

Trans-Pacific Partnership - A significant joint global effort

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- **The approval of the Trans-Pacific Partnership (TPP) is yet another step ahead in a significant global effort to trade integration**
- **While the agreement could be transform world trade as we know it, we will have to wait for it to be implemented**
- **The agreement will be particularly important for countries with higher protectionist barriers**
- **For Mexico, participating in the TPP agreement is key for its trade strategy**

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Trans-Pacific Partnership Agreement- A joint global effort. After several years of discussions, twelve countries in the Pacific Basin (Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, United States and Vietnam) reached an agreement that includes the elimination of tariffs, measures on intellectual property, environmental and labor standards, among others. Members of the agreement account for 40% of world GDP and one third of total global trade. It is worth noting the absence of China in current negotiations, but we believe that it could join the agreement in the future. Meanwhile other countries such as South Korea, Colombia, Philippines and Taiwan have already expressed interest in participating. The agreement aims to boost global trade and long-term investment. This is the most important treaty negotiated since the *Uruguay Round* and the *North American Free Trade Agreement* (NAFTA).

While the agreement could be transform world trade, it is still to be implemented. The next step is the approval of legislators for each nation, but there is already opposition in countries like the United States. Even though, President Obama has pushed this project significantly, Congress could take time to approve in the face of the 2016 presidential election.

The agreement will be particularly important for countries with higher protectionist barriers. It also puts pressure on the negotiations of the free trade agreement between the European Union and the US, which are currently stalled. Additionally, could encourage China to open its economy in terms of TPP.

For Mexico, participating in the TPP agreement is key for its trade strategy. Mexico must continue the consolidation and diversification of its foreign trade. It is noteworthy that Mexico is a major player in the TPP (the fifth largest economy in the agreement) and its inclusion in the negotiations allowed our country to become a strategic center in the global value chains of Asia and North America. In our opinion, this is an opportunity for Mexico to deepen its relationship with Asia-Pacific markets, as well as repositioning to US, especially given the possibility of a free trade agreement between the US and the EU. In this context, we believe that TPP will also allow Mexico to consolidate, and even enhance, the benefits from NAFTA, which was signed 11 years ago.

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