



## Tales of the South Pacific: President Obama and the Transpacific Partnership

By Claude Barfield and Philip I. Levy

*On his trip to Asia in November, President Barack Obama broke from his administration's reticence on trade and spoke in favor of a Trans-Pacific Partnership Agreement (TPP). The origins of this agreement are familiar only to trade cognoscenti, and on its face the agreement appears economically trivial. But if it is pursued skillfully, it has the potential to reconfigure Asian trade in a way that would be beneficial to the United States and to the region. If fully developed, it could meet a pressing need for the United States to engage our allies in the region more fully.*

After prolonged ambivalence about trade, Obama has finally found an agreement he can embrace—the TPP. Actually, the president's Tokyo announcement fell short of an embrace; he said we would “engage,” with “the goal of shaping” a regional agreement.<sup>1</sup> For this White House, though, that counts as ardor.

But what is the object of the president's new-found passion? Why has the South Pacific caught his fancy when pending agreements in Latin America and Northeast Asia could not?<sup>2</sup> And will this amount to anything more than the administration's rather empty promises to wrap up the Doha round of World Trade Organization (WTO) global trade talks?

In fact, the TPP has an interesting place in U.S. trade policy and has great potential. Two decades ago, then-secretary of state James Baker warned it would be a strategic mistake for the United States to allow “a line to be drawn down the middle of the Pacific” with the United States on one side and Asian nations on the other. This vision of transpacific regionalism was embodied in the Asia-Pacific Economic Cooperation (APEC)

---

Claude Barfield (cbarfield@aei.org) is a resident scholar at AEI. Philip I. Levy (philip.levy@aei.org) is a resident scholar at AEI.

community.<sup>3</sup> As this *Outlook* will explain, the TPP could be a central building block for a transpacific economic architecture.

In recent years, a narrower, more exclusive vision of regionalism, limited to Asian nations in the form of the Association of Southeast Asian

### Key points in this *Outlook*:

- The key items on the trade agenda are well known and fraught with political peril for the Obama administration. A new approach is needed.
- The idea of a transpacific agreement has been around for more than two decades.
- New Zealand, Chile, Singapore, and Brunei joined together in the Trans-Pacific Strategic Economic Partnership in 2006.
- In late 2008, the Bush administration announced the launch of negotiations for the United States to join the Trans-Pacific Partnership Agreement (TPP), and President Obama has promised in vague language to engage.
- The TPP has the potential to reshape Asian alliances in ways that could benefit the United States.

Nations (ASEAN) Plus Three (APT)<sup>4</sup> community and the East Asia Summit (EAS), has emerged to challenge transpacific regionalism. Asian leaders and friends of the United States, such as former Singapore prime minister Lee Kuan Yew, have urgently warned that unless the United States becomes more engaged in Asia, through reassuming leadership for APEC and other transpacific institutions, the People's Republic of China (PRC) will inexorably emerge as the regional hegemon to the detriment of U.S.—and the rest of Asia's—national interests.

The TPP could shape the debate about the future U.S. role in Asia and offer prospects for a new bottom-up approach to striking global trade deals. The agreement could be significant for an administration with a strategic vision for Asia and sufficient enthusiasm for trade as a vehicle to achieve that vision. Without such enthusiasm, though, the TPP is just a mostly redundant agreement among a small group of small nations.

This *Outlook* will describe the origins of this arcane agreement and how it emerged into prominence. It will consider the broader contexts of Asian liberalization and the Obama administration's trade policy and discuss whether the TPP is headed for a starring role in global commerce or for obscurity.

## What Is the TPP?

The Trans-Pacific Strategic Economic Partnership, as it is formally known, came into being in summer 2005.<sup>5</sup> The agreement—signed by New Zealand, Chile, Singapore, and Brunei—was effected in 2006.

At first blush, the TPP is remarkable mostly for its small size and its redundancy with existing U.S. agreements. The original member countries account for only 0.8 percent of world gross domestic product (GDP) and 2.2 percent of global trade.<sup>6</sup> The United States already has free trade agreements (FTAs) with Singapore and Chile, making the marginal benefits appear smaller still. Yet the TPP has two distinguishing features that set it apart: it is a relatively sophisticated agreement, and it is explicitly welcoming to new members. Each of these qualities is fairly rare.

