

# 逢甲大學學生報告 ePaper

報告題名：

創始四國跨太平洋夥伴協定分析與台灣視野

The Analysis of Four TPP's Initial Countries and Taiwan's Vision

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## 中文摘要

TPP 協議涵蓋貿易相關議題，包括貨物貿易、貿易便利化、植物、衛生措施和技術性貿易壁壘、貿易救濟、投資、服務、電子商務、政府採購、知識產權、勞工和環境等等。綜觀來說主要確保 TPP 會員國履行其發展、競爭和包容的潛力，在國際化的世代，通過參與這些國際貿易組織對於各國到底是一帖良藥亦或只是商人之間得權力與利益爭奪的遊戲。

我們組希望透過觀察 TPP 協議最初的倡議四國(智利、汶萊、紐西蘭與新加坡)加入前後的獲益與損害，從當地的政府、媒體、民間資訊與各產業去整合與分析，且也參考這四國參與其他貿易協定之後的表現，最後發現其實跟這一切都是緊密的影響世界的佈局與經濟，也顯現出這些貿易協定所帶來的益處與爭議，希望能對將來台灣極力加入的 TPP 協議做一個探討，能給台灣做一個借鏡。



**關鍵字：**台灣加入(Taiwan Participate in)、跨太平洋夥伴協定(TPP)、倡議四國：智利、汶萊、紐西蘭、新加坡(Four TPP's initial countries Chile、Brunei、New Zealand and Singapore)

## Abstract

TPP covers trade-related issues which includes trade in goods, trade facilitation, sanitary, phytosanitary measures, and technical barriers to trade, trade remedies, investment, services, electronic commerce, government procurement, intellectual property, labor and environment. 'Horizontal' chapters meant to ensure that TPP fulfils its potential for development, competitiveness, and inclusiveness; dispute settlement, exceptions, and institutional provisions. We can see the difference between those participate countries and non-participate countries. TPP members' economies obviously change in a good way after joining TPP. Therefore, if Taiwan should also join it becomes an important question.

Joining TPP can enhance innovation, productivity and competitiveness. Also it will raise living standards, promote transparency, good governance, and enhanced labor and environmental protections. Since there are so many advantages of joining TPP, Taiwan should keep up the path to be internationalization. Through participating these international trade organizations will definitely benefit Taiwan's economic.



**Keyword** : Trade 、 Trans-Pacific Strategic Economic Partnership Agreement (TPP) 、  
Taiwan Economic

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## Introduction about the TPP






### Trans-Pacific Partnership

Trans-Pacific Partnership was established for economic integration of Asia-Pacific region and to remove trade barriers, such as tariffs including industrial products and agricultural products and to remove a non-tariff barrier, such as government procurement, intellectual property, labor regulation, finance, and medical services on February, 2016 with twelve countries in Auckland, New Zealand. TPP also has the role of making solutions for investor-state dispute settlement, and lower trade barriers such as tariffs.

Historically, the TPP is an expansion of the Trans-Pacific Strategic Economic Partnership Agreement signed by Brunei, Chile, New Zealand, and Singapore in 2005. Because of the participation of United State in 2008, TPP got world's attention and then many countries like Australia, Peru, and Vietnam participated in TPP. Beginning in 2008, additional countries joined the discussion for a broader agreement: Australia, Canada, Japan, Malaysia, Mexico, Peru, United States, and Vietnam, bringing the total number of countries participating in the negotiations to twelve.

Country	Status 2005 agreement	Signature of TPP	Start of TPP Negotiations
 Singapore	Party (28 May 2006)	4 February 2016	February 2008
 Brunei	Party (28 May 2006)	4 February 2016	February 2008
 New Zealand	Party (12 July 2006)	4 February 2016	February 2008
 Chile	Party (8 November 2006)	4 February 2016	February 2008
 United States	Non-party	4 February 2016	February 2008
 Australia	Non-party	4 February 2016	November 2008
 Peru	Non-party	4 February 2016	November 2008
 Vietnam	Non-party	4 February 2016	November 2008
 Malaysia	Non-party	4 February 2016	October 2010
 Mexico	Non-party	4 February 2016	October 2012
 Canada <sup>[17]</sup>	Non-party	4 February 2016	October 2012
 Japan	Non-party	4 February 2016	May 2013

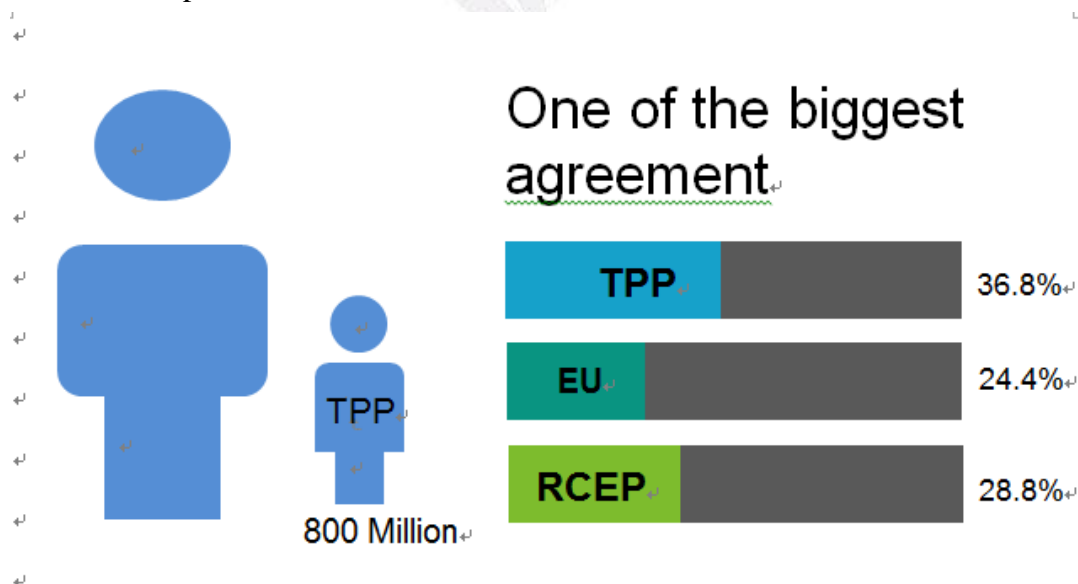
It took a long time to make all the countries satisfied with the agreement. Starting from the discussion on October 2002 with New Zealand, Singapore and Brunei and to the last discussion on October 2015, 12 countries finally reached agreement on 5<sup>th</sup> of October 2015 and then signed on 4<sup>th</sup> of February 2016. As many countries participated in TPP, many other countries are also interested in this agreement.

Country	Status 2005 agreement	Status TPP	Announced Interest
 Colombia	Non-party	Announced Interest	January 2010
 Philippines	Non-party	Announced Interest	September 2010
 Thailand	Non-party	Announced Interest	November 2012
 Taiwan	Non-party	Announced Interest	September 2013
 South Korea	Non-party	Announced Interest	November 2013
 Indonesia	Non-party	Declared Intent to Join <sup>[35]</sup>	October 2015

For example, other countries interested in TPP membership include Taiwan, the Philippines, and Colombia as of 2010, Thailand and Laos as of 2012, and Indonesia, Cambodia and India as of 2013. According to law professor Edmund Sim, many of these countries needed to change their trade policies in order to join the TPP.

The main purpose of the TPP is to abolish tariffs which is a tax that will be added on imported products (in TPP's case includes food, medicine, insurance, etc.) . Abolishing Tariffs will liberalize import and it will increase market competition, which will drop the price of products. And it boosts exports and economic growth, creating more jobs and prosperity for 12 countries involved. The TPP will even the trading field.

