

Keywords to Look Back for year 2015

“TPP”

“Trans-Pacific Partnership (TPP)” is a trade agreement among twelve Pacific Rim countries to promote elimination of tariffs and liberalization of labor, goods, services and investment and also to make rules, to match the 21st century, in a wide range of fields such as intellectual property rights, e-commerce, State-Owned Enterprises’ discipline and environment.

Point 1

One of the important themes of Abenomics Reached a basic agreement after long negotiations

- TPP aims at promoting growth of regional economies through the expansion of trade and investment in the fast-growing Asia Pacific region. For Japan, acceleration of economic growth can be expected by TPP, as not only large-sized enterprises but also small and medium-sized enterprises and local industries will be able to access markets in the Asia Pacific region. TPP is one of the important policies to realize the third arrow (growth strategy to stimulate private investment) of the older version of Abenomics.
- On 5th October 2015, negotiation of TPP came to a basic agreement after long negotiations. Approval of TPP by participating countries at their respective parliaments are now underway.

Point 2

TPP Policy Paper took shape Closely linked to New 3 Arrows, too.

- On 25th November 2015, the Japanese government approved the “Comprehensive TPP Policy Paper” which summarized domestic measures. This paper is closely linked to the New 3 Arrows of Abenomics. Enhancement of exports by TPP and increase of inbound tourism expenses are deemed to be premises for the target of the first arrow (strong economy) of the New 3 Arrows to increase nominal GDP to JPY 600 trillion. TPP is considered a platform to build a strong economy.

New 3 Arrows

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| Strong economy: GDP of <u>JPY600trillion</u> (Enhance exports by TPP etc.) |
| Child care assistance: Birthrate of <u>1.8%</u> (increase nursing facilities for the children etc) |
| Reassurance of social security: <u>Zero</u> case of leaving job to take care of a family member (increase nursing facilities for the elderly etc.) |

- (Note)
1. Above diagram is just an image and may differ from its original intension.
 2. Underlined figures mentioned in New 3 Arrows are their respective targets.
 3. What is written in brackets are included in emergency measures of Promoting Dynamic Engagement of All Citizens.

(Source) SMAM, based on publicly available information.

Future Outlook

TPP is expected to go into force in spring of 2016

■ US Congress’s discussion is expected to speed up from February 2016

Ratification by the US is crucial for TPP to go into force. US Congress is expected to speed up discussions on approval of TPP after February 2016, as President Obama notified them his intention to sign TPP. Timing of US Congress’s approval is supposed to be before March when the US presidential primary election will be at its peak.

■ Japan to discuss at ordinary session of the Diet. Will other countries get ratification, too?

Japan’s discussions are expected to start from April 2016 at the ordinary Diet session, as the government puts priority on FY2016 budget discussions and is likely to wait for the outcome of US’s discussions. Other countries are also expected to execute their approval procedure observing the US’s situation. Timing of TPP to go into force is getting closer.

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