From the very beginning of the negotiations, officials involved in the Trans-Pacific Partnership (TPP) trade talks have trumpeted the "21st century, high quality" nature of this free trade agreement (FTA). As the deal reaches a conclusion, it is a good time to consider whether negotiators have been successful in keeping the quality and aspirational goals intact after more than four years of bargaining.

Answering this question depends critically on the benchmark used for measuring success. Judged by these ambitious standards, long touted by officials, the final deal is likely to prove disappointing for many. But this is likely to be a mistake. By comparison with nearly every other FTA, the TPP has pushed the boundaries significantly in depth and breadth.

Just as important, if officials seize the advantage and create the right institutional structures to support the agreement, over time the TPP might continue to evolve in an ever more ambitious direction.

Take the most obvious measure of quality—market access for goods. The earliest and most often repeated pledge guaranteed liberalization for all goods with no exceptions. This suggested complete tariff cuts on all lines for all goods down to zero.

For many critics of the deal, anything less than 100% to zero will be a severe disappointment. However, achieving such a result with twelve members (Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the United States, and Vietnam) was always unlikely.

At the end of the day, political leaders need to be able to sell the final agreement to their domestic constituents. Getting complete tariff liberalization on all products—especially highly sensitive agricultural goods like rice in Japan, sugar in the United States, or dairy in Canada—has proven to be a near-impossible task.

Instead, the TPP agreement will drop tariffs on 90% of lines to zero on entry into force for every TPP member. Again, it depends on the benchmark, but compared to ASEAN agreements, for instance, this opening position in the TPP is quite remarkable. Over the next 7-10 years, nearly all of the remaining tariff lines will also drop to zero.

The final package is not complete, of course, so it may change. But the ultimate deal is likely to drop tariffs on something like 99 or 98% of lines. This will vary depending on the member, since (at least) the last few sensitive lines are unique to each country.

There are very few FTAs today that drop tariffs to zero between parties on such a high percentage of goods and almost none that do so between members that actually trade with one another.

Although much of the attention in the TPP has been focused on goods, perhaps equally important is market liberalization for services and investment. This is primarily because many of the TPP members are already linked together by existing FTAs. Yet many of these existing agreements have weak services and investment chapters. Often the commitments simply reinforce existing World Trade Organization (WTO) promises.
The TPP may not break significant new ground in developing rules in these areas, but the access commitments are important. Both chapters are on the basis of a negative list. This means that government officials are prepared to open up the economy in all sectors and subsectors except for those noted in the agreement. All new services are automatically opened in the future.

For TPP members like Malaysia and Vietnam, using a negative list is significant as their officials have never negotiated in this manner before.

Still to be confirmed, however, is the set of non-conforming measures that will apply to these chapters. Because these specific exceptions have not been confirmed, it is not yet possible to determine how high the final quality of either chapter will ultimately be for TPP members.

The breadth of the TPP extends to the nearly 30 chapters included in this agreement. For countries that have never signed an agreement with the United States, the TPP contains many new chapters like government procurement, environment, or competition. For existing American partners, one completely new item is the e-commerce chapter.

The depth of the TPP means that members have crafted a host of new rules in a variety of areas. Many of these rules go beyond existing FTAs. For example, even in an area of strong controversy, provisions over investor-state dispute settlement, the draft rules have been refined so much that the rules run for dozens and dozens of pages and are intended to satisfy many of the concerns raised by critics of the provisions.

Other areas of new rules include sanitary and phytosanitary (SPS) provisions for agricultural trade. These rules are intended to make it easier for firms trying to ship food and agricultural products between and among TPP member countries. New SPS rules, for instance, remove duplicative testing and clarify requirements for customs processing.

One core 21st century element of the agreement is meant to be “regulatory coherence.” From the beginning, officials did not mean the harmonization of regulations around a common set of rules for such things as, say, pesticide safety standards for fruits. Instead, they meant it to mean common agreement that inspections for pesticides in one country could suffice for inspections in another. Or that energy efficiency standards for electrical appliances in one TPP member country could be certified as equivalent without additional testing in another member.

But even this idea of coherence has proven difficult to implement in the TPP. Getting regulators from across 12 members, particularly from such diverse countries and levels of economic development, to agree on regulatory equivalence has been harder than expected.

