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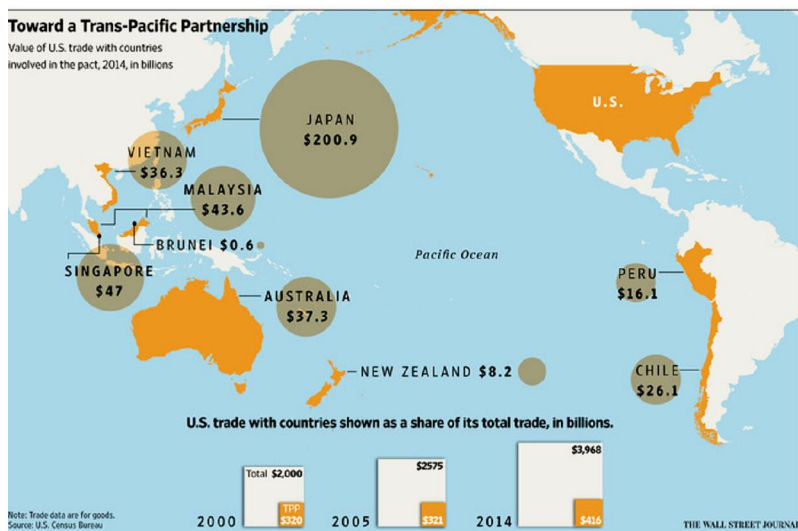
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ASIA NEWS

TPP: Momentum on Trade Deal Bolsters U.S., Japan Efforts to Counter China

Pacific free-trade pact would strengthen Tokyo-Washington alliance, boost Japan's influence



By JACOB M. SCHLESINGER and MITSURU OBE in Tokyo and MARK MAGNIER in Beijing

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Momentum in Washington behind an ambitious Pacific free-trade pact gives new energy to a U.S.-Japan campaign to counter China's influence in Asia.

A deal on Capitol Hill comes less than a month after Beijing embarrassed the two allies by persuading more than 50 countries, including some of Washington's closest allies in Europe, to join its new regional infrastructure bank—over American objections and Japanese resistance.

And it gives new significance to a visit to Washington on April 28 by Japanese Prime Minister Shinzo Abe, who hopes to announce there the core of an agreement with President Barack Obama to advance the 12-nation pact, called the Trans-Pacific Partnership, or TPP.

The trade deal is part of Mr. Abe's campaign to strengthen the U.S. alliance and expand Japan's clout in the region.

A bill submitted in the House and Senate on Thursday would grant Mr. Obama so-called trade-promotion authority to submit the completed pact to Congress as a package for an up-or-down vote, rather than allowing lawmakers to amend it.

"This is good news," said Akira Amari, the minister in Mr. Abe's cabinet in charge of the TPP. "Most countries negotiating the TPP think that it is hard to make difficult concessions to reach a final agreement before the U.S. government has trade-promotion authority. Japan is of the same opinion."

Mr. Amari said he would talk with U.S. Trade Representative Michael Froman in Tokyo on Sunday and Monday to try to move trade negotiations forward.

The U.S. and Japan are by far the largest economies in the bloc, which would stretch

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from Chile to Singapore and currently excludes China. Leaders in Washington and Tokyo have portrayed it as much in strategic and diplomatic terms as economic.

International trade and investment institutions are the latest front in jockeying between Beijing and Washington for influence in Asia.

The U.S., the world's largest economy, has chosen not to apply for founding membership in the Beijing-based Asian Infrastructure Investment Bank, a status that would give it a voice in setting its rules and institutional framework. And China, the world's second-largest economy, wasn't invited to join the proposed U.S.-led TPP.

"China wants to write the rules for the world's fastest-growing region," Mr. Obama said in his State of the Union address this year. "Why would we let that happen? We should write those rules."

The TPP "would deepen our alliances and partnerships abroad and underscore our lasting commitment to the Asia-Pacific," U.S. Defense Secretary Ash Carter said shortly before visiting Japan this month. He said the trade deal was "as important to me another aircraft carrier."

China's Foreign Ministry spokesman Hong Lei said Friday that there is solid momentum for trade liberalization in the Asia-Pacific region with room for different agreements.

"We support an open regionalism," he said. "We believe that these arrangements can mutually complement and reinforce each other."

In a commentary hours before the congressional deal, the official Xinhua News Agency, citing experts, said that any U.S. bid to contain China through the TPP or by using its Asia rebalancing strategy was unlikely to succeed.

In March, Commerce Minister Gao Hucheng said that China is paying "attention" to negotiations involving the TPP and a similar deal being negotiated between the U.S. and European Union, according to Xinhua.

China has floated its own alternative to the TPP called the Free Trade Area of the Asia Pacific, although so far it hasn't gained much traction.

Last fall at the annual Asia-Pacific Economic Cooperation summit, which was hosted by China, the U.S., Japan and other countries blocked Beijing's bid to start negotiating terms for the possible new free-trade zone, arguing that it could delay the TPP and other deals.



Cars for export are parked at a port in Kawasaki, southwest of Tokyo. A deal on Capitol Hill has added momentum to an ambitious Pacific free-trade pact that would bolster the U.S. and Japan. *PHOTO: ASSOCIATED PRESS*

Analysts said reacting at this juncture doesn't serve China's interests given that passage of fast-track and a TPP agreement aren't assured—many in Congress continue to oppose them—and a response now would only highlight U.S.-China rivalry.

“It's most likely that the reaction from the Chinese government is to stay low,” said Liu Qiao, assistant dean at the Beijing-based Guanghai School of Management.

China can afford to let developments speak for themselves, analysts added, given an outpouring of interest in the infrastructure bank, not only from Asian nations but also traditional U.S. allies including the U.K., Israel and Germany. The support, which some analysts say exceeded even China's expectations, signals Beijing's growing clout on the world stage.

“Before, China worried that no one would come in. Now there are almost too many,” said Jing Huang, a professor at the National University of Singapore.

Ten years in the making, the TPP is designed to help better stitch together Asia's economies—which, for all the region's dynamism and growth remain far less integrated than Europe or North America.

Beyond cutting tariffs and quotas, it attempts to set new rules on intellectual property, services and competition between state-owned enterprises and private rivals.

Yet several sticking points remain. Japan is demanding swift elimination of 2.5% tariffs on Japanese auto imports, while the U.S. wants to stretch out that process over decades.

On agriculture, the U.S. is urging Japan to fully open up its market for beef and pork imports.

Mr. Obama had hoped to reach a deal on a visit to Tokyo a year ago and the two sides held marathon talks. They cited progress then but no deal.

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