



Abe-Trump Meeting May Yield Clues On Trump's Trade Vision

Japanese Prime Minister Abe is in Washington to see what, if anything, will replace the Trans Pacific Partnership.

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Japan Prime Minister Shinzo Abe's meeting with Donald Trump may provide the first signs as to what the U.S. president wants in a trade deal.

Trump trashed the North American Trade Agreement on the campaign trail and pulled out of talks for the Trans Pacific Partnership, a deal with 12 Asian countries, just days after taking office. But he's provided little concrete detail on how he plans to move forward on trade, aside from saying he favors bilateral deals.

"If you go to the U.S. Trade Representative homepage, all of Trump's top positions are empty," Simon Lester, a trade policy expert at the Cato Institute, said. "Trump has to figure out what he actually wants in a trade agreement."

Abe is using his White House visit and subsequent golf outing with Trump to size up the U.S. president and put on a good face for Japan, Phillip Lipsky, a fellow at the Shorenstein Asia-Pacific Research Center at Stanford University, argued. "They're basically trying to figure out what they're dealing with from the U.S. side," he said.

The visit comes as Trump's election has taken the historically strong U.S.-Japanese alliance into choppy waters. Trump has been a vocal critic of Japan for decades, dating back to the 1980s, when Japanese investors flooded the New York real estate market. More recently, he said

Tokyo does “things to us that make it impossible to sell cars in Japan.” Trump has also accused Japan of playing “the money market, they play the devaluation market and we sit there like a bunch of dummies.” And he has suggested Japan pay more for American troops that are stationed there.

On Thursday, a bipartisan group of lawmakers called on Trump to take Abe to task for Japan’s “longstanding unfair trade practices in the auto sector.”

A senior administration official said Trump would leave it up to Abe to sell the president on the economic case for his proposals, and that the two might discuss the yen’s weakness against the dollar. Japanese officials have said their top priority would be trade and investment.

Abe is betting that commitments to boost U.S. jobs will go a long way with Trump. So he’ll be presenting a plan for Japanese investments in U.S. infrastructure projects, including high-speed rail and power plants. The plan creates 700,000 jobs in the U.S. and opens new markets worth \$450 billion in the next ten years, according to Japanese officials. In 2013, the last year data is available, Japan and the U.S. traded \$204 billion in goods.

This is not the deal the Japanese prime minister wanted. He spent a lot of domestic political capital promoting the TPP and he’s expected to make a last-ditch push on the deal. Abe argued the pacific agreement will lower tariffs to help industrial exporters while compelling domestic farmers — who would lose some tariff protections — to produce more. A special committee passed TPP in November of last year amid scuffles with opposition lawmakers.

Japanese officials have rejected Trump’s accusations about unfair currency and trade practices. On Thursday, Toshimitsu Motegi, the policy chief of Abe’s ruling Liberal Democratic Party, said a “win-win relationship” between the long-time allies was possible and that “cooperation with Japan on various areas, not just trade, will help make America great again.”

Lipsy said if negotiations on a bilateral deal do begin down the line, Abe might have some wiggle room on trade, opening up the Japanese market to more American products. This is something Trump wants for American cars. But he does not think Abe will budge on currency.

“Strengthening the currency would hurt Japan’s economy. That’s something I don’t think Abe would be willing to do,” he said.