to pursue new trade agreements, but this time we need to get the agreements right.

This page has long argued that removing barriers to trade benefits the economy and consumers, and some of those gains can be used to help the minority of people who lose their jobs because of increased imports. But those gains have not been as widespread as we hoped, and they have not been adequate to assist those who were harmed. As the Obama administration negotiates two big trade agreements — one with 11 countries along the Pacific Ocean and the other with the European Union — it is appropriate to take stock of what we have learned in the 20 years since the passage of the North American Free Trade Agreement and use that knowledge to design better agreements.

To gain the support of a divided Congress and public, the administration must ensure that new agreements are much stronger than Nafta and other pacts. President Obama, who criticized the agreement with Canada and Mexico as a candidate in 2008, promised that his negotiations would avoid a race to lower costs and standards by requiring that countries adhere to common regulations in areas like labor rights, environmental protection and patents. Living up to that promise should be one of his highest priorities.

If done right, these agreements could improve the ground rules of global trade, as even critics of Nafta like Representative Sander Levin, Democrat of Michigan, have argued. They could reduce abuses like sweatshop labor, currency manipulation and the senseless destruction of forests. They could weaken protectionism against American goods and services in countries like Japan, which have sheltered such industries as agriculture and automobiles.

The Pacific agreement, known as the Trans-Pacific Partnership, could also encourage China, which is not part of the talks, to reconsider its currency and labor policies to avoid being at a disadvantage. (The participants are Vietnam, Malaysia, Japan, Australia, Canada, Mexico, Singapore, New Zealand, Chile, Peru and Brunei.) And a pact with the European Union could harmonize overlapping regulations to reduce the cost of doing business and increase competition. Both pacts could aid American foreign policy by strengthening alliances in Asia and Europe.

WELCOMING BUSINESS, NOT THE PUBLIC One of the biggest fears of lawmakers and public interest groups is that only a few insiders know what is in these trade agreements, particularly the Pacific pact.

The Obama administration has revealed so few details about the negotiations, even to members of Congress and their staffs, that it is impossible to fully analyze the Pacific partnership. Negotiators have argued that it's impossible to conduct trade talks in public because opponents to the deal would try to derail them.

But the administration's rationale for secrecy seems to apply only to the public. Big corporations are playing an active role in shaping the American position because they are on industry advisory committees to the United States trade representative, Michael Froman. By contrast, public interest groups have seats on only a handful of committees that negotiators do not consult closely.

That lopsided influence is dangerous, because companies are using trade agreements to get special benefits that they would find much more difficult to get through the standard legislative process. For example, draft chapters from the Pacific agreement that have been leaked in recent months reveal that most countries involved in the talks, except the United States, do not want the agreement to include enforceable environmental standards. Business interests in the United States, which would benefit from weaker rules by placing their operations in countries with lower protections, have aligned themselves with the position of foreign governments. Another chapter, on intellectual property, is said to contain language favorable to the pharmaceutical industry that could make it harder for poor people in countries like Peru to get generic medicines.

Another big issue is whether these trade agreements will give investors unnecessary power to sue foreign governments over policies they dislike, including health and environmental regulations. Philip Morris, for example, is trying to overturn Australian rules that require cigarette packs to be sold only in plain packaging. If these treaties are written too loosely, big banks could use them to challenge new financial regulations or, perhaps, block European lawmakers from enacting a financial-transaction tax.

SEEKING THE REAL SOURCE OF JOB LOSS Could these agreements lead to further job losses and exacerbate income inequality in the United States? Many critics are legitimately concerned about more outsourcing of jobs, and there is no doubt that trade, along with automation and financial deregulation, has contributed to income inequality.

But it's important to remember that our trade with trade-agreement countries, like Mexico, is much more balanced than our trade with China. Those countries buy more American goods and services than they would without an agreement, sending money and jobs back in this direction.

A study published last year blamed increased imports from China for 44 percent of the decline in manufacturing employment from 1990 to 2007. People who lost those jobs were more likely to stop seeking work or to find lower-wage jobs in other industries, suggesting that government programs to retrain workers hurt by trade are inadequate. A second paper by the same scholars concluded that the negative impact of imports from Mexico and Central American nations with which the United States has agreements were “economically small and statistically insignificant.”

