Angels and devils in TPPA details

Although critics claim the agreement only benefits large companies, the 12 members will help small- and medium-sized businesses to take advantage of electronic commerce and cooperate on a range of policies.

By DR MAKIO MIYAGAWA

THROUGH 2015, Malaysia played a critical role, as the chair of Asean, for Asean to formulate an economic community, through which connectivity would be immensely uplifted in South-East Asia.

Asean is no longer a body of economic co-operation, but has expanded its role to seek political commonality, now moving towards defence and security co-operation.

Some said in the past that Asia, characterised as diverse, could in no way create a community.

This *idee fixe* has started to wither when Asians moved to create bilateral trade networks and to deepen regional co-operation.

For Asia, 2015 was a testing year to demonstrate that this region could really give birth to a community building full of dynamism.

If it does successfully, the words of former President Sukarno will sparkle, "What harm is in diversity when there is unity in desire."

However, for Asean to become like the European Union seems a story of tomorrow.

Asean is now called a community, but it has yet to be established as a regional organisation that supersedes sovereignty of member states.

While Asean's connectivity is on the rapid increase, the ratio of its inter-regional trade is still hovering around 22%, whereas the EU has already reached 60%.

This region could further expand its horizon to create a broader regional integration for greater connectivity.

The EU's Gross Domestic Product makes up 24% of the whole world's as compared with Asean's reaching only 3% plus.

A challenge to Asean now seems whether this region could further expand its horizon to create a broader regional integration for greater "connectivity", not only in the context of Asean, but also in East Asia and beyond.

The Regional Comprehensive Economic Partnership, so-called RCEP, is now planned to complete its negotiations by the end of this year.

As it subsumes all Asean nations, RCEP could drive a vehicle to realise an expanded form of Asean economic community into East Asia in the near future.

The Trans-Pacific Partnership Agreement (TPPA) is another vehicle to expand the horizon of regional co-operation.

Some of the Asean members are also engaged in the TPPA process. The whole of Asean could join it sooner.

Should Asean succeed in these forms, their market potentiality will become remarkably large. Its impact and effect on the economic invigoration of East Asia is beyond doubt.

An economic free trade zone in the Asia-Pacific region lowers and eliminates border barriers to trade and investment.

It harmonises rules among the members lest the elimination of border controls should become loopholes for public policy controls in each of the members.

Harmonisation of rules will facilitate lower non-tariff barriers. One can do business in any other TPPA economy just as he does business in his home country.

The benefits of the TPPA do not only lie in the removal of tariffs. Shared fair rules will guarantee high levels of quality in a wide range of economic activities, from services to intellectual property, and construct a sustainable economic zone.

It will also create common rules to eradicate corruption, to protect the environment to prevent its degradation and disruption, and to ensure labour standards to eradicate poverty.

It does not only mean that "national borders for trade" will gradually disappear.

Consumers will increasingly be able to avoid the regrets that come from being sold pirated and counterfeit goods.

Phone roaming charges while travelling the TPPA nations may also become lower.

Personal information of consumers will also be more firmly protected when it travels throughout cyberspace.

TPPA's Intellectual Property (IP) chapter provides protection cover for intellectual properties, such as patents, trademarks, copyrights, industrial designs, and geographical indications, with stringent enforcement and effective co-operation among TPPA countries.

This will make it easier for businesses to search, register, and protect IP rights in new markets, which is particularly important for small businesses.

Some have argued that benefits for business in bigger economies must be greater than those in relatively smaller-scale economies. This is not always the case.

In terms of population, a company in the United States (population 300 million) can only target a market 2.7 times bigger (800 million consumers in the TPPA region), whereas a company in Malaysia (30 million) can target a market 27.7 times larger in the TPPA.

In terms of GDP, a company in Japan (US$6tril/RM25tril) can sell its products in the TPPA market which is 4.5 times bigger (US$28tril/116tril). A company in Malaysia (US$330bil/RM1.4tril) can sell its products in the TPPA market 84.8 times larger.

Critics cast suspicions that the TPPA only gives benefits to large companies at the sacrifice of small or medium-sized companies.

The 12 Parties agreed to co-operate to help small- and medium-sized business take advantage of electronic commerce, and the chapter encourages co-operation on policies regarding personal information protection, online consumer protection, cybersecurity threats and cybersecurity capacity.

Trade lawyers have often warned us by saying that "devils are in details".

It is critically important to read the whole legal document, though it is in fact voluminous, to find the devils hiding themselves in details. But angels could also be smiling unseen in details.

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