

Interview with the Hon. Akira Amari, former minister in charge of TPP negotiations

# Late Prime Minister Abe's Legacy in Trade Policy in Japan

By *Japan SPOTLIGHT*

Former Prime Minister of Japan Shinzo Abe, who was assassinated on July 8, 2022, led the nation for more than eight years and played a significant role in redirecting Japan's economic and foreign policies. His forward-leaning fiscal and monetary policies aiming to overcome deflation, his "Abenomics" and his unique foreign policy approaches such as his Asia-Pacific strategy are some examples.

In particular, his administration was successful in concluding negotiations on the Trans-Pacific Partnership (TPP), a large regional trade agreement in which the United States and Asia-Pacific countries were members in 2016. Furthermore, even after the US withdrawal from the TPP with the establishment of the Trump administration, in spite of the US having promoted it until then, many recall that Japan took the initiative in concluding the CPTPP without the US. This is remembered by many as Japan's outstanding contribution to rule-making in international trade.

In this article, Ken Karube, professor of Teikyo University and a former commentator with Jiji Press, as well as one of the members of the Japan Economic Foundation's Editorial Committee, interviewed Hon. Akira Amari, member of the House of Representatives, who was responsible for the TPP negotiations as minister in charge of economic and fiscal policy in the Abe administration.

(Interviewed on Sept. 8, 2022 at Amari's office)

## Japan's Bargaining Power in the TPP Negotiations

**Karube:** With geopolitical changes, we have also seen changes in globalization. Trade policy also seems to have been changing significantly. In the Abe administration, I recall that TPP negotiations were left to you alone. I witnessed a number of trade negotiations as a journalist with Jiji and normally from Japan three ministers – of agriculture, forestry and fisheries, of economy, trade and industry, and of foreign affairs – have joined in the negotiations. In this regard, what would be the implications of having only one minister in charge of trade negotiations and how come it was possible?

**Amari:** Japan's trade negotiations until then had been done according to product which tended to divide and weaken our bargaining power. We were unable to take account of reciprocal relations across the different product areas and negotiate by asking a trading partner for concessions in a certain area in return for our concessions in another area.

When I was in charge of the TPP negotiations, the responsibility



Hon. Akira Amari

for the entire process was for the first time unified. However, to tell you the truth, it did not work well at the beginning. Regardless of what I was saying, our trading partners, in particular the US, would go talk to Yoshimasa Hayashi, then minister of agriculture, forestry and fisheries on issues related to agricultural products. If the METI minister was convinced that negotiations for manufacturing products like automobiles had to be done by himself, then the overall negotiation process would become fragmented.

Such fragmentation would result in weak bargaining power for Japan, since negotiations would not be approached with one voice. We had to create a negotiation system in which what I say as the minister in charge of TPP would be understood to be the

same as the words of the prime minister himself.

A trading partner could also try to take advantage of the network they have among the staff of the Prime Minister's Office. Regardless of what I was saying as the minister in charge of TPP negotiations, they could ask the PM's staff directly if the premier was in a position to make further concessions. Once the PM's staff tried to step in, Japan's bargaining power would immediately decline, since whatever I was saying would no longer be perceived to be the true intention of the Japanese government.

As I experienced such cases a number of times, at a certain point

during the TPP negotiations I asked Yoshihide Suga, then the chief cabinet secretary, to confidentially summon the ministers with close interests in the TPP negotiations to a meeting room at the Diet members' official residence in Akasaka to deliver my message to them. In his presence, I told the ministers that were in charge of foreign affairs, trade and agriculture that "We can't negotiate unless we speak in one voice. Once any of you says there is another solution different from what I say, our bargaining power will be lost. I will resign as minister at any time if any of you dares to do such a thing. I want that person to take over my responsibility and settle the negotiations after my resignation." I told them, "I will make the decisions as I am given full responsibility over the negotiations. If any of you have any objection to this, I am ready to be replaced by any of you at any time, so tell me now." Then I asked Suga, "Would this be OK?" and he said it would be fine. That is how we became able to speak in one voice in the TPP negotiations.