The globe is filled with bilateral and plurilateral trade agreements of one sort or another. At last count, there were over 250 that had been reported to the WTO.<sup>7</sup> There are so many interlacing agreements that this has become known as the “spaghetti bowl” or “noodle bowl” problem, depending on which part of the world one considers.<sup>8</sup> It is a problem because a trading company in

one participating country may be faced with a different set of trade rules for each of its target markets. Avoiding such complexity is a major goal of the WTO and its principle of “most favored nation” treatment, but the WTO explicitly allows for these more serious agreements between member countries.<sup>9</sup>

In theory, the WTO has a high standard for the types of trade agreements that are permissible. They are supposed to liberalize substantially all trade and do so in a reasonable period of time. In practice, there are ways around these strictures, and there is little or no enforcement. As a result, agreements vary widely in their breadth and depth. Some drop tariffs on 90 percent or more of traded goods, while others are much more modest. Some grapple with the broad range of auxiliary issues that are important in global commerce, such as services access, health regulation, and intellectual property protection. Others limit themselves to simple market access. The United States has taken a firm stand that its FTAs should be relatively comprehensive. They tend to follow the same rough template, each agreement varying only slightly from the one before.

The first distinguishing feature of the TPP, then, is that it is a relatively comprehensive agreement. As Deborah Elms, a Singapore-based analyst, writes:

It includes liberalization on all tariff lines for Chile, Singapore and New Zealand, and 99 percent for Brunei (phased in over time). The services chapter contains a negative list. Some of the 20 chapters include sanitary and phytosanitary standards (SPS), technical barriers to trade (TBT), competition policy, intellectual property rights, government procurement, and dispute settlement. It contains some labor and environmental provisions in a separate MOU [memorandum of understanding]. Two additional chapters on financial services and investment were to be completed within two years of the agreement.<sup>10</sup>

This puts the TPP in the class of serious, high-standard agreements favored by major developed nations like the United States and members of the European Union (EU).

The second distinguishing feature of the TPP is its explicit intent to welcome new members. In practice, the EU has grown this way, but few other agreements have. It has been much more common to try to bring many countries into a broad agreement all at once, as

with the Free Trade Agreement of the Americas or the Free Trade Area of the Asia-Pacific (FTAAP). Neither of those aspirational agreements has shown any sign of coming to fruition, however, which is a major reason there is interest in an alternative approach.

The TPP was meant to serve as a model agreement that new members might join. Those new entrants may do so “on terms to be agreed among the parties, by any APEC economy or other state.”<sup>11</sup> When it came time for TPP financial services and investment talks in March 2008, the United States decided to sit in.

---

The Trans-Pacific Partnership Agreement has two distinguishing features that set it apart:

- it is a relatively sophisticated agreement,
- and it is explicitly welcoming to new members. Each of these qualities is fairly rare.

---

In late September 2008, lost in the heat of the U.S. general election and the aftermath of Lehman Brothers’s failure, then–U.S. trade representative Susan Schwab announced the launch of negotiations for the United States to join the TPP. She did not tout the economic potential of Brunei. Instead, she was explicit about the TPP’s potential as a platform for liberalization throughout Asia.

The Trans-Pacific region accounts for nearly 60 percent of world GDP and almost half of all global trade. With its large and growing markets and robust economic growth, it is clear that further strengthening our ties to this region should be a priority. . . . We are particularly interested in this high-standard agreement potentially serving as a vehicle for advancing trade and investment liberalization and integration across the Trans-Pacific region and perhaps beyond.<sup>12</sup>

There was something incongruous about a resoundingly lame-duck administration announcing a plan so reliant on deft negotiation years hence. Perhaps that was why the main reaction at the time was concern among U.S. agricultural interests about potential competition from New Zealand.<sup>13</sup>

Nonetheless, Schwab’s move placed a March 2009 meeting on the trade-negotiation agenda. The Obama

administration asked for those talks to be postponed in February with the excuse that key trade posts were unfilled in the cabinet and that those new officials, once in place, would need to conduct a review of U.S. trade policy before deciding how to proceed.<sup>14</sup>

Thus, Obama’s November announcement was almost a return to where the Bush administration had left off over a year before. The caveat was due to the president’s ambiguous choice of language—a promise to engage rather than to negotiate a trade agreement. Still, his announcement was heralded as a major advance. C. Fred Bergsten, director of the Peter G. Peterson Institute for International Economics, said:

I think this is a very big deal. . . . This initiative would create . . . a transpacific economic agreement that avoids the risk of drawing a line down the Pacific and would integrate the economy across the Pacific Rim, engaging the United States fully with the Asians and reducing the risk to the United States, both in economic and foreign policy terms, of an exclusive Asian bloc.<sup>15</sup>

The next section explores the shifting alignments of Asian regional integration that the TPP might serve to reconfigure.

