

Abe invites UK 'with open arms' to join Pacific trade pact after Brexit

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● Japanese PM says Britain will no longer be Europe's gateway but still has 'global strength'

LIONEL BARBER AND ROBIN HARDING
TOKYO

Japan would welcome Britain to the Trans-Pacific Partnership trade deal "with open arms", said prime minister Shinzo Abe, as he urged compromise to avoid a no-deal Brexit.

Speaking in an interview with the Financial Times at his official residence in Tokyo, Mr Abe said Britain would lose its role as a gateway to Europe after Brexit but would still be a country "equipped with global strength".

His remarks will encourage Brexit supporters in the UK, who see new opportunities for free trade outside the EU, while turning up the pressure on Brussels and London to strike a timely exit deal.

The TPP is a wide-ranging trade agreement between 11 Pacific countries, including Japan, Vietnam, Malaysia,

Canada, Mexico and Australia. It originally included the US, but withdrawal was one of Donald Trump's first acts as president.

Joining would be a way for Britain to strike new free trade deals with a large and fast-growing chunk of the world economy. However, it would be possible only if Britain left the EU's customs union and gained the power to set its own tariffs.

"I hope that both sides can contribute their wisdom and at least avoid a so-called disorderly Brexit," Mr Abe said, arguing that a transition period was essential for Japanese business.

Manufacturers such as Toyota and Nissan helped to revive the UK economy in the 1980s by using it as their base in Europe. But they have grown frustrated by the lack of clarity on Brexit. Several banks are shifting operations to

the EU, while Panasonic has cited Brexit as a reason for moving its European headquarters from the UK to the Netherlands. "I truly hope that the negative impact of Brexit to the global economy, including Japanese businesses, will be minimised," Mr Abe said.

He also hailed a "very fruitful" summit with Mr Trump 12 days ago, where the two men agreed to negotiate a new trade agreement on goods.

Mr Abe said the US had promised not to increase car tariffs while the talks were in progress, nor ask for greater agricultural access than Japan has given in other trade deals. But in a sign of Japan's vulnerability, Mr Abe conceded he was not asking the US for reciprocal tariff reductions. "I don't feel there are excessive tariffs on so many sectors when it comes to trade between Japan and the US," he said.



Shinzo Abe: 'I hope that both sides can contribute their wisdom and at least avoid a so-called disorderly Brexit'

In the original TPP, Washington agreed to reduce its 2 per cent tariff on Japanese automobiles to zero over 10 years, and its 25 per cent tariff on Japanese trucks to zero after 30 years.

The Japanese prime minister has gone to extreme lengths to cultivate Mr Trump — meeting him nine times and holding 26 phone calls — because the US alliance is so fundamental to Japan's security. Mr Abe said he opposed any withdrawal of US forces from the Korean peninsula as part of a deal to scrap North Korea's nuclear weapons.

"It is my understanding that there is no such idea in the minds of the US side nor in the mind of President Trump," he said. "The presence of US forces in Korea is, I believe, a very important element for the peace and stability of east Asia."

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Interview. Shinzo Abe

Japanese PM targets big reforms to cement legacy

Long-serving leader vows to tackle structural problems, including ageing population

LIONEL BARBER AND ROBIN HARDING — TOKYO

After almost six years in office, with a maximum of three left to go, Shinzo Abe's thoughts are turning to his legacy: if he can stay in place until November 2019, he will become the longest-serving leader in Japan's democratic history.

That milestone looked unthinkable in 2007 when, scandal-tidden and sick, he quit his first premiership after just a year. The second Abe term has been marked by ruthless, top-down control. Last month, he secured another three years as leader of the ruling Liberal Democratic party.

So far his premiership is a tale of much progress — but few enduring results. Unemployment is down to 2.4 per cent but deflation is not defeated. South Korea is rowing back on a supposedly irreversible deal to settle the issue of wartime "comfort women", forced into prostitution during the second world war. Despite many summits, there is no sign of a deal with Russia over four disputed islands. Even Mr Abe's friendship with US president Donald Trump is yet to produce definitive results for Japan.

Now he is ready to tackle Japan's most fundamental problems. "I think it is time to face squarely the major structural issues of the Japanese economy, including the declining birth rate and the ageing society, and I am determined to do that," he said.

Mr Abe said he would change Japan's social security system, investing more in free education for children, while helping elderly people to stay in the workforce. He said he would reform employment laws "in order to realise a society where people never retire and pursue life-long careers".

That will count for little if deflation is not banished for good. There is a constant political temptation to declare victory even though prices, excluding volatile fresh food and energy, were up just 0.4 per cent in August compared with a year ago. The Bank of Japan's 2 per cent inflation objective is still far off, raising

doubts about Mr Abe's commitment to sustained stimulus. "I have no intention of making an arbitrary judgment," Mr Abe said. "I will completely depend on objective analysis by economists so the government can make an appropriate decision."

The legacy that would delight Mr Abe's conservative base is a reform to Japan's pacifist constitution. After years of debate, the LDP has settled on a modest proposal that merely sidesteps the war-renouncing Article 9, making explicit the legality of Japan's Self-Defence Forces.

Nonetheless, the hurdles to its being approved are high. Mr Abe must first gain parliamentary backing from his coalition allies in the Komeito party and then win a public referendum. Many sceptics think the prime minister's true goal is to set a precedent for constitutional reform, paving the way for a fundamental change to Article 9 in the future.

Losing a referendum would almost certainly end Mr Abe's premiership.

"I am aware of the British example. I am aware of the Italian example," he said, referring to votes that ended the premierships of two fellow G7 leaders, David Cameron and Matteo Renzi, since 2016. "Of course, there are several risks in politics."

At some point in the next year or two, Mr Abe will have to run those risks or accept that longevity in office is legacy enough. "If you look around at the various constitutions of various nations around the world, the Japanese constitution has remained unchanged for as long as 70 years without even a referendum," he said. "I take it as my personal responsibility and the responsibility of my generation to end this debate."

Mr Abe, 64, may want a society where people never retire but that does not tempt everyone: his rivals in the LDP are eager for him to step down. Barring an unlikely change to his party's rules, he will have to stand down as leader in 2021.

The prime minister declines to be drawn on a successor but does point out that a lifetime of work need not all be in the same occupation. "[People] do not necessarily have to continue with the same career, they can launch their second life," he said. "I'm looking forward to enjoying my second life."



Second life: Shinzo Abe wants to make it easier for older citizens to stay in the workforce — Tokyo's Mainichi Shimbun

What he said
On the need for more stimulus 'I will completely depend on objective analysis by economists so the government can make an appropriate decision'

On holding a referendum 'I'm aware of the British example, I'm aware of the Italian example. Of course there are risks in politics'



Franc Anton von Scheffel, detail from "Depictions of conchidae in watercolour" after Johann Carl Megerlin von Mülhfeld (1765-1841), end of 18th century © LICHTENSTEIN, The Precious Collections, Vienna-Vienna