

# Don's anti-TPP stance may help India

## The country is not a member of the 12-nation Trans-Pacific Partnership

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With Donald Trump as President, the US could see a renegotiation of some of its existing trade deals with other countries. Most of all, Trump, with his strong trade protectionist stance, has vociferously opposed the Trans-Pacific Partnership (TPP) and has talked about withdrawing from it. This could work in India's favour.

The TPP is a trade and investment agreement between the US, Japan, Malaysia, Vietnam, Singapore, Brunei, Australia, New Zealand, Canada, Mexico, Chile and Peru. India is not part of the TPP.

The deal, which was negotiated under Barack Obama's presidency and agreed last year, is yet to be ratified. It aims at freer trade in goods and services and investment

flows between the participating countries. It eliminates or reduces tariff and non-tariff barriers across trade in goods and services.

### Loss of market

If the TPP were to go through, India could likely see a diversion of its trade with the US to TPP member countries, over a period of time.

The US is India's second biggest trade partner and the single biggest export destination. India exported goods worth ₹2.6 lakh crore to the US in 2015-16. The US accounts for over 15 per cent of our exports (in value terms) with pearls and gemstones, textiles and apparel and pharmaceutical products being the top items of export.

For instance, countries such as Vietnam, which are among the biggest textile exporters to the US, could gain



an edge over India thanks to freer market access. Moreover, the Indian textile sector would have to brace for the stricter labour standards laid down for imports by TPP countries.

The TPP requires its members to discourage the import of goods that have not been produced in adherence with internationally recognised labour laws. This would impact employment genera-

tion. India's merchandise exports to TPP member countries (apart from the US) would be rendered less competitive in the event of enforcement of the agreement. These countries account for 12 per cent of India's merchandise exports.

Services exports would also be hurt as these would be replaced by trade in services between the TPP member countries.