## TPP in the Asian Context

Asia is awash with alliances and acronyms. There are APEC, ASEAN, APT, and EAS. Each configuration differs from the other in an important way, usually by which country is being excluded from the mix. Thus, the struggle over which forum is to be empowered—sometimes referred to as “East Asian architecture”—is really a struggle over political influence in the region. Since there is little eagerness for joint security action among the major players in Asia, the shaping of commercial ties emerges as the key battleground.

APEC began in 1989 and has the most inclusive membership. It was not until 1993, when President Bill Clinton upgraded the process by inviting APEC heads of state to a meeting in Seattle, that the vision of a transpacific architecture took shape. Subsequently, in 1994, APEC leaders adopted the so-called Bogor Declaration that committed APEC members to free trade in the Asia-Pacific for developed countries by 2010 and developing countries by 2020. From the outset, APEC was unique among plurilateral trade agreements:

it never proceeded from a traditional reciprocity-based negotiating framework. Rather, it has worked on the basis of “concerted unilateralism,” whereby each member nation was expected to move toward free trade at its own pace and by its own path.

Since 1998, APEC has drifted, increasingly bereft of momentum and, as time passed, influence. In retrospect, the period of APEC ascendancy lasted roughly from 1993 to 1998. In 1997, the Clinton administration tried to change APEC’s modus operandi by proposing and pushing hard for reciprocity-based trade liberalization in a select group-goods sector. After a bitter fight, with opposition quietly led by Japan, the effort failed. It did not help that this big push came in the midst of the 1997 Asian economic crisis, the most significant setback—to that time—for Asian economies since they took off in the 1960s. At that point, the Clinton administration in effect walked away from APEC, arguing privately that the institution was not serious about trade liberalization.<sup>16</sup>

Under the Bush administration, APEC trade liberalization initiatives were quickly sidelined by 9/11. In 2003, prodded by the United States, the official APEC leaders’ declaration raised security issues to equal priority with trade and other economic issues, a change that administration officials candidly admitted caused substantial friction among other APEC members.<sup>17</sup>

Meanwhile, from 2001 to 2005, APEC did not play a major role in U.S. efforts toward trade liberalization. Still, there were those who wanted to revive the trans-pacific vision of regional integration. In 2004, the APEC Business Advisory Council put forward a proposal for the FTAAP.<sup>18</sup> It was not until 2006, however, that the Bush administration endorsed a study group to assess the possibilities of the FTAAP, and it was not until the 2007 APEC leaders’ summit in Sydney, Australia, that Bush administration officials really attempted to exert leadership in advancing the FTAAP proposal—to muted and even lukewarm response from other APEC leaders.<sup>19</sup>

**Intra-Asian Regionalism: APT and EAS.** After 2000, the APT increasingly moved to center stage as the chief vehicle for East Asian integration. Originally behind the scenes, but in recent years more openly, the PRC has pushed to increase the stature and activities of the APT. For China, there are three virtues associated with the organization and the process relative to APEC: the United States is not a member, Taiwan is not a member,

and the overriding vision foresees *intra*-Asian regionalism as the wave of the future.

In 2002, leaders of the APT established an East Asian Study Group, composed entirely of government officials, which recommended a step-by-step approach to trade and financial liberalization in East Asia and suggested that formal negotiations for an intra-East Asian FTA be put off until well into the future.<sup>20</sup> Despite this cautious approach, the APT has steadily moved to duplicate and overtake many of the functions of APEC. There are now annual meetings of trade ministers, and in recent years, the APT has taken on additional activities, with accompanying ministerial meetings, such as the environment, energy, tourism, health and safety, financial services, and, recently, regional security.

---

The problem of how to grow a trading bloc is fundamental to any effort to reshape the global trading system from the ground up.