And TPP is one of the biggest agreements in the world. The 12 countries have a collective population of about 800 million – almost double that of the European Union's single market. And 12 countries will account for 36 percent of global economic output.



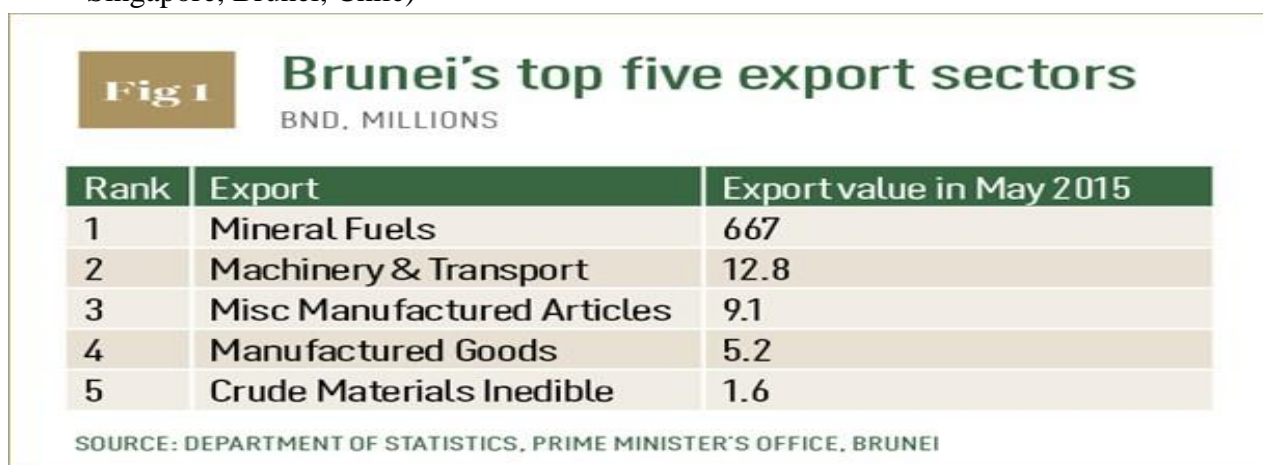
It's bigger than European Union's GDP and also bigger than Regional Comprehensive Economic Partnership (RCEP) which is the agreement 16 countries participated in, including Japan, Korea, and China.

## The initiative members of the TPP

### Brunei

#### **Background**

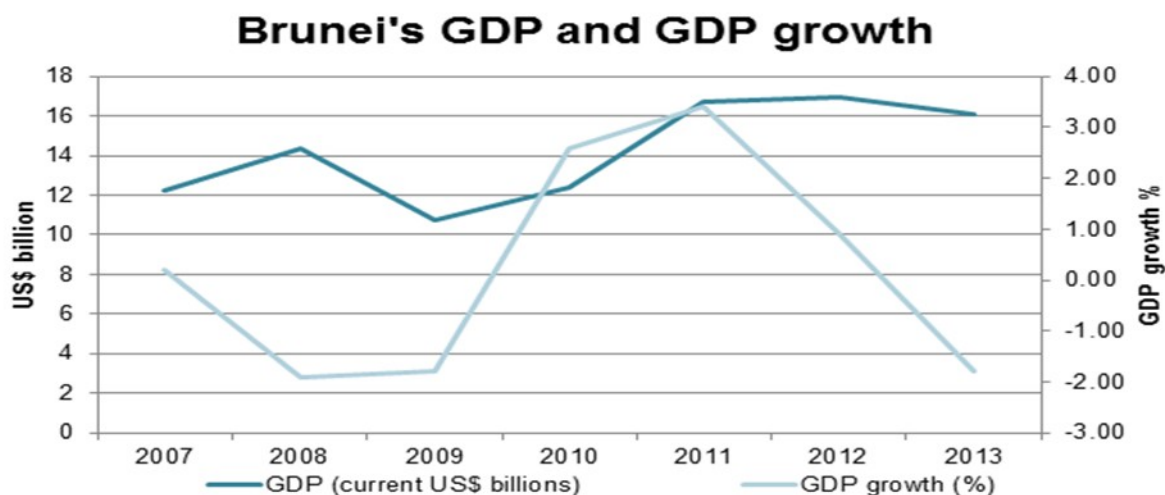
- Muslim monarchy
- Population: about 420,000, two-thirds are Malaysian
- Official language: Malay, also English and dialect
- January 1, 1984, independent from the British peacefully
- Small economic (Total export: \$ 9.57 billion, Total import: \$ 3.08 billion in 2014)
- 96% of export is crude and natural gas
- Economic over-rely on oil and gas industry (Before join economic organizations)
- One of the founding members of Trans-Pacific Partnership (TPP): (New Zealand, Singapore, Brunei, Chile)



#### **Motivation**

Economic diversification:

Brunei' government want to rebuild their industry structure, which was relied too much on one industry - oil and gas industry. This makes its economic very unstable because Brunei actually not a big economic. If the international price of oil fluxes, it will cause serious problems to Brunei economic. Trans-Pacific Partnership (TPP) can solve the situation by changing its industry structure; it is good for economic transformation and diversified development.



## Education in Brunei Darussalam

### National Vision *Wawasan 2035*

Educated and  
highly skilled citizens

- Indicators
  - Universal Primary Education
    - Literacy rate **96.7%** [2011]
    - National net enrolment ratio in primary education > **96%**
    - Students reaching grade 5 **99%**
  - **11<sup>th</sup>** in the world for the prevalence of women in higher education
  - **8<sup>th</sup>** highest human development index in Asia and Oceania

### Benefit

1. Less impact by other countries:

Brunei is a small economy and its diplomacy and trade policy often affected by the US, China, Japan and other major countries. Brunei synchronously join ASEAN, RCEP and TPP, which can strengthen its trade and economic.

2. Close relations with the Asia-Pacific and ASEAN countries:

Brunei will benefit from trade because other members of TPP agree to remove tariff, which making products that have comparative advantage become more competitive when export to other countries.



3. Foreign investment:

For instance, mining, manufacturing, construction industry, service industry and other industries.

4. Expand market:

Opportunities to expand market in countries that have not sign Free trade agreement (FTA) like United States, Canada, Mexico, and Peru.

5. Enhance international status:

Brunei is one of the founding countries of TPP, so it has authority when holding meeting.

**Economic**

6. Contribute to goods import:

Giving consumers more alternatives things to buy and the increase the consumers' surplus.

7. Service and investment:

Simultaneously benefit to oil and gas drilling and related services, tourism services, etc. Besides, attract foreign investment, which is Brunei's key national economic policy.

8. Regional cooperation:

TPP also enhance regional cooperation in the supply chain and make trade more convenient.

9. Tariff elimination:

Members of TPP will remove tariff to create a more convenient trade platform

**Risk and challenge**

10. More competitive market:

It will create a more competitive market for local companies since foreign companies are very powerful, not only have large scale, but also have sufficient capital. Due to these reasons, many companies will lose advantages that once exist, even though nationalized industry might lose competitiveness when those foreign companies come in.

