

Trends in TPP agreement and government correspondence: An Overview¹

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Trends after TPP agreement outline agreement

Year	Road to TPP agreement	Correspondence of the Japanese government
2015	10/5 Outline agreement	10/9 TPP General Headquarters (Prime Minister's Office) TPP headquarters (Ministry of Agriculture, Forestry and Fisheries) 10/15 TPP Preparation Headquarters (METI)
	11/5 Notification of the intention of President Obama signing in Congress	11/25 Determination of overall TPP -related policy outline (TPP General Headquarters)
	signed after 90 days	2015 supplementary budget approved by the Cabinet 12/24 Publication of TPP economic effect analysis (Cabinet Secretariat TPP government headquarters)
2016	2/4 Signing of the TPP agreement by 12 countries (Formal agreement) (November) presidential election	1/20 2015 supplementary budget established (From spring to autumn : prospect) Diet approval (ratification)
2017-2018	Effectuation	

[Conditions of TPP entry into force]

When a country has completed its domestic treaty-making processes, it will notify other TPP countries that it has done all that is required for the Agreement to enter into force. The Trans-Pacific Partnership Agreement will enter into force 60 days after all original signatories have notified completion of their domestic legal procedures. If this has not occurred within two years after signing, the Agreement will enter into force 60 days after the expiry of that two-year period if at least six original signatories accounting for 85 % of the

¹ If you would like to read the original paper in Japanese, please refer to the website (<http://www.pref.shizuoka.jp/kikaku/documents/03-01doukou.pdf>).

combined gross domestic product of the original signatories have ratified the agreement. (Reference: GDP composition ratio of the participating 12 countries; US about 60%; Japan about 17%)

The Government's corresponding measures regarding TPP: An Overview

(1) Development of TPP Policy Outline (2015.11.25)

【The basic concepts】

- Clarify the goals of the policy which is truly necessary and which is to dispel anxiety about the impact of TPP
- Performs a constant inspection and review of major policies while concrete content of policy mix for 1) strategy necessary for further industrialization of agriculture, forestry and fisheries industry, 2) policy necessary for further productivity improvement and overseas expansion as well as business expansion of Japanese industry set by 2016 Autumn.

[The main measures towards the realization of the basic concepts]

Building Japan into a new export giant	(1) Information provision and maintenance of the consultation system	Dissemination and awareness-raising of TPP Development of consultation system for such as small and medium-sized enterprises (SMEs)
	(2) New markets, global value chain	Drastic strengthening of comprehensive support system for new markets such for SMEs
		Export promotion of content, services of technology, etc.
		Strategic promotion of agricultural and fishery commodities and food commodities exports
		Export promotion of infrastructure system Establishment of overseas business environment
Positioning Japan as a global hub	measures to direct the expansion of trade and investment by TPP to the domestic economic recovery	Productivity improvement through promoting innovation and collaboration promoted by inter-company and inter-industry cooperation promotion of inward investment activation
	Strengthen the regional "earning power"	Information dissemination about regions Mobilization of brand of local resources
Bringing about a new age in agricultural administration	(1) agriculture, forestry and fisheries	Conversion to proactive agriculture, forestry and fisheries (strengthen measures) (2) management stability and stable supply (important 5 material-related)
	(2) safety and security of the food	Strengthening of imported food monitoring and guidance system, labeling of raw material origins
	(3) intellectual property	(1) patent and trademark related matter (necessary measures)
		(2) copyright related matter (use facilitation such as copyrighted material, etc.)
(4) Other		

The publication of the economic impact analysis (of TPP) (2015.12.24)

- Analysis of the economic effects on Japan's macro economy in case the TPP agreement enters into force

- Use of GTAP: using the (Global Trade Analysis Project: national trade analysis project) model and comparing the 2013 analysis (immediately eliminate tariffs all, no domestic measures) with the comprehensive benefit analysis reflecting the impact on tariffs based on the agreement contents as well as cost reduction of non-tariff, trade and investment promotion effects, and the productivity effect, etc.

[The expected growth mechanism]

(1) two of exogenous changes caused by TPP	① tariff reduction
	② trade facilitation and reduce non-tariff barriers
(2) endogenous growth mechanism within to move the economy	① import and export expansion → trade openness rise → productivity rise
	② productivity growth → real wage rate rise → labor supply increase
	③ real wage increase → savings and investment increase → capital stock increase → expanding production capacity

【The analysis result】

- At the time of the transition to the equilibrium state, real GDP + 2.6% increase, expansion effect of about 14 trillion yen (Converted using 2014 GDP), labor supply is about 80 million people, up

(3) Corresponding in the 2015 supplementary budget

TPP measures total 3,403 billion yen (supplementary budget total 3 trillion 5,030 billion yen)

[Main contents]

1. Land improvement projects **99 billion yen**

Support for the integral development of further large compartmentalization and underground irrigation facilities of agricultural land, and support for such as further high-function of upland and orchards, and conversion of paddy fields to upland in order to encourage a shift to high-profit crops.

2. Production areas' power-up business **50.5 billion yen (funds)**

Support for conversion to a highly profitable crop and cultivation system through introduction of high-performance machinery and/or facilities and through restructure and reform of collecting shipment facility based on farming strategy of the region.

3. Measure to strengthening livestock, dairy profitability special measures business **61 billion yen (funds)**

Support profitability improvement measures such as leasing necessary machinery, facility development and introduction of livestock for the main management body based on the livestock cluster plan.

(4) Corresponding 2016 fiscal year budget

Expand the "proactive agriculture, forestry and fisheries" such as export promotion and management improvement (MAFF: total budget of 2.3 trillion yen)

[Main contents]

Contents	2016 budget (yen)	Compare to 2017 budget (yen)
Export promotion, achievement of higher demand of foreign visitors		
◆ export strategy execution, environmental improvement, etc.	1.3 billion	+ 2 Billion
◆ comprehensive export support project	1.5 billion	+ 1 Billion
◆ quarantine inspections facilitation support project of agricultural and livestock products for souvenirs	50 million	+0.3 Billion
Agricultural and rural development projects, etc.		
◆ agriculture and rural development	2,962 billion	+ 210 Billion
◆ farmland cultivation conditions improvement	12.3 billion	+ 23 Billion yen
Management income stabilization measures, etc.	6,584 billion	▲ 293 billion
Japanese direct payment	77 billion	▲ 29 billion
Business income stabilization measures, etc.		
◆ agricultural business improvement support	700 million	+ 2 Billion
◆ experiment for establishing the advanced model agriculture model through collaboration of the agricultural industry and the business community	300 million	The same as last year
Transformation into a highly profitable crop		
◆ Farmland cultivation conditions improvement (highly profitable crop conversion type)	12.3 billion yen	new

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