

ABE & TRUMP—A MATCH MADE IN HEAVEN?

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Japanese prime minister Shinzo Abe is poised to be the first global leader to meet with President-elect Trump, on Thursday, November 17, in New York. In our view, the meeting is likely to underscore a strong U.S.–Japan alliance, with possible positive implications for U.S.–Japan economic and financial relations.

A Couple of Points to Keep in Mind

Prime Minister Abe and President-elect Trump share a basic strongman leadership philosophy, with a strong “my country first” ideology. In addition, both men have more or less explicitly built their popular support at least in part by trying to stand up to a rising China.

Team Abe has deep-rooted connections to the Republican Party. In September 2013, after barely a year in power, [Abe became the first non-American to be awarded the Herman Kahn Award from the conservative Hudson Institute](#)¹. Within hours after the U.S. election results were confirmed, Team Abe worked overtime to secure a meeting with the president-elect. Securing the first high-profile meeting is bound to have many advantages: Abe’s visit will give the president-elect a high-profile chance to look presidential on the global stage. The U.S.–Japan economic and security relationship will mark the start of Trump’s global leadership.

Japan’s prime minister may very well be in a position to make the president-elect look good. Specifically, it is Japanese tradition to bring an *omigae* when meeting someone for the first time—a welcoming gift. Here, Japan has much to offer to the president-elect. Specifically, the Trump agenda seeks to boost U.S. infrastructure. Whether *shinkansen* bullet trains, 21st-century logistics hubs and port facilities, smart and user-friendly airports or hyper-efficient desalination plants—Team Abe could easily make Trump look good by offering “funded by Japan” but “built by America” infrastructure projects.

In addition, Team Abe already has an excellent track record of promoting direct foreign investment by industrial Japan. It is not unreasonable, in our view, to foresee a commitment to build added U.S. factories and raise Japan’s investments in America as a result of this meeting. The point of an *omigae* is to make your host look good, and in our view, Team Abe knows full well that creating U.S. jobs and investment in America may well be the best way to boost Trump’s credibility at home. “Japan-funded, U.S.-built” could be an attractive deal for both sides, in our view.

Of course, there are still many unknowns about the exact policy agenda and the day-to-day reality of America’s next president and his style of leadership. However, the fact that Japan’s prime minister wants to be a “first mover” indicates a strong desire by Japan to become an integral part of America’s future, both in terms of economic and security partnership. At the very least, the Japan–U.S. relationship has been moved to the top of Trump’s global agenda.

If, as we suspect, Thursday’s meeting goes well, the implications for yen risk-asset markets are bound to be positive, in our view.

¹Source: Mitsuru Obe, “Abe First Non-American to Win Conservative Hudson Institute Award,” *The Wall Street Journal*, 9/23/13.

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