11. Job opportunity:

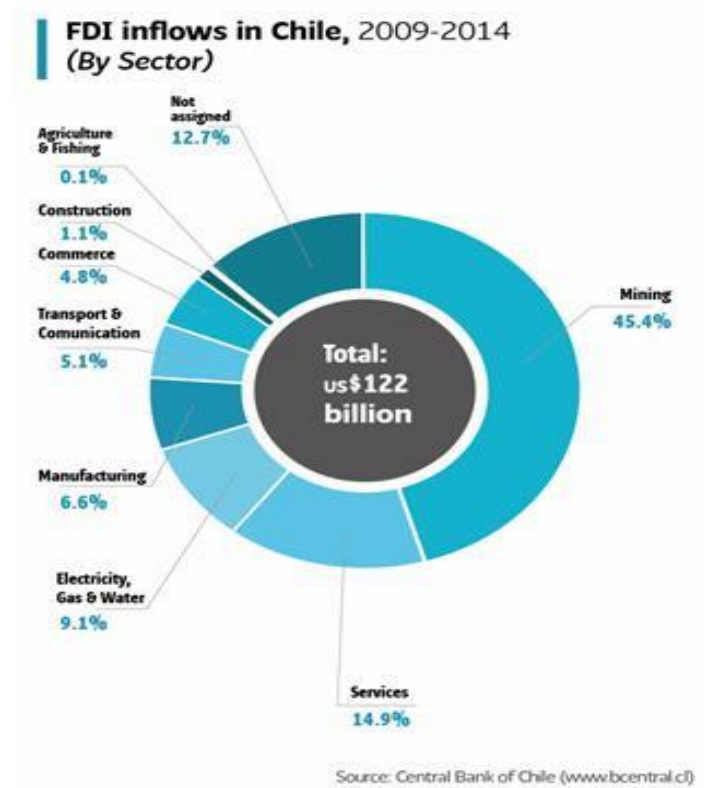
For local residents, some of them might lose jobs as companies want to reduce operating expense, many will choose to outsourcing for lower labor cost. Migration of foreign workers also cause threat to residents since some basic jobs are easy and probably replace.

12. Intellectual property rights:

Rampant piracy is a serious problem in Brunei, the authority need to do something to protect intellectual property rights.

## Chile

### Invest in Chile



#### 1. Mining:

- Chile accounts for 28% of global copper reserves
- It is the world's principal producer of copper (32%), nitrates (100%), iodine (58%) and lithium (45%) and the sixth largest silver producer.
- Mining companies spent over US\$21,000 million in Chile in 2011.

#### 2. Energy:

In 2012, hydroelectricity (excluding mini-plants of less than 20 MW) accounted for 29.3% of generation, coal for 41%, gas for 19%, diesel for 5.9% and alternative renewable energies (ARE) for 4.8%. As a result, 65.9% of the country's electricity was generated from fossil fuels.

#### 3. Tourism:

- 3,554,279 overseas tourists visited Chile in 2012, up by 13.2% on 2011.
- Spending by overseas tourists in Chile rose by 17.1% to US\$2,712.6 million.
- In the last ten years, the portfolio of investment projects in the sector reached US\$528 million (2003-2013 according to FDI Markets).

#### 4. Food Industry:

- Chile contains one of the world's only five macro zones with a Mediterranean climate, offering excellent conditions for fruit growing.

- A coastline that stretches for over 4,300 km offers a variety of conditions for aquaculture, including Chile's emblematic salmon of which it is the world's second largest producer.
- In 2012, agribusiness exports reached US\$13,775 million, with foods accounting for more than 17% of the country's total exports.
- Chilean products are present in markets around the world and each day:
  - 16.9 million people drink a glass of Chilean wine;
  - 6.0 million people eat a piece of Chilean salmon;
  - 8.6 million people drink a glass of Chilean fruit juice;
  - 8.5 million people eat canned Chilean fruit and vegetables;
  - 4.9 million people eat a piece of dehydrated Chilean fruit;
  - 1.7 million people eat frozen Chilean fruit.

### **The relationship between Chile and TPP**

Chile's open economy, combined with an active policy of bilateral, regional and multilateral trade agreements, has underpinned a sustained increase in foreign trade in goods and services and in the country's international competitiveness, consolidating its position as an active international partner. Chile has signed trade agreements with more than 60 countries, expanding its domestic market of 16.6 million inhabitants to one of over 4,302 million potential consumers around the world (representing 85.7% of global GDP and 63% of the world's population).

- ✧ Brunei, Chile, Singapore and New Zealand are parties to the TPP. These four countries were signed in 2005 and entered into force in 2006.
- ✧ Not only TPP, Chile also participates in WTO, OECD, WWTG, and WIPO... organizations. Chile has 25 agreements in force with 64 countries. Over 90% of foreign trade is with countries with trade agreements and most of exports and imports enter a zero tariff. The average tariff rate of Chile imports has reached a very low 0.9% in 2013-2015. Thus, Chile is one of the most commercially open countries in the world.
- ✧ The TPP will set new standards for other regional economic integration agreements, and even for future negotiations in the WTO and APEC.

The TPP will set new standards for other regional economic integration agreements, and even for future negotiations in the World Trade Organization and the Economic Cooperation Forum of Asia-Pacific. From this point of view, it is interesting to Chile to participate in an instance where the rules that govern international trade in the coming decades will be designed.

The conception of trade agreements has evolved over the last ten years. Today we find that the concerns of trade agreements have migrated from the tariff scope to new subjects, with higher standards as non-tariff barriers, trade in services, investment,

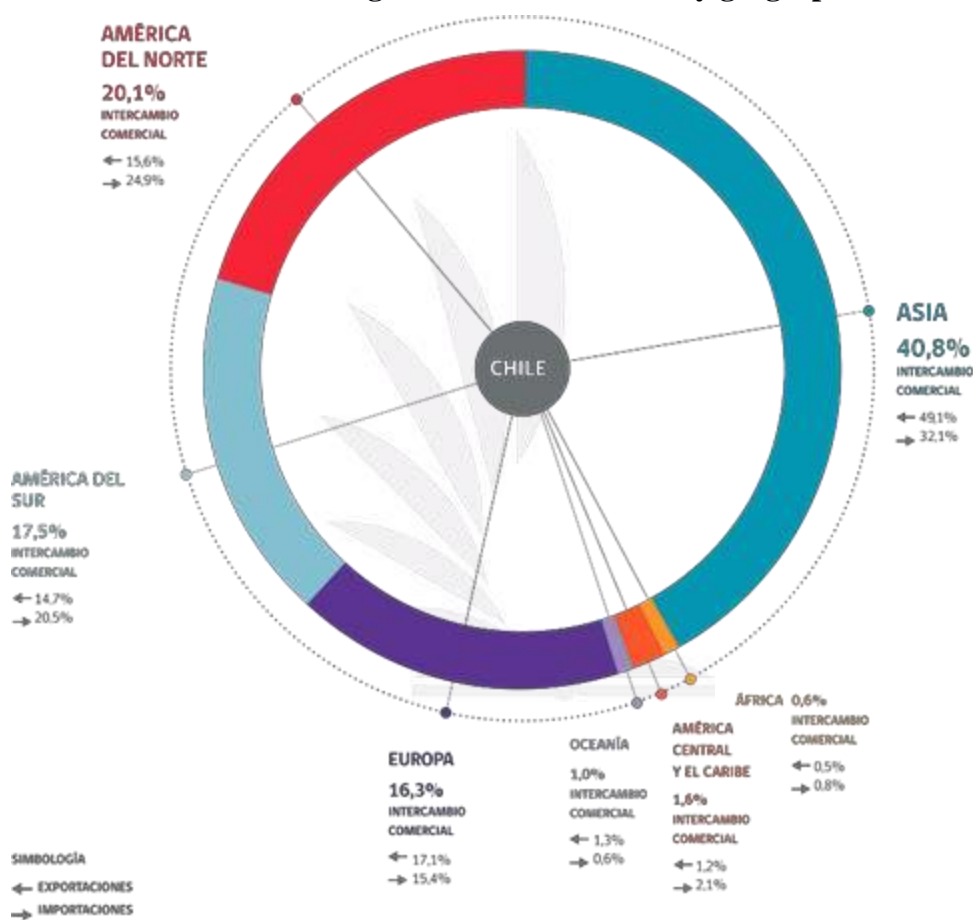
financial services, telecommunications, intellectual property, environment, labor issues, competitiveness, and regulatory coherence, SMEs, among others. All these issues are addressed in the TPP.

