

Trans-Pacific Partnership to shake up U.S. and Chinese Markets?

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The Trans-Pacific Partnership (the “TPP”) agreement, a multination trade agreement, was finalized on October 5, 2015 after five years of negotiations. The finalization of the accords is a win for the U.S. in its attempt to directly compete with China in [Asian markets](#). However, the Obama Administration, who has been pushing for this agreement since 2011, still needs congressional approval for the accords to be ratified domestically.

The TPP is specifically between the U.S., Japan, Australia, Peru, Malaysia, Vietnam, New Zealand, Chile, Singapore, Canada, Mexico, and Brunei Darussalam. Along with its principal focus of lowering trade barriers such as tariffs, the TPP will also [establish](#) a common framework for intellectual property, enforcement standards for labor law and environmental law, and an investor-state dispute settlement mechanism.

While China is not currently a member of the TPP, much of the discussion surrounding U.S. stakes in getting these accords up and running have been centered around balancing China’s economic dominance in Asia. The TPP comes at a time when China’s economy is starting to see stagnation and the lowest rates of growth in the last 25 years.

However, qualitative and quantitative data indicates that while American firms will now have more business in the East, the TPP may only have a marginal impact on the U.S. economy. Due to little [overlap](#) in the goods and services each country exports, the TPP will only slightly benefit American firms over Chinese firms in the East. Additionally, a recent Center for Economic and Policy Research report found that the TPP would only raise [U.S. GDP](#) by 0.13 by 2015.

Meanwhile, despite a poor economic performance in the last three quarters, China has become the lending hegemon in the East-Asian region in the past two years. The state run [Chinese Development Bank](#) currently provides more lending for development projects in the region than the World Bank and Asian Development Bank combined.

Despite the marginal economic returns the TPP will have on the U.S., the accords are symbolic of the U.S.’s resilience in Asia and of its attempt to strengthen economic and diplomatic ties throughout Asia. A potentially more sizable impact of the TPP that will affect the legal community in the U.S. and abroad will be the agreements toward environmental, labor and [intellectual property](#) enforcement standards, which scholars and policy wonks have said may be some of the most stringent standards in all three areas ever established in international accords.