

TPP on the Impact of China's Trade and Response Measures

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Abstract: In 2015, the 12 member states including the United States, Japan, Brunei, Chile, Singapore, New Zealand, the TPP agreement reached at the Ministerial Meeting held in the United States, Atlanta, Georgia. A new trade rules, the size of the world's 40% of the huge economic circle is about to form. As one of the world's second largest economy and the largest trading nation, China and members of the TPP trade and investment relations are very close, this paper intends to influence on the arrival of the TPP on Chinese and Chinese countermeasures are analyzed and discussed.

Keywords: TPP, China trade, Influences, Measures

1. INTRODUCTION

In 2015, the 12 member states including the United States, Japan, Brunei, Chile, Singapore, New Zealand, the TPP agreement reached at the Ministerial Meeting held in the United States, Atlanta, Georgia. A new trade rules, the size of the world's 40% of the huge economic circle is about to form. As one of the world's second largest economy and the largest trading nation, China and members of the TPP trade and investment relations are very close. TPP on China's emergence is good or bad, should be how to deal with China?

2. ORIGIN AND BACKGROUND OF TPP

The Trans-Pacific Partnership Agreement, also known as the "economic NATO", is an important international multilateral economic negotiating organization, formerly the Trans-Pacific Strategic Economic Partnership Agreement. Is from 2002 began brewing a group of multilateral trade free trade agreements initiated by the four member countries of APEC in New Zealand, Singapore, Chile and Brunei.

TPP negotiations began in March 2010, negotiations by two categories of contents: one is the rules of intellectual property protection and other 12 participating countries together determine areas of negotiations; two is the commodity import tariff reductions and other areas of bilateral consultations.

October 5, 2015, the Trans-Pacific Strategic Economic Partnership Agreement (TPP) has finally made a substantial breakthrough, the United States, Japan and other 10 countries in the Pacific to reach agreement on the TPP. The 12 participating countries add up to 40% of the global economy. TPP will reduce or exempt tariffs on nearly 18000 kinds of other commodities.

On February 4, 2016, 12 countries of the United States, Japan, Australia, Brunei, Canada, Chile, Malaysia, Mexico, New Zealand, Peru, Singapore and Vietnam in Auckland formally signed the Trans-Pacific Partnership Agreement (TPP) [1].

3. THE IMPACT OF TPP ON CHINA

A spokesman for the Chinese Ministry of Commerce said the agreement is one of the major free trade agreements in the Asia-Pacific region. The Chinese side is open to the development of the WTO-compatible system and the promotion of regional economic integration in the Asia-Pacific region. It is hoped that the agreement and other free trade arrangements in the region will promote each other and jointly contribute to trade and investment and economic development in the Asia-Pacific region.

But in fact, TPP is certainly influential in China, the problem is the impact is large or small, and now the impact is to what extent, the future may have what kind of impact.

3.1 Short-term effects

In the short term, the impact of the establishment of TPP on China's economy is almost negligible. First, the vast majority of TPP members of the economic dependence on our country, much more than we rely on their economic dependence, and this dependence is still showing a further strengthening over time; second, China has signed free trade agreements, covering a number of economies in the TPP, namely Vietnam (China and ASEAN Free Trade Agreement), Malaysia (China and ASEAN Free Trade Agreement), Singapore (China-ASEAN Free Trade Agreement), New Zealand, Chile, Peru, Australia and so on. Under these free trade agreements, the import tariffs of the vast majority of commodity trade are already very low, to a certain extent offset the TPP trade transfer effect. Therefore, in the short term, the impact of the establishment of TPP on China's economy is almost negligible [2].

3.2 Medium and long term effects

In the medium to long term, the impact of TPP also depends on our own response. However, if China remains unchanged and does not join the TPP, TPP will continue to expand, the negative impact will continue to accumulate, China and other regions of the trade links are constantly replaced. Especially China's investment environment will continue to deteriorate relatively, the production of multinational companies will shift to other regions.