### **Karube: The other ministers agreed?**

**Amari:** Yes, they did.

### **Karube: Did you lay the groundwork in advance to get agreement among them?**

**Amari:** No, nothing. Those ministers happened to all be in the same team for drafting legislation with me as the leader since many years ago. The minister for foreign affairs then was Kishida (now prime minister), the minister for agriculture was Hayashi and the METI minister was Motegi. They were all members of my team. That is why they all agreed with me even though I might have sounded a bit harsh.

With Suga's approval, TPP negotiations were now to be carried out with one voice. The ultimate responsibility for the entire negotiations was given to me. Whatever other people might say, it did not reflect the position of the Japanese government. This was confirmed in Japan and this was made known to our trading partners as well.

At the Prime Minister's Office, I said to prime minister Abe, "Do you agree that what I say in the negotiations should be regarded as being your own words? Nothing more, nothing less. Your staff at the PM's Office must remain silent about it. Would this be OK with you?" He said, "that would be fine, you please decide everything," and that is how we got to speak in one voice.

Since then, our negotiating team got together frequently, including a bonding ceremony for going into battle (the negotiations) as well as other social gatherings to consolidate our unity. I believe Japan's negotiating power was weak as the negotiating team consisted of officials from different ministries who ultimately answered to their own ministries. I had to reverse this tendency where team members were reporting to the respective ministries. Until then, for a negotiator coming from the agriculture ministry, his highest boss

was the agriculture minister. For a negotiator from METI, his boss was the METI minister. I united them under a consensus that regardless of whether they were from the agriculture ministry or METI or the foreign ministry, as long as they were members of the TPP team, I was their boss.

I recall some events that convinced me that the team had now become truly unified as "team-Amari." One example was something that Deputy Chief Negotiator Hiroshi Oe told me. In his words, Oe "saw Makoto Osawa, head of the International Affairs Department of the Agriculture Ministry shouting into the phone and wondered what it was all about. It turned out that Osawa was shouting 'Do you seriously think that we can agree at the numbers you are suggesting?' to someone from his own ministry." That is when I thought that the unity of our team had to be real. This person was acting under my command to give me a card in the negotiations. And he was not creating the card based on instructions coming from his own ministry. On the contrary, he was shouting "What are you thinking? Do you seriously think that we can agree at the numbers you are suggesting?" at his own ministry. This was unheard of. Until then, members of a negotiating team were mere messengers acting based on instructions coming from the respective ministries.

**Karube: Why did you believe that without this "one voice" the TPP negotiations would not be successful? As you just said, if Japan had taken a similar approach as past negotiations, the team would become fragmented with a bunch of messengers coming from the various ministries. But what made you believe so strongly that you would not be able to succeed unless you forced everyone to speak in "one voice?"**

**Amari:** I thought the TPP would be the largest trade negotiations ever in history. Also, Japan entered into the negotiations at a later stage. And it was Abe that made the decision to enter into negotiations when anti-TPP demonstrations were happening all over the country.

So I got goosebumps when Abe asked me to do it.

When I accepted his offer, I was telling myself that I would never flinch in the face of the US. Never. After returning to my residence alone, I told myself that if and when I started to feel I was no longer able to face up to the Americans, that was the time for me to resign.

And I wanted this resolve to be shared by all the members of the team.

For that purpose, we organized a get-together camp for the entire team. Also, during the negotiations, I called each group leader to my room and asked them to "fight with me till the end." In return, I told them that I would ensure their preferred postings for promotions if the negotiations worked well. "Let me know what you want to do next," I told them. Then I called the chief cabinet secretary. I told him that in the event that the negotiations were successful, it was my

intention to recommend the leaders to certain posts. I then asked him to respect my recommendations. And he said that he would do as I recommend.

### **Karube: At what stage did the US side realize that the Japanese negotiating style had changed?**

**Amari:** We said “No” to the Americans many times.

The point is that we did not give in and made our views clearly known. We had to give them the impression that Japan cannot be persuaded easily. At the same time, it was important to make it known to them that we were saying what we had to say because we wanted to bring the negotiations to a successful conclusion. I said to my counterpart, Michael Froman, then USTR, “You know what? You and I are the only people in the world that truly want these negotiations to be successful. So to make that a reality, I will say what I have to say.”

