

The Rise of a “Middle Power”? Japan’s Role in Preserving TPP¹¹

Introduction

Some say now, that the biggest emerging market is in fact middle-America, like the Dakotas and Carolinas. So in conclusion, ladies and gentlemen, my task is to look toward the future, and make Japan the second biggest emerging market in the world, and the ever more trusted partner for the region and the world... For the betterment of the world, Japan should work even harder... So ladies and gentlemen, Japan is back. Keep counting on my country.

—Shinzo Abe, Former Prime Minister of Japan, 22 February 2013 at CSIS

On 23 January 2017, the 45th President of the United States, Donald Trump, issued an executive order declaring the withdrawal of the US’s status as a signatory of TPP (the Trans-Pacific Partnership) and “permanently” being away from the TPP negotiations.¹ Although Trump’s move had been anticipated by many due to his antagonistic attitude towards the TPP since his unconventional election campaign, it was a significant setback to the auspicious trade deal that his predecessor, President Obama, had worked to achieve. Facing the US’s abrupt abandonment of its own attempt to write a “gold standard” mega trans-Pacific trade agreement, the other 11 signatories of the TPP had to reconsider the way forward for the partnership. Given that the US was the largest economy among the 12 signatories, the other signatories had expected that signing the TPP would have reinforced economic ties with the US. Obtaining better market access to the US and attracting foreign direct investments from the US were common motivations among the diverse economies, including both developing and developed countries, that adhered to TPP. Revitalising TPP without the US was therefore not an easy task for the remaining countries.

Japan was disappointed with the US’s withdrawal from TPP. Although Japan’s domestic resistance to joining the TPP negotiations resulted in it being the last to participate in the deal, Japan managed to achieve a better outcome in the negotiations than many had predicted. Former Prime Minister Abe’s administration even elevated TPP as one of the key policies of his economic plan, commonly known as “Abenomics”.² For Japan, joining a US-led TPP was a massive achievement for Japanese manufacturers, as there were no existing FTAs between US and Japan despite their close trade ties in many sectors.

¹ Donald J Trump, “Presidential Memorandum Regarding Withdrawal of the United States from the Trans-Pacific Partnership Negotiations and Agreement,” National Archives and Records Administration, January 23, 2017, <https://trumpwhitehouse.archives.gov/presidential-actions/presidential-memorandum-regarding-withdrawal-united-states-trans-pacific-partnership-negotiations-agreement/>.

² The Government of Japan, “Abenomics,” *The Government of Japan*, accessed January 19, 2022, <https://www.japan.go.jp/abenomics/index.html>.

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With a progressive and comprehensive trade deal involving the US, Japan had hoped to revitalise its economy, having faced lost decades since the 1990s. At one gathering of TPP leaders, PM Abe even aired that: “The TPP would be meaningless without the United States” after President-elect Trump had hinted in November 2016 that he would withdraw from the pact.³ Japan’s priority has been TPP12, that is, TPP with the US.

For that primary objective, Japan’s first move was to persuade President Trump through Abe–Trump bilateral summits in 2017.⁴ Unfortunately, it did not work. Despite Abe’s success in building a close personal relationship with President Trump, Abe did not succeed in overturning Trump’s attitude against TPP, also firmly supported and echoed by US voters.

Yet history went against PM Abe’s comment referring to TPP without the US as “meaningless.” In fact, Japan, the biggest economy among the remaining 11 members, took the active initiative in bringing the TPP rules into force. TPP finally came into force in the form of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) inked by the remaining 11 members. Japan paved the way for the original rules to be in force as much as possible in 2018, only after year-long negotiations among the TPP11 nations.⁵ It has already been in effect since 30 December 2018.⁶ This development was regarded with surprise by those who believed TPP would fail without the US.⁷ Another surprise for pundits was Japan’s leadership in filling the power vacuum created by the US’s absence because Japan had historically not been active in rulemaking relating to free trade.

This case study illustrates possible policy options for Japan with regard to the future of TPP at the time of President Trump’s decision and reveals how and why Japan eventually developed the policy of being a strong advocate for TPP despite the US’ withdrawal. Japan’s interests in preserving TPP were derived

³ Kiyoshi Takenaka, “Japan PM Says TPP Trade Pact Meaningless without U.S.,” *Reuters*, November 21, 2016, <https://www.reuters.com/article/us-japan-tpp-abe-idUSKBN13G2IK>.

⁴ The summary of the first Abe–Trump summit indicated that “Prime Minister Abe explained the strategic and economic significance of the TPP Agreement, based on the view that the agreement reached through several years of tough negotiations is the most advanced rule of trade and investment and should become the standard for the 21st century.”

Ministry of Foreign Affairs of Japan, “Japan-U.S. Summit Meeting,” *Ministry of Foreign Affairs of Japan*, February 10, 2017, https://www.mofa.go.jp/na/na1/us/page3e_000652.html.

⁵ Australian Government Department of Foreign Affairs and Trade, “Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP),” *Australian Government Department of Foreign Affairs and Trade*, accessed January 13, 2022, <https://www.dfat.gov.au/trade/agreements/in-force/cptpp/comprehensive-and-progressive-agreement-for-trans-pacific-partnership>.

⁶ Ibid.

⁷ Examples of articles describing TPP as doomed to failure by the US’s withdrawal:

“Today’s action means that TPP is dead. Without ratification by the US Congress, it dies.”

Jeffrey H. Bergstrand, “Killing TPP Is Bad News for Americans, but Great for China,” *CNN.com*, January 24, 2017, <https://edition.cnn.com/2017/01/23/opinions/killing-tpp-great-for-china-bergstrand-opinion/index.html>.

Ami Miyazaki and Tom Westbrook, “Trump Sinks Asia Trade Pact, Opening the Way for China to Lead,” *Reuters.com*, November 22, 2016, <https://www.reuters.com/article/us-usa-trump-tpp/trump-sinks-asia-trade-pact-opening-the-way-for-chinato-lead-idUSKBN13H0OT>.

from considerations for dealing with two superpowers: the US and China. Japan’s diplomacy highlighted how a “middle power”⁸ could behave in the presence of conflict between superpowers.

Lacking a Trump Card: What US’s Withdrawal Meant for the Remaining 11 Members

With the US leaving, the future of TPP came to standstill in early 2017. It was clear that the original agreement was no longer possible to enter into force because its text stipulated it would only be in effect when the US ratified the agreement domestically.⁹ In March 2017, the first meeting of high-level officials of TPP11 since President Trump’s declaration was held at Viña del Mar, Chile. They issued a joint statement that reconfirmed the “balanced outcome and the strategic and economic significance of the TPP”.¹⁰ Though it was an important reconfirmation, it did not imply any blueprint of TPP without the US.

Four options emerged among TPP11

The remaining 11 members were diverse economically and even politically. Table 1 summarises several indicators that show their economic traits. With great diversity came great division in their interests concerning the impact of Trump’s decision. Among the remaining 11 countries, their positions regarding the future of TPP could be classified into four groups.

