

Japan and the TPP

Kiyo Aburaki

U.S. Representative, Keidanren

Visiting Fellow, CSIS

Ishinomaki in April, 2011



Opportunities for Global Business

- ◆ To create ideal free trade environment for corporate activities
 - Elimination of tariffs
 - Towards FTAAP
- ◆ To create rule-based international economy
 - Proper IP protection
 - Liberalized Internet-based services
 - Opening government procurement markets
 - Prohibiting export restrictions on natural resources
 - Freer foreign direct investment
 - Harmonization of quarantine requirements of food products based on international standards and scientific evidence

Opportunities for Domestic Reforms

- ◆ For adjustments to the future free trade pact (some are technical but important)
 - Efficient custom procedures

- ◆ For Japan's economic optimism and dynamism
 - To establish a more competitive agricultural sector
 - To develop human resources for the 21st century business
 - To create business environment equal to that of other major countries

A List shared by Japanese and U.S. Businesses

- ◆ To maintain and expand business in Japan, Japanese and U.S. business share a consistent list of policy priorities
 - A stable energy supply
 - Tax reform
 - Regulatory reforms (revision of labor laws to allow for flexibility in corporate hiring of part-time workers with appropriate safety net measures)
 - Trade liberalization

(source) CSIS-Keidanren

“Partnership for Recovery and a Stronger Future” (Nov. 2011)

Should Japan Join TPP?

	YES	NO
Nikkei (11/25-27)	46%	35%
Asahi (11/12-13)	46%	28%
Yomiuri (11/12-13)*	51%	35%

* Do you support PM Noda's decision on TPP ?

State of Agribusiness

Cabinet Decision, Nov. 2010

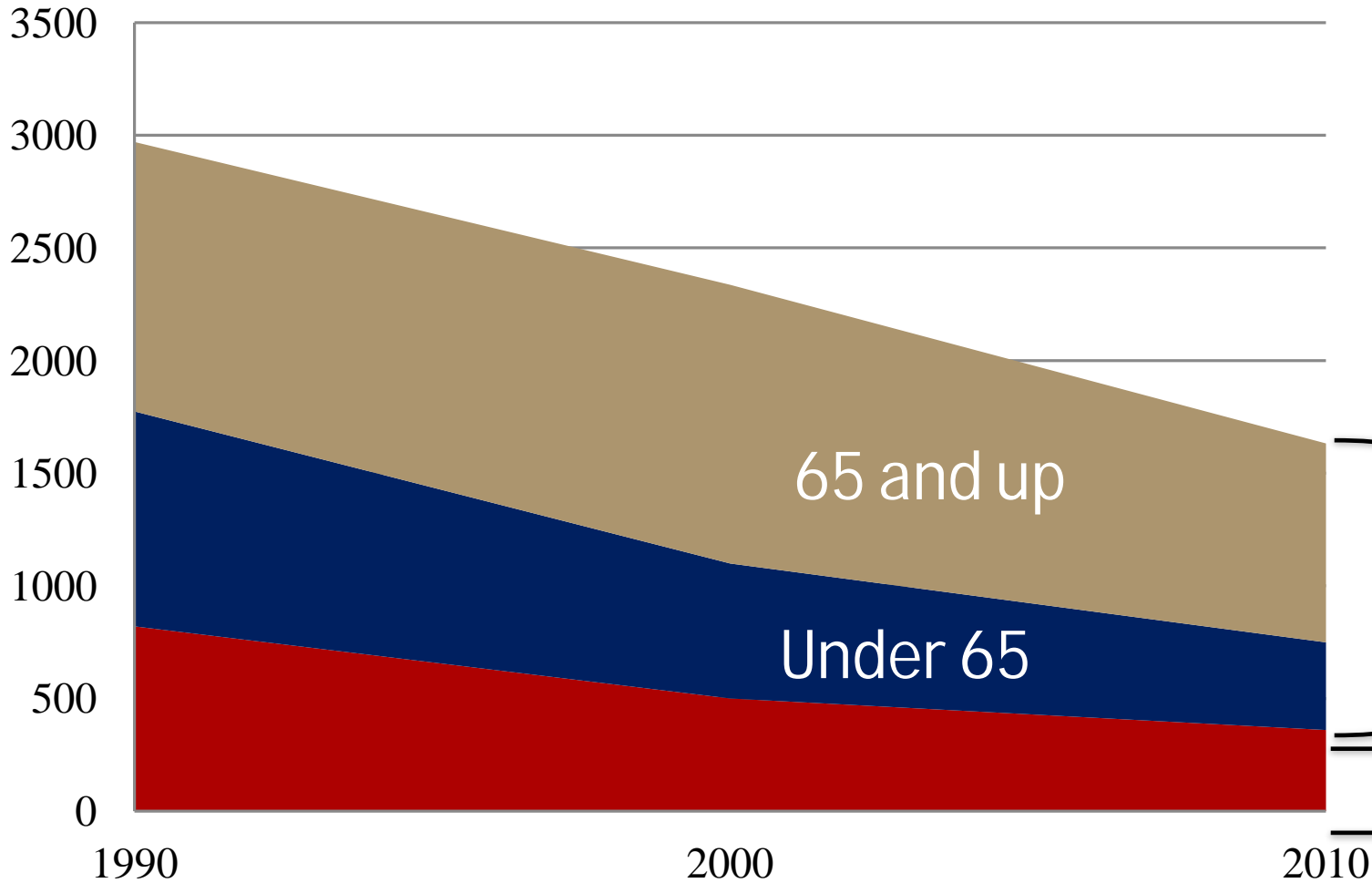
- ◆ There is a risk that sustainable agriculture will not be possible in the future. Because of:
 - Aging farming population
 - The difficulty finding successors
 - The low rate of profit
- ◆ It is imperative to institute bold policies to realize the full potential of Japan's agriculture.

PM Noda's Statement, Oct. 25. 2011

- ◆ “This is truly an issue that we must tackle..... to realize both high-level economic partnerships with other countries and revitalization of agriculture.”

(thousand)

Number of Farmhouses



**With
Minor
Income
from
Farming
(minimu
m work
days a
year: 60)**

Source) 農水省

With Major Income from Farming

To Revitalize Agriculture

Yomiuri Survey (11/12-13)

	YES	NO
More farmers with large operations?	68%	19%
Expansion of income compensation?	59%	29%
Deregulation for freer corporate participation ?	62%	27%

Agriculture as a Growth Industry

- ◆ Keidanren survey (March, 2011) introduces 226 cases of collaborations between farmers and companies.
 - Establishment of special corporations to possess farmland
 - Joint project managements with farmers
 - Expansion of use of domestic products
 - Introduction of new technologies to farming business
- ◆ Saijo Agricultural Innovation City Project (Ehime Prefecture)
 - A JV of Sumitomo Chemical, City of Saijo, and JA Saijo
 - Unmanned tractors and helicopters with GPS and efficient product distribution with IT.

Japan and TPP

- ◆ Opportunities for global business and for domestic reforms
 - To enhance U.S.-Japan economic integration
 - To strengthen overall transpacific trade architecture, which could provide importance bases for global businesses
- ◆ Public support towards the TPP
- ◆ Business-farmers cooperation toward a competitive agriculture sector and public support to revitalize agribusiness