We also need to understand the mentality of countries from Asia and other regions. The Americans were always irritated by the way these countries were acting, so I told them that “These countries will not speak against the US but this does not mean that they agree” to try to make them understand.

These countries will not say “No” to the US. Their ministers might be wanting to say “No,” but they can’t. However, Japan was always talking straight. I think it is rare to see a Japanese minister that talks straight like this. But I always told them “No” when it came to something that could not be done. And I clearly explained what the reason was.

One day, Tsuruoka, the chief negotiator, told me that there would be strong objections from many countries in the ministerial meeting to follow that day. “Therefore, you please refrain from speaking initially. Several ministers from other countries will say ‘Out of the question’ to the US proposal. Let them speak first. You can come in right after them,” he said. “There were many objections voiced in the preparatory meeting of chief negotiators saying that the US proposal was outrageous. So we all decided to report back to the ministers. The next ministerial meeting will be a mess. Therefore, minister Amari, please refrain from speaking initially. Let others criticize the US first. Then, you can step in and wrap things up,” he said.

Well, the ministerial meeting started. The US side made the proposal. That proposal was not supposed to be acceptable to the others. However, when the Americans asked “Will this be OK?” and when I was so sure that people would start voicing their objections, everyone was looking down in complete silence. The Americans asked for the second time. “Will this proposal be acceptable?” And again, complete silence. I turned to Tsuruoka. “This is turning out to be quite different from what you said.” Tsuruoka was also puzzled. “Strange. They were all so outraged, but no one is talking about it now.” So I asked him. “If we let it be, the American proposal will be accepted. Is that OK?” And because his response was a very clear “No,” I stepped in. “Wait a minute. I say no. And the reason is such

and such. We will never be able to accept this proposal.” That is how the proposal was deferred. And by the way, I received many thanks from other countries afterwards.

That was when I realized how powerful the US was.

### **Karube: That means everybody was afraid of the US.**

**Amari:** I stepped in and stopped it, and the proposal was deferred. Everyone looked very much relieved. I was surprised to see that everyone was so afraid of the US at the time.

### **Karube: Negotiating in one-voice coming from a single minister is certainly a good idea, but the flip side of the coin is that you alone had to make judgements on all kinds of things that had to do with Japan’s national interests. What kind of criteria did you use to make those judgements?**

**Amari:** In my office, the key officials from the ministries of foreign affairs, trade and agriculture always got together and discussed issues with me. And it was not a matter of sacrificing the agriculture ministry in the interest of the trade ministry. All the ministers involved in the TPP negotiations were members of “Team Amari,” and they were discussing how to proceed in the negotiations based on national interests rather than the interests of the respective ministries. All the members present in the discussions saw the TPP minister – not the agriculture minister nor the trade minister – as the ultimate boss.

On agriculture, as there were many who supported protection of agricultural products in the ruling Liberal Democratic Party (LDP), it was very important to find ways to come to an acceptable deal.

I asked key members of Parliament that were influential in the area of agriculture what would be the minimum for the deal to be acceptable to the LDP. Beef, pork and rice were of particular importance. And above all, rice was critical. To my question “what is the bottom line that you need me to defend for you to be able to sell the deal to the Party,” they gave me some border lines and said that if I defended them, they would take responsibility in controlling the Party.

Deputy chief negotiator Oe also instructed the officials of the agriculture ministry to create absolute bottom line cards for me to use in the negotiations. “Otherwise, how can the minister know where the ultimate line of defense is? So create cards that can only be used at the very end of the negotiations and give them to minister Amari.” He then brought the cards to me and said, “Minister, keep these cards in your pocket. These are the cards that you can use at the very end. The agriculture ministry is saying that they will control the various agriculture organizations if everything is kept within the limits indicated on these cards.”

I told the negotiating officials never to use the concessions indicated on these ultimate cards. “I am confident that I can wrap

things up well within the limits indicated on these cards. So do not use any of these cards. Don't even hint in negotiations at your level that we have these cards as I intend to conclude things far within the line of defense," I said to them. And in deed, I did succeed in concluding the negotiations without using any of the ultimate cards that were provided to me. Of course, the agriculture ministry was very happy.