Other items of interest:

TPP establish new disciplines on customs cooperation and trade facilitation, which will allow trade flows transiting in the most expeditious manner within the free trade area of the TPP.

- A. This is a crucial position for our country (Chile) to access the markets of the Pacific Rim.
- B. Increase Chile's participation in global supply chains.

**Distribution of foreign trade of Chile 2014 by geographical area.**



### Strength

- A. In agriculture, agro-industrial and forestry will have great profit and growth.
  - According to the professional analysis: In 2025, Chile will increase 3 billion earning and 3.5 billion Export profit.
- B. After signed the FTA with other members, Chile main industry: mining will have a chance to scatter the risk and make deal with more countries.
  - Chile's mining industry is relying mainly on exports to China, estimated TPP will help diversity the export of raw materials.

C. Other beneficial industries: Fruit export, foodstuff industry, and others...

TPP now represents 40% of the world economy, 40% of investments and 25% of international trade. It is estimated that Chile not only opens more opportunities for exports, investment and entrepreneurship, but also promote diversification of the productive matrix, among other advantages.

**Weakness:**

A. It may cause another NAFTA model trade disaster.



- Newly created jobs are far less than offshoring. Because of cheap labor, land and low environment cause this kind of situation happened.
  - It means, NAFTA is an agreement that U.S, Canada and Mexico construct a trade union. According to the AFL-CIO (The American Federation of Labor and Congress of Industrial Organizations) report, NAFTA allowed companies to move labor-intensive components of their operations to locations with weak labor laws and lax enforcement of wage, environmental and other standards. Manufacturers took advantage, displacing an estimated 682,900 U.S. jobs to Mexico. Minnesota has lost about 14,000 jobs to Mexico in the last two decades.
  - Nowadays, TPP have twelve countries, most of Southern-Asia countries have the same advantage to labor-intensive industries, maybe after few year passed, Chile will need to face the same problem, especially in agriculture, there territory not that big maybe their industry will have these kind of problem.
- B. Challenge of intellectual property related laws, national enterprise and restructuring of

Bank laws.

- In May 2015, Nobel Prize winning economist Paul Krugman expressed concern that the TPP would tighten the patent laws and allow corporations such as big pharmaceutical companies and Hollywood to gain advantages, in terms of increasing rewards, at the cost of consumers, and that people in developing countries would not be able to access the medicines under the TPP regime.

C. Secrecy of negotiations

- In 2012, critics such as Public Citizen's Global Trade Watch, a consumer advocacy group, called for more open negotiations in regard to the agreement.

Relative article: <http://infojustice.org/archives/21137>



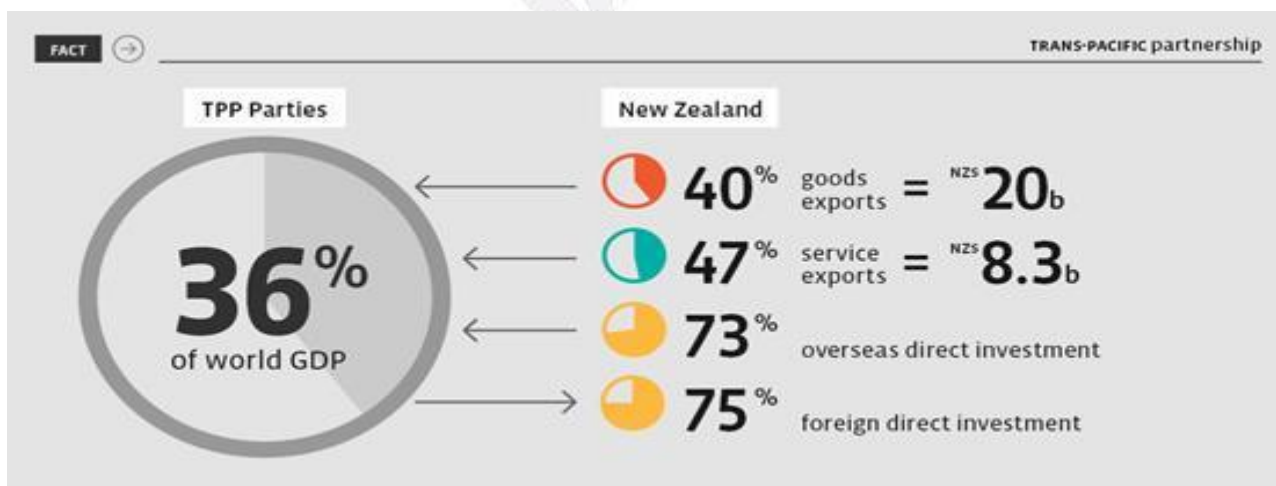
## New Zealand

Before joining the TPP (Trans-Pacific Partnership), New Zealand was facing a trading barrier, they had to export their products with a high tax and so were imported products from other foreign countries.

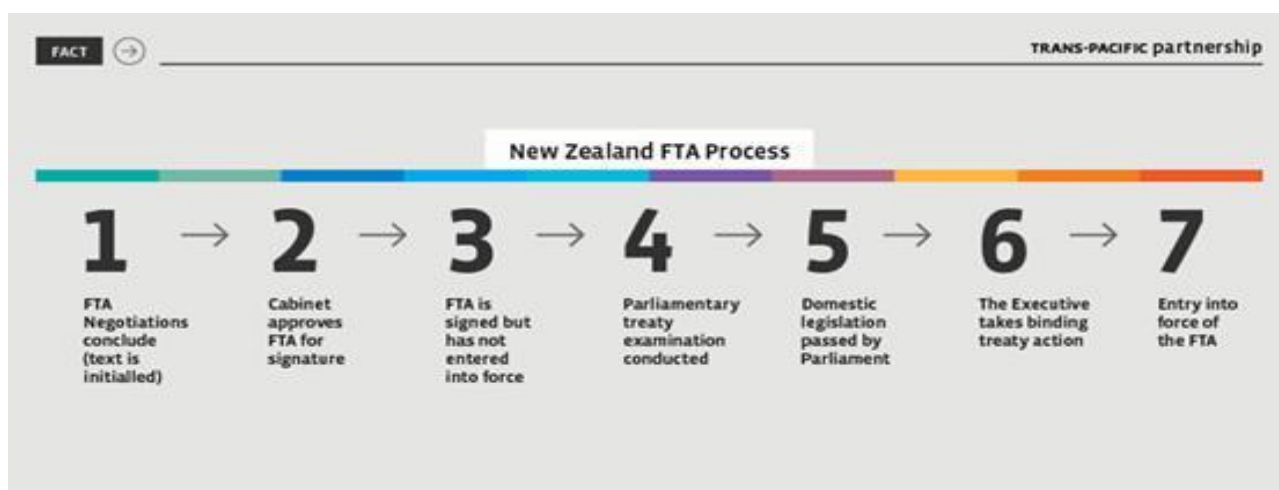
Somebody predicted that after joining the TPP, It not only improved the trading relationship between countries but would also give a promise to raise New Zealand's GDP. TPP provide a trading platform that can let countries trade with each other with a lower tariff. This advantage would help New Zealand found a new market to get in and increase the export amount. It reduced the non-tariff barrier so it can help New Zealand increase its strength in the market and also got an equal treatment that they don't even own before. But at the same time, New Zealand would lose lots of import tax income.

