

# **The Trans-Pacific Partnership: A Chinese Perspective**

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- 1, TPP was accepted by APEC leaders last year to be one among pathfinders including ASEAN +3, ASEAN+6 and others for a comprehensive free trade agreement FTAAP. Our understanding is that TPP like others such as ASEAN +3, ASEAN+6 is a critical tool to the APEC destination in Asia Pacific. All these tools and significance are equivalent. They are complementary and not a zero game relationship. TPP does not and will not replace the East Asia integration.

- 2, China pays a close attention to TPP. China respects and supports the choices by original P4 countries to set up a trans-pacific partnership and their negotiations with current five additional economies who wish to join P4. China upholds the policy of an inclusive, open, cooperative and win-win regional arrangement. Therefore, it is logical that China supports the initiative like TPP to push regional integration process. Positive participation and consultation with APEC fellow members should be benefiting China's national interests. This supporting does not mean that China will abandon its policy supporting ASEAN as a leading role in ASEAN Plus three, ASEAN Plus Six and others. We need to focus on concrete steps and meaningful outcomes TPP, ASEAN+3, ASEAN+6 can do and contribute to a more meaningful APEC's FTAAP.

- 3, A rough assessment of China access to TPP demonstrates not only opportunities but also challenges for China. Access to TPP will benefit China in some fields. We all know “World factory in Asia”, actually in China. China’s businesspeople operate in markets around Asia Pacific and the products made in China have been the most welcome. These exports include textile and clothes, shoes, toys, processed foods like instant noodles, and recent years include computers and electronic products, and probably transportation equipment. Obviously, benefited industries are manufactured and electronic industries. We have an expectation that a new FTA arrangement will further spur Chinese exports and also import more from the same arrangement. We understand a great deal of work needs to do for that goal.

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- Bilateral, sub-regional, regional and inter-regional arrangements ongoing and prospective will work together for our common interests. I believe China will take on meaningful work, and address new and innovative challenges while harvesting current outcomes.

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- Before China prepared to enter into WTO, economic advantages potentially existed ahead but we hesitated and debated. The ten years anniversary of China's WTO access reveals that China indeed got advantages and China advanced and became a second economy. This time we still debate on TPP access. We have some special challenges.

- At the top of our concerns agenda, China needs to maintain social stability to promote economic reform and openness. China is among the fastest growth and the most innovative in the world. To further spur the growth and foster that innovation, China needs to protect the core interest and ensure the development unharmed. TPP's new proposal on internet and free data movement will be a big obstacle for China to accept.

- Second, financial service and its regulations are unclear. In the original P4 Agreement, the articles of financial service have not been designed in detail. The US has been interested in the field for the purpose to get access to the regional service markets. Personally, service should be open but the eight rounds of TPP negotiations have not released enough information and China should not consider adopting an unclear chapter.



- Third, the rates of tariff reduction will be another challenge. This is not an issue for original P4 countries. China has fulfilled its commitment to WTO in the field and carried out the tariff reduction to 9.8% now. China should have made efforts to reduce the rate but it is unrealistic to open its door completely in a short period and implement the tariff reduction suddenly down to much low as TPP requires.

## 4, Finally,

- if I am asked to give a word of advice to President of China about the TPP access, I would not like to suggest China to submit an application at this moment. I strongly support the thought that a bigger regionalization is better than a small one and TPP and FTAAP are worthwhile for any government to make efforts to take part in the negotiation. I hope a high-standard 21st Century regional trade agreement should be welcome because China needs a stimulus from outside.

- When China became a part of APEC in the early 1990s, “outward processing trade” was just transferring to China from APEC members, but now we have a different situation that China is supplying huge shares of intermediate inputs into producing sectors of its fellow APEC members. China needs to have time adjusting itself with the new environment. For instance, regional supply chains are not stable and some unexpected incidents disrupt the chains. We expect TPP and other regional mechanisms can work together to ensure that parts and components to reach our factories and exports reach their destination in time.

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- Meanwhile, we should be realistic at what China's reality is and should not lose sight of the basics. Why I oppose China's immediate applying for the access? The reasons are as follows.

- First, we are still wondering the real American intention. It is natural for Obama Administration to pursue a double trade in five years and addressing the job issue but a question still remains about its geopolitical intention. It seems that U.S. is using the TPP as a tool as a part of its Asia Pacific Strategy to contain China.

- Second, we have transparency issue. It is unbelievable that the TPP negotiation activities are secretly conducted and non-members feel hard to assess what will happen. TPP is on the track of APEC regional integration process but APEC members know nothing.
- Third, it seems it emerges a trend that trade issues have been politicized.
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Thank you!

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