Paper

The United States, Japan, and the Trans-Pacific Partnership

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Over the past two decades, the United States and Japan built an extensive network of free trade agreements (FTAs) with countries in the Asia-Pacific region but did not move forward with bilateral talks. Japan's participation in the Trans-Pacific Partnership (TPP) marks the first such venture, albeit in the context of broader regional negotiations. Japan makes the TPP a big deal for the United States. Its GDP is the same as the combined total of the non-US participants. So from a US perspective, adding Japan doubles the size of the trading arrangement covered by the prospective TPP accord.

The Basics of US-Japan Trade

In 2012, Japan was the United States' fifth-largest goods trading partner, with two-way trade (exports plus imports) of $220 billion. But bilateral trade has expanded relatively slowly over the past decade, with US exports to Japan growing on average just 4 percent and US imports from Japan on average 3 percent (see table 1). Moreover, since 2003, US–Japan trade has increasingly comprised a smaller share of total US trade. Indeed, while Japan was once the top US trading partner in the Asia-Pacific region, China has now usurped that role, and Korea has now concluded the most comprehensive FTA to date with the United States.

US and Japanese bilateral exports are concentrated in similar products, including electrical machinery, optic and medical instruments, and nuclear reactors (table 2). In 2012, aircraft and parts was the United States' top export to Japan, while motor vehicles and parts was Japan's top export to the United States. Importantly, the United States is the largest source of agricultural imports for Japan, supplying $20 billion or 21 percent of Japan's total agricultural imports (see table 3). The United States ran an $80 billion deficit in merchandise trade with Japan in 2012 and a modest surplus in services trade of $17 billion.

Japan remains a top destination for the United States foreign direct investment (FDI) in the region, second only to Singapore. The market for FDI centers primarily in the finance and insurance, manufacturing, and wholesale sectors. In 2012, US FDI stock in Japan was $134 billion, which comprises just 3 percent of total US global FDI but 20 percent of total FDI in the Asia-Pacific (see table 4). By far, Japan is the most important source of FDI in the United States from the region. In 2012, the United States reported inward FDI stock from Japan of $308 billion, which accounts for 72 percent of total FDI from the Asia-Pacific. The primary targeted sectors include wholesale trade, manufacturing, transportation equipment, and finance and insurance.

Japan's Cautious TPP Overtures

In 2010, former Prime Minister Naoto Kan sought to accelerate Japan's decision on whether to join the TPP talks, and began to develop strategies for garnering support and muting opposition from agricultural and other key domestic constituencies. Sadly, the Tohoku earthquake, tsunami, and nuclear disaster of March 2011 necessarily set back the timeline for Japan's decision so the government could focus its efforts on a rebuilding strategy.

The Japanese government's *Interim Report on Strategies to Revitalize Japan* (August 2011)[1] recognizes these problems and recommends reforms over the following five years "to enhance the competitiveness and soundness of Japan's agriculture, forestry, and fisheries" including "introducing more efficient distribution systems." Some Japanese observers wonder whether it would be better to provide income support to farmers in lieu of trade protection. With the exception of rice, the cost of such transfers could be accommodated in the budget without too much difficulty—especially if recent tax changes succeed in generating additional revenues. Japan has already begun to implement reforms.

In October 2011, the U.S.-Japan Business Council released a white paper supporting Japan's participation in the TPP, emphasizing the positive benefits it would have on Japan's economic growth by stimulating economic reforms in key areas that will "make the economy more dynamic and competitive, and a more attractive place to invest and operate." The paper also emphasizes the importance of a realistic reform plan and timeframe. Two months later, Prime Minister Noda announced at the APEC summit in Honolulu that Japan would enter into consultations with current TPP participants to explore the possibility of joining the negotiations.[2] It was not until March 2013, however, that the new Prime Minister Shinzo Abe actually

[1] For the complete text, see http://www.cas.go.jp/jp/seisaku/npu/policy04/pdf/20110826/20110826_1.pdf.