It’s easy to point the finger at Nafta and other trade agreements for job losses, but there is a far bigger culprit: currency manipulation. A 2012 paper from the Peterson Institute for International Economics found that the American trade deficit has increased by up to $500 billion a year and the country has lost up to five million jobs because China, South Korea, Malaysia and other countries have boosted their exports by suppressing the value of

HOW TO WRITE A BETTER AGREEMENT The trade agreements the Obama administration is negotiating provide a chance for the United States to press countries to stop manipulating their currencies. The administration appears to be afraid that raising the issue could scuttle the talks. It’s time the administration stiffened its spine.

The president also needs to make clear to America’s trading partners that they need to adhere to enforceable labor and environmental regulations. This would level the playing field for American workers and improve the lives of tens of millions of workers in developing countries.

The Obama administration also needs to do much more to counter the demands of corporations with those of the public interest. Consumer and workers groups should have been on the same industry advisory committees. And Mr. Froman, the trade representative, must make clear that these agreements will allow countries to adopt regulations without the threat of a lawsuit from powerful businesses. On patents, the agreements should not cut off developing countries’ access to lifesaving generic medicines.

In recent months the debate about trade, and the Pacific agreement in particular, has become increasingly polarized. Senior Democrats like the Senate majority leader, Harry Reid, and the House minority leader, Nancy Pelosi, have come out against granting the president trade promotion authority, under which Congress agrees to vote up or down on agreements without amendments.

To a large extent, the administration has only itself to blame. By keeping secret so much information about trade negotiations, which have ceased to be purely about trade matters like tariffs and quotas, the government has made itself a target for criticism. Mr. Obama and Mr. Froman argue that their critics have misunderstood or misrepresented their intentions. But that is precisely why the president should provide answers to the questions people have raised about these agreements. It is time for him to make a strong case for why these new agreements will be good for the American economy and workers.

But it’s important to remember that our trade with trade-agreement countries, like Mexico, is much more balanced than our trade with China. Those countries buy more American goods and services than they would without an agreement, sending money and jobs back in this direction.

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United States Department of Agriculture
Foreign Agricultural Service

WHY TRADE PROMOTION AUTHORITY IS ESSENTIAL FOR U.S. AGRICULTURE AND THE TRANSATLANTIC TRADE AND INVESTMENT PARTNERSHIP

April 2014

A Transatlantic Trade and Investment Partnership (T-TIP) agreement will remove obstacles that have hampered U.S. agricultural exports to the European Union (EU).

FARMERS AND RANCHERS DEPEND ON EXPORTS

U.S. agricultural producers depend on exports, which generate approximately 20 percent of their farm income. America's farmers and ranchers are the most productive in the world, but foreign market expansion is critical to their continued success.

U.S. AGRICULTURAL EXPORTS TO EUROPE NEED A BOOST

The EU imported nearly $135 billion of agricultural products from global sources in 2013, up more than 150 percent from 2000. Yet U.S. agricultural exports to the EU grew by only 82 percent during this period while our exports to the world grew by 181 percent. U.S. agricultural exports to the EU are not keeping pace with either EU market growth or with overall U.S. export growth.

The United States faces increased international competition in the EU. This is partly because the EU has aggressively pursued bilateral preferential trade agreements with other countries. U.S. market share for agricultural products in the EU has fallen from 15 percent in 2000 to 9 percent in 2013.

The EU's purchases of many key U.S. commodities and products have fallen as non-tariff barriers have been erected and competition from other international suppliers has increased. Between 2000 and 2013, U.S. exports of:

- Grain and feed fell from 4.3 million metric tons to 2.2 million metric tons;
- Oilseeds and products fell from 12 million metric tons to 5.3 million metric tons;
- Poultry meat and products fell from 332,000 metric tons to 77,000 metric tons; and
- Fresh fruit fell from 187,000 metric tons to 88,000 metric tons.

A successful T-TIP would eliminate tariff barriers, resolve disagreements over existing unwarranted non-tariff barriers and reduce costs associated with regulatory differences.

Tariff Barriers Put U.S. Agricultural Exports to Europe at a Disadvantage

The EU's average agricultural tariff is 30 percent, while the average U.S. agricultural tariff is only 12 percent.

