

# US-Japan conflicts stall Obama's Trans-Pacific economic pact

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Week-long negotiations in Canberra, followed by three days of ministerial talks in Sydney last weekend, failed to break a deadlock between the American and Japanese governments over the proposed Trans-Pacific Partnership (TPP).

The TPP is a treaty being aggressively pushed by the Obama administration to establish unchallenged economic hegemony in the Asia-Pacific. The failure of the talks to make any progress toward finalising it, despite intense US pressure, is another measure of rising economic and geo-strategic tensions globally, not just between the US, China and Russia, but also between the US and its major imperialist rivals, notably Japan.

Four years after the former Democratic Party of Japan government first indicated its readiness to join the TPP, and 18 months after the present Liberal Democratic Party government said it would sign up to the treaty, no agreement is in sight. Bitter disputes continue between the US and Japan over access to each other's agricultural and auto markets, which is just part of a wider agenda of battering down barriers to US trade and investment.

"There is no prospect for an agreement on market access at the moment," Japanese Economics Minister Akira Amari told a news conference in Sydney. After meeting with US Trade Representative Michael Froman on Monday morning on the margin of the plenary session, Amari declared: "The problems left are extremely difficult and we cannot solve them easily."

President Barack Obama said this year he wanted to conclude the talks by the time he travels to Asia next month. But Amari, when asked whether a TPP summit meeting would take place in Beijing, on the sidelines of the Asia-Pacific Economic Cooperation (APEC) forum in November, said nothing of that sort had been

discussed.

Amari's statements made a mockery of the claims by the host of the latest round of talks, Australian Trade Minister Andrew Robb, that a TPP deal could be finalised by the end of 2014. "There is a real sense that we are within reach of the finish line," Robb claimed. Alongside Froman, the Australian minister pushed hard for the talks to avoid missing a deadline set by Obama, for the third year in a row.

The official statement issued by the representatives of the 12 TPP countries insisted that "we have made significant progress" and that a treaty was "crystallising." Such claims, however, have been made in previous TPP communiqués.

Even Robb conceded that "difficult decisions" remained outstanding. He mentioned intellectual property, state-owned enterprises and "other areas," on top of the US-Japan market access disputes. No details were provided, in keeping with the secrecy surrounding the entire TPP process, which is being conducted by government and hundreds of corporate lobbyists behind the backs of the population.

Without agreement between Washington and Tokyo, the TPP will be an abject failure. Together the two countries constitute about 90 percent of the gross domestic product of the negotiating partners. The TPP talks also involve Australia, Canada, Brunei, Singapore, Malaysia, Vietnam, New Zealand, Mexico, Chile and Peru.

The TPP, first conceived in 2003 by Singapore, New Zealand and Chile, was literally taken over by the Obama administration in 2009. It became an essential component of Washington's military and strategic "pivot" to Asia to combat China, which is effectively excluded from the TPP.

More fundamentally, the TPP seeks to reshape the

entire “economic architecture” of the Asia-Pacific region in the interests of Wall Street finance capital and the largest US corporations. In the words of Obama’s former National Security Adviser Tom Donilon, the TPP, combined with a similar treaty in Europe, is about “writing the rules that will govern the global economy for the next century.”

While presented as a “free trade” pact, the TPP’s 29 chapters go far beyond traditional trade issues. Apart from tariffs and trade barriers, the TPP is aimed at tearing down all legal, regulatory and government impediments to American investment throughout the region, so that every aspect of economic and social life is restructured in line with the profit requirements of US finance houses and transnationals.

In Japan’s case, this means not just demolishing the country’s tariffs on politically sensitive farm products—rice, wheat, beef and pork, dairy and sugar—but gaining access to other lucrative sectors of the Japan economy.

A US Trade Representative document this year listed “barriers” that the US wants dismantled in a long list of key industries. These include Japan Post, financial services, insurance, telecommunications, legal services, education, military contracts, airlines, ports, public works construction contracts, medical devices, pharmaceuticals and cosmetics.

For months, Obama and his envoys have publicly cajoled Japanese Prime Minister Shinzo Abe and his government to give way. Last month, US Trade Representative Froman wrote an opinion piece for the London-based *Financial Times* accusing Japan of jeopardising the TPP. This was after talks in Washington ended in acrimony, with Amari, his Japanese counterpart walking out.

Froman declared that the stakes were “high” for Japan, saying it was reneging on promises to pursue a “bold vision” for the TPP as a key component of Abe’s “third arrow” of structural economic reform. Froman urged Abe to stand firm against unnamed “vested interests” in Japan.

Obama himself then phoned Abe, urging him to be “bold” in the TPP negotiations, insisting that their partnership was the cornerstone of US engagement with the region. This was followed by a visit by US Commerce Secretary Penny Pritzker to meet with Abe to reiterate the message.

These thinly veiled warnings about the harm to US-Japan relations have failed to produce any agreement. This points to an increasing assertiveness by Abe’s government, and not just domestic resistance by “vested interests” to his “third arrow” agenda.

This third plank of “Abenomics,” unveiled in July, consists of a far-reaching program of more than 200 pro-market restructuring measures that will undercut some protected sections of business and also make deep inroads into the social position of the Japanese working class.

Abe took the decision, in March 2013, to sign up to the TPP, despite any agreement to scrap agricultural tariffs threatening to shatter the rural base of his Liberal Democratic Party, as a means of pursuing this aggressive pro-market offensive to end two decades of economic stagnation.

Since taking office nearly two years ago, Abe has closely aligned himself with Obama’s “pivot,” but he has also used the rising tensions with China to push for Japan’s re-militarisation, including by “reinterpreting” the so-called pacifist constitution imposed on Japan by the US after World War II.

While Abe remains publicly committed to the TPP, the impasse points to underlying, intractable conflicts between the interests of US imperialism and those of its current allies such as Japan, that have been exacerbated by the ongoing global economic breakdown.



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