

CFRED The Trans Pacific Partnership
Impact and Implications.
Assessing the content from a
business perspective

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*Workshop on the TPP
Friday January 4th 2013
Hong Kong*

Overview

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- The TPP is a 21st century trade and investment agreement.
- Recognises the growth of trade in services which is more reliant on strong IPR's.
- Based on a free flow of talent, goods, services, and capital...
- ... and most importantly information.
- That enables trans pacific trade

Other pan Asian trade agreements

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- The ASEAN Economic Community
- 2015 – only 3 years away
- From AFTA (2007) to the AEC
- Objectives of trade liberalisation under AEC are
 - single market and production base
 - highly competitive economic region
 - region of equitable economic development
 - region fully integrated into the global economy
- Slow in articulating mode 3 agreements on investment and trade in services

From CEPT – AFTA to the AEC to enable cross border supply chains

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- Common Effective Preferential Tariff scheme
- Asian Free trade Agreement – AFTA
- Objective was to zero import duties among members
- Signed January 1992
- Like the EU trade agreements, the AEC will have binding provisions for cross border trade
- So how is the TPP different? (it started as the P3)

What does business really want?

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- The usual suspects; low tax, minimum red tape transparency in government and rule of law.
- As far as possible, a common commercial legal regime covering trade.
- A free flow of talent, goods, services and investment and information
- The ability to arbitrage local talent and resources in particular in the supply chain.

What does the TPP offer?

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- A comprehensive trade and investment agreement to open markets and spur growth
- Broad trade agreement from Australia, Brunei, Canada, Chile, Malaysia, Mexico, New Zealand, Peru, Singapore, United States and Vietnam with others e.g. Korea, Philippines and Thailand expressing a wish to join negotiations. Japan has issues.
- From the US perspective this is a \$410bn trade and \$605bn investment market alone.
- Plurilateral agreement that is an adjunct to bilateral FTA's

What are the key issues?

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- Trade in services is more reliant on intellectual property, the 'know how' not the 'how to' of business.
- IP is a major issue for many high tech companies from IT to nanotech that are investing every year.
- The cross border flows of information is a sub set of this that drives trade in services.
- An example is the data centres that drive cloud computing; scale matters as does privacy.
- Law enforcement remains problematical

From goods to services to eBiz

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- A major driver of the 21st century Govt and enterprise.
- Relies on the free transfer of information.
- Location of the information is business agnostic.
- Great economies of scale for SME's.
- Need to create a forward looking information agreement based on few exceptions (national security) to promote innovation.
- Update copyright from the 19th century to a cross border and transparent digital agreement.

The role of government

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- Its huge – from 25% to 60% of all economic activity.
- Government procurement processes needs to be more open and transparent.
- Urge the TPP to be a comprehensive agreement covering all economic activity, including SOE's which is core to a competitive and open marketplace.
- Only government can assure market access to all areas, including agriculture and manufactured goods and logistics.
- IPR's are national assets that will benefit from strong protection to reward innovators.

Business risk and investment

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- **In the context of the TPP;**
 - Business wants to reduce risk
 - Plan for all probabilities
 - Facilities, People, Data, Equipment, Intellectual Property
 - Business relationships
 - Continuity management
 - Disasters; man made; natural; business; legislative
- **The integrated supply chain is here and now**

