

Trump pulled out of a massive trade deal. Now 11 countries are going ahead without the US

By Katie Lobosco

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New York (CNN) — A major 11-country agreement goes into effect Sunday, reshaping trade rules among economic powerhouses like Japan, Canada, Mexico and Australia — but the United States won't be a part of it.

That means that Welch's grape juice, Tyson's pork and California almonds will remain subject to tariffs in Japan, for example, while competitors' products from countries participating in the new Comprehensive and Progressive Agreement for Trans-Pacific Partnership will eventually be duty-free.

Japan will offer similar tariff relief to the European Union, in a separate trade deal set to go into effect on February 1.

"Our competitors in Australia and Canada will now benefit from those provisions, as US farmers watch helplessly," said US Wheat Associates President Vince Peterson at a hearing on the potential negotiations with Japan.

It's the opposite of what the Obama administration planned when it began negotiating the Trans-Pacific Partnership, known as TPP. The proposed deal, which never passed Congress, formed the backbone of the US strategy to counter Chinese economic influence, but it was one of the first things President Donald Trump moved to undo when he took office, [pulling the United States out of the deal in January of 2017](#).

Instead, he's pursued a series of direct bilateral agreements, launching a trade war with escalating tariffs on \$250 billion in Chinese goods to force Beijing to the negotiating table. The strategy has led to a new [round of talks between Trump and his counterpart Xi Jinping](#) — but leaves US producers out of broader regional arrangements with other Pacific Rim nations, for now.

The current signatories have left open the possibility that the United States and other countries — including China — could join in the future if they agreed to the terms.

"They're trying to say, 'We're moving forward and we hope you come to your senses at some point and join us, too'," said Phil Levy, a senior fellow at the Chicago Council on Global Affairs who served as a senior economist for trade under President George W. Bush.

Withdrawing from the TPP fulfilled a campaign pledge for Trump, who had called the agreement a "disaster" and argued that it would harm American workers and manufacturing.

He's also renegotiated the 1994 North American Free Trade Agreement, replacing it with a successor deal, the US-Mexico-Canada Agreement, which still needs congressional approval before it can take effect. And the Trump administration is currently pursuing bilateral accords with the European Union as well as with Japan.

The stakes will be even higher now that the Trans-Pacific deal is going into effect — especially for American farmers who were eager to take advantage of more open markets abroad.

Tariffs will be phased out over a 15-year period under the CPTPP.

Tyson Foods and Welch's have both complained to the US Trade Representative's Office about how their products will be at a significant disadvantage around the world if no action is taken.

But amid rising concerns over intellectual property protection and cybercrime, the most important element of the CPTPP may be its new rules for digital trade. Some of which were included in Trump's renegotiated North America Free Trade Agreement, but won't apply to US trade beyond Mexico and Canada for now.

Creating a variety of standards through a number of bilateral and trilateral trade deals could wind up hurting small and mid-sized American companies that may find it costly to keep up with the differences.

"The TPP was meant to create harmonization," Levy said. "If you're a small guy, that helps you immensely."