

## **US, Japan say TPP progressed though no agreement**

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**By Isabel Reynolds, Bloomberg**

The US and Japan said they identified a path through the bilateral issues impeding the 12-nation Trans-Pacific Partnership trade pact, even as an agreement proved elusive during president Barack Obama's visit.

In a statement issued as Obama left for Seoul on the second leg of his Asian tour, the two governments said they were marking a "key milestone" in their talks, which are crucial to concluding the broader pact. Obama and prime minister Shinzo Abe did not strike an outline bilateral accord during Obama's trip to Tokyo, with discussions set to continue at a lower level.

The two sides held a flurry of negotiations before and during the trip in an effort to show progress. The pact, which does not include China, would link an area with about US\$28 trillion (RM90 trillion) in annual economic output, around 39% of the world total, and is a centerpiece of US efforts to retain economic and security influence in the Asia-Pacific region.

The two countries said in their statement that "there is still much work to be done" on outstanding issues, which relate to the agricultural and auto sectors. Japanese finance minister Taro Aso earlier told reporters there was also no guarantee any pact would pass the US congress.

"In any case, there will be no resolution on TPP until after the mid-term elections" in the US in November 2014, Aso said. "Obama does not have the domestic power to pull it together. I don't think they can reach a conclusion before the mid-term elections. I think they will continue all kinds of talks in the meantime."

### **'Life and Death'**

The TPP goes beyond usual deals that focus on tariffs and traditional goods such as agriculture. It would establish rules for digital commerce and include environmental standards and protection for companies that compete against government-backed businesses.

Akira Amari, minister leading the talks, told reporters he had not struck an accord with his counterpart, US trade representative Michael Froman, because the issues involved were “a matter of life and death” to both countries. He said there was progress, without an agreement, on autos and five areas of agricultural produce Japan has designated as needing protection, such as pork and rice.

Japan and the US found “a path forward on the various issues,” Abe told reporters today. “I want Japan and the US to take a leading role from now on in encouraging other countries to reach a conclusion on the TPP negotiations.”

Japan and the US are not the only countries with outstanding issues on the TPP. Malaysia, which Obama will visit next week, has expressed concern about matters such as resolving investor-state disputes. Negotiators have no target date to conclude talks and may meet around mid-May 2014, Malaysia’s international trade and industry minister Mustapa Mohamed told reporters April 22, 2014.

### **Islands Dispute**

The US reiterated in the joint statement with Japan its commitment to the defense of Japan, including uninhabited East China Sea islands administered by Japan and claimed by China.

Similar remarks by Obama in a press conference yesterday sparked anger from China, which is not on his itinerary for this trip.

China opposes the islands being included in the security agreement between Japan and the US, foreign ministry spokesman Qin Gang said in Beijing yesterday.

“No matter what others say or do, they can’t change the fact that Diaoyu has been under China’s sovereignty, and it won’t shake the Chinese government’s determination and will to protect its sovereignty and marine interests,” Qin said, using the Chinese name for islands that Japan calls Senkaku.

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