[2] The Hawaii statement only expressed interest and did not formally ask to join the TPP talks (as Canada and Mexico did at the same meeting).

requested a seat at the TPP table. After approval by all the current TPP countries, Japan became the 12th country to participate in the TPP when it entered the talks in July 2013.

The TPP in a Nutshell

From the onset of the talks in March 2010, TPP countries have sought to craft what they call a "21st-century" trade pact. Their goal is to make it comprehensive in scope, covering policies that affect trade and investment in goods and services whether implemented at the border or through domestic regulatory policies. The TPP countries have been like-minded in their pursuit of this overarching goal. But these like-minded countries are not alike in terms of their size or level of development (see table 5), and each has its own specific negotiating priorities and political sensitivities that will need to be addressed in the final TPP deal.

The TPP is the most substantial trade agreement under negotiation in the Asia-Pacific region in terms of its economic footprint, depth of prospective trade liberalization, and scope of rule-making obligations. TPP countries now represent almost 40 percent of global output and 25 percent of world exports of goods and services. TPP's "high standards" would create important new export opportunities, encourage inflows of foreign direct investment, and spur improvements in the quality of economic institutions and economic governance. Importantly, the TPP would promote more competition and investment in services, which in turn would spur productivity growth across the economy.

At the same time, TPP disciplines would impose binding constraints on specific policies often favored by politicians that provide preferences to domestic firms and restrictions on import competition. The rule-making obligations would constrain the use of industrial policy measures that discriminate against foreign suppliers and investors, including via government procurement preferences. In that regard, disciplines on subsidies and other preferential policies favoring state-owned enterprises (SOEs) would be required to achieve competitive neutrality among public and private enterprises in the domestic market. In addition, the TPP probably will require effective implementation and enforcement of international obligations in areas such as labor, environment, intellectual property rights, and competition policy, which may also be subject to binding dispute settlement procedures.

Unlike many agreements among Asian countries, the TPP participants have committed to comprehensive coverage of agriculture, including eliminating tariffs and streamlining nontariff measures (NTMs) such as sanitary and phytosanitary standards. The TPP agreement aims to cover "substantially all" goods with the more import-sensitive products subject to a protracted liberalization schedule. For a narrow range of products, the TPP may allow partial liberalization through expanded tariff rate quotas, and some countries may push for exemptions of their most sensitive products, following the precedents of sugar in the US-Australia free trade agreement (FTA) and rice in the Korea–US FTA (KORUS FTA).

Like agricultural goods, manufactures are protected by an array of restrictions that benefit domestic industries such as automobiles, electronics, and clothing. The TPP negotiations aim to dismantle tariffs and liberalize NTMs that inhibit trade flows by inter alia introducing less-restrictive rules of origin and creating nondiscriminatory access to government procurement contracts.[3]

In services, negotiations are seeking to liberalize barriers to trade and investment across all modes of supply and will introduce new disciplines on foreign investment to ensure nondiscriminatory treatment and provide security and protection to foreign investors. Priority attention is being given to key infrastructure services like finance, insurance, telecommunications, air express delivery, and other transport services. The goal is to reduce restrictions on commercial presence and establish new disciplines on foreign investment to ensure nondiscriminatory treatment, security, and greater transparency (for example, by removing or reducing limitations on foreign ownership and giving foreign individuals and firms the right to provide cross-border services without the requirement to establish commercial presence).

The TPP will thus do more than grant preferential access to member countries. It will also create an extensive new trade rulebook with broad-ranging obligations on investment policy comparable or greater than those embodied in bilateral investment treaties (BITs) along with enforcement provisions such as investor-state dispute procedures. As such, the TPP investment chapter will be a "BITs-plus" accord, which should encourage flows of FDI.