One time, the US told me on a certain issue that a Japanese official confidentially gave them a certain concession proposal (a number), and said to me that this must be indication of the fact that Japan can live with such a number. So I said to them, "Oh really? Who gave you that number?" and the Americans gave me a name of a certain official from the agriculture ministry. So I said, "That number is hereby invalid. I am the responsible minister, and anything different from what I say is not the position of the Japanese government." This got the US side ticked off. "That can't be right. At a minimum we have to start negotiating from this number," they said. I refused by telling them again that anything different from what I say is not the position of the Japanese government. "If you don't believe me, you should call the prime minister and ask." And in deed, I was able to reach a deal well within the number that was indicated.

#### **Karube: When did this happen?**

**Amari:** It was a long time ago. I succeeded in wrapping up the negotiations without using any of the ultimate cards that the agriculture ministry believed they might have to accept. That is why their vice minister came to my office to express special gratitude after we reached agreement in principle.

**Karube: After the TPP, minister Motegi worked on the US-Japan FTA. At that time also, the responsibility for negotiations rested only with him. I am not sure what is to come in the future, but the ability for one minister to be able to coordinate the diverse interests of the different ministries may ultimately rest on who is there at the time. In your case, there was Abe, there was you, and there was Suga.**

**Amari:** Yes, that's true. It would be difficult to do so without a senior minister as the leader in charge of negotiations. Even if we were to put one minister in charge of negotiations, it would be unrealistic, really, for him to coordinate the interests among the relevant ministries if their ministers were senior to the coordinating minister. In my case, I could do it because I was the most senior minister. Team Amari was made up of companions who had fun doing various things together since the old days. The minister for foreign affairs, the METI minister and the agriculture minister were all members of Team Amari. And I was much senior to them. This was the reason I could do it. According to customs, it would be impossible for a junior minister to keep senior ministers under his line of command

and keep them under control.

### **On the Current Status of the US-Japan FTA**

**Karube: On the question of the US-Japan FTA under the Trump administration, it was agreed by both parties that negotiations on elimination of tariffs on automobiles and auto parts on the US side would begin at a later stage. But these talks remain suspended. I have a strong impression that we are being kept waiting in a gray-zone where this FTA does not fit well with the definition of FTAs in Article 24 of GATT that requires that "duties and other restrictive regulations of commerce are eliminated on substantially all the trade." Could you tell us what you think about this situation?**

**Amari:** With President Trump, in my view, nobody could have achieved further concessions from the US and succeeded in eliminating US tariffs on automobiles.

When prime minister Abe said in a US-Japan Summit meeting that it was good for the US as well to come back to the TPP, President Trump said something like "Trade agreements are wrong to start with. Once you get in, you can never leave." Of course, this piece of memory of his is not correct.

To this, Motegi, then METI minister, said, "Mr. President, you are wrong. You CAN leave a trade agreement." This made Trump go mad and he shouted "That is fake!" Everybody froze.

Minister Motegi had told the truth. It was only that Trump's knowledge was mistaken. But this made Trump go mad and everybody froze. However, the moment all the attendees thought that this would be the end of the meeting, Abe said as if nothing had happened, "By the way, Donald, on a different issue..." and changed the subject.

People told me later that everybody there thought Abe must be a genius. He changed the subject just like that, and even the atmosphere of the meeting was friendly again. Everyone thought that this man was great. Trump too, immediately came back to himself. "Shinizo, on that issue..." And the meeting continued like that on the issue that Abe brought up.

**Karube: Speaking of Trump, I do think that his emergence has had a big impact. Republicans who used to be pro-trade in the US have completely completely changed. In such circumstances, how do you think Japan should deal with the US in international trade?**

**Amari:** If you talk to well-informed persons in the US, they all believe that the US should return to TPP. However, under the current political circumstances, nobody can initiate a discussion by saying

so. In a nutshell, TPP means the US market and US jobs being snatched away by foreign capital. This kind of brainwashing has unfortunately sunk in. I think we must preserve the TPP until the US returns to being a model country for free trade as it was in the old days.

