

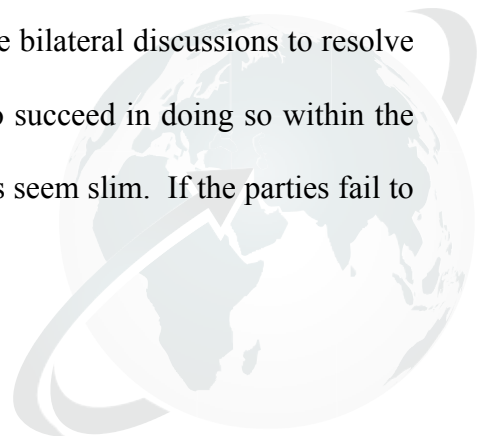
The Trans-Pacific Partnership's Post-Maui Activity & Prospects

Current multilateral and bilateral TPP meetings

From August 20 to August 29, TPP officials are meeting in Mexico City to continue the legal scrubbing of the completed parts of the agreement and negotiations on legal and institutional issues, possibly including substantive ones pertaining to dispute settlement and implementation mechanisms. The rumored meeting of ministers has not yet materialized. Also beginning August 20, U.S., Canadian and Mexican officials met in Washington, D.C. for discussions on common outstanding issues, chief among which are automotive rules of origin. In Maui, Canada and Mexico rejected a proposal tabled by the U.S. and Japan on the grounds that the regional content threshold – 55% - was too low. Meanwhile, the U.S. rejected a Canadian proposal on dairy market access in Maui on the grounds that it provided insufficient access. Canada proposed creating a series of tariff-rate quotas for dairy and poultry open to all TPP members.

A rapidly closing window of opportunity


This month is pivotal in determining whether the TPP can be concluded under the Obama administration. The last round of TPP talks in Maui failed to deliver a deal, principally due to disagreements in the automotive, dairy and pharmaceutical sectors. TPP parties are currently conducting multiple bilateral discussions to resolve these outstanding issues. Given the TPA fast-track timetable they will have to succeed in doing so within the next week or two for Congress to be able to hold a vote by early 2016. Chances seem slim. If the parties fail to



reach agreement by the end of the month, the process will lose some of its sense of urgency, since the political calendar (lame-duck session and 2016 presidential elections) would push the timeline back to 2017. It is also worth noting that Canada will likely not be able to conclude an agreement until after its elections, which will be held October 19.

USTR activism versus presidential weakness

In any case, the USTR will attempt to reach an agreement as soon as possible so that it can take credit, even if it cannot formally present it to Congress. This is what happened with the three free trade agreements (FTAs) negotiated during the Bush administration with Colombia, Panama and Korea. The Obama administration then amended the FTAs, especially the U.S.-Korea FTA, before presenting them to Congress for a vote. Even if the USTR delivers an agreement, the President Obama's lame duck status will compound the difficulty of securing Congressional approval from a Congress divided on substantive as well as party lines. The administration's weak position is further complicated by the Iran deal, which a unanimity of Republicans and handful of Democrats currently oppose. Congressional opposition may force the administration to renegotiate that agreement in order to save it, setting a precedent of presidential weakness with implications for the TPP. If the TPP is presented to Congress without any meaningful provisions on currency and state-owned enterprises (SOEs) and watered-down protections on patent protection, as currently appears to be the case, the Obama administration will likely lack the political capital to finish the process and get it past Congress.



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