

Jeffrey Frankel writes: Agreement among negotiators from 12 Pacific Rim countries on the Trans-Pacific Partnership (TPP) represents a triumph over long odds. Tremendous political obstacles, both domestic and international, had to be overcome to conclude the deal. And now critics of the TPP's ratification, particularly in the United States, should read the agreement with an open mind.

Many of the issues surrounding the TPP have been framed, at least in US political terms, as left versus right. The left's unremitting hostility to the deal – often on the grounds that the US Congress was kept in the dark about its content during negotiations – carried two dangers. A worthwhile effort could have been blocked, or President Barack Obama's Democratic administration could have been compelled to be more generous to American corporations, in order to pick up needed votes from Republicans. In fact, those concerned about labor rights and the environment risked hurting their own cause. By seeming to say that they would not support the TPP under any conditions, Obama had little incentive to pursue their demands. Seen in this light, the TPP that has emerged is a pleasant surprise. The agreement gives pharmaceutical firms, tobacco companies, and other corporations substantially less than they had asked for – so much so that US Senator Orrin Hatch and some other Republicans now threaten to oppose ratification. Likewise, the deal gives environmentalists more than they had bothered to ask for.

Perhaps some of these outcomes were the result of hard bargaining by other trading partners (such as Australia). Regardless, the TPP's critics should now read the specifics that they have so long said they wanted to see and reconsider their opposition to the deal.

The most controversial issues in the US are those that are sometimes classified as “deep integration,” because they go beyond the traditional easing of trade tariffs and quotas. The left's concerns about labor and the environment were accompanied by fears about excessive benefits for corporations: protection of the intellectual property of pharmaceutical and other companies, and the mechanisms used to settle disputes between investors and states.

So what, exactly, is in the finished TPP? Among the environmental features, two stand out. The agreement includes substantial steps to enforce the prohibitions contained in the Convention on International Trade in Endangered Species (CITES). It also takes substantial steps to limit subsidies for fishing fleets – which in many countries waste taxpayer money and accelerate the depletion of marine life. For the first time, apparently, these environmental measures will be backed up by trade sanctions.

I wish that certain environmental groups had devoted half as much time and energy ascertaining the potential for such good outcomes as they did to sweeping condemnations of the negotiating process. The critics apparently were too busy to notice when the agreement on fishing subsidies was reached in Maui in July. But it is not too late for environmentalists to get on board.

Similarly, various provisions in the area of labor practices, particularly in Southeast Asia, are progressive. These include measures to promote union rights in Vietnam and steps to crack down on human trafficking in Malaysia.

Perhaps the greatest uncertainty concerned the extent to which big US corporations would get what they wanted in the areas of investor-government dispute settlement and intellectual property protection. The TPP's critics often neglected to acknowledge that international dispute-settlement mechanisms could ever serve a valid purpose, or that some degree of patent protection is needed if pharmaceutical companies are to have sufficient incentive to invest in research and development.

There was, of course, a danger that such protections for corporations could go too far. The dispute-settlement provisions might have interfered unreasonably with member countries' anti-smoking campaigns, for example. But, in the end, the tobacco companies did not get what they had been demanding; Australia is now free to ban brand-name logos on cigarette packs. The TPP also sets other new safeguards against the misuse of the dispute-settlement mechanism.

Likewise, the intellectual property protections might have established a 12-year monopoly on the data that US pharmaceutical and biotechnology companies compile on new drugs (particularly biologics), thereby impeding competition from lower-cost generic versions. In the end, these companies did not get all they wanted; while the TPP in some ways gives their intellectual property more protection than they had before, it assures protection of their data for only 5-8 years.

The focus on new areas of deep integration should not obscure the old-fashioned free-trade benefits that are also part of the TPP: reducing thousands of existing tariff and non-tariff barriers. Liberalization will affect manufacturing sectors such as the automotive industry, as well as services, including the Internet. Liberalization of agriculture – long a stubborn holdout in international trade negotiations – is noteworthy. Countries like Japan have agreed to let in more dairy products, sugar, beef, and rice from more efficient producers in countries like New Zealand and Australia. In all these areas and more, traditional textbook arguments about the gains from trade apply: new export opportunities lead to higher wages and a lower cost of living.

Many citizens and politicians made up their minds about TPP long ago, based on seemingly devastating critiques of what might emerge from the negotiations. They should now look at the outcome with an open mind. They just might find that their worst nighttime fears have vanished by the light of day.