



Agriculture will Save the Free Trade

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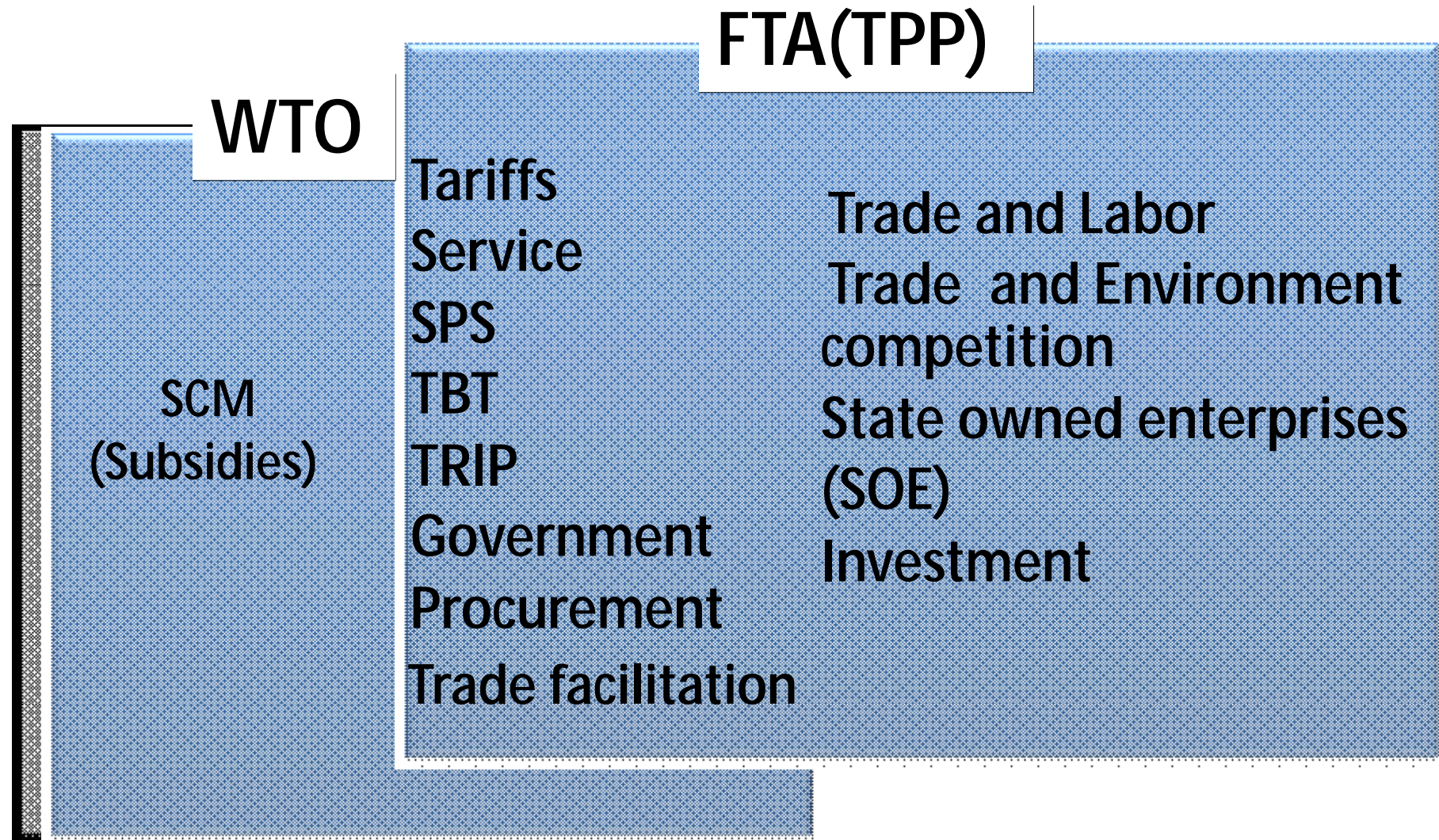
TPP will expand or accelerate other FTAs

- ▶ The essence of FTA is **discrimination**: it is disadvantageous not to join it.
- ▶ Mega-FTA has **domino effects**: **Korea, Taiwan, Philippine, Thailand, Indonesia and Great Britain** show their interest to join TPP.
- ▶ **China** is also interested in TPP. **RCEP** is accelerated by TPP to say the least.
- ▶ **EU** has become more eager to have FTA with Japan and concluded the FTA.

New TPP without US

- ▶ Australia will pay only 9% tariff on beef exports to Japan; whereas the US will have to pay 38.5% tariff. In the Japanese market, the US will eventually lose its share of beef to Australia, pork to Canada, wheat to Canada and Australia, and dairy products to Australia and New Zealand.
- ▶ Because of Japan-EU FTA, EU's wine, pork, pasta will be more favorably treated than US products.
- ▶ This is a result of FTA's discriminatory nature or trade diversion effects. The US will have no choice but to bid for membership in the new TPP deal. TPP without US is the only instrument to let US return to TPP.

The relationship between WTO and TPP



New trade and investment rules

- ▶ **Export taxes** will be banned. Cumulative rule of origin. More transparency in SPS and TBT. Trade facilitation. Protection of intellectual property rights.
- ▶ **Race to the bottom** by manipulating labor and environmental regulations will be disciplined.
- ▶ **ISDS** protects overseas investment.
- ▶ Level playing field between **State-Owned Enterprises** and private companies. **E-commerce rules**
- ▶ As TPP area expands thanks to its **domino effects**, **its new rules and disciplines will be imposed on or applied to new member countries** in addition to the original 11. This contributes to **the rule-making process** of the world trade. Those rules and disciplines can **be revised according to the changing world trade**. This could **provide a good reference or an alternative to the future WTO negotiations**.