The first group was the pro-free trade group, the countries that wanted to progress matters with the original clauses. Australia, New Zealand, and Singapore shared this perception, as they naturally

⁸ The concept of “middle power” in international relations has yet to be defined solidly. Encyclopaedia Britannica describes it “as a state that holds a position in the international power spectrum that is in the ‘middle’—below that of a superpower, which wields vastly superior influence over all other states, or of a great power, but with sufficient ability to shape international events”. A realist defines “middle power” as inferior to “superpower” based on one’s military strength, as well as material capability. From the pluralist perspective, a “middle power” basically takes an activist style of diplomacy in relation to global agendas, with pro-multilateral and institutionalist attitudes. As the author understands Japan’s diplomacy as depicted in this case to contain at least those elements of “middle power” from both perspectives, this case uses the term “middle power.” For further discussion of the concept, see the following literature.

Meltem Müftüler Baç, “middle power,” *Encyclopedia Britannica*, July 2, 2017, <https://www.britannica.com/topic/middle-power>.

Eduard Jordaan, “The Concept of a Middle Power in International Relations: Distinguishing between Emerging and Traditional Middle Powers,” *Politikon* 30, no. 1 (2003): 165–181.

<https://doi.org/10.1080/0258934032000147282>.

Jeffrey Robertson, “Middle-power definitions: confusion reigns supreme,” *Australian Journal of International Affairs* 71, no. 4 (2017): 355–370.

⁹ TPP Article 30.5 defines when the treaty enters into force. Paragraphs 2 and 3 require “at least six of the original signatories, which together account for at least 85 per cent of the combined gross domestic product of the original signatories in 2013” to complete domestic procedures when all signatories cannot complete their legal procedures. The US GDP accounted for far more than 15% of the aggregate of TPP members in 2013 (64.8% as of 2015. Source: World Bank). Thus, the US’s ratification was necessary for TPP to enter into force.

¹⁰ “Joint Statement by TPP Partners,” *Cabinet Secretariat*, March 17, 2017, https://www.cas.go.jp/jp/tpp/tppinfo/2017/pdf/170315_tpp_chile_statement_en.pdf.

preferred free trade, although New Zealand could resist some provisions given its domestic political leadership¹¹

The second group favoured rebooting TPP by inviting China to the deal. Chile and Peru represented this group. From the Latin American countries' perspective, TPP was more about a way to expand its market access to Asia since they have already enjoyed economic ties with North Americans. Hence, they have constantly been open to including China. Peruvian President alarmed the problem of excluding China from the agreement even before the US withdrawal.¹² The withdrawal of the most reluctant partner for having China could be the window of opportunity for Chile and Peru. They supposed TPP would be more relevant with China a party to the trade agreement, even though they were not sceptics of the value of the deal. Chile surprised other members by inviting Chinese trade officials to the meeting is hosted in Santiago.¹³

The third group consisted of the North American countries Canada and Mexico. They did not directly oppose TPP without the US, or free trade, but their primary concern at the moment was the renegotiation of North American Free Trade Agreement (NAFTA), which had been raised as an issue by President Trump since his election campaign.¹⁴ They worried that the US administration would insist on higher standards in the negotiations by referencing TPP, but this also had a positive aspect as Canada and Mexico could leverage TPP rules where they prefer. Thus, they had different motivations in TPP11 from Japan and Australia and sought to revise and add some clauses in addition to the original TPP texts for better bargaining power with regard to new-NAFTA, which materialised as United States-Mexico-Canada Agreement (USMCA) in 2019.¹⁵

The rest, South-East Asian countries Malaysia, Vietnam, and Brunei, composed the fourth group. Compared to other parties, the two developing economies, Malaysia and Vietnam, were inclined to push for further reforms because they relied on States Owned Enterprises (SOEs) that would be addressed by TPP’s high standards. They both had mobilised SOEs in their development paths, but it was the aim of TPP to level the playing field. From their perspective, such drastic reforms were acceptable in order for their respective enterprises to gain better market access to the US. After the US left, they wanted to rewrite the terms. Brunei was different from the other two in terms of its economic structure, but it also asked to review the provisions related to the coal industries.

As Japan’s effort to persuade the Trump administration to return to the TPP table did not work, the options available for Japan to further pursue were represented by these four groups.

- Being an advocate of the original high standards established by TPP

¹¹ Shinya Matano, “The Future of a TPP without the US - Mitsui & Co., Ltd.,” *Mitsui & Co. Global Strategic Studies Institute*, November 2017, https://www.mitsui.com/mgssi/en/report/detail/_icsFiles/afieldfile/2018/04/23/171127c_matano_e.pdf.

¹² “Peru president calls TPP’s exclusion of China ‘worrisome’”, *Reuters*, September 20, 2016, <https://www.reuters.com/article/us-tpp-peru-idUSKCN11Q01E>.

¹³ Ross Brown, “IN PICTURES: Trans Pacific Partnership Summit Viña Del Mar, Chile,” *Santiago Times*, March 15, 2017, <https://santiagotimes.cl/2017/03/15/in-pictures-trans-pacific-partnership-summit-vina-del-mar-chile/>.

¹⁴ “How Canada Turned to Mexico to Fend off TPP Pressure from Japan, Australia,” *CBC.ca*, November 12, 2017), <https://www.cbc.ca/news/politics/canada-mexico-tpp-1.4399224>.

¹⁵ Ibid.

If Japan wanted to quickly put the original standards in place, this option is ideal as it does not require lengthy substantial negotiations. It would require Japan to collaborate with pro-free trade members to convince and strike a new deal that allows TPP rules to enter into force.

- Rebooting TPP by inviting China to the negotiation

If Japan considered that economic gains from TPP11 were too modest, rebooting China with TPP is a viable option. However, this would require newer and tougher negotiations with existing TPP signatories for them to agree to China’s accession. The US’s return to TPP could be unlikely since President Trump launched the “trade war” with China.

- Modifying some clauses to gain leverage in a bilateral deal with the US

Like NAFTA, the Trump administration demanded a bilateral trade agreement with Japan. If Japan considered that revising some of TPP’s clauses would positively affect negotiating with the US, then this would be a practical option.

- Renegotiating the rules substantially for its national interests

If Japan was not satisfied with the outcome of the TPP negotiations, it could renegotiate the substance of the agreement by taking the opportunity of the US’s withdrawal. However, this would take significantly more time to finalize the deal. If TPP would not suffice Japan’s national interest any more, abandoning it could be a suboption.

Among the 4 possible options, Japan opted for being a champion of TPP11 without the US. Not only did they advocate it, but Japan also proactively engaged in the TPP after the US withdrawal and took the initiative of paving the way to enact TPP principles with few modifications. This finally led TPP11 to agree on CPTPP (Comprehensive and Progressive Agreement for Trans-Pacific Partnership) in March 2018, surprisingly quickly, as many observers had believed TPP was completely ruined by Trump’s decision. Japan’s aggressive posture in advocating TPP and its leadership in achieving CPTPP also implies that Japan may have changed its approach to trade policy, which had long been described as reactive.

Prelude to CPTPP – The History of Japan’s Trade Policies and the Developments of Aggressive Trade Policy in PM Abe’s era

Japan’s trade policy rationale and obstacles for joining TPP negotiations

Despite the consensus that Japan saw rapid growth in the post-war period due to its competitive exports industries, one cannot simply describe Japan as having been fully “pro-free trade”.¹⁶ While Japan’s industries, which have been a driving force of the country’s economic growth, are essentially supporters of trade liberalisation, Japan still encounters difficulties in trade liberalisation when it comes to its agricultural sector. While Japan’s agriculture produces some good-quality products, it is not internationally competitive in terms of price. Thus, to protect its agricultural sector, Japan had

¹⁶ Gregory P. Corning, “Japan’s Approach to Preferential Trade Agreements,” in *Handbook of International Trade Agreements*, ed. Robert E. Looney (Routledge, 2018), p412-422.

continuously been imposing heavy tariffs on the imports of agricultural products. With regards to FTA negotiations, Japan had been continuously reluctant to put agricultural goods onto the negotiation table.