The impact of high EU agricultural tariffs on U.S. exports is exacerbated by the fact that other countries have preferential tariff access. The EU has already concluded free trade agreements with 35 countries and announced negotiations with 12 more, giving key competitors like Canada an advantage over U.S. exporters.

T-TIP provides an opportunity to knock down EU tariffs on key U.S. exports such as meat, dairy products, rice and processed foods.

Non-Tariff Barriers Unfairly Hinder U.S. Agricultural Exports to the EU

The EU's non-tariff barriers to U.S. agricultural products must also be addressed in the negotiations.

- Long delays in reviews of biotech products create barriers to U.S. exports of grain and oilseed products.
- U.S. meat exports are blocked by a number of barriers such as a ban on the use of antimicrobial treatments.
- Burdensome and complex certification requirements hinder access for many U.S. processed foods, animal products and dairy products.

The U.S. government is proposing strong regulatory provisions that would build on World Trade Organization commitments and improve transparency and ensure that regulatory actions have a sound basis.

TPA Strengthens our Negotiators

Trade Promotion Authority signals to our European trading partners that Congress and the Administration stand together on the high standards our negotiators are seeking at trade talks. Trade Promotion Authority will help U.S. negotiators get the best deal possible.

For more information about Trade Promotion Authority and its importance to U.S. agriculture, please contact FAS Legislative Affairs at (202) 720-7115 or LPA@fas.usda.gov.

http://www.bbc.com/news/business-27107354

4/24/14

Obama, Abe and a high-stakes trade deal

By Linda Yueh

Japanese Prime Minister Shinzo Abe and US President Obama are looking to iron out their differences over the ambitious Trans-Pacific Partnership trade deal

Trade deals don't usually take centre stage at summits among world leaders. But the Trans-Pacific Partnership (TPP) is at the forefront of US President Barack Obama's first state visit to Japan.

Both leaders hope it will serve their own purposes: it is how President Obama can make his so-called "Asia Pivot" more concrete than just an aspiration, and how Japanese Prime Minister Shinzo Abe can put some substance to the structural reforms within his ambitious plan dubbed "Abenomics".

Firstly, the US and Japan are the main negotiators of the TPP, which includes 10 other nations from around the Pacific Rim: Brunei, Malaysia, Vietnam, Singapore, Australia, New Zealand, Canada, Mexico, Chile and Peru.

These countries account for nearly 60% of global GDP and over a quarter of world trade.

In other words, it would create the biggest free trade area in the world if successfully concluded, and it's estimated it would add over $200bn (£119bn) per year to world GDP by 2025.

The US calculates that the TPP would add $305bn in exports per year globally, with nearly half accounted for by an increase in US exports by an additional $123.5bn.

The Pivot

"Start Quote

The TPP is estimated to raise Japanese per capita GDP by about 1.5%, which would nearly double the slow pace of expansion the country has experienced in the past two decades"

End Quote

So, if this were solely an economic matter, excluding China - the biggest market in Asia - wouldn't be sensible. Yet, the TPP does just that.

As the US continues to be involved in crises in the Middle East and Ukraine - including negotiating yet another free trade agreement with the EU - there is little to show thus far for the Asia Pivot that had been described as the centrepiece for Obama's second term.

President Obama's Asia Pivot isn't supposed to be solely about geo-politics, but also a deeper rebalancing towards fast-growing Asia to boost America's economy. Securing preferential access to Asia's markets benefits US companies over Chinese firms that won't be part of the market-opening measures of the TPP.

This way, excluding China doesn't look just like politics or even containment, but rather that the world's second largest economy doesn't yet have the market-based economy, such as a flexible exchange rate or open capital accounts, to be part of the new free trade area.

The end result of excluding China is the same, but the framing looks more appealing.

The second opening of Japan

Japan first opened to the West in the 1800s, which ushered in a period of growth

For Japan, the stakes are even higher.

The long-awaited "third arrow" of Abenomics - or the structural reforms to increase competitiveness that ultimately are what raises growth - has been somewhat lacking.

In **an op-ed piece**, headlined "The Second Opening of Japan", Prime Minister Abe says that the Pacific Rim economies encompassed by the TPP is a growth centre which "will continue to propel Japan's economy for the foreseeable future".

The TPP is estimated to raise Japanese per capita GDP by about 1.5%, which would nearly double the slow pace of expansion the country has experienced in the past two decades.

