



History and Challenges of Agricultural Trade Negotiations in Japan (TPP and other Negotiations)

Part 2

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2. Japan-Australia EPA negotiations

The EPA negotiations with Australia, which started in 2007, was perceived to have a huge impact on Japan's agriculture. The government estimated the potential impact to four sensitive products (wheat, sugar, dairy and beef) to be US\$8 billion (800 billion yen) based on the assumption that tariffs on the agricultural products imported from Australia are completely eliminated and no additional support would be provided to farmers. Therefore, a resolution demanding due consideration for domestic agriculture was adopted by Agriculture Committees of the House of Councillors and the House of Representatives of the Japanese Diet in December 2006¹.

3. TPP

(1) History and overview

With regard to the TPP (Trans-Pacific Strategic Economic Partnership Agreement) negotiation, the basic position of the Abe cabinet (December 2012 -) is that it is opposed to "tariff elimination without sanctuary." Based on this, the government has developed its negotiating position and on February 22 2013, at the time of Japan-US summit, "Joint Statement by the United States and Japan" was adopted and it says "Recognizing that both countries have bilateral trade sensitivities, such as certain agricultural products for Japan and certain manufactured products for the United States, the two Governments confirm that, as the final outcome will be determined during the negotiations, it is not required to make a prior commitment to unilaterally eliminate all tariffs upon joining the TPP negotiations."

On March 15, Prime Minister Shinzo Abe decided to join the TPP negotiations saying that he will "protect Japan's agriculture by all means." On the same day, the government released its estimation on potential economic effect of tariff elimination by TPP agreement (Table 1).

¹ At the time of writing this translation, Japan-Australia EPA was sealed without complete elimination of tariffs and the impact on the sensitive products seems to be relatively small.

Keywords: Japan, agriculture, trade negotiations, WTO, FTA, EPA, TPP, tariff, levy, domestic support, sensitive products, rice, wheat, barley, beef, pork, dairy, sugar, starch products

Table 1. Estimation of potential economic effect of tariff elimination by TPP agreement

Economic effect on Japanese economy as whole in terms of real GDP

Item	Economic Effect
Consumption	+0.61% (+30 billion USD)
Export	+0.55% (+26 billion USD)
Investment	+0.99% (+5 billion USD)
Import	-0.60% (-29 billion USD)
Total	+0.66% (+32 billion USD)

Production loss of agricultural, forestry and fishery products
(Total: US\$30 Billion)

Item	Production loss (Billion US\$)
Rice	10.1 (34%)
Pork	4.6 (15%)
Beef	3.6 (12%)
Milk & dairy	2.9 (10%)
Sugar	1.5 (5%)
Egg	1.1 (4%)
Poultry	1.0 (3%)
Wheat	0.8 (3%)
Other agricultural products	1.1 (4%)
Forestry products	0.5 (2%)
Fishery Products	2.5 (8%)
Total	30 (100%)

In April, Agriculture Committees of both houses of the Japanese Diet adopted a resolution demanding that five sensitive products such as rice and beef are to be excluded from the TPP negotiations. (“Sensitive agriculture, forestry and fisheries products—including rice, wheat and barley, beef and pork, dairy products, sugar and starch crops—are either to be excluded from the negotiations or to be subject to renegotiation in order to maintain sustainable domestic production. Even the gradual elimination of tariffs over a period of more than 10 years is unacceptable.”)

(2) Things to note

While the WTO negotiation is stagnating, bilateral or plurilateral negotiations such as RCEP (Regional Comprehensive Economic Partnership, ASEAN + 6 countries) or TTIP (Transatlantic Trade and Investment Partnership) are ongoing. In addition to that, stimulated by Japan’s participation in the TPP negotiations, other dormant negotiations such as Japan-China-Korea FTA negotiation, Japan-EU EPA negotiation, and Japan-Canada EPA negotiation started moving. As the TPP negotiation advanced, China and Korea became interested in participating in the TPP

negotiation. TPP is regarded to lead the future rule making of world trade and investment and the FTAAP (Free Trade Area of the Asia-Pacific) is likely to develop based on the TPP. Therefore, it is important to watch the situation of such rule making while giving due consideration to maintenance of regional economies and multi-functionality of domestic agriculture.

(To be continued)

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