TPP will give New Zealand better access to globally significant markets. It will diversify New Zealand's trade and investment relationships, and provide a platform to build on the NZ\$28 billion of New Zealand goods and services exported to TPP countries in 2014. New Zealand's future is as a trading nation. TPP will help support that by setting a new standard for trade and investment in the Asia Pacific region, generating substantial long-term economic and strategic benefits for New Zealand.

TPP will be open to future expansion. It provides a platform for wider, regional economic integration, and supports the foundation for a free trade agreement of the Asia Pacific. This gives New Zealand the opportunity to shape future trade liberalization in the Asia Pacific region and promote the growth of regional supply chains.



New Zealand released a version of the text of the Trans-Pacific Partnership, on behalf of the 12 members of the TPP and in its capacity as Depositary of the Agreement, on 5 November 2015. The final text of the Trans-Pacific Partnership was released on 26 January 2016.



As with all New Zealand FTAs, TPP must go through the Parliamentary treaty examination process. The final text of the agreement, together with a National Interest Analysis, will be presented to Parliament for examination by the Foreign Affairs, Defense and Trade Select Committee.

After that, the legislative changes required in order to implement TPP will go through normal Parliamentary procedures, including select committee scrutiny. The TPP agreement itself cannot be modified unilaterally by New Zealand, but there is some flexibility in the way various measures can be implemented through domestic legislation and regulation.

TPP is expected to come into force within two years, once countries have completed their domestic legislative procedures.

#### **Benefit**

1. Lower tariff.
2. More opportunities to trade with other countries.
3. Develop a new market.

#### **Risk**

1. Local agriculture will be threatened by it.
2. Dairying is going to face an impact.
3. Employment rate is going to decrease.



## Singapore

As a small and open economy, Singapore's survival depends on a free and open global trading system. Its total trade in goods and services amounts to around four times its GDP. More than half the jobs in Singapore are related to trade in one way or another. It therefore makes sense for Singapore to be part of the TPP, especially when it is a standard-bearer for the region. Singapore already has FTAs with 9 of the 11 TPP countries, and the TPP can complement these existing FTAs by improving market access and creating an integrated production and manufacturing base. This will facilitate regional supply chains and provide more opportunities for Singapore's businesses, which are trading and investing in the region.

These are the data that shows Singapore's GDP had been growing since joining up TPP.

		2007	2008	2009	2010	2011	2012
<b>Overall Economy</b>							
GDP at 2005 Market Prices	\$m	246,846	250,516	248,587	284,561		
	yoy%	8.8	1.5	-0.8	14.5	301,228	305,202
GDP at Current Market Prices	\$m	267,254	267,952	266,659	303,652	5.2	1.3
	yoy%	15.7	0.3	-0.5	13.9	334,093	345,561
Per Capita GNI	\$	56,369	52,941	52,177	57,603	5.8	3.4
Per-Capita Indigenous GNI	\$	56,983	50,671	51,450	56,843	63,921	64,310
Gross National Saving	\$m	129,372	120,000	121,058	139,804	156,297	157,576
As % of GNI	%	50.0	46.8	46.5	47.8	47.2	46.1
As % of GFCF	%	205.1	158.4	158.5	184.2	200.3	189.0
<b>Labour Market</b>							
Net Job Creation <sup>1</sup>	thous	234.9	221.6	37.6	112.5	122.6	129.6
Employment (As at Year-End)	thous	2,731	2,952	2,990	3,103	3,229	3,358
Unemployment Rate (Average)	%	2.1	2.2	3.0	2.2	2.0	2.0
Redundancy	thous	8.6	16.9	23.4	9.8	10.0	11.0
Labour Productivity	yoy%	0.1	-7.5	-3.4	10.7	1.3	-2.6
Unit Business Cost of Manufacturing	2005=100	102.7	114.1	107.3	102.1	105.8	110.1
	yoy%	2.0	11.1	-5.9	-4.9	2.7	4.0
Unit Labour Cost of Manufacturing	2005=100	100.8	114.0	109.5	92.2	90.5	93.4
	yoy%	3.7	13.1	-4.0	-15.8	-1.7	3.2
<b>Prices</b>							
Consumer Price Index	2009=100	93.2	99.4	100.0	102.8	108.2	113.1
	yoy%	2.1	6.6	0.6	2.8	5.2	4.6
Domestic Supply Price Index	2006=100	100.3	107.8	92.8	97.2	105.4	105.9
	yoy%	0.3	7.5	-13.9	4.7	8.4	0.5
GDP Deflator	2005=100	108.3	107.0	107.3	106.7	110.9	113.2
	yoy%	6.4	-1.2	0.3	-0.5	0.6	2.1

<b>External Trade</b>							
Exports	\$m	450,628	476,762	391,118	478,841	514,741	510,329
	yoy%	4.4	5.8	-18.0	22.4	7.5	-0.9
Domestic Exports	\$m	234,903	247,618	200,003	248,610	281,350	285,147
	yoy%	3.3	5.4	-19.2	24.3	13.2	1.3
Non-Oil Domestic Exports	\$m	171,632	158,092	141,348	173,599	177,396	178,333
	yoy%	2.3	-7.9	-10.6	22.8	2.2	0.5
Re-Exports	\$m	215,725	229,144	191,115	230,231	233,392	225,183
	yoy%	5.7	6.2	-16.6	20.5	1.4	-3.5
Imports	\$m	395,980	450,893	356,299	423,222	459,655	474,554
	yoy%	4.5	13.9	-21.0	18.8	8.6	3.2
<b>Balance of Payments</b>							
Overall Balance	\$m	29,298	18,531	16,456	57,481	21,488	32,606
Current Account Balance	\$m	73,061	39,076	50,769	67,431	82,162	64,280
Capital and Financial Account Balance	\$m	-48,473	-19,708	-39,016	-9,458	-55,600	-35,586
Official Foreign Reserves	\$m	234,546	250,346	263,955	288,954	308,403	316,744
Import Cover	months	7.1	6.7	8.9	8.2	8.1	8.0
<b>Public Debt</b>							
Total	\$m	234,093	255,465	291,502	321,182	354,023	384,998
Domestic	\$m	234,093	255,465	291,502	321,182	354,023	384,998
External	\$m	0	0	0	0	0	0
<b>Manufacturing</b>							
Value-Added at 2005 Prices	\$m	63,393	60,739	58,218	75,479	81,357	81,426
	yoy%	5.9	-4.2	-4.2	29.7	7.8	0.1
Index of Industrial Production	2007=100	100.0	95.8	91.8	119.1	100.0	100.1
	yoy%	5.9	-4.2	-4.2	29.7	7.8	0.1

## OVERALL ECONOMY

<b>GDP at Current Market Price</b>		<b>Real GDP (Year-on-Year-Growth)</b>		<b>Per Capita GNI</b>	
<b>\$378.2</b>	<b>\$390.1</b>	<b>+4.4%</b>	<b>+2.9%</b>	<b>\$67,902</b>	<b>\$69,168</b>
billion	billion				
2013	2014	2013	2014	2013	2014

## OVERALL ECONOMY

<b>GDP at Current Market Price</b>		<b>Real GDP (Year-on-Year-Growth)</b>		<b>Per Capita GNI</b>	
<b>\$388</b>	<b>\$402</b>	<b>+3.3%</b>	<b>+2.0%</b>	<b>\$67,462</b>	<b>\$69,283</b>
billion	billion				
2014	2015	2014	2015	2014	2015

Here are some of the benefits and opportunities for Singapore businesses and people after signing up TPP

### 1. TPP spurs economic development and raises living standards in the region.

The TPP will boost trade and investment flows between TPP countries, as well as integrate the Asia-Pacific region into a single manufacturing base and market. As a participant to the TPP, Singapore companies stand to benefit from increased market access and integration with both new and existing trade partners. This increased market access is further

enhanced by rules that will promote fair competition support innovation as well as ensure the growth of the digital economy. The TPP also seeks to address cross-cutting trade-related concerns in the area of labor and the environment. All of these are designed to unlock more opportunities for businesses and workers, to improve living standards for all.