Reflecting such domestically polarised perceptions of free trade, Japan was the last party to come to the original TPP negotiations that began in the late 2000s, initiated by the US and the P4 countries (Singapore, New Zealand, Chile, and Brunei, who had a progressive FTA in the region). Since the Democratic Party of Japan’s (DPJ) government had started a discussion on joining TPP negotiations in 2010, it finally could not decide to participate in the negotiations because of the strong domestic opposition, mainly from the agricultural sector¹⁷. As TPP ambitiously envisioned eliminating tariffs on all goods, Japan had trouble obtaining domestic consensus to enter the TPP negotiations.

After almost 3 years of stalemate in launching the negotiations, Abe’s LDP victory in the December 2012 House of Representatives Election moved things forward. Although Abe pledged during his election campaign that Japan would not commit to TPP as long as it presumed “elimination of tariffs without any sanctuary”, he moved quickly after taking office. In his first visit to Washington as Prime Minister, Abe pulled out President Obama’s “concession” recognising there were trade sensitivities for both Japan and the US¹⁸. Abe leveraged Obama’s “concession” to overcome domestic opposition and, surprisingly, made a quick decision to opt for TPP negotiations in March 2013¹⁹.

Outcome of the TPP negotiations from Japan’s standpoint

The original TPP agreement was signed in 2016, 3 years after Japan joined the negotiations and before President Obama ended his 8 years as president. While Japan had faced criticism from the countries who had joined the negotiations before it because of its insistence on certain protection of its agricultural products, the outcome of the original TPP agreed on in 2015 was considered a success in tough bargaining²⁰.

Japan’s main obstacle to proceeding with TPP was the matter of tariffs on certain products and it had fewer issues with the higher standards clauses put on the table by the US. The US asked Japan to liberalise its medical market, which was allegedly protected by its universal healthcare system, but this claim did not stand.²¹ Moreover, Japan secured relatively larger concessions from other member states regarding agricultural products. Before the negotiations, Japan listed 5 sensitive agricultural categories

¹⁷ George Mulgan. “Bringing the Party Back In: How the DPJ Diminished Prospects for Japanese Agricultural Trade Liberalization under the TPP.” *Japanese Journal of Political Science* 15, no. 1 (2014): 1–22. doi:10.1017/S1468109913000327.

¹⁸ Prime Minister of Japan and His Cabinet. “Press Conference by Prime Minister Shinzo Abe during His Visit to the United States of America”. Prime Minister of Japan and His Cabinet. February 22, 2013. https://japan.kantei.go.jp/96_abe/statement/201302/22kaiken_e.html

¹⁹ Prime Minister of Japan and His Cabinet. “Press Conference by Prime Minister Shinzo Abe”. Prime Minister of Japan and His Cabinet. March 15, 2013. https://warp.ndl.go.jp/info:ndljp/pid/8833367/japan.kantei.go.jp/96_abe/statement/201303/15kaiken_e.html

²⁰ Hitoshi Kujiraoka. *Document TPP Negotiations*. Toyo Keizai Shimpou-sha. 2016

²¹ Ibid.

to protect: rice, wheat and barley, beef and pork, dairy products, and sugar and starch crops.²² The final outcome excluded most of those products from the tariff elimination, and Japan’s elimination of the tariffs remain at the 95% level compared to others who pledged 99–100%.²³

When it comes to rules such as those relating to State-Owned Enterprises and labour rights that are depicted as features of TPP’s progressiveness, Japan did not see them as concerns for compliance for Japan. As it had already implemented a high-level harmonisation with global standards in place, Japan was only obliged to modify 11 acts in complying with TPP’s standards²⁴. The fact that Japan became the first party that ratified the original TPP text signifies that Japan had fewer troubles with updating its legal texts to accord with TPP provisions, as well.

Japan became a unitary actor on TPP during Abe’s government

In terms of domestic politics, the support for TPP had solidified when it concluded negotiations thanks to some structural changes in its policymaking despite its earlier struggles. After the 2012 election that put Abe’s LDP back in power, the party won 3 consecutive elections. This reinforced Abe’s strong position as leader of his party, which had been notoriously factional for a long time. It also contained opposition from other parties as the LDP secured significant majorities in the Diet, both the House of Representatives (Shugiin) and the House of Councillors (Sangiin).

Tensions between bureaucratic interests had been another obstacle affecting the effectiveness of past Japanese leadership. Regarding trade policy, while the Ministry of Economic and Trade and Industry (METI) is pro-free trade, the Ministry of Agriculture, Forestry, and Fisheries (MAFF) is a strong advocate of the protection of domestic agricultural industries instead. During the Abe administration, however, these typical conflicts of interests had been solved with the fortified power of the Cabinet Secretary’s Office (CSO) in the administration’s decision-making. PM Abe appointed many METI bureaucrats as members of the CSO to make his leadership effective. Abe’s administration was dubbed as the METI cabinet by the media.²⁵ Since Abe’s personal pro-free trade belief aligned with the METI’s interest, Japan’s trade policy tilted toward more liberalisation than before. Coinciding such a shift in the bureaucracy system with the era of mega free-trade agreements, the Japanese government effectively concluded TPP, Regional Comprehensive Economic Partnership (RCEP), and EU–Japan Economic Partnership Agreement (EPA) negotiations during Abe’s term.

On the other hand, the largest opposition in Japan, Japan Agricultural Cooperative (JAC), was marginalised under such trends in politics. PM Abe argued that Japanese agricultural industries had to

²² The House Standing Committee on Agriculture, Forestry and Fisheries, “(Provisional Translation) Resolution on Japan’s Participation in the Trans-Pacific Partnership (TPP) Negotiations,” *Sangiin*, June 17, 2013, <https://www.sangiin.go.jp/eng/report/standing-committee/20130617-TPP.pdf>.

²³ Mireya Solís and Shujiro Urata, “Abenomics and Japan’s Trade Policy in a New Era,” *Asian Economic Policy Review* 13, no. 1 (January 4, 2018): 106–123, <https://doi.org/10.1111/aepr.12205>.

²⁴ Cabinet Secretariat of Japan. “Kantaiheiyō partnership kyōtei no teiketsu ni tomonau kankei houritsu no seibi ni kansuru houritsuan no gaiyō”. (Summary of a Bill for Amendment of the TPP Relevant Arrangement Act). Cabinet Secretariat of Japan. March 2016. <https://www.cas.go.jp/jp/houan/160308/siryō1.pdf>

²⁵ “Keisan-sho naikaku” (METI cabinet) often appears on news articles to describe Abe’s administration. For example, “Keisan-sho naikaku tenki ni,” (A turning point for METI cabinet), *Nikkei.com*, November 2021. <https://www.nikkei.com/article/DGXZQOUA127UP0S1A111C2000000/>

transform their business model to become more productive and active in exporting.²⁶ Abe’s administration initiated JAC reform which had been postponed by past administrations. While there were both positive and negative opinions about the reform among the members of JAC, they did not dare to resist the outcome of TPP negotiations that more or less secured the concessions from other parties.