It would also raise per capita growth to over 2%, essentially lifting the country out of its long stagnation.

The two giants and the farmers

Japan has faced significant opposition from farmers over its plans to join the TPP

There are certainly high expectations, but it doesn't mean that the process will be smooth sailing or that the TPP will be conduded any time soon.

"Start Quote

The TPP could help to provide political cover for Mr Abe's intended economic reforms"

End Quote

Of the nations negotiating the TPP, the only one that doesn't already have a free trade agreement (FTA) with the US is Japan. So, the two nations - in addition to being the main players — are the key and also the main obstacles.

One academic has described the TPP negotiations as being between "two giants and the rest".

The reason why there hasn't been an FTA between the world's biggest and third largest economies - or even when Japan was the second largest - is because of protectionism of key sectors.

In Japan, five "sacred" agricultural products of rice, beef/pork, dairy, wheat, and sugar are protected. For example, Japan has a 778% tariff on imported rice.

Conversely, the US protects its car market - and the Japanese are demanding more access.

Reform agenda

These are perennial issues, but the TPP could help to provide political cover for Mr Abe's intended economic reforms.

He is trying to abolish a policy which has been in place since 1971, that keeps rice prices high and has cost the economy an estimated 8 trillion yen ($78bn). The TPP could even force Japan to cut its tariff on imported rice.

Of course, agriculture in the US isn't without its share of problems. The Americans are also looking to reform their own farm bill which is set to cost $1 trillion over a decade.

The top 10% of the largest farm businesses receive 75% of the government subsidies, while average farm household incomes exceed the average by a whopping 25%.

It's not hard to see why agricultural subsidies are often called subsidies for the wealthy.

Tough sell and positioning

So far, trade negotiations have come to an impasse, raising the possibility that there won't be a big announcement during the Obama-Abe summit.

But it is in the economic interests of both the Americans and the Japanese to get an agreement done.

By premising so much of the Asia Pivot and Abenomics on the TPP, the stakes are certainly high.

As the politics are also overlaid with geo-politics vis-a-vis China, it will not only be a tough sell but a tricky one to position.

Huffington Post

http://www.huffingtonpost.com/2014/04/24/trans-pacific-partnership-companies-tpp_n_5202060.html

Why Corporations Are Freaking Out About Obama's Big Trade Deal

Posted: 04/24/2014 8:00 am EDT Updated: 04/24/2014 11:03 am EDT

WASHINGTON -- Steve Biegun is not exactly a left-wing radical. During the Bush years, he served as an adviser to Secretary of State Condoleeza Rice and Senate Majority Leader Bill Frist, a Republican from Tennessee. When John McCain named Sarah Palin as his presidential running mate in 2008, the campaign brought on Biegun to help the new vice presidential contender bone up on conservative foreign policy.

But as the current head of Ford Motor Co.'s international lobbying operations, Biegun now finds himself allied with environmental activists, labor unions, and some of the most progressive Democrats in Congress -- all raising strong objections to President Barack Obama's proposed Trans-Pacific Partnership trade deal, or TPP.

"When I came here, we supported every trade agreement, and not a single one worked for us," Biegun told HuffPost in March. "I don't know how you ask somebody who puts in a hard day at an automotive plant to support a free trade agreement that allows another country to cheat them. Because that's what it is. It's cheating."

Biegun is talking about currency manipulation, particularly by Japan, the world's third-largest economy. By lowering the value of the yen, the Japanese government can make its own goods cheaper than those of international competitors, without harming the living standards of Japanese workers. Currency cleverness is a major reason why the U.S. exported at total of less than 50,000 cars to Japan during Obama's entire first term, even though Japan doesn't impose tariffs on U.S. vehicles. Without language to prevent currency manipulation, Ford won't support the TPP.

"Japanese companies make good cars," Beigun says. "But they're not *that* good."

It's not unusual for major corporations to wage trade battles in Washington. It's unusual for them to lose -- especially with backing from unions and a bipartisan congressional coalition that includes a majority of members of the president's own party. And a currency policy doesn't seem to be going anywhere. Rep. Sandy Levin (D-Mich.) the top Democrat on the House Ways and Means Committee -- the critical trade panel -- has prevented streamlining the TPP through Congress, based on currency considerations. And last week, Rep. Michael Michaud (D-Maine) sent a letter to the administration seeking action on currency manipulation. His office said he hasn't heard back, and doesn't expect to.

