

Japan adjusts to free trade deal

By Jonathan Head
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A free trade agreement between the world's second largest economy and its eighth largest has come into effect.

Japan signed the agreement with Mexico last year after two and a half years of tough negotiations.

In the past, Japan has been reluctant to sign free trade agreements because of pressure from its inefficient farming sector.

But the government now believes it must open up the economy if it is to compete with China for influence in the region.

From Friday, Japan's 9,000 pig farmers will experience something entirely new - competition.

Under the terms of a landmark free trade agreement with Mexico, pork will be subject to much lower tariffs along with a range of other products.

In fact, more than 90% of Mexican products will have their tariffs cut altogether.

Balanced trade

This is the first time Japan has made such an agreement with a major trading partner.

The only other free trade pact it has is with Singapore, which produces none of the sensitive agricultural commodities Japan has always protected in the past.

At the moment, Japan exports far more to Mexico than it imports.

Mexican officials believe trade will be far more balanced now that the agreement is in place.

Many politicians in the governing liberal democratic party have their power base in rural areas and their reluctance to lift the tariffs protecting Japanese pig farmers nearly killed the deal.

But the government believes it has no choice but to start opening Japan's agricultural sector to foreign competition.

China has proved far more open to reaching free trade agreements, helping it to rival or even eclipse Japan's influence in the Asia-Pacific region.

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