

Research Focus

*The Policy Research Council—a stumbling block to Japan’s participation in the TPP**

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One of the most important questions in Japan’s trade politics over the past two years has been ‘why hasn’t Japan participated in the TPP negotiations’? An important part of the explanation lies in the fact that the administrations of Prime Ministers Kan and Noda (both staunch TPP advocates) revived the DPJ’s policymaking apparatus, the Policy Research Council (PRC), enabling it to block important TPP-related policy initiatives of the government.

When the DPJ came to power in September 2009, it abolished the PRC, destroying it as a separate policymaking entity with powers of ‘prior examination and approval’. However, in June 2010 the Kan government resurrected the PRC, which was given the functions of ‘gathering opinions and making proposals to government’. Its primary working units were ‘divisional councils’ charged with ‘receiving explanations on proposed bills and policy plans as well as other administrative information from the government’. This amounted to the power of review. Other PRC committees were investigation committees, Project Teams (PTs) and Working Teams (WTS). PTs dealt with policy themes that cut across divisional councils.

The PRC still lacked ‘prior approval’ rights so it had no veto power, but the

chairman of the Agriculture, Forestry and Fisheries Divisional Council clearly stated, ‘I do not intend to limit our actions simply to making proposals. If the government does something strange we will stop them’. Another member said, ‘All party members can participate in the PRC’s discussions. If the government opposes what we say, they will not be able to pass a single bill’.

The Noda administration went even further in strengthening the PRC as an arena for party policymaking. It was given the power to examine all important policies and legislation in advance and to give prior approval in principle, enabling it once more to act as a ‘veto point’ in the policymaking process.

The record of how TPP decision-making was handled by the Kan and Noda governments shows that, at key junctures, the PRC’s PTs blocked prime ministerial trade initiatives on the TPP.

Prime Minister Kan set the ball rolling with a major policy speech on October 1, 2010, which declared that the government would consider participating in the TPP negotiations. On his instructions, the ‘Project Team for Examining How to Deal with APEC, EPAs and FTAs’ was established. It conducted

a thorough examination of the TPP issue, holding many discussions amongst members on the basis of opinions given by organisations representing agriculture and fisheries, consumers, labour, medical services and economic circles as well as those given by specialists in hearings.

The PT came up with a proposal that it presented to government on November 4, just prior to the Yokohama APEC meeting, where Kan was hoping to announce Japan’s participation in the TPP talks. The government’s ‘Basic Policy on Comprehensive Economic Partnerships’ decided by cabinet on November 9 directly reflected the PT’s standpoint. It stated: ‘Concerning the Trans-Pacific Partnership (TPP) Agreement...it is necessary to act through gathering further information, and Japan...will commence consultations with the TPP member countries.’ The wording almost matched the PT’s proposal word for word and stopped short of declaring Japan’s intention to participate in the TPP negotiations. It meant that at the APEC summit meeting in Yokohama on November 13-14, the prime minister was unable to make a formal commitment to join the TPP negotiations.

Prime Minister Noda continued the pro-TPP policy of his predecessor,

establishing an Economic Partnership Project Team. It was designed as a mechanism for building a consensus within the party in favour of Japan's joining the TPP negotiations prior to the prime minister's departure for the APEC summit meeting held in Hawaii on November 12-13, 2011.

The reality was, however, the PT became the centre of political conflict within the DPJ on TPP. Opponents used the PT's activities to expand political opposition to the TPP within the party and more broadly across affected groups and the national electorate. It became the 'main battlefield' of the debate regarding the question of whether or not Japan should participate in the negotiations and 'the most watched party debate'.

On November 8, before the APEC summit meeting, the PT executive drafted a recommendation on the TPP. In the face of strong opposition from DPJ backbenchers in the PT's meetings, the proposal did not endorse Japan's joining the talks. It called on the government to continue gathering information and stressed the need for a national debate, stating explicitly that many PT members were against participation in the TPP negotiations. Noda's hope to proceed with the endorsement of his own party was crushed. Immediately on receiving the PT's recommendation, the prime minister put off the declaration of his

TPP policy, which he had scheduled for the evening of the 10th of November — just prior to his departure for APEC.

On November 11, a meeting of government and party leaders decided that, given the opposition to the TPP in the party, rather than immediately expressing an intention to participate, they would announce that they would *commence deliberations with related countries toward participating in the negotiations*. This was nothing more than a reiteration of the status quo. Once again the party had put the brakes on the government's trade policy.

Noda was planning to convey to President Obama Japan's intention to join the TPP negotiations at a summit meeting in April, but the plan crumbled in the face of continuing difficulties in building a consensus inside the DPJ. The G-20 scheduled for June 18-19, 2012, then emerged as the next opportunity for Prime Minister Noda to make an announcement on the TPP. In the end, this option was also rejected because of the relentless war of words in the PT over the advantages and disadvantages of economic partnerships such as the TPP.

Yet other opportunities for such an announcement were the September APEC meeting in Vladivostok, or Noda's September 26 address to the UN General Assembly. In order to head off these

possibilities, the anti-TPP Diet members redoubled their efforts in the PT. In early August, a decision on the TPP was indefinitely postponed.

At key points in the policymaking process on the TPP, the PTs thus prevented the prime minister from announcing that Japan would participate in the TPP talks. Practically scripting government policy, the PTs showed just how effectively they were able to block a major trade initiative of the government. The practical reality of policymaking under both the Kan and Noda administrations was that the old system of ruling party veto power over government policy was effectively re-established. Reviving the PRC gave voice and influence to agricultural protectionist interests within the DPJ.

*This article is a summary of Professor George Mulgan's presentation at a public roundtable on Japanese agriculture held at the Crawford School on September 26th, 2012.

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<p>SEMINARS October 10 <i>What can Wikileaks tell us about Indonesia?</i> John Monfries (College of Asia and the Pacific, ANU) Seminar Room B, Coombs Building 9, Fellows Road 12:30 pm - 2:00 pm</p>	<p><i>carbon emissions</i> Professor Astrid Kander (Lund University) Acton Theatre, JG Crawford Building 132, Lennox Crossing 12:30 pm - 1:30 pm</p>	<p>1:00 pm - 2:30 pm FORUMS October 17 <i>Engaging Business in Development</i> Various speakers Common Room, University House 8:30 am - 5:30 pm</p>
<p>October 11 <i>Firm Commitment: Why the corporation is failing us and how to restore trust in it</i> Professor Colin Mayer (Oxford University) Griffin Room, JG Crawford Building, Lennox Crossing 4:15 pm - 5:15 pm</p>	<p>October 24 <i>Productivity growth of the non-tradable sectors in China</i> Dr Wenlang Zhang (Hong Kong Monetary Authority) Griffin Room, Level 1, JG Crawford Building, Lennox Crossing 1:30 pm - 2:30 pm</p>	<p>30 October <i>Australia's Energy Future</i> Drew Clarke, Secretary, Dept of Resources, Energy and Tourism Leonard Huxley Theatre, Leonard Huxley Bldg #56, Mills Rd 8:30 am - 5:15 pm</p>
<p>October 22 <i>A better way to assign responsibility for</i></p>	<p>October 25 <i>Reconceptualising child protection</i> Ms Tahira Jabeen (Crawford School of Public Policy) Seminar Room 5, JG Crawford Building, Lennox Crossing</p>	<p>APEC Economies Newsletter Enquiries: Australia-Japan Research Centre, JG Crawford Building 132 T: 61 2 6125 0568</p>