

Asia could turn to TPP alternative, say experts

DAVOS • Asia will push ahead with a Chinese-supported free trade agreement if incoming US President Donald Trump follows through on pledges to ditch the Trans-Pacific Partnership (TPP), global leaders in Davos have been told.

Speaking at the World Economic Forum yesterday, a panel of regional experts said Asia must be prepared for a world in which the United States will take a back seat in global trade while China assumes a bigger leadership role.

Mr Trump, who takes office today, has promised to tear up existing free-trade deals and withdraw from the TPP negotiated by his predecessor Barack Obama. He has also said he will focus on creating employment at home and threatened to impose punitive measures on companies that move business overseas at the expense of local jobs.

Said Professor Kishore Mahbubani, dean of the Lee Kuan Yew School of Public Policy in Singapore: "We really have to prepare ourselves for a very different world where America – instead of becoming the cheerleader for trade – becomes, in some ways, the biggest obstacle to trade."

Prof Mahbubani praised Chinese President Xi Jinping's speech in Davos on Tuesday in which he warned against blaming globalisation for the world's ills or retreating behind protectionist walls. "It is amazing. In the past, American presidents usually gave those kinds of speeches," he said. "Now, it is the President of China who does it."

Malaysian Trade Minister Mustapa Mohamed said that with the TPP "dead", countries are pushing for an alternative free trade deal in the form of the Regional Comprehensive Economic Partnership (RCEP).

"Because the TPP is dead, therefore all of us are committed to ensure that RCEP becomes successful," he said. "It is a win-win, the concept is a balanced outcome, there is something for everyone."

The RCEP covers the 10 members of Asean plus their regional trading partners, China, Japan, South Korea, Australia, New Zealand and India. It notably excludes the US. Compared with the TPP, the RCEP calls for lower and more limited regulatory standards. AGENCE FRANCE-PRESSE