As Obama travels to Asia to shore up support for the TPP, something strange happening on Capitol Hill. Business groups accustomed to winning in Washington are seeing their interests trumped by foreign policy considerations that at times appear confused or incoherent.

"Geopolitics is an overriding consideration in a lot of these things," says Biegun. "Do we want Japan to have a fully restructured and open economy that is beneficial to American exporters ... or do we just want Japan to know we love them by turning our automobile market into another form of foreign aid?"

Trade pacts are typically a hybrid of economic policy and state diplomacy. But the Obama administration's quest for the diplomatic symbolism of a TPP deal now seems increasingly divorced from its economic consequences.

It's not just a car thing. On Monday, 64 members of Congress sent a letter to the top U.S. trade negotiator urging him to get better TPP terms for American farmers, after Japanesemedia reports indicated that the U.S. would let Japan keep high tariffs on wheat and rice. U.S. agriculture is dominated by behemoths like Monsanto, Tyson and Cargill, but most of those companies work with smaller farmers in hundreds of congressional districts. As a result, the list of signatures on the letter spans the full House ideological spectrum, from liberal firebrand Rep. Alan Grayson (D-Fla.) to tea partier Rep. Steve King (R-Iowa).

"We are concerned Japan, a member of TPP, has not yet made a comprehensive offer on market access," the letter reads. "We now seek assurances from you that the U.S. will not close TPP negotiations ... unless Japan has agreed to eliminate tariff and non-tariff trade barriers to agriculture."

The Office of the U.S. Trade Representative told HuffPost it would respond to the members of Congress who wrote the agriculture letter, and referred questions about currency issues to the Treasury Department, which declined to comment.

For 25 years, conventional Washington wisdom has held that good diplomacy includes free trade deals like the North American Free Trade Agreement and the World Trade Organization treaties. These pacts, the thinking goes, discourage military conflict by making nations dependent on each other for economic prosperity, and by transferring economic power from governments to corporations.

This perspective isn't unique to Obama or to Democrats. Rep. Paul Ryan (R-Wis.) once helped shepherd a free trade pact with Bahrain through Congress, despite the country's notorious human rights abuses. Ryan's rational was that expanding trade with the U.S. would encourage democracy in Bahrain.

"It's the carrot approach," Ryan said in 2009. "This is a way to help expand democratic capitalism, because through each of these trade agreements we require things like the rule of law and forcible contracts, women's rights, advancements towards openness, transparency and democracy."

Today, Bahrain remains a human rights hellhole, albeit one with tax-free access to U.S. markets. But a more frightening consequence of this foreign policy framework was raised in January, when Japanese Prime Minister Shinzo Abe addressed the World Economic Forum in Davos, Switzerland.

Abe compared the current relationship between China and Japan to the state of play between the U.K. and Germany in 1914, before the outbreak of World War I. In the case of the U.K. and Germany, Abe said, countries that had very deep economic ties ended up going to war with each other.

"The system we have now ... has seen massive consolidation at almost every level," says Barry Lynn, a senior fellow at the nonpartisan New America Foundation. "When you go down the supply chain, you see massive consolidation, ... so if you have a physical disaster, a natural disaster, an epidemic or a political problem that breaks the flow of trade, then the whole system doesn't work."

In other words, international economic codependence may discourage some small conflicts. But the network of foes and allies doesn't guarantee peace in a crisis, and the web of trade relationships makes military conflicts and diplomatic standoffs more complex.

Under Obama, the U.S. has been more aggressive than under any other U.S. president about trade enforcement -- particularly with China, bringing multiple important cases before the WTO. And the administration has made no secret about making the TPP a central tenet of Obama's "Pivot to Asia," intended to counterbalance the economic and political power that China now exercises.

Meanwhile, a dispute between Japan and China over which nation should control a few uninhabited islands in the South China Sea has resurrected a mutual hostility that dates back to World War II. Japan is by far the biggest fish in the pond for TPP economic policy, with an annual economic output higher than every other country involved in the talks combined, excluding the U.S. With the China-Japan tensions unresolved, the Obama administration appears to be letting Japan get what it wants from TPP.