---

**Fractured Regionalism: Bilateral FTAs.** Since 2001, the greatest activity in East Asia on the trade front has been the burst of bilateral FTAs that have been negotiated among East Asian countries and between those countries and nations outside of the region. In 2000, except for the loose ASEAN grouping, no nation in East Asia was negotiating or had concluded a bilateral FTA. Today, the Asian scene is littered with them. As of June 2009, according to the Asia Development Bank, 109 FTAs that include one or more Asian countries have been signed or are already implemented. In addition, another 107 are in process, proposed, or under negotiation.<sup>21</sup>

The FTAs already concluded or being negotiated vary widely in both depth and breadth of coverage, from the high-standard FTAs associated with the United States to the more political (and often substantively shallow) FTAs associated with the PRC. Despite these substantive disparities, there are important implications stemming from the wave of FTAs for the future of Asian regionalism and for U.S. options regarding the regional economic architecture.

First, virtually every Asian government has gone through the learning process of negotiating reciprocity-based agreements. For some, this has been multiplied many times over in terms of FTAs proposed, in negotiation, or concluded. Among the impressive country

tallies: Japan, 20; PRC, 23; Korea, 23; Indonesia, 16; and Thailand, 24.<sup>22</sup> Second, there has been an inevitable erosion of the strict “noninterference” and “concerted unilateralism” stances that historically have been characteristic of many Asian nations when it comes to trade negotiations.

---

Few major nations will be willing to put forward sensitive trade concessions to the United States unless they are persuaded that the Obama administration can deliver on its trade promises.

---

**Upshot.** Since the late 1990s, East Asian regionalism has witnessed the emergence of three different phenomena in tandem: the decline of the importance and influence of APEC and transpacific regionalism; the rise of alternative intra-East Asian regional organizations and processes—APT and EAS—that are duplicating, and may well replace, the activities associated with APEC; and an explosion of bilateral FTAs (both among East Asian nations and with nations outside the region).<sup>23</sup> Top regional analysts such as Hadi Soesastro, director of Indonesia’s leading economic think tank, foresee that over the next several years, the United States will have to come to grips with a new “architectural momentum” regarding regional institutions.<sup>24</sup>

## U.S. Trade Policy Options in East Asia

Where, then, does this leave the United States in Asian trade policy? There are a number of options.

### **Bilateral FTAs: Continue Along the Current Path.**

The United States could over the next several years continue on the bilateral path it started down after the disappointment with APEC as a vehicle for East Asian trade liberalization—a path that resulted in FTAs with Singapore and Australia. In 2007, the United States and South Korea successfully concluded negotiations for a comprehensive FTA that goes beyond the current requirements of the WTO: the South Korea–United States Free Trade Agreement (KORUS). If and when the U.S. Congress ratifies KORUS, international trade economist Richard Baldwin has predicted that his long-discussed “domino effect” will finally take hold.<sup>25</sup>

In particular, Japan would have to take action to counter the trade diversion effects of a U.S.-Korea FTA. Japan potentially would have three options: it could approach either the United States or Korea separately; it could approach both nations separately, but this is less likely; or it could also suggest a three-nation FTA, similar to the North American Free Trade Agreement. In turn, should a U.S.-Korea-Japan FTA be concluded (or even if negotiations began), other East Asian nations would likely line up quickly to join.

Recently, a wild card has been introduced into the bilateral equation with the successful conclusion of the EU-Korea FTA. It remains to be seen if this agreement, which will likely come into force in early 2010, will produce a “domino effect” similar to that Baldwin predicted for KORUS.<sup>26</sup>

In any case, the United States also has the option of reviving stalled FTA negotiations with Thailand and Malaysia, building toward an ASEAN Plus 1 arrangement already undertaken by the PRC, Korea, and Japan.<sup>27</sup> Neither FTA would likely raise major economic dislocation questions for U.S. firms, though both would present or even exacerbate existing political problems with the Democratic majority in Congress.

**FTAAP.** At the other end of the policy option spectrum, the United States could get behind the FTAAP effort and push for an APEC-wide FTA within some determined time frame—perhaps ten years. One possible way forward, already a tradition in APEC, would be to set different timetables for the developed- versus the developing-country members of APEC. Given the still raw memories of the disaster in 1997–98, when the United States overplayed its hand and caused a backlash against reciprocal sectoral liberalization in APEC, U.S. trade negotiators now will have to tread carefully if they hope to revive APEC as a regional vehicle for trade liberalization.