The TPP rulebook also aims to include new disciplines on issues like SOEs, competition policy, environment, and labor, starting from existing WTO commitments and FTA obligations as a baseline for the negotiations. The "additionality" will come from WTO-plus provisions in areas not yet subject to WTO disciplines, FTA-plus provisions that augment existing FTA commitments, and development provisions to assist in enhancing human capital, technology transfer, capacity building, and assistance for small and medium enterprises (SMEs). The "plus" provisions will focus mainly on new issues that affect businesses and consumers. For example, the prevalence of significant SOEs in the economies of several TPP participants has prompted negotiators to focus on crafting new rules to level the playing field between private firms and SOEs, including new disciplines on the provision of public funds. The objective is not to force privatization but rather to ensure competitive neutrality between public and private firms in access to finance, factors of production, and distribution of goods and services in the marketplace.

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[3] US negotiators are still insisting on a "yarn-forward" origin rule for clothing. However, the TPP will include a special list of textile products not readily available that could be sourced from non-TPP countries and exempted from the origin rules.

Assuming a robust result with the usual modest dilution of reforms to secure the requisite political support for the deal, the TPP-12 could yield significant gains to output and exports of the participating countries once the deal is fully implemented. Table 6 summarizes the projected impact of the TPP based on the comprehensive work of Petri, Plummer, and Zhai (2012).[4] Overall, the TPP should boost the GDP of member countries by $285 billion (in 2007 dollars) over baseline projections, or by 0.9 percent. Japan and the United States would account for $181 billion of that total or 63 percent of the combined gains of the 12 participating countries. Japan would be the largest gainer in dollar terms, with income gains of about $105 billion or 2 percent of GDP. Of course, to generate those gains, Japan has to undertake substantial economic reforms pursuant to TPP obligations on trade and investment in goods and services, including agriculture.

Why Japan Joined the TPP Negotiations

Japan's participation in the TPP negotiations follows several years of intense debate among Japanese people and businesses over the benefits and risks for the Japanese economy of the prospective trade pact. Much of the Japanese debate over the TPP has focused on Japan's traditional resistance to changes in its farm policies and the new competitive challenges facing companies in the services industry. Until recently, the debate gave short shrift to analysis of how Japan would benefit from the TPP.

For Japan, the TPP can advance important economic and foreign policy objectives. In many respects, these considerations are comparable to those that Korean officials weighed when deciding to pursue the KORUS FTA.

First, the TPP should help Japan advance its domestic economic priorities by spurring policy reforms that create a more attractive environment for new investment and enhance the competitiveness of domestic firms and workers. In that regard, TPP provisions should complement and reinforce the structural reforms put forward by Prime Minister Abe to boost productivity and stimulate higher growth in the Japanese economy. To be sure, some firms, workers, and farmers will face more competition, but TPP provisions will likely ensure that, for all TPP participants, the pace of reform will be moderated to facilitate the adjustment of those adversely affected. Overall, the TPP could boost Japanese GDP by more than 2 percent above baseline growth and generate double-digit gains in Japanese exports (see table 7).

Second, the TPP should support Japan's policy of deepening trade ties with countries in the Asia-Pacific region and securing new arrangements with others where bilateral trade negotiations have not been successful to date. In that regard, the TPP provides a surrogate for long-vetted but never launched bilateral negotiations with the United States; the TPP effectively would deliver a US-

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[4] For more detail, see "Asia-Pacific Trade: Research reports, results, and data," 2014 http://asiapacifictrade.org/?page_id=106.

Japan FTA. The TPP also finalizes deals that negotiators have to date failed to conclude with New Zealand and Canada. And it expands the scope and economic value of trade deals previously concluded with Chile, Mexico, Peru, and members of the Association of South East Asian Nations (ASEAN) as well as possibly the newly minted pact with Australia.

