

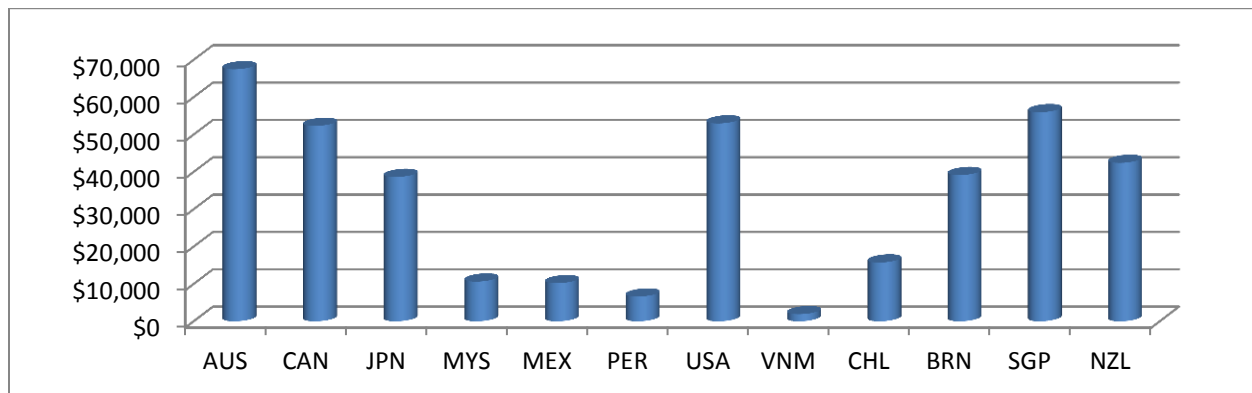


The Trans-Pacific Partnership Strides Forward on Development

Linda Schmid,ⁱ November 13, 2015

The 12 Members of the Trans-Pacific Partnership (TPP) have created an agreement that breaks new ground on trade and development. Australia, Canada, Japan, Malaysia, Mexico, Peru, United States, Vietnam, Chile, Brunei, Singapore, and New Zealand represent diverse economies at different levels of development (figure 1). They have reached common ground on market oversight critical to economic development with significant chapters on competition policy, state owned enterprises (SOEs), regulatory coherence, as well as transparency and anti-corruption.¹ Members of the TPP have created model provisions on electronic commerce important to small and medium enterprises. Deepening women’s engagement in the economy is a priority under the development chapter. The TPP is designed to foster economic integration among the 12 member countries. At the same time, members recognize their right to regulate, safeguard public welfare, and protect the environment.

Figure 1: GDP per capita (current US\$) 2013



Source: World Bank, [World Development Indicators](#), November 2015

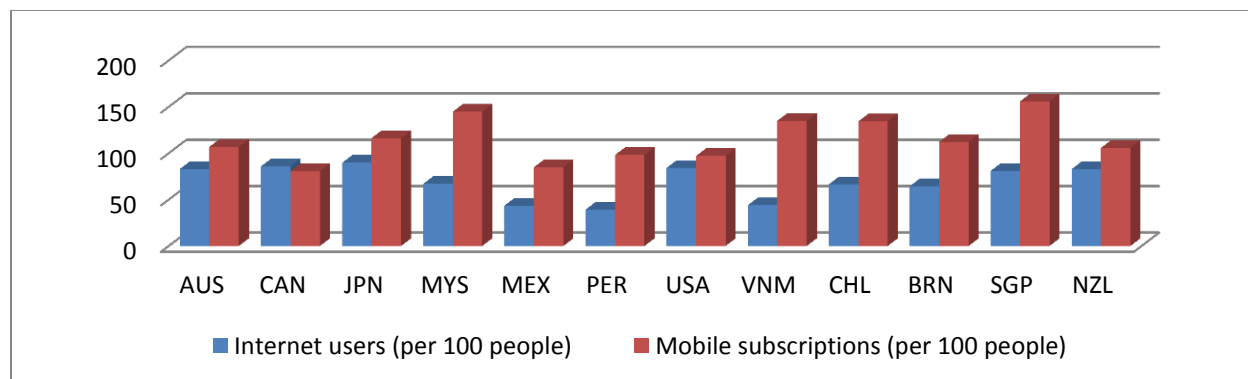
The Trans-Pacific Partnership pays special attention to governance. TPP members commit to strengthening their competition authorities and cooperating on competition policy and enforcement. The chapter on state owned enterprises (SOEs) provides a framework of rules for SOEs engaged in commercial activities. The regulatory coherence chapter promotes interagency consultation and good regulatory practices. Under the transparency and anti-corruption chapter, TPP parties agree to “adopt or maintain laws criminalizing offering to, or solicitation of, undue

¹ New Zealand Ministry of Foreign Affairs & Trade, [TPP Ministerial Summary of the Agreement](http://www.mfat.govt.nz), <http://www.mfat.govt.nz>.

advantages by a public official, as well as other acts of corruption affecting international trade or investment.”² Robust competition authorities, transparent regulatory authorities, and anti-corruption disciplines contribute to the rule of law, which underpins economic development.

The TPP offers a model for developing countries on electronic commerce. E-commerce provisions address trade barriers that can limit small and medium enterprises from effectively engaging in global electronic commerce. The TPP’s e-commerce chapter provides for the free flow of information subject to public policy restrictions on data privacy. The chapter prevents countries from requiring companies to maintain data facilities locally as a condition of trade or investment. The chapter prevents countries from requiring disclosure of source code. Duties on electronic commerce are prohibited. Under the agreement, TPP members will cooperate on data privacy, consumer protection, and cyber security. Figure 2 illustrates engagement in electronic commerce as a reflection of Internet usage and mobile subscriptions. The TPP’s e-commerce provisions will enable small and medium enterprises to continue expanding operations on-line.

Figure 2: ICT Indicators 2013



Source: World Bank, [World Development Indicators](#), November 2015

The TPP development chapter envisions cooperative activities to boost women’s engagement in the economy. TPP members will consider initiatives to help women “build their skills and capacity, and enhance access to markets, technology, and financing.”³ TPP members will work to strengthen “women’s leadership networks.”⁴ Under the chapter, members recognize the importance of investment in education, science, and technology. A committee on development is created to facilitate exchange of information, consider proposals, and consult with donors, the private sector, and non-government organizations to develop and implement joint activities. TPP commitments in governance, e-commerce, and development advance trade policy in support of economic growth and development.

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² Ibid.

³ Office of the United States Trade Representative, [TPP Full Text](#), November 2015.

⁴ Ibid.