TPP since the start of the first round of negotiations, attracting the interest of many Asian-Pacific countries, negotiating Member States is expected to continue to increase, especially in Japan and South Korea to join the negotiations of the prospect of much attention. TPP agreement outline reached, the United States took advantage of the momentum, announced that as soon as possible to promote the signing of the agreement legal text, while China has been excluded from the process. Once TPP has reached a substantive agreement, the customs union will have huge trade discrimination and trade transfer effect to China. The Asia-Pacific region plays a decisive role in China's foreign trade. China's exports to the United States and other East Asian countries account for more than half of China's total foreign trade exports. The United States, Japan, South Korea and the Association of Southeast Asian Nations (ASEAN) are the top ten trading partners in China, but China, the United States, China and Japan have not signed bilateral free trade agreements. Once these countries have signed the free trade agreements, they will form a typical of the trade diversion effect. In addition, from the trade structure, China and Japan, South Korea, ASEAN exports on the existence of a clear competitive relationship, with Japan and other members of the Asia-Pacific Economic Cooperation members to join, China's trade transfer effect will be further increased, TPP will squeeze China's export market, and thus have a negative impact on China's economy.

4. MEASURES TO DEAL WITH TPP IN CHINA

4.1 Deepen the "area along the way" strategy, give full play to "Asia Investment Bank" role

Countries along the "area along the way" have many large population countries such as India, Indonesia, Pakistan, Brazil, Mexico, Vietnam, etc. These countries are relatively weak economic strength, people's living standards are still relatively low, and the degree of urbanization is quite large. These countries, like China's early reform and opening up, the need for investment, the need for technology, which is why China proposed the establishment of "Asia Investment Bank", a short time more than 50 countries to join. While these large populous countries have access to financial and technical support, China will also integrate into these countries to build up their development dividends.

4.2 Speed up bilateral trade agreement negotiations

From China's plan and development situation, China is already the world's largest trade in goods countries, China's global market share is 12%, also the world's largest. China will continue to work for a high level of bilateral and regional free trade arrangements, and continuously improve the new mechanism of open economy. China and TPP two-thirds of the members have signed a bilateral free trade agreement, which to some extent can balance the negative impact of TPP, in addition, taking into account the regional comprehensive economic

partnership agreement RCEP, the agreement covers 10 ASEAN countries, China, Japan and South Korea and Australia and India in 16 countries, if the giant free trade zone established, to a certain extent, can also balance China's foreign trade losses and national income [3].

4.3 Accelerate their economic reform

If a country signs too many bilateral free trade agreements will produce "spaghetti bowl" effect. The "spaghetti bowl" effect is a result of rules of origin in free trade agreements. Due to the different provisions of the provisions of the FTA rules of origin are often not the same. A company that exports the same product may enjoy zero tariffs in one country, but not the same in another. Different preferential treatment of the FTA and rules of origin are like spaghetti, a root twisted together, cut constantly, and chaos. In November 2014, the International Department of the Ministry of Commerce Zhang Shaogang said that the number of free trade zone means more rules, fragmentation, and ultimately lead to "Pasta Bowl" effect. Spent in adapting to the rules, the cost of breaking the system barrier is much higher than the trade cooperation itself.

China wants to develop, to improve its position in international competition, we must first strengthen their own strength, to strengthen the labor, environmental and intellectual property protection and construction, and actively crack down on infringement of intellectual property and the manufacture and sale of counterfeit and shoddy products, And effectively improve the protection of labor and the environment of the system and mechanism. At the same time, China's enterprises to open up their horizons in the absorption of reference at the same time into its own survival and development and growth of powerful weapons. Facing the complex and severe domestic and international environment, China should first strengthen its comprehensive national strength, create a favorable domestic development environment for Chinese enterprises, participate in global competition, and strengthen its own strength in competition. Further deepen domestic reform and expand market openness, laying a solid institutional and policy foundation for China to participate in economic globalization and regional economic integration on a larger scale and at a higher level and achieve a mutually beneficial and win-win situation with all countries in the world.

4.4 Choose the right time to join

At present, China has not yet joined the agreement, but the future does not rule out the possibility of China to join when appropriate. In the short term, the agreement or China's foreign trade to some extent, but in the long run, in the context of economic globalization, any one multilateral trade arrangements can not be excluded from non-agreement countries and regions in international trade System, or its own development will be greatly limited. Therefore, we must speed up their own economic reform, and choose the right time to join the TPP negotiations. According to the current international economic situation, if China refuses to

participate in the TPP in a negative manner, it will have a negative impact on China's economic interests in the Asia-Pacific region. China due to its various aspects of the agreement with the TPP there is a big gap, if you do not consider the current situation in a rush to join TPP, it will make itself into a passive situation. Therefore, China, as an important member of the Asia-Pacific Economic Cooperation (APEC), should closely follow the topics and process of the TPP negotiations, select the right time to join the TPP negotiations according to the world economic situation and the international political situation, weigh their own comprehensive interests.

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