

Japan, America and the Trans-Pacific Partnership Stalemate

Trade talks unexpectedly break down

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AMERICA and Japan are the two biggest participants in the Trans-Pacific Partnership (TPP), an ambitious “21st-century” proposal for a free-trade area involving a dozen countries and a third of world trade. A conundrum for anyone following negotiations in recent months has come from measuring the upbeat rhetoric emanating from both camps against the apparent lack of progress. The conundrum was solved on September 24th when TPP negotiations between the two sides suddenly collapsed. Japan’s economy minister, Akira Amari, stormed out of talks in Washington, DC with the American trade representative, Michael Froman, leaving only his sandwiches on the table.

The TPP was supposed to be central to plans by Japan’s prime minister, Shinzo Abe, to pep up the economy. Japanese farming is heavily protected and inefficient. Mr Abe promised big changes when it came to “sacred” areas protected by swingeing import tariffs including rice, wheat, beef, dairy and sugar.

The American side knows Japanese farmers need time to adjust. Still, negotiators have recently been underwhelmed by what was on offer—a refusal by the Japanese side to contemplate big cuts in tariffs. Perhaps the Japanese judged that the Americans needed a deal more. If so, they miscalculated. Piqued, the Americans withdrew an offer to cut tariffs on imported car parts. And that was that. One Japanese policymaker describes it as the most acrimonious episode since the bruising bilateral trade wars of the 1980s.

The Americans had hoped for an “agreement in principle” by the time of the East Asia Summit in Myanmar on November 11th. With no progress between Japan and America, overall progress in TPP will have to wait. Japan, for its part, reckons that little can in any case be achieved before America’s mid-term congressional elections in November, after which President Barack Obama hopes to win “fast-track” authority, meaning that Congress must vote up-or-down on trade deals, not meddle with the provisions. Yet the already

daunting task of winning such authority will be harder without concessions from Japan. The TPP bus is stalled.

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