Third, the TPP is an important complement to other Japanese trade initiatives in the region, including trilateral talks with China and South Korea as well as the broader negotiation of the Regional Comprehensive Economic Partnership linking ASEAN with Japan, China, South Korea, India, Australia, and New Zealand. It also would establish an important pathway toward the longstanding goal of creating a Free Trade Area of the Asia-Pacific (FTAAP) linking together the economies of the United States, Japan, China, and the other members of the Asia-Pacific Economic Cooperation forum.

Fourth, the TPP will provide Japanese firms and investors preferential treatment in TPP partner countries. In many cases, these benefits will help offset the discrimination that Japanese firms now face in some foreign markets due to trade pacts to which Japan is not a signatory. In particular, the TPP provides new advantages for Japanese firms that have faced some trade discrimination in the US market since the implementation of the KORUS FTA.

Fifth, and perhaps most importantly from a strategic Japanese perspective, the TPP deepens US engagement in the Asia-Pacific region at a time when both countries face continuing political and strategic challenges in Northeast Asia. Working together in the TPP for mutual economic benefit will also improve the already strong US-Japan relationship.

To be sure, Japan's entry complicates the TPP talks but also makes a big deal more likely. Japan supports strong provisions on investment and intellectual property and should work with the United States and others to push for KORUS-like provisions in these areas. In addition, TPP countries will benefit from Japan's liberalization of specific farm products and new trade and investment opportunities in the Japanese services market, though—to be sure—Japan is seeking to temper farm reforms for five key products and will ally with NAFTA countries in pushing a go-slow approach to dairy liberalization (discussed in detail below). Japan maintains relatively high agricultural tariffs across product groups (see table 8). While the average MFN applied tariff for all agricultural products is 16.6 percent, peak tariffs can range from 189 percent in animal products to 692 percent in dairy products. Most of the TPP participants have been unable to wrest such concessions from Japan in bilateral talks; in essence, they are riding the coattails of the United States in gaining new access to the Japanese market. In return, they will likely be more flexible in responding to US requests for new TPP trade rules and market access reforms. And that in turn will allow US negotiators to commit to at least partial reforms in areas previously seen as off-limits.

Finishing the TPP in 2014

TPP ministers are engaged in intensive talks to craft the final deal. Resolution of the remaining sticking points could result in a political handshake in the coming months. Ongoing US–Japan bilateral talks are a key driver of efforts to conclude the TPP.

Uncertainty about the extent of agricultural market access in Japan has been a major bottleneck in the TPP negotiations. Several TPP participants, including the United States, need substantial new export opportunities in Japan for specific farm products to ensure domestic political support for the overall TPP deal. However, officials of Japan's Liberal Democratic Party (LDP) have demanded that import restrictions affecting five groups of sensitive farm imports (rice, beef and pork, dairy, wheat and barley, and sugar) covering over 500 tariff lines should not be eliminated.

Contrary to numerous media reports, bilateral talks between US and Japanese officials in April 2014 in Tokyo achieved notable progress in balancing the political requirements of Japan and other TPP countries. While details are still being fleshed out, the basic framework of the US–Japan understanding seems to involve the following:

- Japan will commit to substantial reductions in tariffs on key products but may not fully eliminate all the tariffs.

- The most sensitive products will be subject to unusually long transition periods during which tariffs are phased down or out.

- Some products may be subject to only limited reform, or exempted entirely.

These terms suggest an implicit balance of concessions between US and Japanese farm interests. US officials place priority on opening new access for US exports of pork and beef, but have less political pressure to achieve gains on rice. In contrast, rice is the most sensitive product for Japan, so getting flexibility to manage rice programs should help Japanese officials agree to deeper reforms in other products. On dairy, the new US farm bill supplements already distortive protectionist policies, so US officials will likely tread lightly on efforts to open Japan's market to limit their own exposure. Other TPP countries will continue to demand greater access to both US and Japanese dairy markets.