Considering such circumstances surrounding TPP, Japan was an ideal candidate to advocate the outcome of the deal. With the US’s absence, it also happened to be the largest economy in terms of GDP in TPP11.

Only One Ally with Economic Frictions -Japan’s Relationship with the US

Even though the given outcome of the TPP negotiations was positive for Japan, it did not necessarily mean Japan would actively participate in revitalizing TPP without the US. Since Japan’s government was close to a unitary actor during the Abe administration when it came to trade policy, Japan’s policy approach to TPP without the US should be consistent with the calculation of national interests, even though it is not necessarily rational nor optimal. As PM Abe had mentioned, his administration believed that TPP without the US was “meaningless”. It might have been a bluff to some extent, but evidence showed that the relationship between the US and Japan played a critical role in Japan’s pursuit of TPP11.

With respect to the relationship between Japan and the US regarding TPP, there had been at least two considerations for Japan’s authority both in the long and short terms.

From a long-term perspective: Preserving a TPP framework where the US would return

The long-term perspective has been often referred to in the policy documents published by Japan’s government.²⁷ Those available documents revealed that Japanese officials were of the view that preserving the TPP framework rather than abandoning it would increase the probability of the US’s reengagement in TPP. Whether President Trump changed his mind about TPP, or a new pro-TPP president is elected in 2020 or 2024, keeping TPP11 members in the deal could be beneficial for the Japanese government and perhaps for the US government, as well. Additionally, it was clear that the US’ participation was important economically for Japan, as it could become effectively the FTA with the US, which was their second-largest trading partner.

In addition, Japan’s expectation of TPP including the US may have also been higher because of the “securitization” of TPP that occurred in Abe’s administration²⁸. PM Abe often framed that TPP and the economic relationship between the US would also serve for beefing up Japan’s security²⁹. As this shows, The Japanese government put special emphasis on TPP from a geopolitical perspective. It gained a

²⁶ Jonathan Tepperman, “Japan is Back: A Conversation with Shinzo Abe.” *Foreign Affairs*, 92, no. 4 (2013): 2–8.

²⁷ Ministry of Foreign Affairs of Japan. “Diplomatic Bluebook,” *Ministry of Foreign Affairs of Japan*, 2021, https://www.mofa.go.jp/policy/other/bluebook/2021/en_html/chapter4/c040102.html.

²⁸ George Mulgan. “Securitizing the TPP in Japan: Policymaking Structure and Discourse.” *Asia Policy*, no. 22 (2016): 193–222. <https://www.jstor.org/stable/24905123>

²⁹ “Address by Prime Minister Shinzo Abe to a Joint Meeting of the U.S. Congress,” Ministry of Foreign Affairs of Japan, April 30, 2015, https://www.mofa.go.jp/na/na1/us/page4e_000241.html.

special status in the government likewise the organization that oversees Japan’s trade policy in general, is named “Japanese Government's TPP Headquarters at the Cabinet Secretariat Office” in 2016.

To the Japanese government, TPP was more critical for Japan’s national interests than typical free trade agreements, and that perceived uniqueness had been derived from the fact that the US would engage in the Asia Pacific region economically and even geopolitically by participating in economic ties established by TPP.

From such a strategic standpoint, Japan recognised preserving TPP as a framework to which the US could return aligned with its long-term national interests.

From a short-term perspective: TPP as a Best Alternative to Negotiated Agreement (BATNA) of US-Japan bilateral trade talks

The short-term interest for Japan to opt for preserving TPP was the unavoidable bilateral trade agreement with Trump’s administration. As President Trump indicated his belief that a bilateral deal would serve better for the US’s national interests in his order to withdraw his country from TPP,³⁰ his imperative as President was to fix the US’s trade deficit via bilateral negotiations with trade partners. In Trump’s election campaign, and with his peculiar understanding of international trade, Japan had been one of his favourite targets, describing it as a country that stole US jobs and prosperity,³¹ similar to his description of China. During PM Abe’s first visit to Washington D.C., when Japan failed to convince Trump about the value of TPP, President Trump and his administration showed keen interest in having bilateral trade talks with Japan. Although Japan perceived that TPP would bring meaningful economic benefit to it only with the US included, a bilateral FTA with the US was not a preferable option. As Japan has had trouble dealing with US-Japan trade friction that had occurred intermittently during the 1980s and 1990s, it was obvious that the US would take a much harder line when it came to bilateral trade talks, which might have led to further trade liberalisation than would have occurred under TPP. Although the Abe administration reckoned TPP was Japan’s win in the area of agricultural trade, it was unlikely that bilateral trade talks would result in the same level of protection for agricultural products.

Due to an aggressive posture by the Trump administration on the US-Japan trade deficit, Japan’s national interest in TPP11 aligned with its short-term interests as well. In fact, during the TPP negotiations, Japan utilised similar tactics to draw compromised proposals from the US.³² When Japan faced stagnation in TPP negotiations on agricultural products with the US, it finalised its FTA deal with

³⁰ “It is the policy of my Administration to represent the American people and their financial well-being in all negotiations, particularly the American worker, and to create fair and economically beneficial trade deals that serve their interests. Additionally, in order to ensure these outcomes, it is the intention of my Administration to deal directly with individual countries on a one-on-one (or bilateral) basis in negotiating future trade deals.” Trump, “Presidential Memorandum Regarding Withdrawal of the United States from the Trans-Pacific Partnership Negotiations and Agreement”.

³¹ Jonathan Soble and Keith Bradsher, “Donald Trump Laces into Japan with a Trade Tirade from the '80s,” *New York Times*, March 7, 2016), <https://www.nytimes.com/2016/03/08/business/international/unease-after-trump-depicts-tokyo-as-an-economic-rival.html>.

³² Kujiraoka, Document TPP Negotiations.

Australia. If it entered into force, the US agriculture industry would be behind Australia in terms of market access to Japan. By putting the US in such a position, Japan could be a tough negotiator.

As it worked in the past, Japan believed advocating TPP without the US would secure a way to stick to the position that it would not give any larger concessions to the US than what TPP agreed. This may also leverage the US to come back to TPP, which has been Japan’s primary interest. Japanese officials publicly urged the US to return to the deal instead of concluding a bilateral trade deal if it would like to gain the same level of tariff reduction. Taro Aso, the head of US-Japan economic dialogue with the Trump administration, emphasised that “under TPP, Japan was able to accede to more U.S. demands as it could make up for the losses through agreements with other countries” “In a bilateral deal, you can’t do that. You can’t get back what you lose from a compromise with the United States.”³³

Too Important to Fail: Japan’s Desire to Take an Active Role in Global Rulemaking

Japan during Abe’s leadership was in a period of transition from reactive diplomacy to active engagement in the global order, but not in a way its neighbours often stereotype as “revival of militarism.” After defeat in World War 2, Japan committed to the US-led liberal international order as a big economic power and kept a heavy reliance on the US’s military capability when it came to its national security. Because of such constraints, while it adhered to most of the important international organisations and frameworks that had shaped the post-war and Cold War-era world order, its role was relatively marginal and reactive.

