1.1. The TPP – Potential Gains and Impediments

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1. The TPP is intended to be a "21st Century, Gold Standard" agreement, updating international commercial policy rules and embracing a comprehensive approach to liberalization. While the complicated nature of the negotiations and the impressive diversity of economies required compromises in negotiations that may fall short of a "gold standard", the agreement does take on an impressive set of issues and some parts of it are even more ambitious than expected (e.g., three-fourths of non-zero tariffs will drop to zero upon entry into force and 99% of tariffs will ultimately be eliminated).
2. The Economic benefits of the agreement are expected to be large (Petri and Plummer 2016): for the US, which is the largest winner in absolute terms, real income would rise by $131 billion above the baseline once the TPP is fully implemented, and US exports would rise by 9.1 percent. Both labor and capital gain, but the former's gain is greater than the latter. The biggest winners in relative terms are Vietnam (8.1% of GDP) and Malaysia (7.6% of GDP). The agreement does lead to some negative effects on non-partners; China is the biggest loser ($18 billion), but since this is just 1/10 of 1 percent it is fairly negligible.
3. The model does not forecast changes in employment, but each economy will inevitably require job shifts as part of the specialization process, suggesting an important role for public policy in expediting the process and ensuring protection for the most vulnerable. The large efficiency gains from the TPP suggest that each economy can easily afford active government policies in the area. Moreover, the labor chapter of the TPP, which is actionable, constitutes an important step forward in protecting worker's rights in some key TPP countries.