There are signs, however, that if the United States does act with greater finesse, the prospects for APEC revival may be brightening. Regarding reciprocity-based trade liberalization, two important new factors have been introduced since 1998: first, the wave of bilateral reciprocity-based FTAs among East Asian nations and between East Asian nations and nations outside the region; and second, a gradual change in ASEAN’s strict “noninterference” and “concerted unilateralism” stances. In both cases a learning process has occurred that may reshape views on regional priorities and realities.

**The Third Way: Coalitions of the Willing.** Both of the above options have important weaknesses and downsides. First, a full-bore effort to move forward rapidly toward an FTAAP, within a certain time, is likely to produce a backlash—particularly if led by the United States. On the other hand, proceeding on a piecemeal, bilateral FTA basis risks missing opportunities for regional consolidation that would match the efforts under the APT. The Obama administration needs a practical strategy to achieve an FTAAP. To date, the reaction of many APEC nations—including close allies such as Japan, Korea, and Singapore—is to treat FTAAP as a visionary but far-off goal.

---

The future of Asian regionalism is in extreme flux—presenting Obama with both opportunities and dangers.

---

There are a variety of paths the United States could pursue in building toward a transpacific FTA.<sup>28</sup> Using APEC as the institutional forum, the United States could attempt to negotiate with those APEC members that are ready to move beyond bilateral FTAs toward a subregional agreement. In order to avoid anger and resentment over future discrimination, such an FTA would need to provide a clear docking arrangement so that, when ready, other APEC nations could easily join the agreement. There are interim steps the United States could take to build toward this further consolidation. For instance, it could begin consultations with the APEC members with which it has bilateral FTAs to start a process of integrating the disparate FTAs into a unified text. Further, U.S. negotiators could begin to discuss melding the rules-of-origin provisions, which describe how goods are treated between trading blocs.

**TPP.** And thus we return to the promise of the TPP. Its current configuration includes two U.S. FTA partners: Chile and Singapore. Two more U.S. FTA partners have expressed an interest in joining talks: Australia and Peru. Japan and Vietnam have also indicated they could attend. An agreement with the United States, Japan, Australia, New Zealand, and Chile at its core would have the economic heft to set a new standard for Asian integration. If it were open to new members, it could serve as the foundation for an FTA that spans the Pacific Ocean.

While the TPP already states its eagerness to welcome new members, this is a difficult stance to put into practice. The problem of how to grow a trading bloc is fundamental to any effort to reshape the global trading system from the ground up. There are precedents. The General Agreement on Tariffs and Trade, which governed the growth of the post–World War II global trading system, grew from a couple dozen initial members to over 150 today. Aspiring members had to negotiate their accession with existing members to gain entry to the market access that had already been negotiated.<sup>29</sup> There are at least two ways in which the challenge for the TPP would be more difficult: high-standard FTAs are even more intricate than WTO agreements, and there is a political component to regional bloc membership that is absent in global discussions. The latter consideration could be removed by a commitment to welcome any member who met the TPP’s economic standards, but laying out those standards would be a very difficult task.

### **TPP in the U.S. Trade Context**

While the TPP is important in the context of Asian regional maneuvering, it also emerges as a potentially important component of debates about U.S. trade policy. Trade has been a politically difficult issue for the Obama administration, one it has generally sought to avoid.<sup>30</sup>

The main items on the trade agenda are well known and fraught with problems. The pending bilateral FTAs—the Colombia, Panama, and Korean agreements mentioned above—by now have well-entrenched opposition. In South Korea, during his trip to Asia, Obama seemed to suggest that the KORUS FTA could pass in the foreseeable future. The Koreans seemed to suggest that U.S. concerns about the Korean auto sector—the main sticking point—might be addressed. But shortly after Air Force One departed, the hope seemed to fade away. The White House had not set any deadline for action, and South Korea’s Blue House ruled out any renegotiation.

In principle, the Obama administration would welcome a successful conclusion to the Doha trade talks of the WTO. It has pledged to pursue this goal repeatedly in G20 summit meetings. In practice, there is tepid support from U.S. interest groups for the existing package and little passion in the White House for rallying support, and the Obama administration is starting to draw public criticism for its inaction.<sup>31</sup>

