

# Japan's Quest to Preserve the Trans-Pacific Partnership

Written by [Kristi Govella](#).

After over seven years of showcasing the Trans-Pacific Partnership (TPP) as a significant part of its foreign policy toward Asia, the United States [officially withdrew](#) from the agreement in January. Prior to this, TPP was set to be a 12-country trade pact, the largest regional agreement in history: its members would have constituted 40 percent of world GDP and about one-third of world trade. After the departure of the US, its largest member, the remaining 11 participants were left with the conundrum of whether to revise TPP or abandon it entirely. In an apparent reversal of traditional roles, Japan—the one-time liberalization laggard who drew intense criticism for trade barriers in the 1980s—has become a leading advocate for trade liberalization in Asia, while the US appears sidelined and ambivalent on multilateral economic agreements.

*For now, Japan seems willing to play interim leader. Its ability to do so has been enabled by the unusual political longevity of Prime Minister Abe; while things could change if Abe were to leave power before a TPP-11 agreement is cemented, his prospects have been strengthened by his party's overwhelming victory in the October 22 snap election*

Japan's efforts toward TPP started even before President Trump's executive order to exit the agreement. Despite knowing that an American defection was likely imminent, Japan ratified the agreement in January as a sign of its own commitment. Shortly after Trump's electoral victory in November 2016, Prime Minister Shinzo Abe tried to encourage him to change his mind—by

saying, for example, that TPP would be "[meaningless without the US.](#)"

When it became apparent that the US withdrawal would go forward, Japanese leadership changed tack, devising a two-pronged strategy. First, it has attempted to keep TPP alive in the form of a revised "TPP-11" agreement, emphasizing that the US will be able to return in the future, if it so wishes. Second, it has simultaneously agreed to engage with the US directly in response to the Trump administration's desire for a US-Japan bilateral agreement, though so far it has managed to forestall this by insisting first on an economic dialogue. It has also tried to manage American expectations by stressing that such a bilateral agreement would not necessarily yield a better outcome than that which was reached under TPP.

With respect to the other remaining members, Japan has attempted to accelerate the pace of TPP-11 discussions. It has countered proposals by some countries—particularly Malaysia and Vietnam—to reopen discussions on specific parts of the agreement, which would threaten its forward momentum. Japan has also tried to prevent the other remaining TPP members from following the US example in demanding bilateral agreements, rejecting Canadian overtures about a Japan-Canada pact.

Why does Japan see TPP advocacy as advantageous? A number of external and internal factors come into play. First, Japan wants to deter other countries from following suit and joining the US in defecting from existing economic agreements. Japan has been an important beneficiary of the open markets facilitated by the international trade system, so it has strong incentives to stem the tide of economic nationalism. Japan also fears that it will fare worse in any new or renegotiated trade deal with the US. It may be forced to make larger concessions or [face the kind of Japan-bashing that characterized the 1980s.](#)

Second, Abe and other Japanese policymakers expended a great deal of political capital to make Japan's participation possible. Given Japan's strong constituencies for protection in sectors such as agriculture, many observers were surprised that Japan had the political will to join the agreement at all. TPP became part of the "third arrow" of the prime minister's suite of "Abenomics" policies, intended to spur necessary reforms that would help restore competitiveness to the Japanese economy. Deals were cut, and concessions were made; restarting negotiations in the context of either TPP or further bilateral agreements would be fraught.

Third, much of Japan's original motivation for pursuing TPP was to ensure US engagement in the region; post-US withdrawal, Japan wants to avoid a situation where China steps in to fill the power vacuum. With the original TPP-12 agreement out of the picture, some of its former participants might be tempted to support the other major Asian regional trade agreement currently being negotiated, the Regional Comprehensive Economic Partnership (RCEP).

Formally led by ASEAN and favored by China, RCEP is a much less ambitious trade agreement than TPP; it presents fewer gains from trade, but its exclusion of controversial topics such as intellectual property rights makes it a model more amenable to developing countries such as China. Notably, China was not part of the TPP negotiations. These issues of American engagement and membership composition have always imbued TPP with a security dimension; it was once touted by former Secretary of Defense Ash Carter as being "[as important to \[him\] as another aircraft carrier](#)" in terms of its ability to deepen alliances, demonstrate US commitment, and promote a global order that reflects American interests and values. It seems that Japan wants to hold the fort in both the regional economic and security orders while the US is gone, in hopes that the latter will one day pivot back to its former policies.

Japan's major allies in pushing TPP-11 forward thus far have been Australia and New Zealand. However, New Zealand's newly elected government [announced](#) on October 19 that it would seek to renegotiate the agreement. Mexico and Canada have been largely on board with moving forward with TPP-11, but they are also reluctant to antagonize the US, since they are simultaneously engaging the latter in [contentious NAFTA-related negotiations](#). The most serious concerns have been expressed by Malaysia and Vietnam. Both countries—particularly the Vietnamese garment industry and the Malaysian electronics industry—expected to gain significantly from increased access to US markets; in return, they promised to make sweeping domestic reforms in areas such as transparency and environmental and labor standards. Unsurprisingly, they would like negotiations to be reopened in specific areas.

The remaining TPP members say that they hope to conclude a new deal at the November meeting of the Asia-Pacific Economic Cooperation forum in Vietnam. In order to do so, they must first agree on which parts of the original agreement to suspend, or “freeze.” As [studies have shown](#), the US was very successful in influencing the final TPP text; the contents of TPP are taken disproportionately from earlier US trade agreements, particularly the most controversial chapters. Now that the US is out, those controversial clauses are the most vulnerable to freezing. For example, the TPP-11 member countries have unanimously agreed to suspend clauses on pharmaceutical data exclusivity and an extended patent protection period. The idea behind freezing is to allow the US to return in the future, at which point the clauses will presumably be thawed.

The way ahead will not be easy for the TPP-11 grouping. Any agreement its members reach will be suboptimal, given the absence of the US, and New Zealand's recent change in position may throw an additional wrench in the works. For now, Japan seems willing to play interim leader. Its ability to do

so has been enabled by the unusual political longevity of Prime Minister Abe; while things could change if Abe were to leave power before a TPP-11 agreement is cemented, his prospects have been strengthened by his party's [overwhelming victory](#) in the October 22 snap election. So far, Abe has done a remarkable job forging a positive relationship with President Trump, but Trump may at some point feel the need to appear more ["tough" on Japan](#) in order to satisfy his domestic base. For example, the US recently made [more explicit reference](#) to initiating a US-Japan bilateral FTA during the second round of economic dialogue between Vice President Pence and Deputy Prime Minister Aso on October 16. What happens next will have important consequences: the bilateral or regional agreements that manage to coalesce first will shape not only Asia's institutional architecture, but the direction of the international trade regime as a whole.

*[Kristi Govella \(@KristiGovella\)](#) is a Postdoctoral Fellow at the Harvard University Program on US-Japan Relations and an Assistant Professor of Asian Studies at the University of Hawaii at Manoa. Her research examines the intersection of economics and security in Asian regional politics, with a particular focus on Japan. She is the co-editor of [Linking Trade and Security: Evolving Institutions and Strategies in Asia, Europe, and the United States](#). Image credit: CC by The White House/[Flickr](#).*