To be sure, no agreement was announced following the April meeting in Tokyo or subsequently; the terms above are merely speculative. Press reports assumed that the failure to announce a deal meant that the talks were a failure. But there was no way that US and Japanese officials could have done so, for two simple reasons: First, countries will commit to reform only their most politically sensitive products as a part of a final TPP deal that includes major benefits for other parts of their economy; and second, the deal has to be extended to the other 10 TPP countries, which want assurances that their priority exports such as dairy and sugar are included in the Japanese offer.

US and Japanese officials briefed the other TPP countries on the Tokyo talks during the meetings of the TPP chief negotiators and trade ministers in mid-May in Vietnam and Singapore, respectively. With an understanding about the terms of a "commercially relevant" package of farm reforms, TPP officials can then accelerate ongoing work on crafting landing zones for the remaining sticking points in the negotiations regarding inter alia rules on intellectual property rights, environment and labor, investor-state dispute settlement, and disciplines on state-owned enterprises. The next meeting of chief negotiators is scheduled for July 2014. A deal could be forthcoming later this year.

Is Trade Promotion Authority (TPA) Needed to Conclude TPP?

To this point, the paper has not discussed what the United States would have to do as its part of the TPP bargain. Like Japan, the United States maintains high tariffs or nontariff barriers that protect sensitive farm products (e.g., sugar, dairy, cotton). In addition, while the average US tariff on manufactures is relatively low, there are a few notable peak tariffs on products such as footwear, apparel, and light trucks. The TPP deal will almost certainly require changes in existing US law and practice, and US trading partners are understandably concerned about the willingness of Congress to ratify and implement in a timely manner the prospective trade accord.

Will Congress pass new TPA? It was last voted by Congress in 2002 and expired in 2007. New TPA legislation was tabled January 2014 but was quickly side-tracked by partisan differences regarding (1) the coverage of sensitive issues such as intellectual property, labor, environment, and currency manipulation; and (2) the change in Senate Finance leadership with the departure of Senator Max Baucus. Demands to link TPA renewal to trade adjustment assistance have added fuel to the partisan fires.

TPA passage is certainly desired but not required before the TPP deal closes. With some reservations, US trading partners recognize that it is better to finish the TPP negotiations this year rather than delay talks pending congressional action on TPA. However, the TPP countries are unlikely to begin their domestic ratification procedures until Congress acts on TPA.

Prospects for the TPA vote in Congress will rest heavily on efforts of new Senate Finance Chairman Ron Wyden to craft revisions to the Baucus-Camp draft legislation that attract sufficient Democratic support without losing Republican votes. It won't be easy, especially with midterm elections on the horizon. Senator Wyden's priorities—free and open internet, labor rights, environmental protection, and countering currency manipulation—will surely complicate dealing with House Republicans. The timing of congressional action regarding TPA will depend critically on whether there is engagement this summer between the Executive branch and

Congress on a revised draft of TPA legislation. If so, a vote could be possible either in a lame-duck session of Congress after the November midterm elections or early in the new Congress (i.e., February–March 2015). While some pundits argue that Republican gains in the midterm elections could derail TPA to prevent "giving Obama a legislative victory," it is much more likely that US business leaders will pressure Republicans to act expeditiously and not delay TPA passage for political purposes. Meanwhile, TPP-TPA votes will likely proceed in parallel or close tandem.

Tables

Table 1 US-Japan bilateral goods and services trade, 2003–13

	US exports to Japan			US imports from Japan		
Year	**Billions of US dollars**	**Percent share of total US exports**	**Annual growth rate**	**Billions of US dollars**	**Percent share of total US imports**	**Annual growth rate**
2003	81	8	n.a.	137	9	n.a.
2004	89	8	9	152	9	11
2005	96	7	8	162	8	7
2006	100	7	4	176	8	8
2007	102	6	3	174	7	-1
2008	108	6	5	169	7	-3
2009	92	6	-14	121	6	-28
2010	105	6	14	149	6	23
2011	112	5	6	159	6	7
2012	118	5	6	179	7	12
2013	115	5	-3	173	6	-3
Average over 10 years (2003–13)	102	6	4	159	7	3

n.a. = not applicable
Note: Figures for 2013 are preliminary estimates.
Source: US Bureau of Economic Analysis, International Transactions database, http://www.bea.gov/iTable/index_ita.cfm.

