



Japan Joins Asia-Americas Trade Talks

Scott Stearns March 21, 2013

WASHINGTON — Japan's decision to join ongoing trade talks between Asia and North and South America leaves only China among the region's large economies outside the deal to expand markets.

Japanese Prime Minister Shinzo Abe says the Trans-Pacific Partnership (TPP) is a framework for future prosperity in the Asia Pacific.

"Our participation is not just for the benefit of Japan's economy, but rather, for Japan and our allies and the United States to create a new economic sphere," he said.

Japan is joining ongoing trade talks between the United States, Canada, Mexico, Australia, New Zealand, Chile, Peru, Vietnam, Malaysia, Brunei and Singapore.

Most noticeably absent from that group is China, which is already concerned about expanding U.S. commercial, diplomatic, and military influence in the region.

Washington understands China's concerns and is working hard to present the Trans-Pacific Partnership as a trade deal, says Cato Institute analyst Justin Logan.

"It's also very, very much about the rebalancing. It's very, very much about China. It's very, very much about creating a group of countries who get together and talk and have shared perceptions of shared difficulties," said Logan.

Territorial claims

Especially difficulties in the South China Sea, where Vietnam, China, Brunei, and Malaysia have competing territorial claims.

"When you sign trade deals, a lot of the time it isn't about trade," said American University professor Pek Koon Heng. "It's about political partnership. So Vietnam sees the TPP as doing both things and putting the Americans next to the Vietnamese in dealing with the Chinese."

Heng says the trade talks help soften the so-called U.S. "pivot" to Asia.

"There is concern that the pivot is just putting too much focus on the military dimension of what the U.S. wants to do. And so TPP is a necessary and much-welcome and very important dimension of the rebalance," she said.

China

U.S. officials say China is welcome to join the trade deal if it meets political and economic requirements. Instead, China is turning inward, according to U.S. business leader Calman Cohen.

"China seems to be closing its economy rather than further opening its economy," said Cohen. He adds that Chinese subsidies discourage greater trade.

"If there is not a reversal in course by China, it will not get the level of investment that it has over recent years, and you will see a second guessing by companies around the world whether they should place so much emphasis on the China market," he said.

But domestic concerns are also a challenge for Prime Minister Abe's push to join the trade pact - as he moves to reduce protections for Japanese agricultural and textile firms.