

Japan speeds up TPP decision-making process, unveils plan to back farmers

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The government is trying to accelerate its decision on whether to join multilateral negotiations for a Pacific-wide trade pact while compiling a package to support the nation's farmers, who fear being inundated by cheap imports if Japan decides to enter the pact.

The United States and South Korea finalized a free-trade accord earlier this month, putting additional pressure on Japan to open its markets by joining the U.S.-led Trans-Pacific Partnership Agreement and supporting its flagging economy by expanding exports.

High-level international economic partnerships should be "consistent" with revitalizing Japanese agriculture, Prime Minister Yoshihiko Noda said Thursday.

The government compiled a basic policy and action plan the same day to strengthen the farm sector that includes financial support to encourage more young people to go into the industry and assist purchases or leases of more farmland to promote large-scale farming.

But with strong opposition against the TPP coming from within his own Democratic Party of Japan, Noda is in a difficult situation. There is not much time left before the Asia-Pacific Economic Cooperation summit in mid-November, by which time the nine countries involved in the TPP talks aim to reach a broad outline for the deal.

Tetsuro Shimizu, chief economist at Norinchukin Research Institute and an expert on agricultural issues, said it is impossible for the Japanese farming sector to withstand the expected impact of the TPP even with the government's latest agricultural reform plan.

Noting that the government has not yet even shown how it would finance the subsidy plan, Shimizu said the government "should not rush" into joining the talks.

TPP advocates say that if Japan fails to enter the talks soon, it will miss an important opportunity to shape the rule-making process for the trade pact.

U.S. President Barack Obama signed the U.S.-South Korean FTA Friday after Congress ratified it earlier in the month, with implementation expected in January.

"Japan lags behind South Korea and other countries in terms of promoting high-level economic partnerships," Hiromasa Yonekura, chairman of the powerful business lobby Keidanren, said recently.

As a result, Japanese vehicle and appliance makers have to compete with rivals under adverse conditions, such as unequal tariffs and investment barriers, in the United States and other major markets, while the yen's steep appreciation is weakening their competitiveness overseas, Yonekura said.

Calling Japan's participation in TPP "vital," Yonekura said that if Japan delays further in promoting international economic partnerships, companies may accelerate their shift of production and research bases abroad in search of cheaper costs. "That could have an enormous impact on domestic employment."

In terms of value, about 18 percent of Japan's trade is with countries and regions with which it has signed an FTA or already has one in effect. This is just about half of that of South Korea.

At the same time, many farmers are concerned about an influx of cheap farm imports expected if Japan joins the TPP, which is requiring that all members scrap all tariffs in principle.

Concerns about the TPP also extend to the medical sector and food safety. Opponents are calling on the government to disclose the expected harm from the trade pact more clearly to the public.

In an apparent move to respond to such concerns, which are also shared by some ruling party lawmakers, the government prepared a handout explaining the impacts expected from the TPP for a DPJ committee meeting on the matter.

Based on information the government has collected from the TPP's current negotiating countries, the paper said entry of foreign profit-driven companies into the medical sector is not the subject of current TPP talks.

The paper also said that the regulation of safety standards for specific foods — including rules on labeling genetically engineered foods — are not being discussed and that mutual recognition of doctors, lawyers and other licensed professions "does not appear" to be in the discussion.

Junichi Sugawara, a trade policy expert at the Mizuho Research Institute, said having more information is necessary to help the dialog.

"Currently, there are concerns about the TPP as something unknown. The government needs to keep offering a thorough explanation to cope with it," he said.

"I also think the government's explanation on what it wants to do by joining the TPP, the envisioned future of Japan, or how it would position itself in the TPP in terms of Japan's growth strategy, is still insufficient," Sugawara said.

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