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Revamped Pacific trade pact is an important step forward for development

Headlines about the rebirth of a trans-Pacific trade pact in Santiago, Chile in March have concentrated on the absence of the United States from the 11-nation agreement, or the trade gains expected for each of its signatories.

But those aren't the only issues at stake in the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, or TPP-11, signed among Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Viet Nam.

Other areas that may prove important include the aspects of the pact that deal with infrastructure investment and rules on capital flows and foreign investment. Grant Stillman, legal advisor to the Asian Development Bank Institute, explains what is at stake:

> **There's more to the Trans Pacific Partnership than lowering tariffs on goods and opening markets for agriculture and services. Negotiators from developed and developing countries across three continents were able to agree on serious protection measures for transnational capital and foreign direct investment in each other's country. That's a major achievement.**

He adds the pact also has important provisions on the need to improve opportunities for women and the benefits of broad-based economic growth through research and innovation.

The agreement, which began as an ambitious transcontinental trade negotiation backed by the United States under the Obama administration, stalled when President Donald Trump withdrew US endorsement and participation at the beginning of his term last year.

But other participants agreed to continue the talks without the US and, crucially, it recognizes the importance of bringing the private sector into development.

> **The TPP-11 countries have accepted a high-level commitment to investing in infrastructure and finding new opportunities for small and medium-sized enterprises and private companies to offer market-based solutions for development. And I'm particularly encouraged the parties resolved to pursue environmental, socially responsible, and well-governed investment and trade.**

Current signatories to the deal have more than $500 billion in sovereign investment funds that could be put to immediate use for development.

Already some Japanese, Canadian, and Australian pension funds are investing in overseas infrastructure projects. As confidence grows, ADB hopes other big institutional investors like insurance companies will look outside their home markets to participate in more projects in Asia and the Pacific.

> **We still have some way to go until the entry into force of the TPP-11 agreement, but future possibilities for high-quality development, harmonization of policies, and more ethical investment are encouraging. And who can tell what other countries will decide to join the TPP?**

That was Grant Stillman, legal advisor of the Asian Development Bank Institute.

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