In this light, it would be good to allow the United Kingdom to join TPP. Australia is in, New Zealand is in, Canada is in. And with UK accession, four of the Five Eyes would be members of the TPP making it a sort of alliance to balance China. That would help create an environment where the US could be persuaded to come back.

However, Liz Cheney, the daughter of former Vice President Dick Cheney and a Republican member of the House of Representatives, was defeated by a wide margin in a primary after she criticized Trump. This shows there are still many devoted Trump supporters. Some of the not-so-well-to-do white Americans are trapped in a state of paranoia that they have been victimized by the system. And I think there will need to be some time before these people can come back to their original senses. Nevertheless, TPP is absolutely necessary for the US, and every informed person in the US believes that the US must return to the TPP someday.

## **Rebuilding a Rules-Oriented World Trade System**

**Karube: Since the beginning of 2022, I think the world order has been drastically changing with Russia's invasion of Ukraine. As chairman of the Japanese Diet's parliamentary group on strategy for rule-making, what do you think about the relations between trade-restricting movements and free trade?**

**Amari:** President Biden proposed an economic framework called the Indo-Pacific Economic Framework (IPEF). Previously, Abe had proposed an Indo-Pacific Vision to include ASEAN and their neighbors into a cooperation framework among allied and like-minded countries. For this, ideally the US would have joined TPP and opened its market. However, as this was not possible, Biden proposed IPEF instead. Biden made this proposal intending to show some economic merit that can be a substitute for TPP. While the US cannot come back to TPP, he proposed to have some sort of economic linkages within the context of the Indo-Pacific Vision. However, IPEF does not commit to opening the US market. ASEAN and others will misunderstand it to be a framework for the US to keep an eye on them to prevent any violation of human rights or infringement of rights at production sites. Therefore, I told key persons I met during my recent visit to the US that without US commitment on access to the US market, this attempt to add economic merit to the Indo-Pacific Vision would not be attractive for the ASEAN countries. They would regard it as a framework where an American instructor tells them how to behave without giving them access to the US market.

If you include some level of access to the US market in a supply chain cooperation agreement, then ASEAN and the Asian region would see merit in joining such an agreement. Otherwise, they would not feel very much attracted to it.

I think Japan should give advice so that IPEF can become something that Asian countries can see some economic benefit in.

**Karube: Would this be something like tariff negotiations?**

**Amari:** In order for the member countries to gain the merit of access to the US market.

**Karube: Another big issue is the WTO where the Appellate Body has ceased to function triggered by US claims. The point is that some 20-30 years have passed since the WTO was founded in 1995. How can the WTO be restored? Or should the WTO continue to play a centerpiece role in international trade? What is your view on this issue?**

**Amari:** There is distrust in international organizations now. The United Nations itself is not functioning at all. It is helpless. It can't say anything about Russia's invasion of Ukraine, nor is it functioning. This is leading to a lack of trust in international organizations. In addition, China has started to hold the leadership position of many international organizations shifting things in its favor. China is going to integrate international organizations into its tools of foreign policy strategy.

In the WTO Doha Round, although negotiations were close to conclusion, the US unexpectedly raised the hurdle for acceptance and India could not agree. People tried to convince India, but this was not possible. The WTO has ceased to function since then.

That is why I believe that TPP is playing a key role as an alternative framework of economic partnership among like-minded countries. It has become a template for new international frameworks. The Japan-EU Economic Partnership Agreement (EPA) was concluded based on it. Many other countries are now interested in joining the TPP, such as the UK and Ecuador. China wants to join it too. China regards TPP as a functioning international organization, and that is why it wants to join it.

**Karube: What do you think about the view that Japan should invite China to join the TPP to show the rest of the world that the TPP is an international organization and not an economic bloc?**

**Amari:** I don't think that it is a good idea. There is no way we could keep China under control if China joins when the US has not joined. The reason we do not lower the hurdle for the UK to join is that if we do so, it would make it easier for China to join. So Japan is saying to

the UK that “We will keep the hurdles up high because we want to keep the original format. The UK should overcome them to join TPP.”