## **2. It makes it easier to do business in the region**

One of the key advantages of the TPP agreement is regional integration. Businesses operating within the TPP region will find it easier, faster and cheaper to get their products to market. By committing to be more trade facilitative, the TPP will enable traders to enjoy reduced compliance costs and improved supply chain efficiencies. Common rules of origin will also give businesses greater flexibility to manage their manufacturing operations and supply chains across TPP markets.

## **3. It promotes new sources of economic growth and expands Singapore's external economic space**

The TPP countries represent a large market for Singapore businesses, with a population of 800 million and a combined GDP of around US\$30 trillion, which represents 40% of global GDP. Collectively, these TPP countries are important trading partners of Singapore. The TPP comprises some of Singapore's biggest trading partners such as Malaysia, the United States, Japan, Australia and Vietnam. In 2013, the TPP countries accounted for 30% of Singapore's total goods trade, worth US\$300 billion. TPP countries also accounted for 30% of foreign direct investment in Singapore, amounting to US\$240 billion.

As a possible pathway to a Free Trade Area of the Asia Pacific (FTAAP), the TPP will boost regional economic integration. This means stronger and better linkages between Singapore and valuable sources of investment and technology in the US, Japan and other advanced economies. Singapore-based companies will be better placed to tap growth opportunities around the Asia-Pacific, including in fast growing Latin America. Also, as Singapore does not yet have FTAs in place with Canada and Mexico, the TPP will open these new markets for Singapore-based companies. SMEs, which contribute to more than 50% of Singapore's GDP, will also find it easier to participate in the global economy and be plugged into the regional supply chain.

## **4. Good Trade**

In 2014, the value of export of Singapore toward Canada and Mexico are about 12 million SGD. (The main two export products are machinery and transport equipment). After TPP, Mexico and Canada reduce respectively 96% and 99% of tariff. Before, the tariff of export medicine from Singapore to Mexico is 10% to 15 % and organic chemicals are 6.5%. These are all benefic form TPP to be trade liberalization. Although it is not huge amount of export, Singapore enterprises are still looking forward to have more trade with these two countries through TPP in order to open up Latin America market.

### Singapore's top 3 export products to each TPP country and their value (based on 2014 data)

AUSTRALIA	BRUNEI	CANADA	CHILE	JAPAN	MALAYSIA	MEXICO	NEW ZEALAND	PERU	UNITED STATES	VIETNAM
Mineral fuels, lubricants and related materials	Miscellaneous manufactured articles	Machinery and transport equipment	Machinery and transport equipment	Machinery and transport equipment	Mineral fuels, lubricants and related materials	Machinery and transport equipment	Mineral fuels, lubricants and related materials	Machinery and transport equipment	Machinery and transport equipment	Machinery and transport equipment
\$9.68b	\$1.46b	\$0.64b	\$0.03b	\$12.24b	\$23.9b	\$0.92b	\$1.15b	\$0.02b	\$17.36b	\$6.56b
Machinery and transport equipment	Machinery and transport equipment	Miscellaneous manufactured articles	Miscellaneous manufactured articles	Chemicals and chemical products	Machinery and transport equipment	Miscellaneous manufactured articles	Machinery and transport equipment	Chemicals and chemical products	Miscellaneous manufactured articles	Mineral fuels, lubricants and related materials
\$4.74b	\$0.52b	\$0.23b	\$0.01b	\$2.89b	\$22.31b	\$0.22b	\$0.88b	\$0.01b	\$6.07b	\$3.87b
Miscellaneous manufactured articles	Manufactured goods	Mineral fuels, lubricants and related materials	Chemicals and chemical products	Miscellaneous manufactured articles	Chemicals and chemical products	Chemicals and chemical products	Chemicals and chemical products	Food and live animals	Chemicals and chemical products	Chemicals and chemical products
\$1.62b	\$0.14b	\$0.2b	\$0.01b	\$2.84b	\$5.65b	\$0.07b	\$0.27b	\$0.01b	\$2.84b	\$2.03b

### Singapore's exports to TPP countries in 2014



### Singapore's top 3 import products from each TPP country and their value (based on 2014 data)

AUSTRALIA	BRUNEI	CANADA	CHILE	JAPAN	MALAYSIA	MEXICO	NEW ZEALAND	PERU	UNITED STATES	VIETNAM
Mineral fuels, lubricants and related materials	Mineral fuels, lubricants and related materials	Machinery and transport equipment	Food and live animals	Machinery and transport equipment	Machinery and transport equipment	Mineral fuels, lubricants and related materials	Food and live animals	Mineral fuels, lubricants and related materials	Machinery and transport equipment	Machinery and transport equipment
\$2.26b	\$0.2b	\$0.88b	\$0.05b	\$12.97b	\$20.6b	\$2.18b	\$0.67b	\$0.02b	\$28.02b	\$1.83b
Manufactured goods	Machinery and transport equipment	Chemicals and chemical products	Manufactured goods	Mineral fuels, lubricants and related materials	Mineral fuels, lubricants and related materials	Machinery and transport equipment	Machinery and transport equipment	Manufactured goods	Miscellaneous manufactured articles	Manufactured goods
\$1.02b	\$0.04b	\$0.19b	\$0.03b	\$3.68b	\$14.8b	\$0.89b	\$0.13b	\$0.02b	\$5.55b	\$0.5b
Food and live animals	Chemicals and chemical products	Miscellaneous manufactured articles	Crude materials (excluding fuels)	Manufactured goods	Miscellaneous manufactured articles	Miscellaneous manufactured articles	Mineral fuels, lubricants and related materials	Food and live animals	Chemicals and chemical products	Mineral fuels, lubricants and related materials
\$1b	\$0.02b	\$0.13b	\$0.02b	\$2.87b	\$5.09b	\$0.34b	\$0.12b	\$0.01b	\$5.45b	\$0.46b