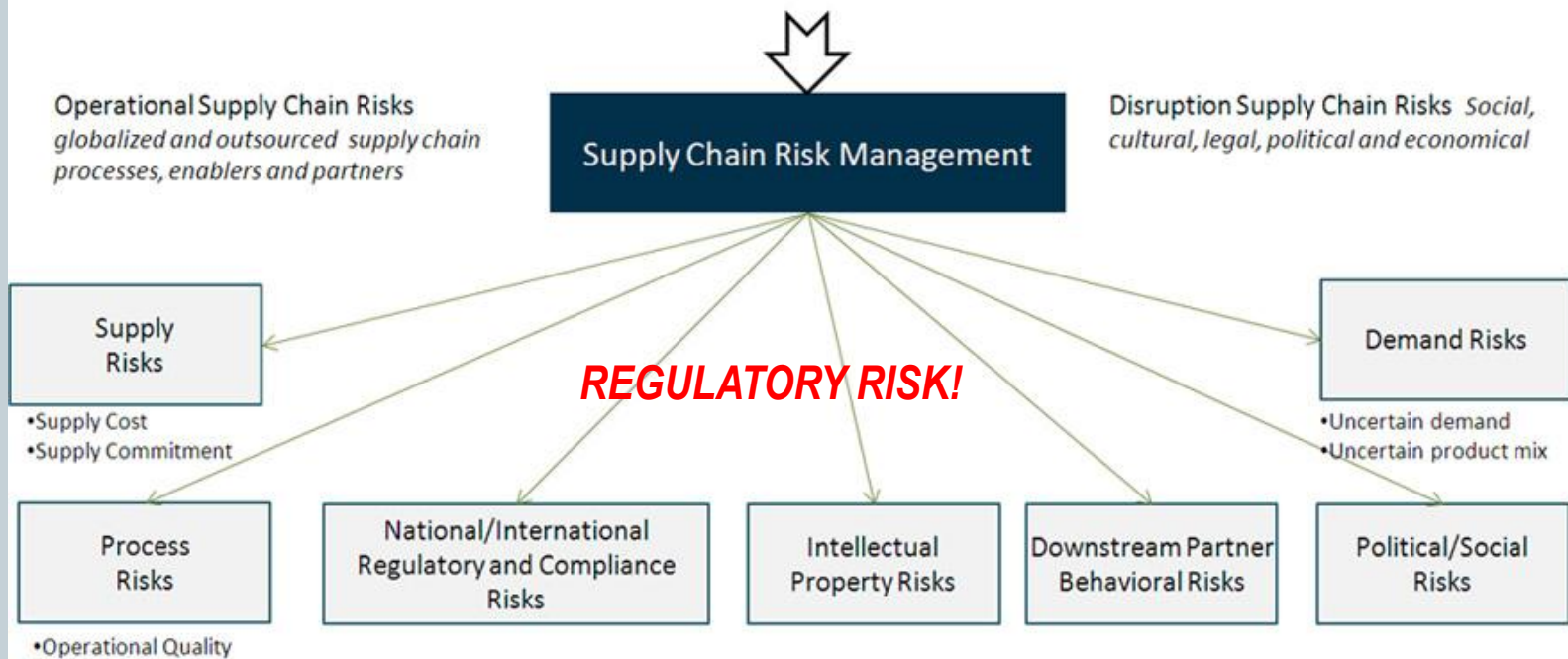
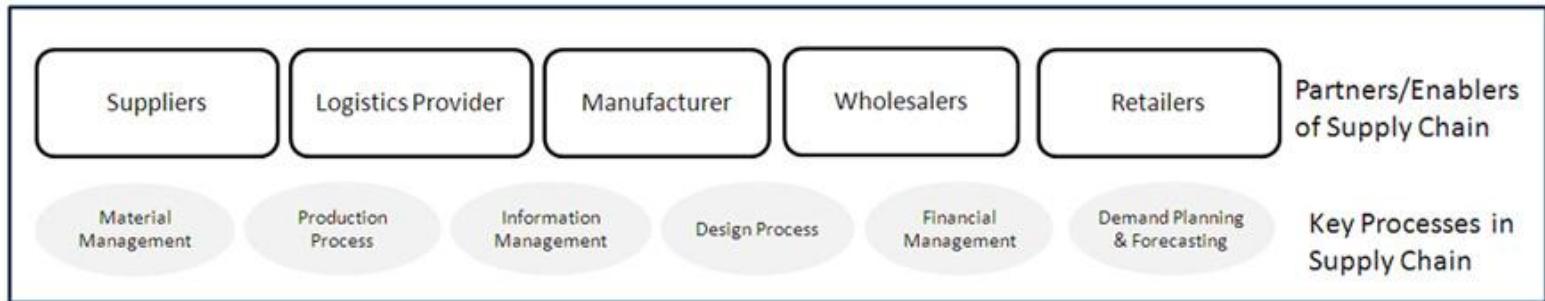
Supply Chain Risk Assessment

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- Has all the elements of business risk
- Has specific risks in logistics and compliance
- Domestic vs. Export risk
- Visible vs. Invisible risk
- Increasingly important as the TPP becomes reality
- Regulatory risk in trade – constantly evolving

Supply Chain Risk Management

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The rise of unfair competition laws

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- In response to lax IPR enforcement outside the US
- Laws in the US that seeks to prosecute IP theft in the supply chain.
- Target are manufacturers who do not pay for the IP used in their manufacturing processes.
- The Attorney General or other parties may bring civil lawsuits in any US state as applicable.
- UCA Applies to *all* in the supply /distribution chain
 - Including those that hold stock or who handle the products in any other way - prosecutions have started.

Further thoughts

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- The conclusion of a high –standard, comprehensive agreement will benefit all participants from a business perspective.
- Trans - Pacific trade is set to dominate global trade flows for the next 10-20 years as Europe recovers and other markets are fractured.
- The ‘other’ 800lb gorilla(s) have issues with virtually all TPP provisions, so TPP participants have a window of opportunity to forge a mutually beneficial business relationship.

A message to business

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- To prepare for the biggest shift in Asia Pacific trade laws since 1992, companies need to take action now.
- IPR audits will be as common as labour and environmental audits and apply equally to the service and manufacturing industries.
- If companies are in compliance with local laws, they *automatically* comply with the strong IPR proposals in the TPP.
- Smart exporters will make this part of the regular export documentation for customers.

The OCA



- UK based global ICT industry policy think tank, with advocacy
 - Members are technology leaders in the Asia - Pacific economies
- Creating Dialogue on Policy for...
 - Open Innovation
 - Open Competition and *Trade*
 - Open Standards
 - Cloud Computing and Secure & Trusted IT
 - Energy Efficient IT
- ...to drive positive outcomes for all stakeholders - both public and private

Thank you

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