Abe, in his second term as Japan’s PM, put a strong emphasis on diplomacy and promoting Japan’s status in the world order. His administration’s vision of diplomacy was depicted by the government as “Diplomacy taking a panoramic perspective of the world map” and “Proactive contribution to peace”.³⁴

Reflecting the administration’s aspiration to take responsibility in international society, Japan proposed many agendas to the world in the 2010s. The concept of Free and Open Indo-Pacific (FOIP) was a major success in Japan’s agenda-setting attempts.³⁵ It is now viewed as a global value-based concept in engaging in the region thanks to the US’s adoption of the idea, but it was originally put on the table by Abe’s administration.

In the area of international trade, Japan has been proactively engaging in promoting rule-based trade order, as well. Although it does not see concrete achievement so far, Japan called for “Data Free Flow with Trust” (DFFT) as the host of G20 in 2019, envisioning the harmonisation of the entangled global data protection regulations.³⁶ It also initiated Osaka Track in WTO to promote the discussion to

³³ Leika Kihara, “Japan’s ASO Pushes Back against U.S. Pressure for Bilateral Trade Deal,” *Reuters.com*, April 19, 2017), <https://www.reuters.com/article/us-japan-economy-aso/japans-aso-pushes-back-against-u-s-pressure-for-bilateral-trade-deal-idUSKBN17L31K>.

³⁴ “Diplomatic Bluebook 2020,” *Ministry of Foreign Affairs of Japan*, 2020, <https://www.mofa.go.jp/policy/other/bluebook/2020/html/chapter1/c0102.html>.

³⁵ Yuichi Hosoya (2019) “FOIP 2.0: The Evolution of Japan’s Free and Open Indo-Pacific Strategy,” *Asia-Pacific Review*, 26:1, 18–28, DOI: [10.1080/13439006.2019.1622868](https://doi.org/10.1080/13439006.2019.1622868)

³⁶ “The G20 – More than Just a Summit Meeting! The Fight against Data Hegemony,” *METI Ministry of Economy, Trade and Industry*, June 10, 2019, <https://www.meti.go.jp/english/mobile/2019/20190610001en.html>.

embody DFFT as global rules.³⁷ WTO reforms were another area that Japan had been keenly involved in under the prevailing protectionism.³⁸

Active participation in global rulemaking, Japan’s new diplomatic trait, has been accelerated by its long-running economic malaise. It had already reached 30 years of “lost decades” and is facing serious population ageing, Japan’s economy had hardly revitalised without embracing globalisation.

Championing TPP11 also arose due to a sense of urgency amongst Japanese policymakers to advocate trade liberalisation beyond WTO standards. Even though most of the TPP standards had already been determined when Japan joined the negotiations in 2012 by the US and other early participants, Japan found it as something it needed to advocate for its own national interests.

Two major drivers can account for why TPP11 had been increasing in importance for Japan in terms of global rulemaking. Both had something to do with China, which had become the biggest economy in Asia, exceeding Japan.

Containing unilateral economic coercion by rule-based trade order

While Japan had been facing lost decades without economic growth, China had become a global economic powerhouse. It became the world’s second-largest economy after surpassing Japan’s GDP in 2010 and has been closing on the US, the world’s biggest economy, at an astonishing pace. From Japan’s standpoint, although China’s growth has been a driver of its economic prosperity in recent decades, it also cast some serious concerns in the 2010s, even in the arena of international trade.

China’s economic coercive behaviour, which has been characterised by its diplomatic assertiveness in recent years, originally targeted Japan in 2010, as a retaliation against the conflict in the East China Sea.³⁹ To achieve its diplomatic objective, China banned the exports of rare-earth elements to Japan. This had a massive economic impact on Japan, which had relied heavily on rare-earth imports from China in developing manufacturing supply chains.⁴⁰ This experience reminded Japanese officials that China had already acquired the status of an economic superpower and it became clear that China would not always be a benign trade partner in the future. Facing such economic coercion by China, Japan realised that keeping rule-based international trade order with like-minded countries would be imperative in the coming decades.

In addition, China has been active in committing to global economic cooperation by establishing new frameworks. A major example is the establishment of the Asia Infrastructure Investment Bank (AIIB) in

³⁷ “Leaders’ Special Event,” G20 Osaka Summit 2019, Ministry of Foreign Affairs of Japan, 2019, https://www.mofa.go.jp/policy/economy/g20_summit/osaka19/en/special_event/.

³⁸ “Telephone Talks between Foreign Minister MOTEGI and Director-General of the World Trade Organization (WTO) Okonjo-Iweala,” Ministry of Foreign Affairs of Japan, March 2021, https://www.mofa.go.jp/press/release/press4e_002983.html

³⁹ Peter Harrell, Elizabeth Rosenberg, and Edoardo Saravalle, “China’s Use of Coercive Economic Measures,” *Centre for a New American Security*, June 2018, https://s3.us-east-1.amazonaws.com/files.cnas.org/documents/China_Use_FINAL-1.pdf?mtime=20180604161240&focal=none.

⁴⁰ China accounted for 82% of Japanese imports of rare-earth elements in 2010. John Seaman, “Rare Earths and the East China Sea: Why hasn’t China embargoed shipments to Japan?,” *Ifri-CIGS*, October 2012, <https://www.ifri.org/sites/default/files/atoms/files/ifricanonopedseamanecs.pdf>

2016.⁴¹ AIIB was warmly welcomed by developing countries and several developed states seeking more investment from China, but not by Japan or the US.⁴² Japan has been worried that China would gain more influence in the international order by leveraging its economic superiority and newly established frameworks.

As the world’s third-biggest economy – lacking the competitive strength in military power – situated right in front of China’s assertive and aggressive diplomacy, Japanese officials perceived that TPP offering progressive a rule-based trade order was crucially important. Furthermore, as mentioned, Trump’s US also showed its protectionist nature from the early days through its unilateral approach to trade issues. Thus, even though the US had left the table, Japan was worried about the unilateral behaviour of superpowers and China’s increasing economic presence in the world if TPP were to fail completely. That was an impetus for Japan to make TPP without the US as its first choice.

Toward FTAAP

Moreover, keeping the standards higher was important for Japan under the constraints derived from confrontation with China. For a long time, the countries located on both sides of the Pacific Ocean have pursued the establishment of a mega-free trade area called FTAAP (Free Trade Area of Asia Pacific) under the APEC framework. The two mega-trade agreements that had been discussed in the region, TPP and RCEP, had been considered as possible benchmarks for FTAAP.⁴³ It is not clear that RCEP negotiations were in the closing phase at the time, but abandoning TPP without the US meant that Japan’s doubling-down on RCEP negotiations would go in the preferable direction. It was unlikely that Japan could have achieved its objective in RCEP in terms of trade standards by persuading a broader group of stakeholders that were involved with TPP11. RCEP was finally concluded at the end of 2020 and had entered into force at the beginning of 2022, but it does not achieve what TPP had achieved in many areas from tariff elimination to the treatment of state-owned enterprises to labour rights.⁴⁴

Because of such considerations, rebooting TPP with China was not an acceptable option for Japan. Chile and Peru were keen on such an idea because they believed that without the US (and China), TPP would not be beneficial for their economies. Chile invited Chinese officials to the TPP conference that it hosted, surprising Japanese counterparts. Inviting China, however, may have meant reopening the substantial negotiations on the provisions and that may have resulted in lowering the “golden standards” established, which was something Japan wanted to avoid. As discussed earlier, there was no reason for Japan to renegotiate the terms of an agreement that offered considerable protection to Japan’s trade sensitivities.