This is also a signal to the US. The US would become the only Five Eyes member that is not a TPP member. We should keep the TPP as a basis for trade and investment rules and make it a new international organization sharing basic values of freedom, democracy and human rights. If the US joins, this vision will be completed.

## Achieving Economic Security

**Karube:** You have mentioned the need to establish a National Economic Council in Japan, an advisory board to the government on a broader range of policy issues including economic policy, national security policy, etc. With a new ministerial post for economic security, has this need been fulfilled?

**Amari:** Our economic security policy is still under development. Before the end of 2022, three documents related to our national security strategy will be completed – the National Security Strategy, the National Defense Program Guidelines and the Mid-Term Defense Buildup Plan. In the National Security Strategy, in addition to conventional national security policies such as foreign policy and defense policy, economic security policy will be included. This means that before the end of this year, we will have a combined national security strategy that covers economic security for the first time.

There is something that was definitely lacking in Japan’s security strategy. This is intelligence. Indeed, we need both conventional intelligence and economic intelligence. For instance, in cyber, there is cybersecurity in the national security context, but there also needs to be cybersecurity to deal with threats on the economic intelligence side such as malware and backdoor attacks. There needs to be a seamless link between these two aspects of conventional and economic security.

Dennis Blair, former US Director of National Intelligence, visited Japan and told us that if he were to put a score on the Japanese cybersecurity system, it would be zero. As I have now become the Director of Economic Security Policy Promotion in the LDP, my job now is to do something about this. I think we must include a clear reference to cybersecurity in our National Security Strategy document as an area that spans both conventional national security as well as economic security.

## Abe’s Foresight

**Amari:** Let me add one thought on prime minister Abe and TPP. I really think it was phenomenal that PM Abe was able to instinctively understand that TPP would become critical for Japan even at a time when staunch objections to it surrounded the Diet. Because if we

promoted TPP, it would result in the loss of support from agriculture-related organizations and loss of seats in the Diet. Even I was told by core supporters in my constituency that they would not recommend me for re-election anymore.

Even under such circumstances, he instinctively knew what had to be done. Instead of saying that complete tariff elimination had to be realized, he gradually persuaded those agricultural support groups by saying that he would not promote free trade without any exceptions. He persuaded them by implying that he would make exceptions for trade liberalization.

In the domain of US-Japan security cooperation as well, if Japan became a bystander and were just sitting in the audience seat under a Taiwan contingency situation, saying “Good luck! Let’s see how you do!” to the Americans, there is no way that the US would help Japan in time of need. Prime Minister Abe instinctively knew this. This is why even amidst growing objections, he stepped into the extreme limit of the interpretation of the Constitution in Japan’s Legislation for Peace and Security that enabled the limited execution of the right of collective self-defense.

By clarifying Japan’s stance in a seamless way for all situations ranging from peacetime to contingencies, that Japan would join the fight with the US even before the mainland of Japan came under attack if the situation threatened Japan’s survival, the US did not fall into distrust towards Japan.

An average politician would not have the courage to go that far. Even the Act on the Protection of Specially Designated Secrets was achieved by his administration. Without it we would have no access to sensitive information on issues like terrorist attacks from all over the world. Countries would not cooperate to provide such information. With this legislation, Japan was now able to obtain such sensitive and confidential information. Politicians usually want to avoid such risky business. But that man, if he deemed it necessary, never hesitated to take action. Future historians will look back and praise him for what he did.

His foresight was truly outstanding and his courage in risking his reputation as a politician in the cause of national interests was admirable.

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**Interviewer:** Kensuke Karube is a journalist and professor at Teikyo University. He was a former executive writer for Jiji Press, which he joined in 1979 after graduating from Waseda University. From 1992 to 1996 he was a correspondent in Washington DC and from 2004 to 2009 he was chief of the Washington and New York bureaus. Before taking the executive writer’s post, he was deputy managing editor at the Tokyo head office (2010-2013). Among his books are *Failure of Economic Policy Management* (1999), *The Bubble Economy* (2015) and *Japanese Bureaucrats with their Abenomics* (2018).