"You'll see the foreign policy community always applauding free trade agreements," Biegun says. "That should be a hint, it's not about trade. The foreign policy community is about giving gifts to other countries, helping friends and allies."

It's a dynamic familiar to progressive critics of Obama's negotiations with congressional Republicans, who say the president's eagerness to secure a bipartisan deal has made him unable to defend important policy priorities of the Democratic Party.

But for critics of the past quarter-century of trade policy, the current state of TPP talks is more frustrating. The administration seems to be doubling down on the foreign policy failures that helped fuel today's quagmire.

"All those people's livelihoods were traded away a generation ago for peace and prosperity," Lynn says. "But what has actually happened is that they have traded away peace and prosperity and taken us to the brink."

http://www.ft.com/cms/s/0/4afbfbd2-cc3e-11e3-bd33-00144feabdc0.html?siteedition=uk#axzz2zhUQg0Az

Financial Times
April 25, 2014 11:02 am

Obama warns South Korea over treatment of US exporters

By Simon Mundy in Seoul

US President Barack Obama on Friday opened a visit to Seoul with an apparent warning to South Korea that its treatment of US exporters risks jeopardising its hopes of entering a pan-Pacific trade deal.
A growing number of US exporters have complained of an alleged failure by South Korean customs authorities to respect the South Korea-US trade agreement that came into force in March 2012.

Some US companies are undergoing investigations into the "country of origin" status of their products, which could force them to repay millions of dollars in tariffs if they are deemed ineligible to benefit from the trade deal.
In a written interview published in the Joongang Ilbo newspaper, Mr Obama said he would discuss with South Korean President Park Geun-hye "issues we need to address" to allow the proper functioning of the agreement.
"We're working . . . on bilateral issues to make sure that South Korea could eventually meet the high standards of the TPP [Transpacific Partnership]," Mr Obama said. "In fact, one of the best ways to show that South Korea could do so is by working with us to fully implement the US-Korea Free Trade Agreement."
Mr Obama travelled on Friday from Tokyo to Seoul, where he was due to hold a meeting with Ms Park before a joint press conference and working dinner.
Sources in Washington say that the White House had not initially planned to include South Korea in this visit to Asia. It reportedly did so only after warnings that a visit to Japan and not South Korea could further complicate relations between the three countries, as Seoul bristles at what it deems Japan's refusal to take responsibility for wartime atrocities.
South Korea has repeatedly expressed interest in joining the TPP: a prospective trade grouping of 12 nations that is the object of negotiations led by the US. "It's difficult to see a new candidate joining the negotiations at this time," Mr Obama said.
His remarks follow a warning about incomplete implementation of the trade agreement from vice-president Joe Biden during a December visit to Seoul. The US government is under pressure from critics who say that the trade deal with South Korea has not helped the US economy, and that this bodes ill for the TPP, which includes many similar measures.
Korea's trade ministry declined to comment on Mr Obama's remarks.

People close to the situation say that customs authorities are investigating whether McDonald's can prove its french fries are made from US-grown potatoes, while exporters of agricultural products, aerospace parts and petrochemicals are also being probed.

"The documentation being requested is completely out of line with international norms," Amy Jackson, chief executive of the American Chamber of Commerce in Seoul, said in November.

However, the authorities have started to allay these concerns by giving positive findings in investigations into companies including Toyota and an exporter of orange juice.

In his interview, Mr Obama also noted speculation about a fourth nuclear test by North Korea, after satellite photography indicated possible preparations at the Punggye-ri test site.

"Pyongyang will gain absolutely nothing from another nuclear test except to deepen its own isolation from the global community," he said.

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German MEP Doubts TTIP Deal Before 2017, Urges Rethink Of Agenda

Posted: April 24, 2014

A leading European Parliament Green Party lawmaker this week voiced strong doubts that U.S.-EU trade talks will conclude during President Obama's term in office and warned that the negotiating agenda must be overhauled if the trade deal is to be approved by the next European Parliament.

Reinhard Buetikofer warned that the U.S. and EU must shift away from a focus in the Transatlantic Trade and Investment Partnership (TTIP) on smoothing out longstanding regulatory differences, and toward constructive cooperation on issues like "e-mobility," or electric vehicles and clean transportation. "If it's not reframed, it's going to hit the wall," he said in an April 23 interview with*Inside U.S. Trade* in Washington.