### Singapore's imports from TPP countries in 2014



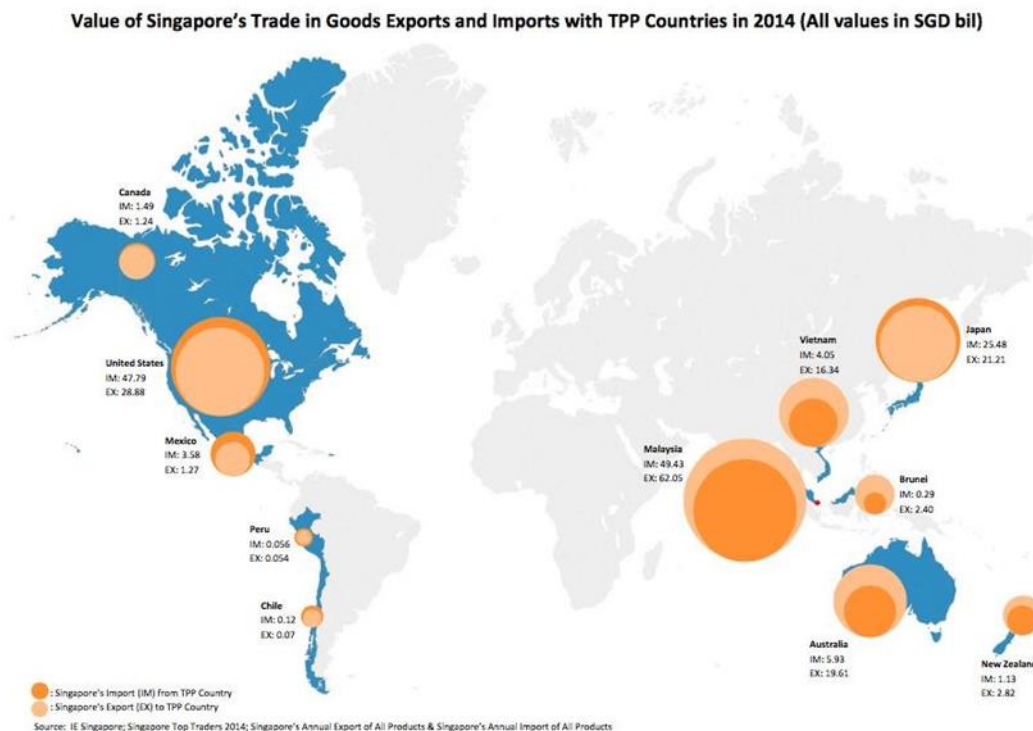
#### Key benefits to Singapore

- Comprehensive market access for Singapore exporters of goods and services.
- Singapore investors can expect to benefit from the removal of foreign equity restrictions in private healthcare, telecommunications, courier, energy and environmental services in Brunei, Malaysia and Vietnam.

- The TPP will also enable Singapore companies in the IT, construction and consultancy sectors to bid for government procurement projects in markets such as Malaysia, Mexico and Vietnam, which were previously closed to foreign bidders.

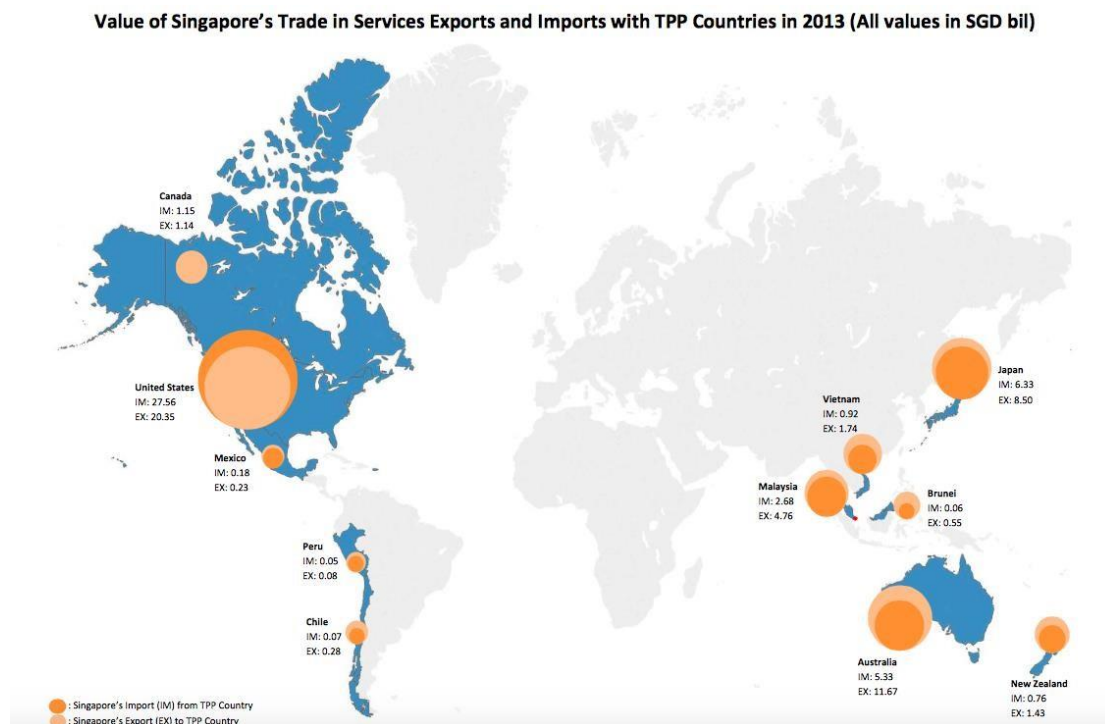
- Reduce "behind-the-border", or non-tariff, regulatory barriers to ease the flow of trade and investment.
- Address emerging concerns faced by businesses and consumers, such as intellectual property and the growth of the digital economy.

Sources: INTERNATIONAL ENTERPRISE SINGAPORE, MINISTRY OF TRADE AND INDUSTRY ST GRAPHICS



## 5. Service Trade

The service industry in Singapore becomes more important than before. Compare to good export, the compound annual growth rate of service industry export has reached 6.7% during 2010 to 2014. In the same time, the good export compound growth rate only has 2%. It shows how important is the service industry to Singapore. By signing up TPP, Singapore can take advantage of Australia Open Transport Logistics which including air transport highway and railway. Mexico Open Energy and telecommunication market and Canada open service industry. Moreover, Singapore has advantages in financial service and law service. Through TPP, the tariff of textile export from Vietnam to US will decrease from 17% to 0%. This will make the textile factory expand rapidly and create more business for Singapore's law and financial service.



## 6. Investment and government purchasing

In TPP countries, the main investment areas of Singapore are Australia, Malaysia, and Vietnam and so on. Through investment to reach the goal of liberalization, such as Vietnam, Malaysia and Brunei remove the limitation of investment of certain industries like private health care, telecommunication, and express delivery and environment services. The investor from Singapore will be benefit. What's more, Singapore can gain more investments, which is in favor of SME development because of TPP. TPP emphasizes on the protection of intellectual property rights. This can let the firms be more comfortable to expand their business and promote Singapore to be the character of international arbiter center.

	In 2013, the investment between Singapore and TPP countries (unit: million SGD)											
	USA	Canada	Mexico	Peru	Chile	Japan	Vietnam	Malaysia	Brunei	Australia	New Zealand	
星對外投資(DIA)	102.4	6.1	10.3	7.2	0.2	80.6	40.8	367.9	2.3	432.4	20.3	
外人對星投資(FDI)	1141.9	65.9	5.0	0.01	0.02	719.9	1.1	273.0	4.0	100.3	36.2	

According to the Organization for Economic Cooperation and Development (OECD), TPP countries can gain around US\$1.9 trillion through government purchasing. Also, the IT, construction and consultants industries of Singapore can be able to participate the government

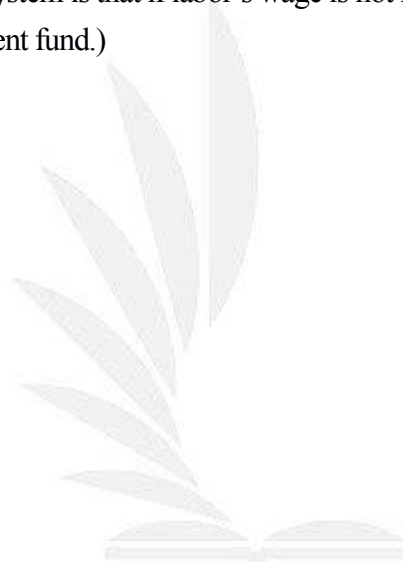
procurement case of Malaysia, Mexico and Vietnam in the future.

