



The Daily Dish

Bottom Line on Japan Trade Deal

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Eakinomics: Bottom Line on Japan Trade Deal

I think I've finally got a fix on the president's master plan. The Turkey-Kurds-Syria policy is designed to make his China-tariffs-anti-growth policy look successful. The China-tariffs-anti-growth policy is, in turn, designed to make his USMCA (United States-Mexico-Canada-Agreement) negotiate-to-a-draw-on-replacing-NAFTA policy look successful. Finally, the USMCA-negotiate-to-a-draw-on-replacing-NAFTA policy is designed to make anything that actually gets over the finish line look successful.

Enter the president's [trade deal with Japan](#). As detailed by AAF's Jackie Varas, the agreement, negotiated under powers delegated to the executive branch and thus not subject to congressional ratification, is one part agriculture deal: \$2.9 billion of U.S. beef and pork will face reduced tariffs from Japan; tariffs on \$4.3 billion of U.S. fruits, nuts, and other agricultural products will go away immediately; and tariffs on another \$3.0 billion agriculture products will be phased out. The United States will eliminate or reduce tariffs on \$40 million of Japanese goods such as green tea, soy sauce, and plants, as well as increase market access for Japanese beef.

The plan is also one part digital trade deal that prohibits tariffs on electronically transferred products, forbids discrimination (e.g., unfair tax treatment) for digital products, and bans forced data localization and ensures the free flow of data across borders.

But it is not a big deal. The provisions are a subset of provisions negotiated in these areas during the talks on the Trans-Pacific Partnership (TPP) that President Trump shot down when entering office. More could have been achieved by staying in TPP. Similarly, the deal excludes trade in services that would have been covered by TPP. And the deal does not take the threat of auto tariffs off the table, which is the most serious trade issue between the two countries.

The U.S.-Japan agreement is a small step, but at least it is in the right direction.