Buetikofer, who also gave a public speech at the Johns Hopkins University campus in Washington, said the broad scope of the trade talks and the political calendars on either side of the Atlantic make it impossible for TTIP to conclude before 2017. President Obama's term ends in January of that year.

He based his predictions on TTIP on the widely held observation that Obama is unlikely to secure renewal of Trade Promotion Authority (TPA) before the November midterm elections. He also speculated that if Republicans take control of the Senate -- a strong possibility -- they would be loathe to hand Obama TPA and thereby give him the ability to score a political win by closing out a major trade deal.

"Why would they hand a sitting Democratic president the great opportunity of showing off he's able to deliver a major trade deal? [Trade is] a core issue that the Republicans have always tried to cash in on. Why would they hand it over to their Democratic opposition?" Buetikofer stressed.

Buetikofer is a German member of the European Parliament who participates in the Transatlantic Legislators' Dialogue, and drafted a highly critical position paper on TTIP that was adopted by the European Green Party in February.

On the EU side, the European Commission will see a "changing of the guard" at the end of this year after its current five-year term ends in October, which will likely slow the progress of the negotiations into 2015, Buetikofer said. Then the U.S. presidential elections will take place in 2016, and heightened political sensitivity around that time makes it unlikely that the trade deal will concluded then, he said.

Buetikofer said the European Commission entered into the talks hoping for a much quicker timeframe for concluding in 2014 or 2015 at the latest. But he said EU officials now recognize this is not possible, and that he believes similar sentiments prevail in the White House -- although he cautioned that he had not been told this directly.

"Increasingly I'm hearing voices over here and over there that [officials] are rethinking their timeframe. And so I think that's not an exceptional perception any more," he said.

"I haven't heard [U.S. Trade Representative] Mike Froman talking about one tank of gas that much lately," the European lawmaker added, was referring to an analogy Froman frequently invoked early in the TTIP negotiations, saying that he hoped to finish them "on one tank of gas."

In a related development, some U.S. private-sector sources have speculated that there is a recognition in the White House that TTIP will not be concluded during Obama's term and therefore it is a lesser priority for the administration than the Trans-Pacific Partnership negotiations.

Buetikofer said he believes there is a "clear-cut majority" among the EU public and the European Parliament who generally support the idea of TTIP. But he said there are persisting fears about the specifics of the deal's objectives that could lead to its failure. He cited a recent poll by the Pew Research Center and Bertelsmann Foundation that found Americans and Germans have particular distrust for each others' regulatory standards (*Inside U.S. Trade*, April 18).

Buetikofer said he believes that there are three overlapping -- and sometimes contradictory -- agendas revolving around TTIP: a "common sense" agenda of working cooperatively to create jobs through trade; a strategic U.S.-EU alliance agenda; and what he called the "corporate lobbyist dreams-come-true" agenda.

He characterized the latter as multinational companies seeking to accomplish everything they have failed to do over the last 25 years and watering down EU regulatory safeguards, such as its system for approving genetically modified organisms. Buetikofer said the latter narrative is dominating the public's perception of TTIP in the EU, and made clear that he also worries about the possible implications of that agenda.

"Realistic people would start from the assumption that there must be good reason why all these wishes haven't come true over such a long period. And maybe if you want to harvest the low-hanging fruit from the first agenda, and promote the geopolitical agenda, it might not be the wisest approach to let several corporate interests take the whole TTIP hostage, [and] hijack the process for their narrow means and goals," Buetikofer said. "But that's what's happening, and that is what is dominating European perceptions."

He predicted the new parliament -- which will be constituted in July after the elections in May -- will likely usher in around 100 populist members out of a total 751 seats, many of whom are certain to be "economic nationalists" opposed to trade liberalization.

That contingent, combined with the radical left and a strengthened Socialists & Democrats group, which has also been critical of TTIP as currently framed, increases the risk that TTIP could be voted down by the legislature, he said.

Buetikofer is running for reelection and hinted that he may seek a seat on the parliament's International Trade Committee. In the last parliament, he sat on the Industry, Research and Energy Committee and was a substitute member on the Committee on Foreign Affairs.

The Greens group was the fourth-largest political party in the last parliament, after the conservative European People's Party, the Socialists & Democrats, and the Alliance of Liberals and Democrats for Europe.