⁴¹ Asian Infrastructure Investment Bank, “About AIIB,” *AIIB*, accessed January 17, 2022, <https://www.aiib.org/en/about-aiib/index.html>.

⁴² Saori N. Katada, “At the Crossroads: The TPP, AIIB, and Japan’s Foreign Economic Strategy,” *East-West Center*, May 2016, <https://scholarspace.manoa.hawaii.edu/bitstream/10125/42176/1/api125.pdf>.

⁴³ Shintaro Hamanaka, “TPP versus RCEP: Control of Membership and Agenda Setting,” (June 30, 2014). *Journal of East Asian Economic Integration* Vol. 18, No. 2 (June 2014) 163–186, Available at SSRN: <https://ssrn.com/abstract=2460616>

⁴⁴ “RCEP Members Must Improve Pact to Catalyze Greater Cooperation,” *Nikkei Asia*, January 5, 2022, <https://asia.nikkei.com/Opinion/The-Nikkei-View/RCEP-members-must-improve-pact-to-catalyze-greater-cooperation>.

Thus, it was rational for Japan to proceed with TPP11 as it was. Without the substantial modifications in terms of contents and members, Japan believed it could secure meaningful frameworks in dealing with China’s ambition.

Japan is Back -Actual Development of CPTPP (TPP11)

Japan took the position of preserving TPP without substantial modifications as it recognised it would serve its own national interests. Moreover, it took a significant role in concluding the CPTPP, the successor agreement to TPP, that allowed TPP rules to become effective with limited revisions.

The timeline for discussing bringing TPP rules into force was laid out in the ministerial meeting in Ha Noi, Vietnam, in May 2017. They agreed to launch “a process to assess options to bring the comprehensive, high-quality Agreement into force expeditiously” and for this assessment “to be completed before they meet in the margins of the APEC Economic Leaders Meeting on 10–11 November 2017 in Da Nang, VietNam.”⁴⁵

Under such a tight timeline, before the APEC meeting in Da Nang, Japan put significant resources into overcoming the differences among members that were discussed above. Canada raised its interest in stipulating the rights of indigenous people and introducing cultural protection, and Malaysia and Vietnam demanded overhauling the provisions in facing the marginalised economic benefits from TPP.⁴⁶ During this period, Japan hosted three out of four high-level officials' meetings.⁴⁷

Japan’s contribution paid off, as TPP11 struck the core elements of CPTPP in Da Nang, Vietnam. The setbacks from the original texts remained limited. CPTPP halted the 22 provisions of TPP, which had been insisted on by the US in past negotiations and had left little space for those who demanded revisions.⁴⁸

Finally, CPTPP was signed by the parties in Santiago, Chile, on 8 March 2018.⁴⁹ While the provisions resisted by Malaysia and Brunei were suspended, the concerns of Vietnam and Canada were resolved using side letters.

In the Middle of the Superpowers Trade War -The Days after Japan’s “Middle-Power” Diplomacy

As illustrated, Japan chose a way to preserve TPP without the US and considers the conclusion of the CPTPP as its diplomatic success. The CPTPP can be considered as a function of Japan’s tireless

⁴⁵ “TRANS-PACIFIC PARTNERSHIP (TPP) AGREEMENT Ministerial Statement,” *Cabinet Secretariat*, May 21, 2017, https://www.cas.go.jp/jp/tpp/tppinfo/2017/pdf/170521_tpp_hanoi_statement_en.pdf.

⁴⁶ “Summary of Press Conference by Minister Motegi (Motegi Daijin No Kisha Kaiken Gaiyou),” *Cabinet Secretariat*, January 23, 2018, https://www.cas.go.jp/jp/tpp/tppinfo/2018/pdf/180123_tpp_tokyo_kaiken.pdf.

⁴⁷ According to the webpage of Japanese Government's TPP Headquarters at the Cabinet Secretariat Office. “TPP Headquarters at the Cabinet Secretariat Office,” Accessed January 26, 2022, <https://www.cas.go.jp/jp/tpp/index.html>

⁴⁸ Matthew P Goodman, “From TPP to CPTPP,” *Center for Strategic and International Studies*, March 8, 2018, <https://www.csis.org/analysis/tpp-cptpp>.

⁴⁹ “Comprehensive and Progressive Agreement for Trans-Pacific Partnership Ministerial Statement Santiago, Chile, March 8, 2018,” *Cabinet Secretariat*, March 8, 2018, https://www.cas.go.jp/jp/tpp/tppinfo/2018/pdf/180308_tpp_statement_en.pdf.

commitment, though it is ambiguous whether developments were as Japan expected during the actual negotiations.

Indeed, Japan achieved some of the main objectives in securing TPP’s framework without the US. Its quick conclusion, in any case, preserved the most of high standards set by TPP by excluding China from negotiations, even though some parties had hoped for China to be involved.

The short-term interests, holding TPP agreements as a BATNA to the bilateral talks, worked well. Trade agreements on goods (TAG), considered quasi-FTA, were agreed upon in 2019, as a product of the US-Japan economic dialogue. Regarding agricultural products, Japan only gave concession to the US till the TPP level for those it had to compromise. Furthermore, it exempted rice from the scope of tariff elimination and reduction, for which the US had secured a non-tariff import quota in TPP (Table 2).⁵⁰

Finally, CPTPP was entered into force in December 2018 with 7 members’ ratification. As Peru ratified it in 2021, it now covers 8 of 11 signatories. The UK’s application to accession was good news from Japan’s perspective. The UK is expected to be the 12th member by the end of 2022.⁵¹ It underlined the importance of a high-standard deal in the region.

On the other hand, Chile, Brunei, and Malaysia, those who wanted to explore potential renegotiation, are having trouble with their domestic procedures. This might reflect the imbalance between CPTPP’s modest economic benefits in the absence of the US market and higher standards, as well as their domestic politics.

The US’s politics went the way Japan had expected, as President Biden, who was Obama’s Vice President, defeated anti-TPP incumbent President Trump. However, it might have underestimated the US voters’ scepticism of free trade. Embracing many anti-TPP politicians inside his party, President Biden has not publicly shown his interest in the US’s return to TPP as a dealmaker as it reached the end of his first year in the White House. The newly appointed US Secretary of Commerce, Gina Raimond, revealed that the US will not join CPTPP but proposes an economic framework that “could be even more robust in some ways than the traditional free trade agreement”.⁵² There is a possibility that the Biden administration could change its posture on CPTPP after the mid-term elections in 2022 or another presidential election in 2024, but the process is not as smooth as Japan had hoped.

Furthermore, the actor that put CPTPP back at the centre of global debates on trade rules was another superpower: China. China’s formal application for CPTPP accession came surprisingly quickly, in

⁵⁰ Suguru Kamitanida, “Summary of US-Japan Trade Agreement and US-Japan Digital Trade Agreement (Nichibei Boueki Kyoutei Oyobi Nichibei Dejitaru Boeuki Kyoutei No Gaiyou),” *House of Councillors, the National Diet of Japan*, November 2019, https://www.sangiin.go.jp/japanese/annai/chousa/rippou_chousa/backnumber/2019pdf/20191101111.pdf.