Table 2 US-Japan bilateral goods and services trade by product, 2012

HS code	Description	Billions of US dollars
	US top exports to Japan	
88	Aircraft and parts	8.3
90	Optic and medical instruments	8.2
84	Nuclear reactors and machinery	5.6
85	Electrical machinery	5.4
10	Cereals	4.4
n.a.	Total goods exports	70
n.a.	Total services exports	47
	US top imports from Japan	
87	Vehicles and parts	52.9
84	Nuclear reactors and machinery	34.9
85	Electrical machinery	20.4
90	Optic and medical instruments	7.0
29	Organic chemicals	3.3
n.a.	Total goods imports	150.4
n.a.	Total services imports	29.7
Addendum		
Total US exports world		2,210
Total US imports world		2,745

n.a. = not applicable

HS = Harmonized System

Sources: Goods trade data World Bank's World Integrated Solutions (WITS) database and UN Comtrade; services trade data from US Bureau of Economic Analysis.

Table 3 Japan agricultural imports from top trading partners, 2012

Partner	Billions of US dollars	Percent of total agricultural imports
United States*	19.7	21
China	11.5	12
Canada*	6.7	7
Thailand	5.9	6
Australia*	5.7	6
Brazil	3.7	4
Chile*	3.0	3
Indonesia	2.9	3
Netherlands	2.8	3
Korea	2.6	3
Russia	2.1	2
France	2.0	2
New Zealand*	1.8	2
Malaysia*	1.7	2
Vietnam*	1.7	2

* indicates TPP partner country

Note: Agricultural trade refers to Standard International Trade Classification (SITC) sections 0, 1, 2, 4, minus 27 and 28.

Source: World Bank's World Integrated Trade Solutions (WITS) database.

Table 4 US-Japan stock of foreign direct investment (FDI), 2012

Industry	Stock of US FDI in Japan: Billions of US dollars	Stock of US FDI in Japan: Percent of global US FDI by sector	Stock of Japan FDI in the United States: Billions of US dollars	Stock of Japan FDI in the United States: Percent of FDI in the United States by sector
Manufacturing	19	3	93	10
Food	1	1	2	6
Chemicals	2	2	15	6
Primary and fabricated metals	0	2	5	10
Machinery	2	3	11	13
Computers and electronic products	4	4	7	12
Electrical equipment, appliances, and components	1	4	2	4
Transportation equipment	2	2	38	35
Other manufacturing	7	4	14	5
Wholesale trade	10	5	106	36
Retail trade	n.a.	n.a.	5	10
Information	6	4	6	5
Depository institutions	4	4	37	19
Finance and insurance	79	10	29	8
Real estate, rental, and leasing	4	0	6	13
Professional, scientific, and technical services	3	3	6	6
Other industries	10	3	18	3
Total industries	**134**	**3**	**308**	**12**
Addendum				
Total stock of US FDI in Japan (percent of total FDI in Asia-Pacific)				20
Total stock of Japanese FDI in US (percent of total FDI in US from Asia-Pacific)				72

n.a. = not applicable

Note: A zero indicates a value less than $500 million.

Source: US Bureau of Economic Analysis, Direct Investment and MNC database, http://www.bea.gov/iTable/index_MNC.cfm.