This posed a problem for the president as he headed off to November's Asia meetings. Leaders of that region had made clear that they cared a great deal about trade.<sup>32</sup> What did he have to offer? In that context, it is easy to see how the TPP could appeal. It was too little known to be very contentious, and it had the general air of a visionary and creative new approach to trade, despite its provenance in the Bush administration. The president seemed to avoid some difficult technical obstacles by promising to "engage" in discussions, rather than committing to reach an agreement. In recent weeks, the administration has indicated that it will handle the absence of trade-negotiating authority by pretending that the authority still exists. Specifically, the administration notified Congress on December 14 of its TPP intent under the procedures that would have applied had the 2002 Trade Promotion Authority not expired.<sup>33</sup> Per those procedures, it has also filed a *Federal Register* notice asking for public comment and has requested an analysis from the International Trade Commission.<sup>34</sup>

As artful as this is, it only serves to kick some big problems down the road, and not very far at that. The TPP is not immune to conventional market access concerns; agricultural interests objected to opening trade with New Zealand when Schwab first proposed the deal. The prospect of Vietnam as an FTA partner will stir all the standard concerns about trade with poorer nations, as well as a special frisson because it is an Asian nation with heavy government involvement in the economy. An FTA with Japan, even as part of a broader agreement, would spark at least as much concern as one with Korea.

Finally, few major nations will be willing to put forward sensitive trade concessions to the United States unless they are persuaded that the Obama administration can deliver on its trade promises. There are two clear ways the administration could earn this credibility: by winning trade-negotiating authority from Congress and by passing at least the pending FTA with Korea.

## Conclusion

On its own, the TPP represents a very modest advance in global trade liberalization. Its importance lies in its potential. If successfully negotiated and expanded, it could trigger a wholesale reconfiguration of Asian commercial alliances in a way that would meet important and long-held U.S. goals, offer a way to overcome the global impasse between nations seeking deeper

integration and those resisting such extensive commitments, and offer a model of open regionalism that would address concerns about the world breaking up into distinct trading blocs.

To date, though, the TPP just papers over deep rifts on trade policy. The U.S. executive branch does not have trade-negotiating authority, nor has it clearly committed to negotiate. For the TPP to realize its potential, the Obama administration would have to play an energetic leadership role and involve Korea, Japan, and Australia. To date, the Obama team has not even been able to set a date to put KORUS up for a vote.

Beyond the economic consequences, there are major strategic imperatives for the Obama administration to move with dispatch. As Lee Kuan Yew has argued, the pace of Asian regionalism is quickening. Within the last year, Australian prime minister Kevin Rudd has put forward and vigorously pushed a new proposal for an inclusive Asia-Pacific community that would include the United States and India. Conversely, the quirky, erratic new Japanese prime minister, Yukio Hatoyama, has espoused a more narrow vision of an East Asian community, implicitly excluding the United States.<sup>35</sup> The future of Asian regionalism is in extreme flux, presenting Obama with both opportunities and dangers. It is time to move beyond vague promises of "engagement" to results. A serious approach to TPP negotiations would present an opportunity to do so.

## Notes

1. White House, "Remarks by President Barack Obama at Suntory Hall," news release, November 14, 2009, available at [www.whitehouse.gov/the-press-office/remarks-president-barack-obama-suntory-hall](http://www.whitehouse.gov/the-press-office/remarks-president-barack-obama-suntory-hall) (accessed December 17, 2009).

2. Under the Bush administration, the United States reached trade agreements with Colombia, Panama, and South Korea. The Obama administration has criticized these agreements as flawed and has yet to push for their approval by Congress.

3. The Asia-Pacific Economic Cooperation (APEC) currently consists of twenty-one member nations: Australia, Brunei, Canada, Chile, the People's Republic of China, Hong Kong, Indonesia, Japan, the Republic of Korea, Malaysia, Mexico, New Zealand, Papua New Guinea, Peru, the Philippines, Russia, Singapore, Chinese Taipei, Thailand, the United States, and Vietnam.

4. The Association of Southeast Asian Nations (ASEAN) Plus Three consists of the ASEAN nations plus China, Japan, and South Korea.

5. New Zealand Ministry of Foreign Affairs and Trade, "Trans-Pacific Strategic Economic Partnership Agreement," updated December 11, 2009, available at [www.mfat.govt.nz/Trade-and-Economic-Relations/Trade-Agreements/Trans-Pacific/index.php](http://www.mfat.govt.nz/Trade-and-Economic-Relations/Trade-Agreements/Trans-Pacific/index.php) (accessed December 17, 2009).