#### **7. Small and medium enterprise**

In Singapore, small and medium enterprises take up at least 50 % of the gross domestic product. No matter is government or public association are considering the importance of SME. In the future, all the member countries of TPP have to establish an information website for SME. Moreover, TPP will establish the SME committee in order to inspect the operation of it. This will help SME be better to integrate global supply chain, investment, expand and create job opportunity

#### **8. Labor**

After signing up for TPP, TPP have asked Singapore to set up the minimize wage. This might have an impact toward Singapore because there is no regulation for minimize wage in Singapore. However, although Singapore doesn't have the regulation of it, the government did legislate for workfare system. And its related laws are in conformity with the spirit of TPP. (The concept of its workfare system is that if labor's wage is not reach 1900 SGD, the labor doesn't need to say the provident fund.)



## Why Taiwan should participate in the TPP?

### 1. Tariff reduction

If Taiwan joins TPP, the tariffs were reduced, and we can benefit from exporting.

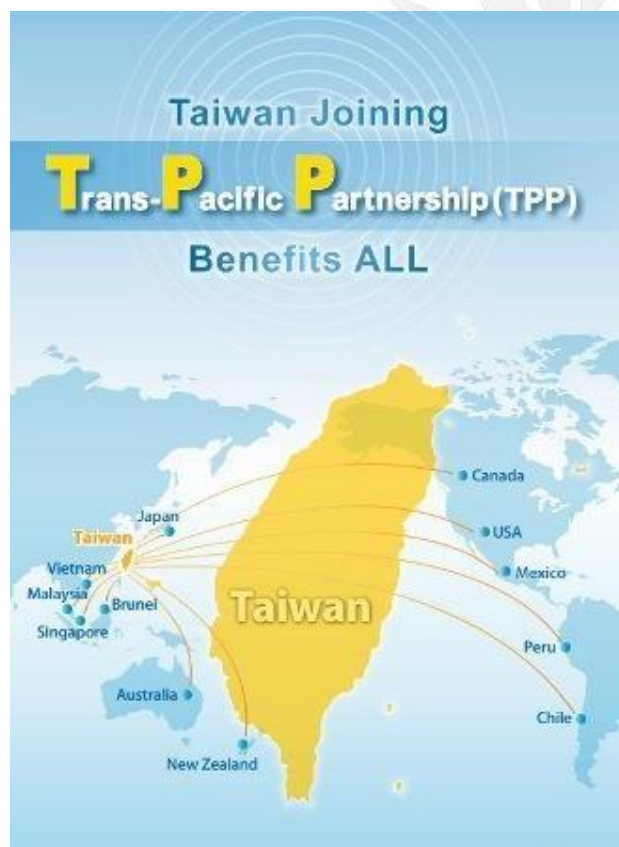
### 2. Increase GDP & job opportunities

Because we have more opportunities to trade with other countries, we estimate that GDP will increase 1.95% and more jobs can be created.

	Value of variation (million)	Variation (%)
Real GDP	7,801	1.95
Total output	17,500	1.91
Total employment	65,219 (people)	0.65
Social welfare	8,184	--
Terms of trade	--	0.64
Total export value	15,844	5.65
Total import value	16,351	7.61

### 3. Create more space for Taiwan

Taiwan is a small country, but we try to trade with other countries, and join some international economic organizations to make us more competitive. We don't want to be marginalized in the global economy.





#### 4. Lessening Taiwan's dependence on main trade partners

China, Japan and America are our main trade partners, so if Taiwan join the TPP, we have more chances to have different trade partners, and the Taiwanese economic growth not just rely on a few countries.

Taiwan's export destinations (in billions of dollars)



Source: Taiwan's Ministry of Finance

#### What are the effects of joining TPP?

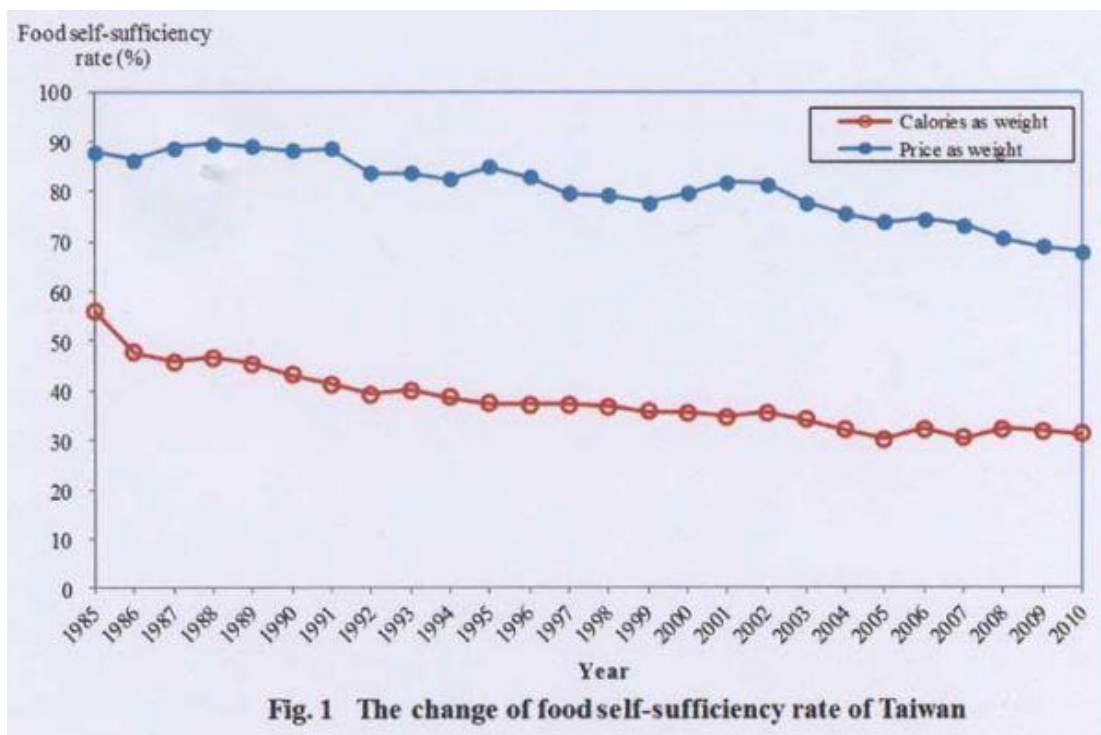
##### 1. Impact on agriculture

- (1) The total agricultural production value will decline
- (2) Food self-sufficiency rate will decline

Because of the limited land and deficient water resources, the costs of agriculture production are very high, if Taiwan opens the agriculture market, and let low-priced agricultural produce enter Taiwan market; it will have negative effects on Taiwanese agriculture.

Note:

Food self-sufficiency→ the concept of food self-sufficiency is generally taken to mean the extent to which a country can satisfy its food needs from its own domestic production.



2. Open Taiwan's market to U.S pork

Taiwan has to open market to U.S pork if we want to win support from America to join the TPP. But the U.S pork contains the leanness-enhancing drug Ractopamine, a feed additive to promote leanness in animals raised for their meat which is banned by Taiwan, because the Ractopamine will harm our body.

## NEWS about TPP

Despite join the TPP might bring benefits to a country, but people are still wonder what TPP really is.

On May first 2016, the media in Thailand reported that farmers across Thailand are threatening a protest if the government decides to join the Trans Pacific Partnership (TPP) agreement. Many argue that participation in the agreement will cause undue hardship on the farming sector.





And there are also some protest are about medical issues, the possibility of the medicine price to rise makes people worried and pharmaceutical firms might gain even more rights and power.

**What might happen in the future?**

Reasons for people still can't accept TPP because of the removed trade barrier, the unfairness judgment and more issues like this are still not solved yet.

If TPP are not fixed, it will only create more and more conflicts and protests.

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### Why Taiwan should join the TPP

Ministry of Foreign Affairs Republic of China (Taiwan)

Ministry of Economic Affairs Republic of China(Taiwan)

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