⁵¹ Sebastian Payne, “UK Aims to Conclude Pacific Trade Group Talks by End of 2022,” *Financial Times*, August 28, 2021, <https://www.ft.com/content/c0e5f8da-c327-4439-9a30-b1fa3832d56b>.

⁵² Yoichi Takita, “U.S. Won’t Join CPTPP but Will Seek New Framework: Raimondo,” *Nikkei Asia*, November 15, 2021, <https://asia.nikkei.com/Economy/Trade/U.S.-won-t-join-CPTPP-but-will-seek-new-framework-Raimondo>.

September 2021.⁵³ While some parties welcome the accession bid by China,⁵⁴ Japan remains a neutral attitude toward it, as “it’s necessary to determine whether China ... is ready to meet its extremely high standards,” according to the Minister in charge of Trans-Pacific Partnership, Yasutoshi Nishimura.⁵⁵ But China’s move has significant implications for non-members of TPP11. Since then, more and more countries have begun showing their interest in CPTPP and have started their official procedures to join, like the Republic of Korea, Thailand, Ecuador,⁵⁶ considering the economic impact of CPTPP including China. Although welcoming more participants contributes to the expansion of high-standard free trade rules established by TPP, experts suppose China needs circumventing rules that potentially conflict with its economic management as exceptions or conduct drastic reforms.⁵⁷ If China became a member of CPTPP before the US, it could block the accession of the US as a party that has a veto on new accession.⁵⁸

Considering such developments to date, Japan may be facing many difficulties that are consequences of its choice of saving TPP without the US as it resulted in China’s accession and further implications.

Epilogue

“The entry into force of the TPP Agreement is not the end. Our real work will start from now. I believe that by having the people, consumers, and businesses of each country enjoy the benefits of this agreement to the greatest extent possible, further prosperity for the Asia-Pacific region will be materialised.”

—Shinzo Abe, Former Prime Minister of Japan, 19 January 2019 at the Commemorative Ceremony for the Entry into Force of the TPP11 Agreement.

In January 2019, at a Commemorative Ceremony for the Entry into Force of the TPP 11 Agreement, former Japanese Prime Minister Shinzo Abe firmly underscored his forward-looking vision of TPP to the officials from other members.

Even after 3 years, as Abe mentioned, although he may not have predicted the recent developments - whether CPTPP can be a true driving force for further prosperity in the region is still uncertain.

⁵³ Reuters, “China Applies to Join Pacific Trade Pact to Boost Economic Clout,” *Reuters.com*, September 17, 2021), <https://www.reuters.com/world/china/china-officially-applies-join-cptpp-trade-pact-2021-09-16/>.

⁵⁴ Takashi Nakano, “Malaysia Welcomes China's Bid to Join CPTPP,” *Nikkei Asia*, September 20, 2021, <https://asia.nikkei.com/Economy/Trade/Malaysia-welcomes-China-s-bid-to-join-CPTPP>.
Tsukasa Hadano, “Singapore Backs Beijing's CPTPP Bid, Chinese Ministry Says,” *Nikkei Asia*, October 15, 2021, <https://asia.nikkei.com/Economy/Trade/Singapore-backs-Beijing-s-CPTPP-bid-Chinese-ministry-says>.
Reuters, “Vietnam Willing to Share Information with China for Its Bid to Join CPTPP,” *Reuters.com*, September 23, 2021, <https://www.reuters.com/world/asia-pacific/vietnam-willing-share-information-with-china-its-bid-join-cptpp-2021-09-23/>.

⁵⁵ “China Applies to Join Pacific Trade Pact to Boost Economic Clout,” *Reuters.com*, September 17, 2021), <https://www.reuters.com/world/china/china-officially-applies-join-cptpp-trade-pact-2021-09-16/>.

⁵⁶ Jeffery J. Schott, “Which Countries Are in the CPTPP and RCEP Trade Agreements and Which Want in?,” *Peterson Institute for International Economics*, January 3, 2022, <https://www.piie.com/research/piie-charts/which-countries-are-cptpp-and-rcep-trade-agreements-and-which-want>.

⁵⁷ Tsuyoshi Kawase, “How to Deal with China's Bid to Join CPTPP,” *Research Institute of Economy, Trade and Industry (RIETI)*, September 16, 2021, https://www.rieti.go.jp/en/columns/a01_0662.html.

⁵⁸ Shintaro Hamanaka, TPP versus RCEP: Control of Membership and Agenda Setting (June 30, 2014). *Journal of East Asian Economic Integration* Vol. 18, No. 2 (June 2014): 163–186, Available at SSRN: <https://ssrn.com/abstract=2460616>

Protectionism is prevailing around the world in recent years, and the unprecedented pandemic might have accelerated the trend. While Japan’s influence has to be marginalised in relation to two superpowers, its ongoing diplomatic strategy regarding the mega-FTA may have long-term implications for regional and global prosperity.

Discussion Questions

1. Can the strategies and options Japan adopted in the TPP11 negotiations be considered “middle-power” diplomacy? Did it successfully handle the situation after the US withdrawal? What factors limit Japan’s active diplomacy to champion rule-based trade order?
2. After Japan put TPP rules in place by leading TPP11, the situations surrounding CPTPP have evolved.
 - a. Discuss how the following topics affected the value of CPTPP from economic, geopolitical, and global rulemaking perspectives
 - i. US lacking interest in returning to the TPP
 - ii. China’s formal accession to CPTPP and its opposition to Taiwan’s accession
 - iii. Other ongoing or potential accessions (United Kingdom, Taiwan, Republic of Korea, Thailand, Ecuador)
 - iv. Establishment of RCEP - Table 3, 4, and Exhibit 1 indicate the major differences between CPTPP and RCEP.
 - b. Based on the discussion, would CPTPP be still relevant for Japan’s national interests? How should Japan consider the future CPTPP? Do relatively small, but well-developed CPTPP standards have the chance to become stepping stones for FTAAP or 21st-century trade rules?

Appendix

Table 1: Overview of TPP11 + US

Country	GDP (US\$)	Population (Thousands)	GDP per Capita	Share of World GDP	Share of World Population	Share of TPP11 GDP	Biggest import partner	Biggest export partner	Country2
Australia	1 330 900,93	25 687,04	51 812,16	1,57%	0,33%	12,49%	China	China	Australia
Brunei	12 016,06	437,48	27 466,54	0,01%	0,01%	0,11%	Japan	China	Brunei
Canada	1 644 037,29	38 005,24	43 258,17	1,94%	0,49%	15,43%	US	US	Canada
Chile	252 940,02	19 116,21	13 231,70	0,30%	0,25%	2,37%	China	China	Chile
Japan	4 975 415,24	125 836,02	39 538,88	5,88%	1,62%	46,71%	US	China	Japan
Malaysia	336 664,44	32 366,00	10 401,79	0,40%	0,42%	3,16%	China	China	Malaysia
Mexico	1 076 163,32	128 932,75	8 346,70	1,27%	1,66%	10,10%	US	US	Mexico
New Zealand	210 886,32	5 084,30	41 477,95	0,25%	0,07%	1,98%	China	China	New Zealand
Peru	202 014,36	32 971,85	6 126,87	0,24%	0,43%	1,90%	China	China	Peru
Singapore	339 998,48	5 685,81	59 797,72	0,40%	0,07%	3,19%	China	China	Singapore
Vietnam	271 158,44	97 338,58	2 785,72	0,32%	1,26%	2,55%	US	China	Vietnam
TPP11	10 652 194,90	511 461,28	20 826,98	12,59%	6,60%	100,00%	-	-	TPP11
US	20 936 600,00	329 484,12	63 543,58	24,75%	4,25%	-	Canada	China	US
TPP (12)	31 588 794,90	840 945,40	84 370,56	37,35%	10,85%	-	-	-	TPP (12)