6. Calculations based on International Monetary Fund, "World Economic and Financial Surveys: World Economic Outlook Database," October 2009, available at [www.imf.org/external/pubs/ft/weo/2009/02/weodata/index.aspx](http://www.imf.org/external/pubs/ft/weo/2009/02/weodata/index.aspx) (accessed December 17, 2009); and World Trade Organization (WTO), "Trade Profiles," available at <http://stat.wto.org/CountryProfile/WSDBCountryPFHome.aspx?Language=E> (accessed December 17, 2009).

7. WTO, "Some Figures on Regional Trade Agreements Notified to the GATT/WTO and In Force," Regional Trade Agreements Information System, available at <http://rtais.wto.org/UI/publicsummarytable.aspx> (accessed December 17, 2009).

8. The term "spaghetti bowl" is due to Jagdish Bhagwati, "U.S. Trade Policy: The Infatuation with Free Trade Agreements," in *The Dangerous Drift to Preferential Trade Agreements*, ed. Jagdish Bhagwati and Anne O. Krueger (Washington, DC: AEI Press, 1995).

9. WTO, "Principles of the Trading System," available at [www.wto.org/english/thewto\\_e/whatis\\_e/tif\\_e/fact2\\_e.htm](http://www.wto.org/english/thewto_e/whatis_e/tif_e/fact2_e.htm) (accessed December 17, 2009).

10. Deborah Elms, "U.S. Trade Policy in Asia: Going for the Trans-Pacific Partnership." East Asia Forum, November 26, 2009, available at [www.eastasiaforum.org/2009/11/26/u-s-trade-policy-in-asia-going-for-the-trans-pacific-partnership](http://www.eastasiaforum.org/2009/11/26/u-s-trade-policy-in-asia-going-for-the-trans-pacific-partnership) (accessed December 17, 2009).

11. Cited in New Zealand Ministry of Foreign Affairs and Trade, "Trans-Pacific Strategic Economic Partnership Agreement."

12. Office of the United States Trade Representative (USTR), "Schwab Statement on Launch of the U.S. Negotiations to Join the Trans-Pacific Strategic Economic Partnership Agreement," news release, September 22, 2008, available at [www.ustr.gov/schwab-statement-launch-us-negotiations-join-trans-pacific-strategic-economic-partnership-agreement](http://www.ustr.gov/schwab-statement-launch-us-negotiations-join-trans-pacific-strategic-economic-partnership-agreement) (accessed December 17, 2009).

13. "USTR-Announced New Zealand FTA Gets Cool Agriculture Reaction," *Inside U.S. Trade*, September 26, 2008.

14. "U.S. Delays TPP Talks to Allow Obama Cabinet Members to Take Office," *Inside U.S. Trade*, February 27, 2009.

15. C. Fred Bergsten and Steve Weisman, "Obama Embraces Trans-Pacific Partnership," Peterson Perspectives Interviews on Current Topics, November 16, 2009, available at [www.piie.com/publications/interviews/pp20091116bergsten.pdf](http://www.piie.com/publications/interviews/pp20091116bergsten.pdf) (accessed December 17, 2009).

16. Claude Barfield, "U.S. Trade Policy: The Emergence of Regional and Bilateral Alternatives to Multilateralism," *Inter-economics* 42, no. 5 (2007), available at [www.aei.org/article/27225](http://www.aei.org/article/27225).

17. Ibid.

18. C. Fred Bergsten, "A New Strategy for APEC" (speech, Sixteenth General Meeting of the Pacific Economic Cooperation Council, Seoul, South Korea, September 6, 2005).

19. APEC, *Strengthening Regional Economic Integration: A Report on Regional Economic Integration, Including a Possible Free Trade Area of the Asia-Pacific as a Long-Term Prospect* (Singapore, 2007), available at [www.apec.org/etc/medialib/apec\\_media\\_library/downloads/committees/cti/pubs/2007.Par.0025.File.v1.1](http://www.apec.org/etc/medialib/apec_media_library/downloads/committees/cti/pubs/2007.Par.0025.File.v1.1) (accessed December 17, 2009).

20. Young Min Kwon, *Regional Community-Building in East Asia* (Seoul: Yonsei University Press, 2002); and David Capie, "Rival Regions? East Asian Regionalism and Its Challenge to the Asia-Pacific," in *Asia-Pacific: A Region in Transition*, ed. Jim Rolfe (Honolulu: Asia-Pacific Center for Security Studies, 2004), 149–65.

