

## U.S. Trans-Pacific Pact Hopes Cool

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SINGAPORE—Hopes cooled that a comprehensive trade pact among the U.S. and 11 Asian-Pacific nations could be struck by the end of this year, after the latest round of talks ended Tuesday without substantive progress.

Speaking after a two-day meeting in Singapore, negotiators said they have revived momentum for an agreement on the Trans-Pacific Partnership but declined to set a timeline for a pact to be concluded, citing differences between member states.

Talks over the TPP—a cornerstone of U.S. President Barack Obama's efforts to deepen U.S. engagement with Asia—have bogged down amid discord between the U.S. and Japan. "There's further work to do across the board, on market access and rules, and we're all committed to a very intensive work program to address those issues," U.S. Trade Representative Michael Froman said Tuesday.

Trade officials said that would involve bilateral and multilateral talks, ahead of a gathering of chief negotiators in July.

Analysts say Washington faces an uphill battle to secure a deal by year's end—Mr. Obama's latest target after a December 2013 deadline passed without agreement.

"The negotiations are now boiled down to a few most difficult issues. To resolve them, however, will require political capital," said Junichi Sugawara, an analyst at Mizuho Research Institute.

"The next few weeks will provide a final window of opportunity for reaching a deal this year," Mr. Sugawara said. Scope for compromise will dwindle the closer it gets to November midterm elections in the U.S., he said.

The U.S.-led initiative is meant to cut tariffs, open agricultural trade, strengthen intellectual-property protections and set standards for state-owned industries. The 12 countries involved—including Australia, Brunei, Chile, Canada, Malaysia, Mexico, New Zealand, Peru, Singapore and Vietnam—make up 40% of global economic output and conduct 30% of global trade.

But the talks, now four years old, have foundered in part due to the breadth of the undertaking.

Among the major sticking points are differences between the U.S. and Japan on agricultural and automotive industries. It isn't clear whether recent Japanese

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concessions on farm-product tariffs would satisfy the U.S., which has called for the elimination of tariffs without exceptions.

The U.S. had hoped to reach an agreement last year, but the impasse with Japan and other issues—such as market access for Vietnamese sneaker makers to the U.S. market—hampered progress.

"The TPP will be quite different from what the U.S. originally envisaged" due to the diverse and conflicting interests of its members, said Henry Gao, an associate professor of law at the Singapore Management University who has researched China's trade policy.

"It's probably going to be watered down slightly, but it's a U.S.-led initiative and the Americans can still make things happen," Mr. Gao said. Even so, "if a deal isn't done by next year, it could get dragged out much longer as President Obama leaves office." Mr. Obama's term ends in January 2017.

Mr. Obama has pushed for the TPP as part of his foreign-policy pivot toward Asia, and as a way of counterbalancing China's rising influence in the region.

China isn't a part of the TPP discussions but is pushing its own trade agenda in the region, which includes efforts to create a free-trade pact with Japan and South Korea, as well as a 16-member Regional Comprehensive Economic Partnership—an agreement that is less ambitious than the TPP.

Many Asian countries now count China as their top trading partner, and companies in the region are integrated into supply chains with China. At a meeting of Pacific Rim nations in China last weekend, Chinese officials even pushed for a new Asia-Pacific free-trade zone.

—Mitsuru Obe in Tokyo  
and Ben Otto in Jakarta contributed to this article.