Source: GDP, population (as of 2020): World Bank Open Data. <https://data.worldbank.org/>

Trade data: World Integrated Trade Solution. <https://wits.worldbank.org/Default.aspx?lang=en>

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Table 2: Summary of Japan’s Commitments Regarding Agricultural Products (Japan’s imports from the US) in US-Japan Trade Agreement and TPP/CPTPP

Product	US-Japan Trade Agreement	TPP (CPTPP)
Rice	Exempted from the tariff elimination and reduction	Setting non-tariff quota for the US (50,000 tons when ratified →70,000 tons in year 13)
Beef	Same as TPP regarding tariff reduction	- Reducing tariff (38.5%) to 9% in year 10 - Setting safeguard threshold (imports from all members) at 590,000 tons (when into force) and 738,000 tons after year 16
Pork	- Same as TPP regarding tariff elimination and reduction - Setting safeguard threshold (on imports from the US and CPTPP members) at 90,000 tons in 2022 and 150,000 tons after 2027	- Eliminating ad valorem tax (4.3%) in 10th year, reducing specific rate duty till 50 yen/kg in year 10 - Setting safeguard threshold at 90,000 tons and 150,000 tons after year 10
Wheat	- Same as TPP regarding mark-up - Same as TPP regarding low-tariff quota	- Reducing mark-up till 45 % in 9 years - Setting low-tariff import quota for the US (from 114,000 tons to 150,000 tons after year 7)
Dairy	- NOT setting low-tariff quota regarding skimmed milk powder and butter for the US - Same as TPP regarding tariff elimination and reduction	- Setting low-tariff import quota for TPP members (Skimmed milk powder: 21,000 tons to 24,000 tons after year 6/ Butter: 40,000 tons to 46,000 tons after year 6) - Whey: eliminating tariff in year 21 / Shredded cheese, grated cheese, cream cheese: eliminating tariffs in year 16 / Blue cheese: reducing tariff (29.8%) 50% till year 11

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Sugar	● Same as TPP regarding tariff elimination/ reduction ● No tariff binding for the other products	● Tariff elimination and reducing price adjustment for raw sugar for refining ● Import quota regarding sweetening matters (from 62,000 tons to 96,000 tons during year 6 -11 depending on products)
Alcohols	● Same as TPP regarding Wine; NO tariff binding for other alcohols	● Wine: Tariff elimination in year 8 ● Sake/imitation sake: Tariff elimination in year 11
Forestry/ Fishery	● Keeping all tariffs	● Plywood/ Sawing: Tariff elimination in year 16 ● Mackerel tariff elimination from year 12 till year 16

Source: Kamitanida, Suguru. “Summary of US-Japan Trade Agreement and US-Japan Digital Trade Agreement (Nichibei Boueki Kyoutei Oyobi Nichibei Dejitaru Boeuki Kyoutei No Gaiyou).” House of Councillors, the National Diet of Japan, November 2019. https://www.sangiin.go.jp/japanese/annai/chousa/rippou_chousa/backnumber/2019pdf/20191101_111.pdf.

Table 3: Comparison of RCEP, CPTPP, EU, and USMCA

Comparison of RCEP and Major International FTAs							
FTA	Number of members	Population (million)	Share of global population	Total GDP (US\$ trillion)	Share of global GDP	Total exports (US\$ trillion)	Share of global exports
RCEP	15	2,262	29%	25.8	29%	5.5	28%
CPTPP	11	508	7%	11.2	13%	2.9	15%
EU	27	448	6%	15.6	18%	5.8	30%
USMCA	3	493	6%	24.4	28%	2.6	13%

Source: PWC, World Bank (2019 data)

Graphic © Asia Briefing Ltd.

Source: Zoey Zhang, “China's Bid to Join the CPTPP: What It Must Overcome and Other Issues,” China Briefing News, October 13, 2021, <https://www.china-briefing.com/news/chinas-bid-to-join-the-cptpp-challenges-comparison-with-rcep/>

Table 4: Comparison of CPTPP and RCEP Chapters

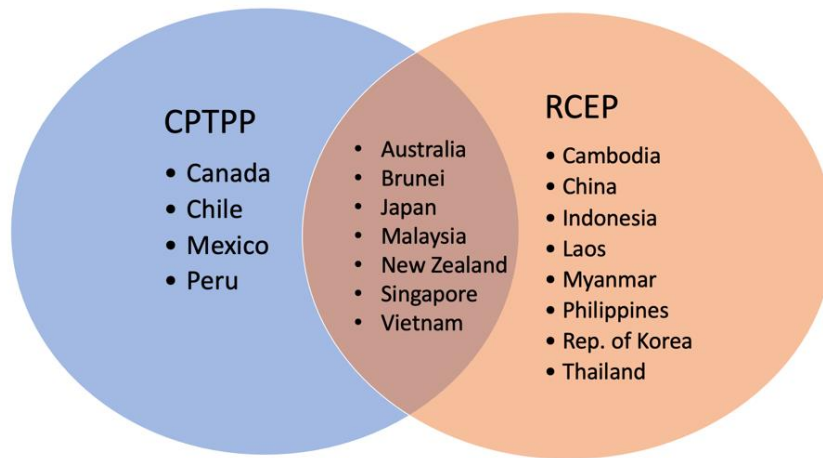
	CPTPP	RCEP
National Treatment and Market Access for Goods	○	○
Rules of Origin and Origin Procedures	○	○
Textiles and apparel	○	×
Customs Administration and Trade Facilitation	○	○
Trade Remedies	○	○
Sanitary and Phytosanitary Measures	○	○
Technical Barriers to Trade	○	○
Investment	○	○
Cross Border Trade in Services	○	○
Financial Services	○	×
Temporary Entry for Business Persons	○	○
Telecommunications	○	×
Electronic Commerce	○	○
Government Procurement	○	○

Competition Policy	○	○
State-Owned Enterprises and Designated Monopolies	○	×
Intellectual Property	○	○
Labour	○	×
Environment	○	×
Cooperation and Capacity Building	○	○
Competitiveness and Business Facilitation	○	×
Development	○	×
Small and Medium-Sized Enterprises	○	○
Regulatory Coherence	○	×
Transparency and Anti-corruption	○	×
Administrative and Institutional Provisions	○	○
Dispute Settlement	○	○

Source: Australian Government Department of Foreign Affairs and Trade, “TPP Text and Associated Documents,” Australian Government Department of Foreign Affairs and Trade, 2015, <https://www.dfat.gov.au/trade/agreements/not-yet-in-force/tpp/Pages/tpp-text-and-associated-documents>.

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Exhibit 1 Members of CPTPP and RCEP



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