21. Asian Development Bank, "FTA Status by Country, 2009," table 6, Asian Regional Integration Center, June 2009, available at [www.aric.adb.org/10.php](http://www.aric.adb.org/10.php) (accessed December 1, 2009).

22. Ibid.

23. For a more detailed analysis of the recent history of Asian regionalism, see Claude Barfield, "Politics of Trade in the USA and in the Obama Administration: Implications for Asian Regionalism," *Asian Economic Policy Review* 4 (2009): 227–43, available at [www.aei.org/article/101390](http://www.aei.org/article/101390).

24. Hadi Soesastro, "Architectural Momentum in Asia and the Pacific," East Asia Forum, June 14, 2009, available at [www.eastasiaforum.org/2009/06/14/architectural-momentum](http://www.eastasiaforum.org/2009/06/14/architectural-momentum) (accessed December 17, 2009).

25. Richard Baldwin, "A Domino Theory of Regionalism" (Working Paper 4465, National Bureau of Economic Research, Cambridge, MA, September 1993).

26. Troy Stangarone, "Korea-EU FTA Represents a Challenge for the United States," *Korea Insight* (Washington, DC: Korea Economic Institute, November 2009).

27. C. Fred Bergsten, "Pacific Asia and the Asia Pacific: The Choices for APEC" (Policy Brief PB09-16, Peterson Institute for International Economics, Washington, DC, July 2009).

28. Claude Barfield, "Politics of Trade in the USA and in the Obama Administration: Implications for Asian Regionalism."

29. See WTO, "Handbook on Accession to the WTO," available at [www.wto.org/english/thewto\\_e/acc\\_e/cbt\\_course\\_e/preface\\_e.htm](http://www.wto.org/english/thewto_e/acc_e/cbt_course_e/preface_e.htm) (accessed December 17, 2009).

30. See Claude Barfield and Philip I. Levy, "In Search of an Obama Trade Policy," AEI *International Economic Outlook* (August 2009), available at [www.aei.org/outlook/100063](http://www.aei.org/outlook/100063).

31. See, for example, Doug Palmer, "U.S. Dragging Heels in Doha Round Talks—Source," Reuters, December 7, 2009.

32. See Evan Feigenbaum, "America Risks Being Left Behind in Asia," *Financial Times*, November 11, 2009.

33. USTR, "U.S. Engagement with the Trans-Pacific Partnership: Action to Date," fact sheet, December 2009, available at [www.ustr.gov/about-us/press-office/fact-sheets/2009/december/tpp-statements-and-actions-date](http://www.ustr.gov/about-us/press-office/fact-sheets/2009/december/tpp-statements-and-actions-date) (accessed December 16, 2009).

34. USTR, "Request for Comments Concerning Proposed Trans-Pacific Partnership Trade Agreement," *Federal Register* 74, no. 240 (December 17, 2009): 66720–22, available at <http://frwebgate1.access.gpo.gov/cgi-bin/TEXTgate.cgi?WAISdocID=074724352935+2+1+0&WAIAction=retrieve> (accessed December 17, 2009). Comments are due January 25, 2010.

35. For an analysis of Kevin Rudd's proposal, see Carlyle A. Thayer, "Kevin Rudd's Asia-Pacific Community Initiative: Suggestions and Insights for the Future Process of East Asian

Regional Cooperation" (presentation, International Conference on East Asia and South Pacific in Regional Cooperation, Shanghai, China, September 9–10, 2009). For the Hatoyama proposal, see Aurelia George-Mulgan, "Is There a 'Japanese' Concept of an East Asian Community?" East Asia Forum, November 6, 2009, available at [www.eastasiaforum.org/2009/11/06/blurred-vision-is-there-a-japanese-concept-of-an-east-asia-community](http://www.eastasiaforum.org/2009/11/06/blurred-vision-is-there-a-japanese-concept-of-an-east-asia-community) (accessed December 17, 2009); and Joel Rathus, "Squaring the Japanese and Australia Proposals for an East Asian and Asia Pacific Community: Is American In or Out?" East Asia Forum, November 4, 2009, available at [www.eastasiaforum.org/2009/11/04/squaring-the-japanese-and-australia-proposals-for-an-east-asian-and-asia-pacific-community-is-america-in-or-out](http://www.eastasiaforum.org/2009/11/04/squaring-the-japanese-and-australia-proposals-for-an-east-asian-and-asia-pacific-community-is-america-in-or-out) (accessed December 17, 2009).