Table 5 TPP-12: Like-minded but not alike

	2012 GDP (billions of US dollars)	Population (millions)	Human Development Index[a]	Economic Freedom in the World Index [b]
Australia	1,586	23.0	0.929	7.97
Brunei	18	0.4	0.838	n.a.
Canada	1,805	34.9	0.908	7.97
Chile	272	17.6	0.805	7.84
Malaysia	306	29.2	0.761	6.96
Mexico	1,208	114.9	0.770	6.66
New Zealand	181	4.5	0.907	8.27
Peru	185	30.5	0.725	7.61
Singapore	270	5.4	0.866	8.69
United States	15,610	314.7	0.910	7.69
Vietnam	135	90.4	0.593	6.54
Japan	5,981	127.3	0.901	7.64
TPP-12 total	**27,557**	**793**		
World total	**71,897**			

[a] The Human Development Index (HDI) is published by the United Nations Development Programme (UNDP). The index comprises six indicators: life expectancy at birth, mean years of schooling, expected years of schooling, per capita gross national income (GNI), GNI rank, and nonincome HDI value. The index is on a scale of 0 to 1, where 0 is the lowest and 1 indicates the highest level of human development.

[b] The index published by the Fraser Institute (2012) measures the degree to which the policies and institutions of countries are supportive of economic freedom. The index assesses five broad areas: size of government, legal structure and security of property rights, access to sound money, free to trade internationally, and regulation of credit, labor, and business. Countries are ranked on a scale of 0 to 10, with 10 representing more economic freedom.

Source: IMF WEO (2012).

Table 6 TPP: Prospective income gains in 2025

Country	Change in 2025 baseline					
	TPP-12		TPP-16		TPP-17	
	billions of US dollars (2007)	percent	billions of US dollars (2007)	percent	billions of US dollars (2007)	percent
United States	76.6	0.4	108.2	0.5	327.6	1.6
Japan	104.6	2.0	128.8	2.4	237.3	4.4
China	-34.8	-0.2	-82.4	-0.5	808.6	4.7
Europe	-3.7	negl.	-4.9	negl.	0.9	negl.
Korea	-2.8	-0.1	50.2	2.4	136.3	6.4
World	223.4	0.2	450.9	0.4	1908.0	1.8
TPP countries	285.0	0.9	572.6	1.5	2015.1	3.7

negl. = negligible

TPP = Trans-Pacific Partnership

Note: TPP-16 includes Korea, Indonesia, Thailand, and the Philippines. TPP-17 adds China.
Sources: Petri, Plummer, and Zhai (2014), www.asiapacifictrade.org.

Table 7 TPP: Japan's prospective income and export gains in 2025

	Billions of US dollars	Percent share
Income		
TPP-12	104.6	2.0
TPP-16	128.8	2.4
RCEP	95.8	1.8
FTAAP-hybrid	228.1	4.3
Exports		
TPP-12	139.7	11.2
TPP-16	202.5	16.2
RCEP	225.1	18.0
FTAAP-hybrid	423.1	33.8

TPP-16 = TPP-12 plus Indonesia, Korea, the Philippines, and Thailand
RCEP = Regional Comprehensive Economic Partnership, i.e., ASEAN countries plus six (Australia, China, India, Japan, Korea, and New Zealand)

FTAAP-hybrid = Free Trade Area of the Asia-Pacific, i.e., consolidation of the TPP and Asian tracks to cover all 21 APEC economies

Note: All figures in constant 2007 dollars unless otherwise noted.

Sources: Petri, Plummer, and Zhai (2013), www.asiapacifictrade.org.

Table 8 Japan's agricultural tariffs

Product group	**Average MFN applied duty**	**Maximum MFN applied duty**
Animal products	18.1	189
Beverages and tobacco	15.3	54
Cereals and preparations	27.5	610
Coffee and tea	16.1	182
Dairy products	89.6	692
Fruit, vegetables, plants	12.5	337
Oilseeds, fats, and oils	11.0	580
Sugars and confectionery	27.5	93
Agricultural products	16.6	n.a.

MFN = most favored nation

n.a. = not applicable

Source: WTO tariff profiles (2013), http://www.wto.org/english/res_e/booksp_e/tariff_profiles13_e.pdf.