The final agreement will look quite disappointing. The primary chapter on coherence mostly discusses enquiry points and institutional structures inside member countries. The “meat” of the coherence discussions was largely pulled out and put back into various substantive chapters like SPS or customs.

But there is still hope for the future of coherence. Contained in the agreement is a section on creating the TPP as a “living agreement.” The idea is that the FTA will be open for continuous revisions and updating.

This was driven particularly by the problems member states experienced in the parallel negotiations to update the Information Technology Agreement (ITA) where WTO members have struggled to update the list of products covered
by the original agreement. As a result, older technologies are eligible for tariff reductions even if they are no longer in use but new products are not.

Officials wanted to avoid a similar fate in the TPP. However, to get the most effective use of the living agreement concept, the usual mechanisms for reviewing an FTA—an elaborate set of committees to oversee the agreement—will not do. Instead, members will need to push for something they have so far been reluctant to discuss publicly. The TPP will need a standing Secretariat dedicated to managing the agreement, especially to implement the living agreement provisions and to help regulators develop coherent positions over time.

Officials have not wanted to add another controversial issue to an already overloaded plate. After all, creating all these rules and opening markets across the board (or nearly across the board) has not been easy. Most of the contentious issues were known from the beginning. But no matter how long officials spend behind closed doors trying to “better understand the issues” or to “craft landing zones,” the most sensitive problems require political intervention.

Only political leaders can make the calculus about which sensitive items can be traded off against one another. At the end of the day, no TPP member will get all of what it wants. Leaders will need to decide which interests are central and which are secondary. Even these decisions may have to be revised in order to reach the final deal, as “getting to yes” with 12 members may require jettisoning some important objectives or accepting some less-than-perfect final solutions.

Some may argue that it is worth continuing the discussions for as long as it takes to get the best possible agreement. This thinking, however, is dangerous. Timing matters.

If the TPP is not finished soon, the risk is high that it will never get done. There are a million different issues that might knock it off track. To cite just one, surely no one anticipated that the Sultan of Brunei would impose sharia law in his country in May 2014. Yet this action has ignited a slow burning fire of protest within the United States that may make it even more difficult to ratify the final agreement in Washington.

Getting the agreement passed in DC is already going to be a struggle. The signs are not promising. But the timing is as good as it will get at the end of this year, once American midterm elections are completed on November 4.

If the TPP is not swiftly put before the US Congress for a vote, it will rapidly get swept up in the US presidential elections of 2016. No American politician has ever won an election based on a vote for a trade agreement, but several have lost races over the topic of trade deals.

To watch the TPP collapse because the US Congress failed to ratify the agreement or because the political leaders of the member states could not get the last sensitive issues resolved, would be a tragedy.

It is not just that nearly five years of difficult negotiations would be lost. The TPP needs to succeed because it will make a difference to the member countries and to businesses.

TPP member countries are generally promiscuous, signing FTAs with lots of other countries. Many ask why they need another deal. It’s not just that the TPP is broader and deeper than nearly any other agreement currently on the books. Done right, it will continue to deepen and expand further in the future.
But just as important, this FTA is critical for the businesses of the future. In a world of value chains, firms are increasingly placing exactly the right slice of production in whatever country fits their needs best. Countries that facilitate trade are in the best position to capitalize on the growth and opportunities that will come from these new forms of production.

The benefits are not just for big multinational companies or just for manufactured goods. In fact, some of the most exciting elements of value chain networks are the set of opportunities they provide for smaller firms in both goods and services to participate.

In this regard, the TPP is excellent. It does not just grant zero tariffs on nearly all goods across the board, but also gives better access to services and investment for all member firms into and across all other TPP member markets. It grants faster, smoother trade facilitation. It improves customs processing. It comes with rules on data transfer and e-commerce. To the extent that members can agree to recognize the regulations of one another, it will also help business cope with creating products that can be sold more easily and quickly in TPP markets.

These benefits are different from a standard FTA and should give an added boost in growth and jobs to countries involved in the agreement.

Finally, the TPP is also designed to expand further in the future. The current 12 members are an important set of countries. But by 2020, the TPP could include additional countries such as South Korea, China, Taiwan or Columbia. The reason such countries have begun expressing an interest in joining is because they also see the benefits of being part of a deep, broad agreement that links together countries across the Pacific in a new way.

For that to get done, of course, the current members must first finish this agreement. The timeline is getting short.